

RAO BULLETIN  
15 February 2009

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ECS 2009 UPDATE 01: The final stimulus package agreed to by House and Senate conferees was pared back from what both the House and Senate had passed earlier, but is still a massive \$789 billion package that includes funding for a variety of initiatives that will affect the military community in one way or another. Following is a summary of selected provisions:

- **Federal Income Tax Rebate:** Working employees (including the self-employed) would see a reduction in federal income tax withholding and liability of up to \$400 (single) or \$800 (married filing joint return). This tax credit would be calculated at 6.2% of earned income, up to the capped amount. The credit would phase out for taxpayers with adjusted gross incomes above \$75,000 (single) or \$150,000 (married joint return).
- **Special Payment:** Social Security annuitants, disabled veterans, and certain others would be eligible for a one-time \$250 payment. Anyone who is eligible for this payment and also eligible for the federal income tax rebate mentioned above would have the \$250 deducted from the latter in determining the end-of-year tax liability.
- **Military Homeowner Assistance Program (HAP):** HAP benefits (normally payable only at BRAC locations) are extended to certain military homeowners who bought homes before 1 JUL 06 and who sell the homes before 30 SEP 12. To qualify the person must have received PCS orders or must have incurred a service-caused condition during a deployment in that period that caused disability retirement. For a member who died during a deployment, the surviving spouse is eligible. The HAP authorizes the government to reimburse the homeowner for a loss on the sale up to 95% of the original value, or to purchase the home for up to 90% of the original value. Market values are determined by the Defense Department.
- **Education Tax Credit:** Taxpayers with college education expenses would receive a tax credit of up to \$2,500 for the cost of tuition, books, and related expenses during 2009 and 2010. The credit would be 100% of the first \$2,000 and 25% of the next \$2,000. The credit would phase out for taxpayers with adjusted gross incomes above \$80,000 (single) or \$160,000 (married).
- **First-time Homebuyer Tax Credit:** For 2009, the credit would be 10% of the purchase price, up to a maximum for \$8,000. The previous requirement for homeowners buying homes after January 1, 2009 to pay the money back would be

removed, unless the house is sold within three years of purchase.

- **Vehicle Sales Tax Deduction:** Taxpayers purchasing a new car, light truck, RV or motorcycle in 2009 will be able to deduct state and local sales and excise taxes paid on the vehicle. The deduction will phase out for taxpayers with adjusted gross incomes above \$125,000 (single) or \$250,000 (married).
  - **Incentives to Hire Unemployed Veterans:** Businesses would get a tax credit of 40% of the first \$6,000 in wages for hiring unemployed veterans who are within 5 years of leaving active duty and who have drawn unemployment compensation for more than 4 weeks during the year before being hired
  - **Filipino Vet Compensation:** Authorized release of \$198 million to rectify Uncle Sam's postwar snub (i.e. see Filipino Vet Inequities article). About 18,000 Filipino vets who fought in the war under the American flag will now receive up to \$15,000 for their service.
- [Source: MOAA Leg Up 13 Feb 09 ++]

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Mobilized Reserve 10 Feb 09: The Department of Defense announced the current number of reservists on active duty as of 10 FEB 09. The net collective result is 1943 fewer reservists mobilized than last reported in the Bulletin for 27 JAN 09. At any given time, services may mobilize some units and individuals while demobilizing others, making it possible for these figures to either increase or decrease. The total number currently on active duty in support of the partial mobilization of the Army National Guard and Army Reserve is 92,394; Navy Reserve, 6,241; Air National Guard and Air Force Reserve, 15,010; Marine Corps Reserve, 7,349; and the Coast Guard Reserve, 733. This brings the total National Guard and Reserve personnel who have been activated to 121,727, including both units and individual augmentees. A cumulative roster of all National Guard and Reserve personnel who are currently activated can be found at <http://www.defenselink.mil/news/Feb2009/d20090210ngr.pdf>. [Source: DoD News Release 097-09 13 Feb 09 ++]

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VA COLA 2010: U.S. Sen. Daniel K. Akaka (D-HI), Chairman of the Veterans' Affairs Committee, on 10 FEB introduced S.407 to increase veterans' compensation through a cost-of-living adjustment (COLA). The bill is cosponsored by Ranking Minority Member Senator Richard Burr (R-NC) and all the other members of the Veterans' Affairs Committee: Senators Rockefeller (D-WV), Murray (D-WA), Sanders (I-VT), Brown (D-OH), Webb (D-VA), Tester (D-MT), Begich (D-AK), Burris (D-IL), Specter (R-PA), Isakson (R-GA), Wicker (R-MS), Johanns (R-NE), and Graham (R-SC). "Compensation for disabled veterans and their survivors is a cost of war. Many of the veterans and widows receiving this benefit live on a fixed income, and they count on annual cost-of-living-increases to protect the purchasing power of their

compensation,” said Akaka. The COLA increase for veterans would match the annual increase provided to Social Security recipients, which is based on the Bureau of Labor Statistics' Consumer Price Index. The COLA is designed to offset inflation and other factors that alter the cost of living over time. Last year's increase was 5.8 percent. The increase for this year has not yet been determined. The Veterans' Compensation Cost-of-Living Adjustment Act of 2009 directs the Secretary of Veterans Affairs to increase, as of 1 DEC 09, the rates of:

- Veterans' disability compensation;
- Dependency and indemnity compensation for surviving spouses and children; and
- Additional related benefits.

[Source: Akaka press release 11 Feb 09 ++]

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VA HEALTH CARE FUNDING UPDATE 18: THE chairmen of the House and Senate veterans' affairs committees took a major but far from final step 12 FEB in fulfilling the top request from veterans' service organizations: They sponsored legislation (S.423) that would provide funding a full year in advance for Veterans Affairs Department health care. House Veterans Affairs Chairman Bob Filner (D-CA 51st) bill H.R.1016 is the corresponding house legislation. Having Filner and Sen. Daniel Akaka (D-HI) on board does not guarantee the change in the budget process will take place, but it at least ensures the issue will receive high-level attention. It doesn't hurt that President Obama said during the presidential campaign that he also supports the idea, which could help VA weather Congress' near-constant failure to pass an annual budget on time. The support from Filner and Akaka comes as no surprise. The two chairmen announced in SEP 08 that they supported the idea, but there was not enough time remaining in the legislative session for their legislation to be considered then. The idea is to help VA avoid the uncertainty that comes from not having a budget approved on time. In 19 of the past 22 years, Congress failed to approve a VA budget by the start of the fiscal year on 1 OCT. On average, the final funding bill is approved three months late.

The Filner and Akaka legislation would have Congress approve the 2011 veteran's health care budget this year, when it also passes the 2010 budget. Then, beginning in with the 2012 budget, funding levels for veterans health care programs — but not the rest of the VA budget — would be finalized one year before the VA needs the money. Congressional aides, speaking on the condition of anonymity, said advanced appropriations would not make Congress get things done on schedule. Instead of approving health care budgets 12 months in advance, it is more likely funding levels would be approved nine to six months in advance — but that would still be an improvement over late budgets. But a change in budget procedures that would have the veteran's

health care budget approved before any other federal spending is not a sure thing. Proponents of other programs like education, agriculture and defense might argue that they also deserve advance funding, aides cautioned. "Everybody wants to think their program is the priority. Nobody wants to be second when it comes to dividing up the budget," said a House aide. Veterans groups, however, are happy Filner and Akaka are backing their cause. "Finally, Congress is getting ahead of the curve and sufficiently planning the VA health care budget so that veterans are not left waiting," said Paul Rieckhoff of Iraq and Afghanistan Veterans of America.

The legislation is a major priority for the American Federation of Government Employees, which represents VA health care workers. The union said that inconsistent funding for VA makes it difficult to hire doctors and nurses when necessary, or make long-range plans for the health care workforce. "We can't hire anyone [in the second half of the year] because we don't know what the budget's going to be," said J. David Cox, AFGE's national secretary-treasurer. "Then, we get our funding in February, and we need to hire everybody, but nurses aren't coming out of school then. They're coming out in May and June." The union also is planning to push for expanded collective bargaining rights for VA registered nurses, physicians' assistants, and dentists. Cox said the union would advocate strongly for both the funding legislation and the collective bargaining legislation. The National Federation for Federal Employees also is supporting the collective bargaining bill, saying that increasing workers' rights and input would improve conditions at VA. Congress and the Government Accountability Office have expressed concern about growing vacancy rates in the VA's health system, especially among certified registered nurse anesthetists, whose vacancy rate is 13%. At 43 medical facilities GAO examined nationwide, 15 said that 40% or more of their CRNA positions were vacant. [Source: NavyTimes Rick Maze article 12 Feb 09 ++]

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VA EMERGENCY CARE UPDATE 03: On 19 FEB U.S. Senator Daniel K. Akaka (D-HI), Chairman of the Veterans' Affairs Committee, introduced the Veterans' Emergency Fairness Act of 2009 (S.404). This bill would enable the Department of Veterans Affairs (VA) to reimburse veterans enrolled with VA for the remaining costs of emergency treatment received outside of VA's health care system if the veteran has outside insurance that only covers part of the cost. Under current law, VA can reimburse veterans or pay outside hospitals directly only if a veteran has no outside health insurance. "Because insurance may not cover all costs, a trip to the ER can leave insured veterans financially crippled. My bill would enable VA to fill the gap for veterans whose outside insurance does not meet their needs," said Akaka. In addition to reimbursing veterans for future costs of emergency care, the bill would allow the Secretary of Veterans Affairs to

provide retroactive reimbursements back to May 2000 when VA was first authorized generally to cover the cost of outside emergency care for veterans enrolled with VA for their care. [Source: Sen. Akaka press release 11 Feb 09 ++]

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VET CEMETERY ALASKA: Alaska's "Senate State Affairs Committee has approved a bill to create a veterans cemetery which will serve the interior and northern parts of Alaska. The bill allows the Legislature to appropriate income from the sale of veterans' commemorative license plates to a cemetery fund. It now moves to the Senate Labor and Commerce Committee. The state presently has two national veterans' cemeteries in Sitka and at Fort Richardson, but has no sacred ground in the Interior where men and women who fight for the U.S. can be buried with full military rites. The question was tabled for a while, but rose again in recent years as vets aged and the prospect of final wishes and wills grew more real. Senate Bill 45 is co-sponsored by state Sens. Gene Therriault (R-North Pole) and Charlie Huggins (R-Mat-Su). As national veterans cemeteries fill with those who fought wars long past, states are increasingly creating their own hallowed ground. With a commitment by the state to maintain the cemeteries and to provide land, the federal government will build them — an action worth about \$7 million. The state estimated annual operating costs to be about \$250,000. But the state first has to chip in about \$750,000, according to the bill's sponsors.

Gov. Sarah Palin included an initial \$250,000 in her fiscal year 2010 budget proposal toward the creation of a state veterans cemetery in Fairbanks. It's the ideal location, some say, central to a number of smaller communities and home to the second-densest population of veterans in a state with more vets per capita than any other — totaling about 100,000, Therriault testified. He estimated Fairbanks is home to 11,000 veterans. The U.S. Veterans Administration estimated that 15,000 Alaska veterans will pass away in the next 10 years, and about half are expected to want a final resting place in a veterans cemetery. Fairbanks is the only area of the state that qualifies for a veterans cemetery under federal guidelines calling for one within 75 miles of a certain population of vets, said McHugh Pierre, legislative liaison for the state Department of Military and Veterans Affairs. "It barely qualifies," he said. "They (the federal government) realize Alaska is an exception. They're willing to work with us to make this cemetery a reality." Rep. David Guttenberg (D-Fairbanks) introduced legislation creating the cemetery before, but the bill died in the Senate. This year he introduced House Bill 97, which has been referred to the Military and Veterans Affairs Committee. [Source: Fairbanks Daily News-Miner Rena Delbridge article 11 Feb 09 ++]

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**COMPUTER KEYBOARDS:** According to new research by "Which?", a London-based consumer group, it was determined that computer keyboards are a source of nasty bacteria. Swabbing 33 keyboards in its office, it found four were home to enough bacteria to be potential health hazards. One keyboard was so badly contaminated it had to be trashed, harboring five times more germs than one of the office's toilet seats and 150 times more than the level the group considers safe. Most of the group's keyboards, and by implication most keyboards in use today, aren't harboring harmful levels of E. Coli, staphylococcus aureus, and other nasties. But is yours? There's no economical way to test all the keyboards out there, but there are commonsense ways to prevent or eliminate bacterial contamination. According to a report released by the group the main cause of a bug-infested keyboard is eating lunch at your desk. Crumbs and spills fall on and between the keys. The food deposits encourage the growth of millions of bacteria, which can lead to stomach bugs. Neglecting to wash your hands after going to the bathroom is another possible cause of bacterial contamination of keyboards. And dust can trap moisture and enable any bacteria already on your keyboard to flourish. Another potential risk, not mentioned by the report, is sharing a keyboard among several workers, one or more of whom might have inadvertently coughed or sneezed onto the keyboard or into his hands before touching the keyboard. If a coworker has a cold or the flu, those viruses could wind up on your hands.

The way to deal with a dirty keyboard - assuming it's not so bad it needs to be trashed -- is simply to clean it. But if you don't regularly clean yours, you aren't alone. An online survey of 4,000 computer users found 46% of respondents said they clean their keyboard less than once a month, 22% once a month, and 29% more than once a month. Cleaning a mildly dirty keyboard is easy. Some suggestions on how to do this are:

- To get rid of crumbs and dust that have found their way between the keys, first unplug the keyboard, turn it upside down over a trash can, and gently shake. Afterward, to remove any remaining debris, you might spray between the keys with a can of compressed air, vacuum between the keys using a handheld vacuum cleaner, or wipe between the keys with a computer brush or small paintbrush.
- To rid key surfaces of grease grime, unplug the keyboard and gently wipe it off first with a cloth slightly dampened with water, then with a dry cloth. Then gently rub the keyboard with an alcohol wipe to get rid of bacteria and viruses. How often you clean depends on how clean you are.
- To keep letters and other markings on the keys from fading, don't rub too hard, and avoid household cleaning liquids. According to "Which?", alcohol-free wipes are gentler on your keyboard but aren't as effective in ridding it of germs.

- Aside from ergonomic or specialty varieties, most computer keyboards are relatively inexpensive, and replacing one if you spill a coffee or soda on it is relatively painless. Some people have reported that placing a keyboard in a dishwasher sometimes works in such cases (provided you allow plenty of time for it to dry afterward), but others say their keyboards have stopped working after this treatment.
  - If you use a computer in a dirty or dusty environment, consider using a soft, flexible keyboard "skin," available from computer supply outlets. These are more easily cleaned than keyboards.
  - Don't forget to clean your mouse as well. A moistened cloth, moistened cotton swab, alcohol wipe, and compressed air can help you clean both ball and optical mice.
- [Source: MOAA News Exchange Reid Goldsborough article 11 Feb 09 ++]

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ESTATE PLANNING UPDATE 01: Many veterans use tax-deferred investments such as IRA's or fixed annuities to supplement their retirement income. These investments are popular because of their potential tax advantages. Tax deferred accounts typically allow investment earnings that would ordinarily be taxed on an annual basis to accumulate free of taxation until funds are withdrawn from the account, generally to provide income at retirement. In addition to taxes at the time of withdrawal, a 10% penalty on the earnings may be imposed on tax deferred accounts if withdrawn prior to age 59 ½. While these are excellent vehicles when you want to accumulate wealth, they can be inefficient if you want to pass the assets to your heirs. They could be subject to both income and estate taxes at your death. The combined tax impact could erode the value of your tax-deferred investment depending on the overall value of your estate and the status of estate tax regulations. Goals and plans change over time, so if your current goal is to pass your existing IRA or fixed annuity to your heirs and you do not plan on using the asset for income, Capital Transfer could be an effective planning tool for you.

Capital Transfer is designed to maximize the value of your tax-deferred investments when passed to your heirs. This planning concept repositions the tax-deferred asset to avoid both the income and estate taxes due at death. The Capital Transfer concept uses the value of your tax-deferred investment to purchase a life insurance policy. If properly structured, the life insurance death benefit can be free of income and estate taxes for your heirs. Life insurance death benefits are generally income tax-free to the beneficiary and may also be estate tax free if the insurance is purchased outside your estate. Capital Transfer is not right for everyone, but could be suitable for your specific situation and result in a larger inheritance for your heirs. Before investing you need to consider your investment goals, time horizon and applicable risks and consider working with an investment

professional that deals with several companies and knows life insurance policies. Usually credit unions and banks have investment professionals on there staff to assist you. It is very important that you evaluate your current financial situation to determine if Capital Transfer will meet your planning needs. [Source: Wealth News Feb 09 ++]

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**TRICARE HOSPITAL PAYMENT SYSTEM:** Civilian hospitals that provide outpatient services to Tricare beneficiaries got a temporary, 11th-hour reprieve from the Pentagon's proposed plan to have Tricare switch to using Medicare's payment system for those services. Critics said the change, which had been set to take effect 9 FEB, has the potential to disrupt outpatient services in civilian hospitals for Tricare users. In 2002, Congress required the Defense Department to use Medicare payment rates for the Tricare system "to the extent practicable." The Pentagon's proposed plan, outlined in the 1 APR 08, Federal Register, would have Tricare adopt Medicare's fee schedule for reimbursements to hospitals for outpatient services, which is about 25% less than Tricare's current payment rates to hospitals. Sen. Jim Webb (D-VA), one of the critics of the proposal, said the Pentagon plan "does not provide for a broad, multi-year transition period that is necessary for hospitals offering Tricare services to adjust to a lower payment schedule." In a statement 10 FEB, Webb said he welcomes the decision by Defense Secretary Robert Gates "to postpone any action that could jeopardize services to our military men and women who rely on the Tricare health care system."

In a notice published in the 6 FEB Federal Register, defense officials said they have moved the effective date of the proposed change to 1 MAY in order to ensure that administrative claims processing procedures are fully in place to accommodate the new payment schedule. Defense officials also noted that in the meantime, a 20 JAN memorandum from the Obama administration asked agencies to consider delaying the effective dates of pending rules, and to invite additional public comments on the final rule. The Pentagon has reopened the public comment period on the proposed change in the hospital fee schedule until 9 MAR. In a November letter to defense officials, 57 senators said the transition period for the outpatient payments should cover all services in all hospitals serving Tricare patients, to cushion hospitals from across-the-board reductions in payments from Tricare. In a 28 JAN letter to Gates, Sen. Ben Nelson, (D-NE) urged reopening the public comment period and consider revisions. "This is an opportunity to reverse course on a rule that would cut nearly \$500 million in payments to hospitals serving our nation's servicemen and women and their families," Don May, vice president for policy for the American Hospital Association, said in an advisory posted on the AHA Web site. [Source: NavyTimes Karen Jowers article 11 Feb 09 ++]

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TRICARE PANAMA RATES: A new Tricare provider fee schedule for medical services and procedures is in effect for Panama. Tricare officials expect the new fee schedule to better reflect actual medical costs. There are no changes in payments for laboratory, radiology, and pathology services and procedures. Tricare Standard deductibles and cost-shares will not change for beneficiaries in Panama under the new fee schedule. Annual out-of-pocket caps for active duty family member costs will remain at \$1,000 and \$3,000 for retirees and their eligible family members. The new reimbursement rates, which went into effect 1 FEB 09 were implemented as a cost control measure by using a country-specific index factor to account for variations in the cost of living and exchange rates for different countries. In NOV 08 Tricare beneficiaries and providers in Panama who filed Tricare claims during the past two years received letters from Tricare Management Activity (TMA) notifying them of the fee schedule change. The new allowable charges and inpatient per diem rates are available on the Tricare Web site at <http://www.tricare.mil/CMAC>. [Source: Tricare news Release No. 09-12 dtd 11 Feb 09 ++]

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CANCER STATISTICS: The 1999–2005 United States Cancer Statistics (USCS) Incidence and Mortality Web-based report was released 11 FEB. It marks the seventh time that the Centers for Disease Control and Prevention (CDC) and the National Cancer Institute (NCI) have jointly produced official federal cancer incidence statistics for each state having high-quality cancer data. The report is produced in collaboration with the North American Association of Central Cancer Registries. This year's report features information on more than one million cases of cancer diagnosed in 2005 among residents of 48 states, 6 metropolitan areas, and the District of Columbia in which about 96% of the U.S. population reside. Incidence data are from CDC's National Program of Cancer Registries (NPCR) and NCI's Surveillance, Epidemiology, and End Results (SEER) Program. Data from population-based central cancer registries in these states and metropolitan areas meet the criteria for inclusion in this report. The report also provides cancer mortality data collected and processed by CDC's National Center for Health Statistics. Mortality statistics, based on records of deaths that occurred during 2005, are available for all 50 states and the District of Columbia. The report can be accessed at <http://apps.nccd.cdc.gov/uscs/>. Major Findings on the report follow. The numbers in parentheses are the age-adjusted (U.S. standard) rates per 100,000 people:

1. Cancer Among Men - The three most common cancers among men include:
  - Prostate cancer (142.4): First among men of all races and Hispanic origin

populations.

- Lung cancer (84.6): Second among men of all races and Hispanic origin populations.
- Colorectal cancer (58.2): Third among men of all races and Hispanic origin populations.

2. Leading causes of cancer death - Men:

- Lung cancer (69.4): First among men of all racial and Hispanic origin populations.
- Prostate cancer (25.4): Second among white (22.7), black (54.1), American Indian/Alaska Native (18.0), and Hispanic (18.7) men.
- Liver cancer: Second among Asian/Pacific Islander men (14.5).
- Colorectal cancer (21.0): Third among men of all races and Hispanic origin populations.

3. Cancer Among Women - The three most common cancers among women include:

- Breast cancer (117.7): First among women of all races and Hispanic origin populations.
- Lung cancer (55.2): Second among white (56.6), black (50.9), and American Indian/Alaska Native (37.6) women, and third among Asian/Pacific Islander (26.9) and Hispanic (25.2) women.
- Colorectal cancer (41.9): Second among Asian/Pacific Islander (32.2) and Hispanic (33.9) women, and third among white (40.8), black (49.4), and American Indian/Alaska Native women (24.5).

4. Leading causes of cancer death - Women:

- Lung cancer (40.6): First among white (41.6), black (40.2), Asian/Pacific Islander (18.2), and American Indian/Alaska Native (29.2) women, and second among Hispanic women (14.4).
- Breast cancer (24.0): First among Hispanic women (15.1), and second among white (23.3), black (32.9), Asian/Pacific Islander (12.3), and American Indian/Alaska Native (15.3) women.
- Colorectal cancer (14.6): Third among women of all races and Hispanic origin populations.

5. Racial or Ethnic Variations - Among four races and Hispanic origin, for all cancers combined:

- American Indian/Alaska Native men have the lowest incidence rates of cancer; however, Asian/Pacific Islander men have the lowest death rates from cancer.
- White women have the highest incidence rates of cancer; however, black women have the highest death rates from cancer.
- American Indian/Alaska Native women have the lowest incidence rates of cancer and the third-highest cancer death rates

[Source: CDC National Program of Cancer Registries Feb 09 ++]

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FILIPINO VET INEQUITIES UPDATE 13: It looks as though it took the collapse of the American economy to get the Filipino veterans of World War II the recognition and compensation they have been seeking for more than six decades. The stimulus bill approved by the U.S. Senate on 9 FEB and approved by the House and Senate conferees authorized the release of \$198 million to rectify Uncle Sam's postwar snub. About 18,000 Filipino vets who fought in the war under the American flag will now receive up to \$15,000 for their service. Key representatives had previously stated they felt confident that the vets' benefits would be in the final version of the bill for President Barack Obama to sign. "Both the House and Senate leadership have been supportive of this issue, and I trust that the leadership will move this forward," said Rep. Mike Honda (D-CA 15th), chairman of the Congressional Asian Pacific American Caucus. And "given President Obama's support of this issue, "... I'm confident that it'll remain."

The vets' quest for compensation stems from President Franklin D. Roosevelt's decision in JUL 41 to draft 140,000 soldiers from the Philippines, then an American colony. A year later, Congress passed a law allowing Filipino soldiers to become U.S. citizens with full military benefits. But in 1946, after Filipino soldiers fought and died side by side with U.S. troops, President Harry S. Truman signed two bills denying them citizenship as well as most veterans' benefits. The bills were postwar cost-saving measures that Truman said he regretted. The vet compensation was not in the House version of the stimulus bill. But it was inserted by Sen. Daniel Inouye (D-HI) who lost an arm in combat in World War II. The compensation provision has not been without controversy. CNN's Lou Dobbs is railing against it, and several senators — including Arizona Sen. John McCain — objected to including the lump-sum payments in a bill whose purpose is to stimulate the U.S. economy. Inouye, speaking last week on the floor of the Senate, said he didn't necessarily disagree with some of the critics. "This is not a stimulus proposal. It does not create jobs," he conceded. "But the honor of the United States is what is involved."

Of the 250,000 Filipino vets of World War II, about 12,000 live in the Philippines and 6,000 in the United States. About 30,000 came to the country in the early '90s after President George H.W. Bush signed a bill granting them instant citizenship. About 2,000 settled in the Bay Area. But all but a few hundred in Northern California have either died or returned to the Philippines because life here was too hard. Last April, the Senate by a vote of 96-1 passed a bill that would have given the Filipino vets a pension from the Department of Veterans Affairs of \$900 a month if they lived in the United States, \$300 plus VA health care if they lived in the Philippines. But the bill stalled in the House and was eventually replaced by the lump-sum provisions. Vets who are U.S. citizens would get \$15,000; vets who

are citizens of the Philippines would get \$9,000. Honda noted that Congress in September had set aside the funds for the vets — and just not released them. "They have been waiting for over 60 years," he said. "This is an opportunity for America to honor its promise." [Source: Mercury News Ken McLaughlin article 10 Feb 09 ++]

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FAA DATA BREACH: Personal data belonging to more than 45,000 employees and retirees of the U.S. Federal Aviation Administration (FAA) was stolen after hackers broke into a computer server, the agency said 9 FEB. Two of the 48 files on the server contained personal data for those on the agency's employee rolls for the first week of FEB 06, the FAA said. Those affected will be notified by letter, and law enforcement has been contacted. The breach did not affect air traffic control or other operational systems, the FAA said. The FAA is the latest U.S. government agency to be affected by a data breach, incidents of which have been increasing by the year as hackers successfully target servers with weak security. Other causes include the loss or theft of laptops containing unencrypted information. The Identity Theft Resource Center (ITRC) said in January that more than 35 million data records were breached in 2008 in the U.S., a record number.

In one of the most serious incidents affecting the U.S. government, the Department of Veterans Affairs reported that a laptop and hard drive containing personal information of 26.5 million military veterans and their spouses was stolen from an employee's home in May 2006. A federal judge on 10 FEB approved the government's plans to pay a total of \$20 million to veterans exposed to possible identity theft , calling it a welcome deal to settle lawsuits. Sen. Daniel Akaka ((D-HI), who chairs the Senate Veterans Affairs Committee, said the...theft offers an important lesson in ensuring the government upholds its promise to protect veterans' data privacy." Meanwhile, new VA Secretary Eric Shinseki "has said he wants to push for greater use of electronic data as a way to reduce errors in medical care and speed processing of claims." In the interim veterans who have not already taken steps to ensure personal protection against loss remain at risk as a result of government's inability to stop data breaches. Insurance protection is available at very reasonable costs. [Source: New York Times Jeremy Kirk article 10 Feb 09 ++]

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TRICARE SURVIVOR BENEFIT UPDATE 02: Spouses of service members killed in combat would receive military health care for life at no charge under a bill introduced 9 FEB by Rep. Brett Guthrie (R-KY 2nd). The chief effect of the legislation would be to prevent surviving spouses from being charged the same as retirees for using Tricare health benefit beginning three years

after a service member's death, which is the case under current law. The bill, HR 917, is the first measure introduced by Guthrie, an Army veteran who said he wants to use his military experience to help veterans and families. "It is our responsibility to care for the widows and children of those who have died in the line of duty," Guthrie said in a statement. "These families have made the ultimate sacrifice for our nation, and they deserve the best care we can provide." Guthrie, a 1987 graduate of the U.S. Military Academy who served in the 101st Airborne Division, said the "current way health care benefits are provided to the families of service members killed in combat is burdensome and costly. My legislation will make sure those families, whose loved ones gave their lives for our freedom, have affordable coverage. This is something everyone can agree on, regardless of political party," Guthrie added.

Under current law, spouses of service members killed in combat continue to receive free active-duty health care benefits for three years. After that, they may continue to receive Tricare coverage but are charged the same enrollment fees and copayments that apply to military retirees. Dependent children are eligible for free care until age 21, or age 23 if they are full-time college students, as long as they do not marry. Children with disabilities may remain eligible for free care beyond those age limits. Under Guthrie's bill, there would be no cost for continued coverage for surviving spouses. The current rules for dependent children would remain the same. The bill was referred to the House Armed Services Committee, where it will be considered along with other health care legislation later this year when lawmakers begin work on the 2010 defense budget. [Source: NavyTimes Rick Maze article 10 Feb 09 ++]

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VA HOME LOAN UPDATE 15: Recent changes to the VA Home Loan Guaranty Program are helping veterans in financial difficulty. The new VA Loan Electronic Reporting Interface (VALERI) system provides banks and lending institutions more opportunities to help veteran borrowers retain their homes in this difficult mortgage environment. VALERI is a rules-based system designed to identify veterans who are experiencing financial difficulty. VALERI automates VA's previously paper-based processes. Now, via the Internet, servicers can electronically report delinquencies and major loan events, apply VA rules to help borrowers become current, send electronic documents, and file claims. VA completed the transition of all VA-backed loan servicers nationwide to the new electronic reporting system in NOV 08. Servicers now report on daily activities for more than 1.2 million VA-guaranteed loans. As a result of VA's efforts to help veteran borrowers retain their homes, VA's serious delinquency rate (loans more than 90 days delinquent) has dropped over the past six years. According to the most recent Mortgage Bankers Association National Delinquency Survey, VA's

serious delinquency rate is 3%, as compared to 17.85% for subprime loans. Three hundred VA loan technicians at nine regional offices assist veterans and service members with VA-guaranteed loans avoid foreclosure by helping establish repayment plans, special forbearance, or loan modifications. VA loan technicians also provide as much assistance as possible to other veterans who do not have their home loans guaranteed by VA. Information about VA's home loan guaranty program is available at [www.homeloans.va.gov](http://www.homeloans.va.gov). [Source: Veterans Today 10 Feb 09 ++]

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Louisiana Veterans Honor Medal: New medals authorized by the state of Louisiana for its soldiers who have fought or died in the nation's wars will be first presented by Gov. Bobby Jindal and other officials in a ceremony at Barksdale Air Force Base on 10 MAR 09. The beribboned, gold-plated Veteran Service Medal was authorized in the last legislative session, in its first major distribution March 10 at noon at Hoban Hall. For veterans who died in service, next of kin will receive a medal with a gold star and a gold ribbon. Wounded veterans will receive a medal with a purple ribbon, and all other veterans will receive one with a blue ribbon. Eligibility for receipt of the Veterans Honor Medal is a veteran must:

- Have served in the armed forces of the United States during wartime or peacetime.
- Have received an honorable discharge or died prior to separation.
- Be a current Louisiana resident, was a resident upon entering military service, or was a resident at time of death.

Veterans can request the medal by submitting an application along with a copy of their DD-214 to LDVA at P.O. Box 94095, Baton Rouge, LA, 70804; or fax to 225-922-0511. Eligibility will be verified. Additional documentation may be required. Applications can be downloaded at <http://www.vetaffairs.com/data/files230/Honor%20Medal%20Application.pdf>. Relatives or friends of the veteran may apply for the medal on the veteran's behalf. However, medals will only be provided to the veteran or veteran's next of kin. Due to a limited supply, only one medal per veteran will be issued. No medals will be sold or provided to collectors. [Source: Shreveport Times John Andrew Prime article 8 Feb 09 ++]

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DEPENDENCY AND INDEMNITY COMPENSATION (DIC): DIC is a monthly tax free

benefit paid by the Veterans administration to eligible survivors of a:

- Military service member who died while on active duty, active duty for training, or inactive duty training; or
- Veteran whose death resulted from a service-related injury or disease; or

- Veteran whose death resulted from a non service-related injury or disease, and who was receiving, or was entitled to receive, VA Compensation for service-connected disability that was rated as totally disabling for at least 10 years immediately before death, OR since the veteran's release from active duty and for at least five years immediately preceding death, OR for at least one year before death if the veteran was a former prisoner of war who died after September 30, 1999.

Those eligible to receive benefits are:

1. Surviving spouses meeting the following criteria:

- Validly married the veteran before 1 JAN 57; or
- Was married to a service member who died on active duty, active duty for training, or inactive duty training; or
- Married the veteran within 15 years of discharge from the period of military service in which the disease or injury that caused the veteran's death began or was aggravated; or
- Was married to the veteran for at least one year; or
- Had a child with the veteran, and cohabited with the veteran continuously until the veteran's death or, if separated, was not at fault for the separation, and is not currently remarried. However, a surviving spouse who remarries on or after 16 DEC 03, and on or after attaining age 57, is entitled to continue to receive DIC.

2. Surviving child(ren) who are not included on the surviving spouse's DIC and are unmarried and under age 18, or between the ages of 18 and 23 and attending school, or a helpless adult meeting specific criteria. Criteria requirements for helpless adult children can be obtained by calling 1-800-827-1000.

3. Surviving parent(s) may be eligible for an income-based benefit. When countable income exceeds the limit set by law, no benefit is payable. Eligible parents must report all sources of income to VA; for example, gross wages, retirement annuity, insurance proceeds or annuity, interest, and dividends. The spouse's income must also be included if living with a spouse. A spouse may be the other parent of the deceased veteran, or from remarriage. The 2009 income limit for a sole surviving parent, or one of two parents not living with a spouse is \$13,456. For a sole surviving parent living with a spouse, or one of two parents living with a spouse it is \$18,087. Payment rates are reduced based on the countable income of the parent or parents: Income limits change annually.

Those eligible for DIC are also eligible for Health Care (CHAMPVA), Federal Employment Preference, Home Loan Guaranty, and Survivors' & Dependents' Educational Assistance. Under current law a spouse's Survivor Benefits Plan (SBP) annuity is reduced by any DIC amount received. Bills

have been submitted in Congress for the last 4 years to eliminate this deduction without success. The 2009 bill is H.R. 775. The basic monthly rate of DIC changes annually with COLA adjustments. There can be no decrease in the amount. For 2009 it is \$1,154 for an eligible surviving spouse. The rate is increased for each dependent child, and also if the surviving spouse is housebound or in need of aid and attendance. Add \$246 if at the time of the veteran's death, the veteran was in receipt of or entitled to receive compensation for a service-connected disability rated totally disabling (including a rating based on individual unemployability) for a continuous period of at least 8 years immediately preceding death and the surviving spouse was married to the veteran for those same 8 years. VA also adds a transitional benefit of \$286 to the surviving spouse's monthly DIC if there are children under age 18. The amount is based on a family unit, not individual children. For benefit rate tables, including those for children alone and parents, refer to <http://www.vba.va.gov/bln/21/Rates> or call 1-800-827-1000. To apply for DIC claimants should complete VA Form 21-534 Application for Dependency and Indemnity Compensation, Death Pension and Accrued Benefits by a Surviving Spouse or Child. Veterans in receipt of VA disability compensation are encouraged to brief their spouses on how DIC would apply to them to ensure there are no false expectations in their estate planning. [Source: [www.vba.va.gov/VBA/benefits/factsheet](http://www.vba.va.gov/VBA/benefits/factsheet) 12 Jan 09 ++]

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CSRS SURVIVOR ANNUITY: A Washington advocacy group has asked the Office of Personnel Management (OPM) to make sure federal employees in the Civil Service Retirement System (CSRS) are aware of a loophole that could prevent their spouses or ex-spouses from claiming a survivor's annuity. The Pension Rights Center sent OPM acting Director Kathie Ann Whipple a letter urging her to notify all CSRS participants that if they left government and died before claiming their federal benefits, their widows or widowers would not receive an annuity. "It is essential that CSRS employees have this information when making decisions that could have such significant impact on their families," the letter stated. The request comes after a Pension Rights Center project aiming to prevent poverty among older women received calls from women caught off-guard by the policy. "Because participants in CSRS are not covered by Social Security, these pension benefits are, for many of these women, the primary or only source of retirement income," the group wrote.

Under current law, survivors of federal employees covered by CSRS receive annuities if the employee died while working for the government or retired and immediately began collecting pension benefits. But survivors of CSRS employees who left the government and died before age 62, or reached age 62 but died before filing an application for CSRS retirement, are

eligible only for a lump-sum payment of the employee's retirement contributions, without interest. In 2007, Sen. Tom Harkin (D-IA) introduced pension reform legislation that included language granting survivor benefits to spouses and former spouses of CSRS participants regardless of when the employee left federal service. The measure would have brought CSRS in line with the newer Federal Employees Retirement System and many private sector pension plans. Daniel Adcock, legislative director for the National Active and Retired Federal Employees Association, said on 5 FEB that NARFE has long advocated such legislation. In the meantime, federal human resources offices should be more forthcoming when employees leave government service, according to Adcock. "It's not a state secret if you look at OPM's CSRS handbook," he said. "But whether personnel offices go to the trouble of exploiting this discrepancy between FERS and CSRS -- it's up to whether that event happens." [Source: GovExec.com Brittany R. Ballenstedt article 6 Feb 09 ++]

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FISHER HOUSE EXPANSION UPDATE 04: The Fisher House Foundation opened its 43rd guest house for the families of wounded American servicemen and women on 30 JAN. Located on the Greater Los Angeles VA Healthcare System campus on the edge of Beverly Hills and Hollywood, the California-Spanish style "comfort home," includes 21 suites, each with a private, handicapped-accessible bathroom. The two-story, elevator-equipped house features communal spaces such as a family room, a multi-cooking station kitchen, a large dining room and shared laundry facilities. It is the city's first, following those at military and veterans hospitals in Palo Alto, San Diego and Fairfield, Calif. Yet officials there were pressing for a second house even before the new one opened. As large as the VA's budget is for medical care, there's not enough to help cover the costs borne by ailing veterans' families. And those costs are rising, driven by the changing nature of wartime injuries and medical care.

Each community where Fisher House builds is asked to raise about half the funds needed to complete the process. In Los Angeles the community did a remarkable job. Among contributors the American Legion Pacific Palisades Post 283 donated \$2.125 million. That was the largest single donation ever made by an American Legion post. The Fisher House endeavor started in 1990, when New York developer Zachary Fisher and his wife decided to build "comfort homes" next to military hospitals to give relatives a free place to stay when family members went in for treatment. Backed by tens of millions of dollars in private donations and a sprinkling of government funding, the foundation has built Fisher Houses at the major Defense Department medical centers. The main task now is to do the same for VA hospitals, dozens of which have asked for at least one home. The foundation has broken ground on six additional houses and is developing plans for eight or nine more, with a

total price tag of nearly \$70 million. The Los Angeles Fisher House is the only one that will open this year. It takes about 14 months for a home to be completed

Although they're a fraction of the VA's caseload, young veterans from Afghanistan and Iraq are posing some of the biggest challenges. More are returning with catastrophic injuries -- the kind that would have been fatal 20 years ago -- as well as traumatic brain injuries and post-traumatic stress disorder. The average stay at a Fisher House used to be about two weeks, foundation officials say, but now it's three to four times as long for those whose relatives were injured in combat. Imagine paying a Brentwood hotel bill for 60 days, and you'll get an idea of how beneficial the new Fisher House will be for the spouses, parents and children of vets undergoing lengthy treatments for battlefield injuries. The free lodging and plane tickets provided through the foundation have saved more than 11,000 families upward of \$100 million. But there's an important symbolic value to the effort too. While two wars have been waged "off budget," financed with money borrowed from future generations, the American public has shared in little of the sacrifice made by its men and women in uniform. The Fisher Houses and their private contributors are an exception. We need more efforts like theirs. For more info on using Fisher house facilities or providing support refer to [www.fisherhouse.org](http://www.fisherhouse.org) . [Source: LA Times Editorial & AFPS Samantha L. Quigley article 9 Feb 09 ++]

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INDEPENDENT BUDGET: Annually coauthors AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars of the United States work to ensure that The Independent Budget (IB) is the voice of responsible advocacy and that their recommendations are based on facts, rigorous analysis, and sound reasoning. The IB, which has a 23 year history, is based on a systematic methodology that takes into account changes in the size and age of the veteran population, cost-of-living adjustments, federal employee staffing, wages, medical care inflation, construction needs, the aging health-care infrastructure, trends in health-care utilization, benefit needs, efficient and effective means of benefits delivery, and estimates of the number of veterans and their spouses who will be laid to rest in our nation's cemeteries. The organization's 2010 IB released 3 FEB can be viewed at <http://es3.pva.org/independentbudget/index.htm>.

This year the IB calls for a \$4.5 billion increase in veterans programs, including \$3.6 billion for health care. This is an even bigger increase than the groups asked for a year ago, and puts added pressure on President Barack Obama to keep campaign promises for full funding of Veterans Affairs Department programs. The increase, which would result in a \$54.6 billion

discretionary VA budget, includes health care, administrative and construction funds and some costs related to the administration of benefits, but not the costs of the benefits themselves. Recommendations made in the independent budget often become a benchmark used by members of Congress to judge the adequacy of administration budget requests. Its timing before the Obama administration makes its first budget submission sets the stage for criticism if Obama asks for an increase of less than \$3.6 billion. Randy Pleva Sr., Paralyzed Veterans of America president, said the four organizations “urge” Obama to adopt the independent budget recommendations. “It is good for veterans. It is good for the economy. It is good for America,” he said in a statement.

In addition to the health care increase, the budget calls for increases in funding for information technology, the National Cemetery Administration, the VA inspector general’s office, administrative costs for processing benefits claims and a \$2 billion increase in construction money. The big increase in major and minor construction is an effort to reduce a backlog of infrastructure needs, according to the veterans groups. Part of the health care increase would be used to lease facilities for outpatient care, said Glen Gardner, VFW national commander. “Forcing disabled veterans to travel great distances because their local VA medical center dropped inpatient care is not the proper way to care for America’s veterans,” Gardner said. [Source: VFW Washington Weekly & NavyTimes Rick Maze articles 30 Jan & 6 Feb 09 ++]

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VET CREMAINS UPDATE 02: The unclaimed cremated remains of veterans left in funeral parlor basements, hospitals or prisons are now eligible for a proper military interment in New Jersey. On 4 FEB, Gov. Jon S. Corzine signed legislation authorizing New Jersey veterans' service organizations to receive the cremated remains of veterans for burial if they remain unclaimed after one year. It is unknown how many cremated remains, or cremains, of veterans have been left at funeral parlors or other places across the state, said Roman P. Niedzwiedz, first vice president of Vietnam Veterans of America Chapter 899 in Bordentown Township. It's estimated there are more than 1,500 cremains in the state. "The one way that America honors it's veterans is by giving them a military funeral," he said. However, for some, and for a variety of reasons, the honor was never given as their remains were never claimed by family or friends after cremation.

"We are the family that will claim those remains," he said of the state's veterans. Now with authorization given in the new legislation, veterans' services can begin contacting funeral parlors and other places the unclaimed cremains end up to check and see which ones are veterans. The remains can be handed over only after they remain unclaimed for one year and

an attempt has been made to contact family or friends. The remains must then be scattered at sea or disposed of on land in a dignified manner at the Brig. Gen. William C. Doyle Veterans Cemetery. "We as a state have stepped up to recognize the sacrifice given to protect our freedom," Corzine said Wednesday at a ceremony at the veterans cemetery. Francis Carrasco, vice chairman of the veterans' grass-root effort Mission of Honor, said the first to be honored could be the remains of a World War II veteran that have been sitting at a funeral home in Bergen County for 25 years.

The cemetery is located in Arneytown, North Hanover Township, Burlington County on Province line Road, which intersects Route 664 to the north of the cemetery and Routes 537 and 528 to the south. It's central location, 15 miles southeast of Trenton, makes it easily accessible from the New Jersey Turnpike, the Garden State Parkway and Interstates 195 and 295. The cemetery is a contemporary memorial type with all grave markers flush with ground level. It covers 225 acres and was designed to accommodate 154,000 veterans and their family members. To provide privacy and protection from the elements for the bereaved, a chapel is provided for committal ceremonies. The United States and New Jersey State flags are flown in the front court of the chapel in tribute to all veterans buried in the cemetery. As a state shrine, Doyle Cemetery honors the men and women who have served in the Armed Forces. Approximately 15 burials occur each business day and the cemetery is visited by thousands of visitors each year. [Source: The Courier-Post George Mast article 5 Feb 09 ++]

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**WWII VET'S SHOCKING DEATH:** A 93-year-old World War II medic Martin Schur froze to death in his Bay City, Michigan, home. Schur had been living alone since his wife died. The veteran's frozen body was found in his home 17 JAN, just four days after a device that regulates how much power he uses (installed because of failure to pay) shut off his power. A medical examiner said the temperature was 32 degrees in the house when Schur's body was found. and that Schur died a slow, painful death. "It's not easy to die from hypothermia without first realizing your fingers and toes feel like they're burning," said Dr. Kanu Virani. The Michigan State Police launched an investigation into Schur's death for possible criminal violations. The death has prompted a review of Bay City Electric Light & Power's rules and procedures for limiting or cutting off power.

Utility officials said Schur owed about \$1,000 resulting in a "limiter" being put on his home. Limiters are devices that cut power as a warning for people who haven't paid their bills. Limiters can be reset to restore a lesser degree of power until a bill payment is worked out. In Schur's case, the limiter was never reset, and it's unclear whether he knew how to do that. Unlike private utilities regulated by the state, Bay City runs and

oversees its own utilities and therefore doesn't fall under Michigan's public service commission. By law, Michigan requires private companies to prohibit cutting off service to senior citizens between November and April. Seniors must register for the program. The city has begun questioning whether its rules and procedures for limiting or cutting off power need a major overhaul. The utility has stopped its practice of cutting power to customers who don't pay their bills. The utility also has removed all "limiters" on homes. Scher's nephew William Walworth said someone should have looked at Schur's payment history and made direct contact to see whether something was wrong. He's hoping the nation will learn from his uncle's death.

The size of the estate -- if it's as large as the nephew believes -- adds another tragic twist to death. His nephew said his uncle indicated to family members two years ago that he had saved up more than a half-million dollars over the years. "I just know at one time he said he had over \$600,000 in savings," said Walworth. "That's what he told me and my brother, and he was proud that he was able to save and build his estate up to that." Schur's will designates the Bay Regional Medical Center as beneficiary to the entire estate. Schur and his wife, Marian, who died more than a year ago, did not have any children. Cathy Reder, an attorney negotiating on behalf of the Medical Center and the Schur family, said she was filing paperwork in probate court for the court to determine the validity of the will. A hearing has been set for 17 MAR. Reder would not specify the amount left to the hospital, other than to say it's more than \$1. Walworth said his uncle was a frugal man who hadn't eaten at a restaurant for over 30 years. "He was very tight, and he was very frugal. But he did manage to save a lot of money." [Source: CNN.com Wayne Drash article 4 Feb 09 ++]

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IRS COLLECTION POLICY UPDATE 03: Obama administration officials have asked for an independent review of the Internal Revenue Service's controversial private debt collection program, contracting officers told collection agencies on 4 FEB. Two companies with ongoing contracts to recoup delinquent taxes on behalf of the IRS were informed that a decision to exercise the first option year on their contract, which would begin 8 MAR, would not be made until an independent third-party review of the program's effectiveness was conducted and the results were analyzed. The review is expected to take 30 days. House lawmakers lauded the decision to examine the program, which they have long opposed and repeatedly voted to ban. Support for the program was greater in the Senate. "Despite evidence that the private collection program has led to undue confusion among taxpayers and did not produce government savings, this program continued without review for years," said House Majority Leader Steny Hoyer (D-MD 5th). "I have spoken to [Treasury] Secretary [Timothy] Geithner about this matter and applaud him for reviewing

this program on its merits instead of continuing it based on ideology as the previous administration did."

Hoyer also praised his colleague Rep. John Lewis (D-GA 5th), for reintroducing a bill on 3 FEB to strip the Treasury secretary of the authority to enter into private debt collection contracts. In unveiling the legislation, Lewis said during a recession "taxpayers must be able to deal with the IRS directly to work through any difficulties they may encounter." Colleen Kelley, president of the National Treasury Employees Union, said that when cases are turned over to private agencies, taxpayers are denied the options often provided to them by the IRS, such as postponing or suspending collection for a limited time or implementing flexible payment schedules. "In the context of the nation's current economic turmoil, it is more critical than ever to end this program," Kelley said. "The last thing people need when they already are straining under job losses and other severe economic conditions are bounty hunters breathing down their necks." The national taxpayer advocate has repeatedly called for the repeal of the program, labeling it ineffective and accusing the IRS of overstating the debt recovered by private collection agencies. Kelley said the program should be shut down immediately instead of waiting for a review, but expressed confidence that an objective analysis would lead to the "inescapable conclusion" that the program is a costly failure and should be ended promptly. [Source: GovExec.com Elizabeth Newell article 6 Feb 09 ++]

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SBP DIC OFFSET UPDATE 12: In late JAN Rep. Solomon Ortiz (D-TX 27th) introduced HR 775 which would repeal the DIC offset which impacts some 61,000 widows whose military spouse died of service connected causes. According to the latest available data from the Dept of Defense Actuary on the Military Retirement System, these offset survivors receive an average of \$1145/month DIC which offsets their average \$892/month SBP. Under the present rules, to receive the higher DIC payment widows(ers) must agree to accept the unused SBP premiums in a onetime lump sum payment and forfeit all future SBP use options. One impact of this is that it imposes a greater tax burden on the survivor. HR 775 has these additional provisions:

- a. Prohibits retroactive benefits.
- b. Prohibits recoupment of certain amounts previously refunded to SBP recipients.
- c. Repeals authority for optional annuity for dependent children.
- d. Restores eligibility for previously eligible spouses who elected to transfer their SBP to a surviving child or children.

As of 7 FEB this bipartisan bill is already up to 112 co-sponsors inclusive of Rep. Henry Brown (R-SC 1st) who has sponsored bills on this issue for many years. This is all very good news, since in the past several

years we had trouble getting support for this issue in the House -- not the Senate. Senator Bill Nelson (D-FL),has indicated that he will introduce his bill for the 111th Congress in the next two weeks. You can check at <http://thomas.loc.gov> (where you can browse bills by sponsor) to see if your Representative has signed on to HR 775. If he or she has your are encouraged to call or write and thank him or her. If they are not yet a co-sponsor you are encouraged to contact them and ask them to support this bill and their constituent. At <http://capwiz.com/usdr/issues/alert/?alertid=12541746> can be found an USDR action alert letter that can be forwarded (as is or edited) to your legislators. All that is required is for you to enter your zip code if you have previously sent action alerts via USDR in the past. If not, you will be required to enter your zip code plus contact data prior to forwarding. [Source: TREA Washington News flash 6 Feb 09 ++]

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GI BILL UPDATE 37: One of the most attractive features of the new Post-9/11 GI Bill is its Yellow Ribbon program, designed to entice higher-priced colleges or graduate degree programs to enter agreements that make their tuition and fees even more affordable for academically qualified veterans. But VA officials are worried that Yellow Ribbon participation (when the new GI Bill begins in August) will be low because of the financial crisis, which has lowered the value of endowments at many private colleges. Keith M. Wilson, director of education service for the Veterans Benefits Administration, speculated in a January interview that most colleges “aren’t going to want to do a Yellow Ribbon program ... because their finances have been hit too hard in the last couple of months.” Wilson later withdrew that assessment, saying he should withhold forecasts until regulations on the new GI Bill are final and colleges have a better understanding of what’s possible under Yellow Ribbon agreements. Susan Hattan, a consultant on the new GI Bill for the National Association of Independent Colleges and Universities (NAICU), said she doesn’t agree with Wilson’s negative forecast. “Our experience is that there is a lot of interest in the Yellow Ribbon program” among the NAICU members, she said. The association represents 952 private colleges including every Ivy League school.

Montgomery GI Bill users now attend more than 6,000 colleges and universities. The new GI Bill will nearly double the value of education benefit — enough to cover tuition and fees up to maximums tied to costs at the most expensive state-run college or university. Veterans also will receive a monthly living allowance based on local military housing allowances. The Yellow Ribbon offering is an additional feature. Colleges and universities can volunteer to enter into agreements with the VA to waive up to half of tuition and fees set above such charges at the most expensive state-run undergraduate degree program. The VA, in turn, agrees to match the waived amount, thus boosting GI Bill reimbursements to schools as well as

the overall value of the education benefit for veterans. “Schools are really struggling right now, especially the high-end schools,” Wilson said in January. “Their endowments have just been crucified. That’s [the] gut feeling I get from talking with these folks.” His speculation triggered complaints from advocates for private colleges. David L. Warren, president of the NAICU, wrote that Wilson’s assessment was premature and likely inaccurate.

Warren wrote, “Most private colleges are enthusiastic about the opportunity to serve the veterans eligible for the Yellow Ribbon program,” Warren wrote in Stars & Stripes newspaper. He suggested that whatever cautionary statements colleges have made to Wilson likely reflect the newness of the Yellow Ribbon concept and lack of final guidelines to schools on how the program will work. Taking the time to understand fully a new commitment before signing [on] the dotted line should not be interpreted as a lack of interest in making the commitment”. Wilson said he never meant to imply that private colleges were less inclined than state schools to support GI Bill-eligible veterans, nor did he mean to suggest that not all schools have been hit by the financial crisis. Also, Wilson agreed it was too early to assume at what level colleges might participate in the Yellow Ribbon discounts. Earlier, Wilson had said many colleges likely would offer “token” participation, either by offering Yellow Ribbon waivers only to a small number of students or by waiving only a small percentage of its higher tuition level.

The Yellow Ribbon feature was the brainchild of Sen. John Warner (R-VA), who retired in January. He insisted it be included in the new GI Bill so bright students can afford to attend some the best schools in the country, as his generation of veterans was able to do after World War II. Consultant Hattan said it is true that “higher education, along with just about everybody else in the country, is looking at their finances and worrying. But the one thing I think you’ll also see is that the furthest thing down the line that institutions are planning is to cut student financial aid.” There is confusion among colleges over how the Yellow Ribbon program will operate, Hattan added. The VA’s draft regulation on the Post-9/11 GI Bill said schools who want to participate in the Yellow Ribbon program must be prepared to waive all or a portion their tuition and fees in excess of the highest priced state undergraduate degree program. Schools might prefer to give veterans scholarship money from endowment funds, for example, rather than waive tuition, she said. “The schools will try to look at all potential sources they can draw on to figure out the match” with the VA, Hattan said. “If they can’t use scholarship funds as part of their match, obviously that cuts down options that they might otherwise have.”

The National Association of College and University Business Officers challenged this part of the draft regulations, too. Rather than stipulate

that Yellow Ribbon participants waive some part of their tuition, this association said the VA should adopt language found in the law, which referred to use of “direct grants [and] scholarships” for Yellow Ribbon agreements. The VA is proposing schools use only tuition waivers under Yellow Ribbon to ensure equity. If schools were allowed to offer scholarships, that money often is targeted to boost specific curriculums. The new GI Bill should be available to students on a first come, first served basis and for any type of degree offered at a school, the VA said. [Source: MOAA Observation Post Tom Philpott article 5 Jan 09 ++]

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POSTAL SERVICE: These days, the check isn't in the mail. It's increasingly on the Internet — and that's bad news for the U.S. Postal Service. Electronic communication and a withering economy have pushed the Postal Service into its worst financial crisis since Benjamin Franklin founded the institution in 1775. The Postal Service has lost \$7.9 billion in the past two years. It has borrowed money to pay its bills. Mail volume fell 4.5% last year and the Postal Service expects a bigger drop this year. Last week, the agency asked Congress for permission to consider reducing delivery from six days a week to five. "We have to make adjustments quickly to keep the ship afloat," Postmaster General John Potter says. "We have to weather the storm of the bad economy first and figure out how traditional mail fits into an electronic world." Now, it's facing a range of modern problems that could cause it to run out of cash this year or early next. "The last thing we want to do is not be able to make payroll and provide service to the American people," Potter says.

The Postal Service's biggest challenge: the cost of providing health care to current and future retirees. Its \$53 billion obligation is greater than those of the Big Three automakers. The service owes its retiree health fund \$7.4 billion this year. Last week, Potter asked Congress for permission to delay \$2 billion in health care payments until after 2016. Without that break, the Postal Service could run out of cash 30 SEP, when a lump sum \$5.4 billion retiree health fund payment comes due. The Postal Service has been an independent agency of the U.S. government since 1971. It hasn't gotten a direct taxpayer subsidy since 1982. By law, it's supposed to break even or make a small profit to reinvest in its operations. Congress regulates the Postal Service heavily. By law, the agency must deliver mail six days a week. It must deliver across the USA at the same price, even to distant parts of Alaska. It can't close post offices for economic reasons. Stamp prices can rise only at the inflation rate, except in emergencies. Potter says the Postal Service wants to avoid a federal bailout or big rate increases.

With 650,000 workers, the Postal Service is the USA's third-largest

employer, after Wal-Mart and the Defense Department. It has the nation's biggest vehicle fleet — and high gas prices cost it \$500 million last year. Union contracts make layoffs rare. Raises are automatic. Labor costs have been reduced through early retirement packages and cutting back hours. The Postal Service has trimmed its workforce by 120,000 since 2002. It wants to cut 100 million work hours this year. The average unionized postal worker made \$66,929 in wages and benefits in 2008, the Postal Service says. This month, the Postal Service will request a 1- or 2-cent increase in the price of a first-class stamp. The change, matching inflation, would take effect in May. The price of a first-class stamp has risen a little slower than inflation: from 25 cents in 1988 to 42 cents today. The U.S. has some of the lowest stamp prices in the industrialized world. The Postal Service is projecting another multibillion-dollar loss in 2009.

The Postal Service's financial crisis could lead to a variety of dramatic changes — thousands of post office closings, cutbacks or elimination of Saturday deliveries, significantly higher stamp prices or a direct federal bailout. In 2006, at the peak of the credit bubble, Congress passed its first major overhaul of the Postal Service since 1971. The Postal Service got more freedom to control its prices, especially on packages and overnight deliveries that compete with services offered by private companies. But the law also ordered the Postal Service to pay \$55 billion over 10 years to create a reserve fund to cover retirees' long-term health care benefits. The first payment was made in 2007 and caused a \$5.1 billion loss. Last year, the loss was \$2.8 billion. In both years, the Postal Service would have been profitable if not for its legacy costs. The Postal Service already pays the health care costs for 452,000 retirees and their survivors. That burden will increase as an aging, unionized workforce retires and collects the same benefits as other federal retirees.

Oddly, the Postal Service's retirement system is in good shape compared with that of the rest of the federal government. The federal retirement system has an unfunded liability of \$5.3 trillion, including \$1.2 trillion for retiree medical benefits. The Postal Service's pension obligation is fully funded. Its retiree health care plan has a \$53 billion shortfall. In 2006, Congress ordered the Postal Service to set aside money to cover the medical costs of its future retirees. This burden has left the Postal Service with few options. The U.S. government couldn't privatize the service, even if it wanted to, because no buyer would want to take on the \$53 billion obligation, says privatization supporter Don Soifer, executive vice president of the conservative Lexington Institute. Labor costs account for 80% of Postal Service costs."It's all about controlling labor costs," Soifer says. "That's what will determine if a bailout is needed in the future." [Source: USA TODAY Dennis Cauchon article 2 Feb 09 ++]

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MISSISSIPPI VET CEMETERY: The Mississippi State Veterans Cemetery has gone from just talk to becoming something tangible in just three short years. The amount of work done by local, state and national legislators, in addition to private citizens, businesses and other entities has been immeasurable. The cemetery, which will have a groundbreaking ceremony sometime in the fall and should be completed in 2011, will cost approximately \$7 million to complete. The project will see three phases implemented over roughly 30 years. The first phase will pretty much lay the groundwork for the rest of the project. In it will be about 5,000 burial sites, administrative buildings, maintenance buildings and a funeral facility. Extensive landscaping will transform the now empty cow pasture into a pristine and memorable place of reflection and solemn reverence. The federal funding for the project comes from the US Veteran's Administration Cemetery Program. Other funding comes from the state of Mississippi as legislators have taken up the campaign in creating the state's first veterans cemetery. Other cemeteries such as the ones located in Natchez and Vicksburg are national cemeteries.

The project grew to be highly competitive when it was time to name a location for the cemetery. Winston and Leake counties put up a valiant charge to be the home of the cemetery but in the end the area between Hickory and Newton on Hwy 80 won out. The 75 acre former dairy farm was already owned by a state agency, the Mississippi State Extension Service, so the transition of the land was smooth and painless. Also in the favor of the site chosen is the low amount of work that will have to be done. There are no major buildings or power lines that need to be moved. In keeping with the landscape of rolling hills and ridges, the cemetery will undergo more landscaping and some dirt work. A \$150,000 grant approved through the Mississippi Development Authority will pave roads in and out of the cemetery. Veterans from several western Alabama counties such as Sumter and Choctaw, also are eligible to be interred at the cemetery. For information about eligibility requirements go to the US Department of Veterans Affairs/ Burial and Memorial website [www.cem.va.gov/CEM/bbene\\_burial.asp](http://www.cem.va.gov/CEM/bbene_burial.asp). [Source: The Newton Record Brian Livingston article 2 Feb 09 ++]

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TAX TIPS 2008: Federal lawmakers simply cannot resist tinkering with the tax code. By one estimate, more than 500 tax law changes were made last year alone. Many of the 2008 changes were made in connection with the slowing economy in general and the housing crisis in particular. But many tax-law tweaks last year also were in areas that seem to get constant attention on Capitol Hill. Such revisions of existing laws often leave taxpayers feeling like characters in an IRS version of the movie "Groundhog Day," each year facing essentially the same tax challenges. The good news is that such "tax

script" revisions are at least somewhat familiar. The better news is that these rewrites, as well as some totally new tax laws, offer ways to trim tax bills and provide a happier ending to your 2008 tax-filing circumstances. Among the most persistent recurring tax laws are those known as extenders. The name comes from the fact that these tax breaks technically are temporary. But Congress usually extends a handful of particularly popular provisions for another year or two. Last year was no exception. The laws that were given new life in 2008 include:

- Tuition and fees deduction -- Up to \$4,000 of qualified college tuition and fees paid last year can be deducted.
- Educator deduction -- Teachers and other qualified educators can get a tax deduction for up to \$250 spent in 2008 on classroom supplies.
- State and local sales tax write-off -- If you paid more state and local sales taxes than state income tax last year, the option to deduct the sales tax amount as an itemized expense also was extended.

Although these deductions are still temporary, when Congress renewed them in 2008, they also extended the tax breaks through 2009. So this year at least, we won't have to wait for Capitol Hill to rewrite this part of the usual tax script. In addition to the new 2008 tax code changes and prior year carryovers, many pre-existing laws have new dollar amounts this filing year, thanks to inflation adjustments. For details on these tax issues refer to "Old tax laws, new amounts." at

<http://www.bankrate.com/caf/itax/news/taxguide/20090130-changes-to-old-tax-laws-1.asp?caret=1r> .

Last year's economic stimulus payments, or rebates as they were popularly called, actually were credits against 2008 income. And some people may be able to cash in on the rebates this filing season by claiming the Recovery Rebate Credit. This new credit, available only on 2008 returns, could help filers who last year did not receive the maximum credit of up to \$600 for single taxpayers, \$1,200 for married couples filing jointly. Changed tax circumstances, such as a new child in the family, also could get you a bit more rebate money on your 2008 return. The Recovery Rebate Credit can be claimed on all three versions of the 1040. You'll need to know how much you received last year in order to calculate what you're eligible for now. Some other changes you might review to see if they could impact on your 2008 tax liability are:

- First-time homebuyer's credit
- Standard property tax deduction
- Surviving spouse home sale exclusion
- Housing tax-break holdovers
- AMT inflation adjustments
- Zero capital gains
- 'Kiddie' tax
- Required retirement distributions

[Source: ConsumerAffairs.com Bankrate's 2009 Tax Guide Kay Bell article 5  
Jan 09 ++]

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TAX TIPS 2008 UPDATE 01: The dismal housing market prompted lawmakers to create the following new tax breaks in 2007 and 2008:

- **First-time homebuyer credit:** Thanks to the Housing and Economic Recovery Act of 2008, some first-time homebuyers can claim a credit of 10% of the home's purchase price, up to a maximum of \$7,500. You could qualify as a first-time buyer if you have not owned a home in the three years prior to the qualifying purchase. There is, however, some limitations. The credit phases out for higher-income taxpayers. It is available only for primary homes purchased between 9 APR 08 and 30 JUN 09 and it's not a true credit. The tax break must be paid back, without interest, in equal payments over 15 years. The repayment period begins 2 years after the year in which you claimed the credit. Thus, if you claim the credit on your 2008 tax return, the repayment period begins in 2010 and you must include the first installment as additional tax on your 2010 tax return. If your home ceases to be your main home before the 15-year period is up, you must include all remaining annual installments as additional tax on the return for the tax year that happens. This includes situations where you sell the home or convert it to business or rental property. If you die, any remaining annual installments are not due. If you filed a joint return and then you die, your surviving spouse would be required to repay his or her half of the remaining repayment amount. Refer to Form 5405 for more details. Congress is considering expanding this first-time homebuyer credit.
- **Standard property tax deduction:** The Housing and Economic Recovery Act of 2008 provides a new home-related deduction for taxpayers who don't itemize their expenses. Up to \$500 for single homeowners, double that for joint filers, can be added to the taxpayer's standard deduction amount. This option will help homeowners who don't have enough deductions to itemize, but who paid property tax for their personal residence in 2008. The standard property tax deduction originally was for the 2008 tax year only. However, as part of another tax bill enacted a few months later, the tax break was extended to 2009.
- **Home sale exclusion for surviving spouse:** One of life's most difficult decisions is whether to keep or sell a home after the death of a spouse. It also often posed a costly tax dilemma for a widow or widower. Usually, a married couple can exclude up to \$500,000 in profit on the sale of their home. When a husband or wife died, the house had to be sold in the year of death for that full exclusion amount to apply. Now, however, a tax law that took effect in 2008 will allow the surviving spouse to claim the \$500,000 exclusion as long as he or she sells the home within two years after the spouse's date of death. The widow or widower must remain unmarried and all

other tests, such as residency and ownership, also must be met.

- **Housing break holdovers:** Don't forget a couple of real estate-related tax break holdovers that could save eligible taxpayers some money: foreclosure debt relief and deductible private mortgage insurance payments. In late 2007, the Mortgage Debt Forgiveness Act helped ease the double whammy of home foreclosure: losing a residence and then owing tax on any amounts of debt that were written off, or forgiven, by the lender. Now up to \$2 million of that amount, known as cancellation of debt income, is not taxed. The law applies to home foreclosures, short sales or loan renegotiations from 1 JAN 07, through 31 DEC 12. Some homeowners who must pay private mortgage insurance premiums in connection with their loans also get a tax break. They can claim some of those costs as a deduction on their 2008 returns. This deduction began with the 2007 tax year and was subsequently extended to PMI on new mortgages issued from 2008 through 2010.

[Source: ConsumerAffairs.com Bankrate's 2009 Tax Guide Kay Bell article 5 Jan 09 ++]

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#### TAX TIPS 2008 UPDATE 02:

- **Alternative Minimum Tax Patch:** The alternative minimum tax, or AMT, is a parallel tax system created 40 years ago to ensure that the rich had to pay at least some tax. Nowadays, however, more middle-class taxpayers find they are potential AMT payers because the tax is not indexed annually to account for inflation. To keep these filers off the AMT roll, Congress has approved temporary fixes for the tax which increase the amount of income that is excluded from the AMT. The 2008 patch raised the exemptions to \$69,950 for a married couple filing a joint return and qualifying widows and widowers, up from \$66,250; \$34,975 for a married person filing separately, up from \$33,125; \$46,200 for singles and heads of household, up from \$44,350.

- **Zero Capital Gains:** Capital gains tax rates already are lower than ordinary tax bracket rates, but beginning in 2008 some investors will owe no tax on profits from the sale of long-term holdings. Effective 1 JAN 08 the 5% tax rate on qualified dividends and capital gains that applied to taxpayers in the 10% and 15% tax brackets is zeroed out for some. While no taxes generally are good taxes, the zero percent rate does have some limitations. Some young investors are prohibited from taking advantage of the zero-percent option. Some older taxpayers might find untaxed capital gains could produce unexpected taxes on their Social Security benefits.

- **Required Retirement Withdrawals:** The stock market downturn has caused problems for a lot of investors. Particularly hard hit are retirees who depend upon their investments to help meet day-to-day living expenses. Investors age 70½ or older also must factor in mandatory withdrawals, known as required minimum distributions (RMDs) from their tax-deferred retirement

accounts, such as traditional IRAs or 401(k)s. To help these older investors weather the market downturn, lawmakers enacted a measure to remove the distribution requirement for 2009. They did not, however, extend the tax relief to septagenarians who had to make RMDs in 2008. Because tax rules allow for a retirement plan owner's first required minimum distribution to be delayed until 1 APR of the year following the one in which they turn 70½, some taxpayers will be making their 2008 withdrawals this year. Don't be confused by the law exempting 2009 required minimum distributions; your 2008 RMD, even if you take it in 2009, is still due. You do, however, get one break. Usually deferment of the first RMD means that you end up taking two distributions in the same year, the one you postponed until April and the current year's distribution due by Dec. 31. But with 2009's withdrawal suspended, you'll only have to take out the 2008 amount.

- **Kiddie Tax:** Before 529 plans and other dedicated education savings accounts were around, parents used to open investment accounts in their children's names. It also provided a way for the earnings to be taxed at the child's lower tax bracket rates. That loophole came to an end with the creation of the "kiddie" tax. This levy kicks in when a child's account earns more than a certain amount (\$1,800 in 2008, \$1,900 in 2009) and requires that excess earnings be taxed at the parents' highest marginal tax rate, which could be as high as 35%. That rule lasts until the child reaches a certain age, at which time the youngster's lower rates then apply. Originally, the kiddie tax applied until a child turned 14. For the last few years, however, lawmakers have been pushing that age upward. For 2008 tax purposes, the parents' higher rates will be collected on investment earnings until the dependent child turns 19, or 24 if the youngster is a full-time student. Part of the reason for the change was to prevent wealthier parents from taking advantage of another 2008 tax-law change, the zero percent capital gains on lower-income investors.

[Source: ConsumerAffairs.com Bankrate's 2009 Tax Guide Kay Bell article 5 Jan 09 ++]

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VA CLAIMS BACKLOG UPDATE 21: Eric K. Shinseki, the new Veterans Affairs secretary, said 4 FEB he is trying to reduce the six-month delays in paying veterans' disability claims, and he wants to move quickly toward an all-electronic claims system that could speed up the process. In his first appearance before Congress since becoming secretary, Shinseki said the VA is looking at a major switch that would phase out paper processing, possibly by 2012. "This is a brute-force solution," Shinseki told the House Veterans Affairs Committee, adding that a technological format is needed "to ensure timely, accurate consistent decision-making on behalf of our veterans. This is part of what our backlog is about. That will take investment, of course," he said. In his testimony, Shinseki also said he was launching a topdown

review of his embattled department and reiterated his promise to submit a “credible and adequate 2010 budget request” that will be cost-effective while fully sensitive to veterans in need. “If it’s going to be solved any faster, it’s going to take leadership,” he said of the challenge ahead, promising a “change of culture” at the government’s second largest agency.

Shinseki, got a recent tour of the paperwork battlefield on which VA claim adjudicators serve every day. It was a bracing scene -- literally. “You walk into one of our rooms where...decisions are being made about disabilities for veterans [and] see individuals sitting at a desk with stacks of paper that go up half way to the ceiling. And as they finish one pile, another pile comes in,” Shinseki told the Committee. “There are 11,100 people doing this...good people, hired to do a rather challenging job in which they are trying to apply judgment to situations that occurred years ago,” Shinseki said. Paperwork, he added, doesn’t draw out “a full appreciation for the context of combat.” The army of claim adjudicators is equal in size to the 82nd Airborne Division, Shinseki said. It grew by 4000 in the last two years. Another 1100 will be hired this year to address VA’s claims backlog. It’s “a brute force solution” to a problem best solved with an electronic claim processing system. “If we don’t...create a paperless process,” Shinseki told lawmakers, “I’ll report a year from now that we hired more people to do this.” Rep. Vic Snyder (D-AR 2nd) said Shinseki should make another visit soon to one of VA’s file rooms. “It’s almost dangerous,” said Snyder. The rooms “are overwhelmed” with claims. Some individual claims have swelled to “three, four and five volumes.” Ironically, Snyder said, technology might be aggravating the problem. Veterans who look continuously to strengthen disability claims are making internet searches. Printouts on all aspects of their conditions or diseases are then sent to the VA to be added to case files. “The files will just keep growing,” Snyder said. “We’ve got to get a handle on this whole thing.”

One new proposal that Shinseki floated was that he believes that all active duty military members, upon discharge or retirement should be mandatorily enrolled in the VA health system. Rep. Steve Buyer (Ind.), ranking Republican on the committee, asked Shinseki to support an increase in Dependency and Indemnity Compensation. DIC is paid to survivors of members who die on active duty or die of service-related conditions in retirement. DIC hasn’t kept pace with survivor compensation for federal civilian workers, Buyer said he is preparing a bill that would raise DIC by 12 percent across the board. Basic DIC is now \$1154 a month and \$286 a month is added for each dependent child under age 18. Another \$246 is added if, at time of death, a veteran had been rated as 100-percent disabled for eight years, and had been married during that the same period.

Shinseki was warmly received by the committee where he laid out administration priorities for veterans. Behind him, representatives of

various veterans' service organizations mostly nodded heads in agreement. They didn't nod, however, when Shinseki declined to endorse a legislative priority for many VSOs this year: a bill to require that VA health budgets be funded a year ahead of normal appropriations. Advocates say this will ensure timely funding of VA hospitals. They no longer would have to operate on the cheap under a "continuing resolution" because the VA budget got bogged down by a partisan fight. In late January, many VSOs hailed such a bill, the Veterans Health Care Budget Reform Act, reintroduced for 2009 by Sen. Daniel Akaka (D-HI), Senate VA Committee chairman. But Shinseki implied Congress simply needs to act more responsibly on VA appropriation bills. "My preference would be for a timely budget and I will assure you I'll do my part," he said. While Army chief of staff, Shinseki recalled, "I lived with continuing resolutions and I know full well the impact they bring." If his experience as VA secretary shows health care budgets still can't get passed on time, then "other options" will be discussed, Shinseki said.

House Veterans Affairs Chairman Bob Filner (D-CA 51st) said that after several years of budget restrictions and growing backlogs, the VA must work hard to restore credibility among the nation's veterans. "So many veterans view the VA as 'Veteran's Adversary,'" he said. Rep. Harry Mitchell (D-AZ 5th) who chairs the oversight subcommittee, said he wants to ensure the VA remains mindful with its technology initiatives to "implement high standards" of quality given the department's past problems with maintaining electronic data. "We all have our work cut out for us," Mitchell said. Shinseki said he would review the "fundamentals in every line of operation." "I intend to ... demand the highest levels of integrity, transparency and performance in leading the department through the fundamental and comprehensive change it must quickly undergo," Shinseki said. "We will be measured by our accomplishments, not by our promises," he added. [Source: AirForceTimes Hope Yen & Stars and Stripes Tom Philpott articles 4 & 7 Feb 09 ++]

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VA CLAIMS BACKLOG UPDATE 22: While representatives of the Board of Veterans' Appeals and the U.S. Court of Appeals for Veterans Claims bickered over who bears more responsibility for the long delay veterans face on disability claims, a key Republican senator said it was time to take some drastic action. Sen. Richard Burr of North Carolina, ranking Republican on the Senate Veterans' Affairs Committee, said proposals from the appeals board, the court and veterans service organizations will not end veterans' frustration any time soon. While such changes as holding federal workers more accountable for errors and shortening deadlines for filing and ruling on appeals might provide some help, Burr said, the end result is likely to be modest, with the Veterans Affairs Department able to finish a few more

claims each year than received. But with an estimated backlog of between 600,000 and 800,000 claims, depending on how it is counted, modest progress isn't enough, he said. Burr called for a military-style "surge" strategy to allow VA to quickly reduce the backlog using temporary measures.

Burr, whose remarks came at a 11 FEB hearing on the appeals process for veterans claims, said he would work with committee chairman Sen. Daniel Akaka (D-HI) to try to find a solution. Burr said he knows VA, the appeals board and appeals court are making efforts to get decisions faster but they're not moving fast enough. "Whatever the reasons, it is clear that the appeals process takes far too long, and it is not acceptable," he said. VA's average processing time on an initial benefits claim is six months, Burr said. If a veteran appeals, the Board of Veterans' Appeals takes an average of 1,100 days to rule on the case. If a veteran appeals the board's decision to the Court of Appeals for Veterans Claims, it can take another 14 months for a decision to be issued. "It is understandable why many veterans, including veterans back in North Carolina, are extremely frustrated by this long appeals process," Burr said. Rep. Bob Filner (D-CA 51st) House Veterans' Affairs Committee chairman also has talked about a "surge" approach to reducing the backlog of claims. One of his ideas is to automatically approve claims related to Agent Orange exposure by Vietnam-era veterans, as long as there is no obvious fraud. Another Filner proposal would automatically grant claims that were prepared with the help of a veteran's service officer certified to handle claims.

Kerry Baker of Disabled American Veterans, who testified at the Senate hearing, said the appeals rate on veterans claims is climbing. In 2007, VA made 824,844 claims decisions that generated about 100,000 appeals. For 2009, VA estimates it will make 942,700 claims decisions that will result in 132,000 appeals. Baker suggested several procedural steps to make the process move a little faster, including reducing the amount of time a veteran has to appeal an initial VA determination. Current law allows up to a year to appeal the decision, but Baker said this could be cut to six months. He also said VA employees need to be held more accountable for both the speed and accuracy of claims they handle. A sign of the problem, he said, is that almost 6,000 cases handled by the Board of Appeals for Veterans Claims in 2007 were sent back because of requests for VA medical records. "The disturbing factor here is that a VA employee can usually obtain VA medical records without ever leaving the confines of one's computer screen," Baker said. [Source: AirForceTimes Rick Maze article 11 Feb 09 ++]

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BURN PIT TOXIC EMISSIONS UPDATE 04: Seven members of Congress have added their names to a growing list of legislators concerned about service members

who say burn pits in Iraq and Afghanistan have made them sick. “It has come to our attention that a growing number of veterans who served in Iraq and Afghanistan are becoming sick and dying from what appears to be overexposure to dangerous toxins produced by burn pits used to destroy waste,” reads a letter from Rep. Tim Bishop (D-NY), to Eric Shinseki, the new secretary of veterans affairs. “Further conversations with other veterans have revealed that the armed forces have not investigated this threat adequately.” Bishop’s office sent the letter 2 FEB. It was also signed by Reps. Earl Blumenauer (D-OR 3rd); Bill Delahunt (D-MA 10th); Maurice Hinchey (D-NY 22nd =); Keith Ellison (D-MN 5th); Sander Levin (D-MI 12th); and Allyson Schwartz (D-PA 13th).

Congress first heard about the issue, the letter states, after a series of stories came out in Military Times showing that service members were exposed to everything from burning petroleum products to plastics to batteries in burn pits used to dispose of waste at every base in Iraq and Afghanistan. Tests showed the fires released dioxins, benzene and volatile organic compounds, including substances known to cause cancer. So far, 150 people have contacted Disabled American Veterans (DAV) to say they are sick, and they believe the burn pits caused their ailments. Of those 150, about 30 have lymphoma and leukemia. Other reported conditions include asthma, bronchitis, sleep apnea, chronic coughs, allergy-like symptoms and heart problems. “After years of helping veterans of the Vietnam and Gulf wars cope with the health effects of toxic battlefields, we have learned that we must take exposures to toxins seriously to ensure that this generation of service members does not face the same difficulties,” the letter states. The lawmakers ask Shinseki to use the Gulf War Advisory Committee to “investigate the combined effect of sand, burn pits, dioxins, benzene and volatile organic compounds” on veterans. They also want VA to compile statistics for the toxin levels in the blood of those who have served in Iraq and Afghanistan compared to those who have not. And they ask that VA notify its doctors that “veterans have been exposed to chemicals from fires in Iraq and Afghanistan.”

Meanwhile, Burke O’Neil LLC, a Washington, D.C., law firm that has filed a class-action lawsuit against defense contractor Kellogg, Brown & Root LLC for improperly disposing of waste and insufficiently sanitizing water supplies for U.S. troops in Iraq, has invited the 150 ill service members to join the suit, said Kerry Baker, DAV’s assistant legislative director. So far, about 30 have done so, according to Elizabeth Burke, a lawyer with the firm, which plans to file its suit soon. Burke O’Neil also filed a third class-action suit in Montgomery County, Md., dated 21 JAN, focusing on the way KBR disposed of waste in burn pits in Iraq and Afghanistan after several people came forward with cancer that they believe came from exposure to the burn pits, Burke said. The lawsuit states that KBR “illegally burned biohazard materials, hydraulic fluids, lithium batteries

and other hazardous materials in the open-air burn pits, causing noxious and unsafe smoke to drift over the base. Defendants burned tires, trucks, munitions boxes, and items containing pesticide residue.”

The suit accuses KBR of negligence, battery, nuisance, negligent and intentional infliction of emotional distress, product liability, willful and wanton conduct, negligent hiring, breach of duty to warn, and medical monitoring. It asks for compensation for physical injuries, emotional distress, fear of future disease, and need for continued medical treatment and monitoring. It also asks that KBR be stripped of all revenue for the contracts the plaintiffs say the company violated. Four plaintiffs have chronic respiratory illnesses, one has “weeping lesions” on his arms and feet, one has gastrointestinal illness, and one has reactive airways disease. Baker is compiling a list of service members and veterans who believe they were exposed to the burn pits to make a case that VA should compensate people for their illnesses. His e-mail address is [kbaker22@comcast.net](mailto:kbaker22@comcast.net). [Source: NavyTimes Kelly Kennedy article 4 Jan 09 ++]

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TRICARE USER FEE UPDATE 29: Rep. Chet Edwards (D-TX-17th) has reintroduced legislation that would freeze Tricare fees for military retirees, a preemptive strike in case the Defense Department tries again to raise deductibles, copayments and enrollment fees in an effort to hold down its health care costs. The Military Retirees’ Healthcare Protection Act (H.R.816), introduced 3 FEB, is important because of its chief sponsor and because of the timing. Edwards, an ally of President Barack Obama who had been discussed as a possible vice presidential running mate, is chairman of the House appropriations subcommittee responsible for military quality of life programs and veterans health care. Overcoming Edwards’ opposition would be difficult. Additionally, Edwards’ move to drop a bill even before the Obama administration has announced its plans for military health care is a warning sign to the White House and Defense Department that it might be a mistake to assume that Tricare fee increases could be used to help cover health care costs in the 2010 defense budget. For three consecutive years, the Defense Department has asked Congress to increase Tricare fees for retirees and to revise pharmacy copayments for active-duty families and retirees in order to reduce costs. Congress has rejected the idea every time.

Defense officials estimate fee increases would cut \$1.6 billion in defense health care costs, partly from the fees and partly from discouraging working-age retirees who have other health care options from enrolling in the military health benefits plan. Edwards, who estimates that higher fees would apply to 3 million people, made clear that discouraging the Obama administration is part of his strategy. “I hope the new administration will

not request the same premium increases as the last, but this legislation will allow us to remove any temptation,” he said in a statement. “I believe that keeping our promise of quality, affordable health care for military retirees is the right thing to do and the smart thing to do,” Edwards said. “It is right because our nation has a moral obligation to keep our promises to those who have kept their promise to defend our nation. It is the smart thing to do because we cannot attract the best and brightest to fight our war on terrorism in the years ahead if they see us breaking faith with those who served in years past. To win the war on terrorism, we must keep faith with our warriors.” Rep. Walter Jones (R-NC-03rd), is an original cosponsor of the bill, which last year had more than 215 cosponsors.

Supporters of The Military Retirees’ Healthcare Protection Act (H.R.816) are encouraged to contact their legislators and request they sign on as cosponsors to this bill. At

[http://capwiz.com/usdr/issues/alert/?alertid=12591151&queueid=\[capwiz:queue\\_id\]](http://capwiz.com/usdr/issues/alert/?alertid=12591151&queueid=[capwiz:queue_id]) can be found an USDR action alert letter that can be forwarded (as is or edited) to your legislators. All that is required is for you to enter your zip code if you have previously sent action alerts via USDR in the past. If not, you will be required to enter your contact data prior to forwarding. Alternate letters for transmission are available at MOAA’s Legislative Action <http://capwiz.com/moaa/issues/bills/?bill=12603596> and FRAS’s Legislative Action Center <http://capwiz.com/fra/issues/alert/?alertid=12589421> . [Source: ArmyTimes Rick Maze 4 Feb 09 ++]

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TRICARE USER FEE UPDATE 30: A Senate committee wrestling with ways to get the federal deficit under control is weighing recommendations from a nonpartisan arm of Congress that include increases in health care fees for retirees and their families, as well as limits on veterans’ health care benefits. At a Senate Budget Committee hearing 10 FEB, Sen. Kent Conrad (D-ND), committee chairman, said the \$11.6 trillion national debt is expected to more than double by 2019, with federal health care costs a key factor. Conrad said he thinks even that forecast is overly optimistic and that the debt will be larger. The Congressional Budget Office (CBO), a nonpartisan arm of Congress, has compiled a list of 115 options for changes in medical care programs, mostly ways to cut federal funding, that Conrad’s committee is considering as it tries to prepare a 2010 federal spending guide. The options include raising enrollment fees, copayments and deductibles for military retirees younger than age 65 and their families using the Tricare health benefits program; requiring some veterans to pay copayments when being treated for medical issues not related to military service; and a novel idea of allowing active-duty families to pocket money — up to \$500 each year — if they don’t use health benefits.

Also included is a cost-sharing idea for Medicare-eligible military retirees under which the government would not cover the first \$525 of health care costs each year and provide limited reimbursement of the next \$4,725 in costs, all in an effort to discourage unnecessary medical treatment. That aim also is the basis for the CBO proposal to give \$500 to active-duty families in a tax-free allowance that would be used to cover new out-of-pocket expenses for Tricare. It could be used to pay for insurance from other sources, such as a spouse's employer-provided health care plan, or it could be pocketed if the family doesn't spend it. It was clear from the hearing that the costs of military and veterans health care programs are NOT the primary focus of lawmakers, who are more worried about spiraling costs for the Medicare and Medicaid programs. However, the fact that Tricare fees have not increased since that program was created in the mid-1990s — despite constant calls by the Defense Department to raise deductibles, copayments and enrollment fees to cut military health care costs — is likely to get attention because other Americans are paying more for their health care.

Sen. Jeff Sessions (R-AL) noted that between 2001 and 2007, health care premiums for average Americans increased by 78%, which he called an “unsustainable” and “unhealthy” trend. The budget committee does not have the power to increase Tricare fees or change veterans' health care benefits. Instead, its influence is in making recommendations on federal spending by preparing annual revenue and spending plan that, if approved by Congress, sets limits for various programs. A recommendation in the budget guide to cap military or veterans health care funding could force lawmakers on other committees to devise ways to reduce spending. [Source: NavyTimes Rick Maze article 10 Feb 09 ++]

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TRICARE USER FEE UPDATE 31: In recent weeks there have been rumors going around the internet among military retirees that President Obama has proposed to cut the Tricare benefits by raising various fees. It is important to understand that is not true at this time. The rumors have centered on a report put out by the Congressional Budget Office that says one option for Congress is to raise Tricare fees. However, that is not a proposal. It is a report that is issued every two years that contains possible options for Congress regarding spending and/or reductions in the entire federal budget. TREA Legislative Director Larry Madison met in FEB with top officials from the office of the Assistant Secretary of Defense for Health Affairs. They stated directly that no decision on what DoD will propose to Congress regarding Tricare has been made and they did not know for certain when they would be making a final decision. The officials did express concern about the long-term viability of the military health care

system, and when questioned by Madison, they acknowledged one option they are looking at is to encourage military retirees to use MTF's in the future. However, this is only in the talking stage and any decision on that will not be made anytime soon. The officials also stated that they are exploring options that would lower co-pays for the best drugs available to treat a specific condition. Again, no decision on this has been made. While there is no harm in contacting members of Congress with your concerns about possible increases in Tricare fees, TREA suggests waiting until the Administration submits its proposal so we know exactly what we are dealing with. Be assured that TREA's Washington office and the RAO will let you know as soon as we hear what the proposals will be. [Source: TREA Washington Update 13 Feb 09 ++]

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COBRA UPDATE 01: It would have been vastly cheaper for most people to keep health insurance after losing a job if the government's original stimulus plan had been supported. Jobs aren't the central point of the package sought by President Barack Obama, passed by the House and steered to the Senate. The point was to cushion the blow from losing one. For those who would have qualified, relief would have been substantial. Under a proposed dramatic temporary expansion of COBRA (the law that lets the unemployed keep health insurance from their old job for up to 18 months if they pay for it in full) costs would have dropped by about two-thirds for a year. Moreover, people who lost a job they've held for 10 years would have been able to stay on COBRA at their expense all the way to age 65, when Medicare takes over, if they did not get another job with insurance first. People 55 and over could have done the same without meeting the 10-year requirement. It's so expensive for people to extend that insurance now that many don't do it. It can quickly eat up a majority of unemployment benefits.

That's just one of the proposed steps to maintain health access in the worst economic conditions Americans have lived through in generations. And that's the key, maintenance more than advancement. People who lose jobs at businesses that employ fewer than 20 people don't qualify for COBRA. For them, the government would have brought many more jobless people under Medicaid's wing. The feds would have paid for this, plus would have given states a lot more money to run the cost-shared part of the program. In return, states taking the extra money would have been expected to back down on some of the cuts they've made to the program recently. Altogether it would have been a pricey lifeline: \$40 billion to subsidize health insurance for the unemployed and more than twice that to support Medicaid. Budget hawks, whose voices are practically lost in the wind these days, wonder whether the relief really would have been temporary. They know it's politically tough for the government to take something back once people get a taste of it. Witness the expiring tax cuts that former President George W.

Bush won from Congress. Obama promised to continue most of those cuts while raising taxes back up on the rich. But with the recession so deep, it's less likely he'll seek to raise those tax rates after all. [Source: Washington Post AP Calvin Woodward article 2 Feb 09 ++]

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**OBAMA VA OFFICIALS:** Secretary of Veterans Affairs Eric K. Shinseki praised President Barack Obama's intent to nominate W. Scott Gould as next Deputy Secretary of Veterans Affairs. Gould is currently vice president for public sector strategy at IBM Global Business Services and a former intelligence officer in the naval reserve. He has public service experience at both the departments of Commerce and Treasury. Shinseki said, "Scott and I share a reverence for those who have served in uniform. He is fully committed to fulfilling President Obama's vision and my goals for transforming the Department of Veterans Affairs into a 21st Century organization, and he understands the fundamentals that will drive that transformation: Veteran-centric, results-oriented and forward looking." Shinseki further said that Gould possesses a unique and wide-ranging set of skills in information technologies, acquisition, budget, human resources and leading the modernization of large, complex organizations. "Scott's expertise in these areas, as well as his broad experience in the public sector, the private sector and the military, will prove invaluable for better serving our Veterans," Shinseki added.

Gould worked in the public sector as the chief financial officer and assistant secretary for administration at the Commerce Department and deputy assistant secretary for finance and management at the Treasury Department from 1994 to 1999. As a White House Fellow, he worked at the Export-Import Bank of the United States and in the Office of the White House Chief of Staff. Prior to his job at IBM, he was chief executive officer of The O'Gara Company, a strategic advisory and investment services firm, and chief operating officer of Exolve, a technology services company. As a naval reservist, Gould served at sea aboard the guided missile destroyer Richard E. Byrd and as assistant professor of naval science at Rochester University. He was recalled to active duty for both Operation Noble Eagle and Enduring Freedom as a naval intelligence reservist. During President Obama's campaign and after his election, Gould was co-chair of the National Veterans Policy Team, Obama for America, and co-chair of the Veterans Agency Review Team for the Presidential Transition Team. A fellow of the National Academy of Public Administration, Gould is a former member of the National Security Agency's Technical Advisory Group and the Malcolm Baldrige National Quality Award Board of Overseers. He has been awarded the Department of Commerce Medal, the Treasury Medal and the Navy Meritorious Service Medal and is coauthor of *The People Factor: Strengthening America by Investing in the Public Service*. He holds a Bachelor of Arts degree from Cornell University

and a Masters in business administration and a Doctorate in education from the University of Rochester. [Source: VA News Release 30 Jan 09 ++]

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OBAMA VA OFFICIALS UPDATE 01: A Harvard University researcher with some radical ideas about how to reduce the backlog of veteran's disability claims appears to be in line to head the Veterans Benefits Administration. Linda Blimes, a public policy lecturer and research at Harvard's Kennedy School of Government, wants the Department of Veterans Affairs to operate like the Internal Revenue Service — on an honor system that trusts veterans claiming service-connected disabilities. All veterans claims would be approved as soon as they are filed, with a random audit conducted to “weed out and deter fraudulent claims,” Blimes told the House Veterans' Affairs Committee in testimony in 2008. Ninety percent of veterans disability claims end up being paid after they make it through the system, she said — proof, she said, that most veterans are asking only for what they deserve. Immediate payment of at least a minimum benefit would help to reduce the average 180-day waiting time for initial benefits claims to be processed and allow VA to redeploy the employees processing those claims to work on more complicated appeals, she said. Blimes also has talked of a vastly simplified disability rating system that would have just four ratings instead of the current 10 for service-connected disabilities and illnesses.

Blimes has not been formally announced as a nominee, but her name is being circulated among lawmakers and congressional staff in what has become a standard procedure to determine whether there is any strong opposition to her taking the key post. Her idea of a streamlined claims process has some prominent supporters, among them Rep. Bob Filner (D-CA 51st), the House Veterans Affairs Committee chairman who has talked of automatic claims approval as a way to quickly eliminate the claims backlog. Retired Rear Adm. Patrick Dunne, a holdover from the Bush administration, has stayed on to run the VBA until a successor is named. He is not the only VA executive who has stayed around; Dr. Michael Kussman also remains as VA's undersecretary for health. In addition to Blimes, another name being circulated is that of disabled Iraq war veteran Tammy Duckworth, who could become VA's chief of intergovernmental affairs. Duckworth, the Illinois director of veterans affairs, is closely associated with President Barack Obama.

On 30 JAN, the White House announced its intention to nominate W. Scott Gould, a former Navy Reserve intelligence officer, to be VA deputy secretary under retired Army Gen. Eric Shinseki, the former Army chief of staff recently named to head VA. Gould does not have experience running veterans programs, but he was co-chairman of the review team that looked at VA for Obama and has experience in trying to centralize and streamline organizations. Gould is vice president for public sector strategy at IBM

Global Business Services. Gould is married to Michelle Flourney, whom Obama has nominated to be undersecretary of defense for policy. [Source: ArmyTimes Rick Maze article 3 Feb 09 ++]

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OBAMA VA OFFICIALS UPDATE 02: Disabled Iraq war veteran Tammy Duckworth soon will be nominated to be part of President Obama's team at the Veterans Affairs Department. Duckworth, a major in the Illinois National Guard who lost both legs in 2004 after the helicopter she was flying was struck by a rocket-propelled grenade, will be nominated to be assistant veterans secretary for public and intergovernmental affairs, White House and VA officials announced 3 FEB. The White House announced the "intention" to nominate Duckworth. A formal nomination won't be made until background checks are done and Duckworth completes the required pile of paperwork and disclosure statements, VA officials said. In 2006, after a failed bid for a seat in the House of Representatives, Duckworth was named Illinois' director of veterans affairs. A close ally of Obama, she was frequently mentioned as someone who might be appointed to or run for the Senate seat Obama vacated when he became president. The Senate seat ended up going to Ronald Burris, who had served as Illinois comptroller and attorney general.

Bob Wallace, executive director of Veterans of Foreign Wars (VFW), said he was pleased to see a disabled veteran named for a key job at the VA. "Too often, this job goes to a nonveteran," he said. Wallace said he did not know Duckworth, but "we hear good things about what she has done in Illinois." And, being an Iraq war veteran means "she brings that new perspective. That is something we need," Wallace said. Duckworth had a minor run-in with the VFW during her congressional campaign when the group's political action committee endorsed her Republican opponent, a nonveteran. Some Democrats talked of boycotting the VFW, but Duckworth issued a statement telling veterans not to drop out of a veterans service organization that had done so much good over the years. VA Secretary Eric Shinseki said in a statement that Duckworth "brings significant talent, leadership and personal experience" to VA. "Effective communications with veterans and VA's stakeholders is key to improving our services and ensuring veterans receive the benefits they deserve," Shinseki said. The post Duckworth is being asked to fill involves working with Congress and shaping VA's message to veterans and the news media. VA officials also said she would be responsible for programs for homeless veterans, consumer affairs and special events for veterans undergoing rehabilitation.

Duckworth, a frequent witness before the House and Senate veterans' affairs committees on issues involving Iraq and Afghanistan veterans, remained in the National Guard after her 2004 injuries. Her husband, Bryan Bowsbey, also is an Iraq war veteran and a major in the Illinois National

Guard. Sen. Daniel Akaka, D-Hawaii, the Senate Veterans' Affairs Committee chairman, made clear he will be supporting Duckworth once her formal nomination is made. Akaka called her "a rising star and a source of inspiration for the newest generation of veterans. She has seen the system from many sides — as a wounded warrior at Walter Reed, an expert witness before Congress, and the head of the Illinois Department of Veterans Affairs." Testifying in 2007 before the Senate Veterans' Affairs Committee, Duckworth said VA seemed unprepared to deal with both older veterans and younger Iraq and Afghanistan veterans, and made a controversial proposal that all new amputees be treated in the private sector or at the Walter Reed Army Medical Center rather than at VA because the department's prosthetic programs were not state-of-the-art. Artificial limbs provided at VA were geared toward veterans who wanted to do a little walking and perhaps drive a car, while younger veterans want to be able to run marathons and climb mountains and return to duty, if possible, she said. Duckworth said she was speaking from experience because the high-tech limbs she was given by the Army could not be repaired or adjusted at the VA hospital she used near Chicago because the hospital had no experience with the prosthetics. [Source: MarineCorpsTimes Rick Maze article 4 Feb 09 ++]

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TSP UPDATE 13: The thrift savings Plan (TSP) is a long-term retirement savings plan, which is an ideal supplement to military and civilian retirement plans. Investment money is deposited directly from each paycheck which makes it easy to 'pay yourself first' while only investing what you deem appropriate. The most reliable fund in the TSP posted minimal gains in JAN 09, while the rest lost ground. Following is the status of each fund at the close of JAN:

- I Fund, made up of international investments represented in the 401(k)-style federal employee retirement plan, experienced the steepest losses for the month, falling 11.93%. The fund also posted 12-month losses of 44.57%.
- C Fund, composed of common stocks on the Standard & Poor's 500 Index of the largest domestic companies, dropped 8.41% in January. It declined a total of 38.62% during the past 12 months.
- S Fund, which invests in small- and mid-size companies by tracking the Dow Jones Wilshire 4500 Index, dropped 8.19% in January. The fund also posted losses of 39.58% for the year.
- F Fund, which invests in fixed-income bonds, reported minimal losses for January, falling 0.86%. The fund posted long-term gains, however, earning 2.74% in 12 months.
- G Fund, made up of short-term Treasury securities specially issued to provide a higher return than inflation without any serious risk from market fluctuations, grew 0.19% in January. Its 12-month gain was 3.61%.

- L Fund life-cycle options (which are a blend of the five basic funds that automatically grow more conservative as investors near retirement). All five L funds experienced losses for January. L 2040, intended for employees with a target retirement date around the year 2040, dropped 7.67%; L 2030 fell 6.69%; L 2020 lost 5.58%; and L 2010 tumbled 2.61%. The L Income Fund, designed for employees with planned retirements in the very near future, lost 1.74% in January. All the L funds also posted losses during the past year. The L 2040 Fund took the hardest hit, falling 33.19% over 12 months. L 2030 plunged 29% during that time; L 2020 dropped 24.12%, L 2010 lost 11.02% and L Income declined 5.83%.

[Source: GOVExec.com Brittany Ballenstedt article 2 Feb 09 ++]

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WW1 VET SEARCH UPDATE 04: World War I took place so long ago — in a lost world of cavalry horses and biplanes — that it's a little startling to meet Frank Buckles in the flesh. Buckles who turned 108 on 1 FEB is the last known survivor of the American military personnel who took part in World War I. On Tuesday, as a winter storm moved in from the west, he sat in a blue blazer in a warm corner of his day room, surrounded by history books. Outside, white wisps blew across the pale stubble on the 330-acre cattle farm where he settled quietly in 1954 after what had already been a life's worth of adventure in two wars and as a commercial seafarer. Beyond lay the river town of Harpers Ferry, W.Va., and the Civil War battlefield at Antietam, Md. Buckles said he had always known he would grow quite old. His father lived to be 97. He had a sister who was 104. Other relatives on his mother's side lived to be 100. The national World War I veterans group, of which he is the commander and sole member, used to publish a newsletter. Each issue counted down the number of old doughboys still around. As the number got smaller and smaller, "I realized I'd be one of the last," he said, "but I never thought I'd be the last."

On 11 NOV, the 90th anniversary of the armistice that ended World War I, the secretary of the Department of Veterans Affairs recognized Buckles as "our last living link" to that war. Buckles met President George W. Bush at the White House last year and was feted at the Pentagon. He seems to have enjoyed the attention, but he isn't eager to talk about the melancholy that must come with being the last of 4,734,991 American military personnel during the United States' participation in the war, in 1917 and 1918. "Being the last is sort of a negative thing because it means all your buddies have gone before you, so he doesn't dwell on that," said Muriel Sue Kerr of Mount Vernon, Va., the longtime director of Buckles' veterans group and the granddaughter of a World War I veteran. He's still in good health — "for a man my age," as he put it. A couple of years ago, his only child, Susannah, 53, moved in with him. His son-in-law built two rooms on the ground floor of his 250-year-old house so he doesn't have to climb stairs.

In SEP 06, portrait photographer David DeJonge of Grand Rapids, Mich., set out to photograph all remaining World War I veterans. He had 15 names on his list. By the time he was finished, six had died. In March, nine DeJonge portraits, including one of Buckles, were hung in a corridor of the Pentagon. With Buckles beside him, Defense Secretary Robert Gates said: "The First World War is not well-understood or remembered in the United States. There is no big memorial on the National Mall. Hollywood has not turned its gaze in this direction for decades. Yet few events have so markedly shaped the world we live in." To qualify as a World War I veteran, someone must have been on active duty between 6 APR 17 and 11 NOV 18. About 53,000 died in combat, with another 204,000 wounded. The primarily privately funded World War One Liberty Memorial Museum located at 100 W. 26th Street, Kansas City, MO 64108-4616 is the only national institution with plans to commemorate the end of the Doughboy generation. It is open TUE thru SUN from 1000 to 1700 (1615 for the Tower) and closed on Mondays, Thanksgiving Day, Christmas Day and New Years Day. The Museum is free to the public on Memorial Day and Veterans Day and on other days tickets can be purchased in the Museum Store. For additional info on WW1 or the museum refer to [www.libertymemorialmuseum.org](http://www.libertymemorialmuseum.org). [Source: The Philadelphia Inquirer Tom Infield article 1 Feb 09 ++]

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**MESOTHELIOMA:** Mesothelioma is a rare type of cancer that develops in the mesothelial cells that lines many organs and body cavities. The mesothelium (composed of mesothelial cells) is the membrane that lines three of the body's cavities, and depending on what cavity it lines it is given a specific name: the thoracic cavity (pleura), abdominal cavity (peritoneum), and the heart sac (pericardium). The mesothelium that covers the internal organs is called the visceral mesothelium, while the layer that covers the body wall is called parietal mesothelium. Mesothelium tissue also surrounds the male internal reproductive organs and covers the internal reproductive organs in women. Mesothelioma is an aggressive cancer of the mesothelium, in which cells of the mesothelium become abnormal and divide uncontrollably and without order. They can invade and damage nearby tissues and organs. Most cases of mesothelioma begin in the thoracic cavity (pleura) or the abdominal cavity (peritoneum).

Mesothelioma is caused by asbestos exposure. Asbestos is a naturally-occurring fibrous substance that was widely used in the twentieth century in a number of different industries. Popular because of its durability, fire resistance, and insulating properties, it was regularly used in the manufacture of several thousand different products, up until the time that asbestos warnings were issued in the mid-1970s. It is estimated that approximately 80 to 90% of mesothelioma cases are caused by asbestos

exposure. Due to a long latency period, mesothelioma symptoms (shortness of breath, severe cough, chest pain) may not appear for 20 or more years. For this reason, mesothelioma is often diagnosed in later stages of development, which severely complicates treatment and chances of survival. The exact way in which asbestos causes mesothelioma is not well understood but what is apparent is that any length of exposure to asbestos can be hazardous and may result in the development of asbestos-related diseases later in life.

Medical professionals offer four different theories on cause. The element that ties each together is the fact that asbestos results in cellular damage, which causes cells to lose control over their own cycles of normal division and begin dividing uncontrollably. Healthy cells follow cycles of cell division that ensure tissues and organs do not grow beyond normal size - in cancer cells, these restraints are lost. The theories are:

- Asbestos causes irritation and inflammation of mesothelial cells, which results in irreversible scarring, cellular damage, and eventually cancer.
- Asbestos fibers enter cells and disrupt the function of cellular structures that are essential for normal cell division, causing cellular changes that lead to cancer.
- Asbestos causes the production of free radicals. These molecules damage DNA, and cause cells to mutate and become cancerous.
- The presence of asbestos causes cells to produce oncoproteins. These molecules cause mesothelial cells to ignore normal cellular division restraints, and this can lead to the development of cancer.

Approximately 2,000 to 3,000 cases of mesothelioma are diagnosed each year in the United States, comprising around 3% of all cancer diagnoses. Naval veterans and shipyard workers are especially susceptible. This cancer occurs more frequently in men than in women, about four times more frequent. All forms of mesothelioma, except for benign mesothelioma, are invariably fatal. The prognosis for mesothelioma is almost always poor and most studies report a median survival of less than one year, but the prognosis really depends on how early it is diagnosed and aggressively it is treated. At [www.asbestos.com](http://www.asbestos.com) can be found the up-to-date information on this cancer. It is a resource offering more than 2000 pages on all asbestos issues ranging from occupational exposure to mesothelioma treatment. [Source: Mesothelioma Cancer Center [www.asbestos.com](http://www.asbestos.com) Jan 09 ++]

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**ASBESTOSIS:** This, a serious lung disorder caused by breathing in tiny asbestos fibers that can develop into cancer. Once inhaled into the lungs, these fibers cannot be destroyed or expelled by the body. They remain embedded in the lung tissue and cause chronic irritation and inflammation. Over time, as this irritation continues, scar tissue develops and replaces healthy lung tissue. Scar tissue is inflexible and cannot contract and expand, which leads to symptoms of asbestosis. Symptoms begin to appear when

lung function has been damaged by asbestos exposure. One of the first signs of asbestosis is when breathing has become noticeably difficult. Many asbestosis patients compare the symptoms they experience to those of asthma. Generally, the first symptom of asbestosis is shortness of breath during physical exertion. As the condition worsens, shortness of breath may be experienced even when resting. Other symptoms of asbestosis include painful breathing and coughing. For further information on symptoms refer to [www.asbestos.com/asbestosis/symptoms.php](http://www.asbestos.com/asbestosis/symptoms.php). People with asbestosis may also develop dangerous complications that occur as a result of reduced lung function. These include high blood pressure, heart disease, and buildup of fluid in the lungs. In addition, people who have developed asbestosis may be at risk of other asbestos-related diseases such as mesothelioma cancer.

Hundreds of thousands, if not millions of living veterans were exposed to toxic asbestos-containing materials during military service. Most military divisions utilized the caustic substance mainly for insulation purposes, but more than 300 products containing asbestos were used by the military, primarily by the Navy from the 1930s through the 1970s. Every ship and shipyard built by the Navy before the mid-70s was fitted with numerous asbestos-containing materials. These materials were extensively used in engine and boiler rooms and other areas below deck for fire safety purposes. Navy personnel who worked below deck were heavily exposed to asbestos, but all sailors are at risk, as the deadly compound was used in navigation rooms, sleeping quarters, and mess halls. Products such as brakes, gaskets, valves, cements, adhesives, and floor and pipe coverings all contained asbestos. Thus, Navy veterans and shipyard workers are one of the most at-risk groups for developing asbestos-related diseases. More than 30% of Americans beset with mesothelioma (a rapacious cancer that attacks the internal lining of the lungs, abdomen, and heart) were exposed to asbestos during military service. At [www.asbestos.com](http://www.asbestos.com) you can review by state shipyards that used asbestos plus other job sites with a risk of exposure.

Veterans with asbestos-related illnesses find themselves in a unique and troubling situation, as they virtually have no avenue to seek compensation through the current government system. Ailing veterans are prohibited by law to seek compensation from the U.S. government through the court system. Veterans are allowed to apply for Veteran Affairs (VA) benefits for asbestos-related diseases. If in doubt as to how to proceed the resources and staff (i.e. pro bono) at [www.asbestos.com](http://www.asbestos.com) or 1-800-272-3786 can assist veterans in applying for benefits. You can also seek assistance from your local veteran service officer (VSO). Initially, a veteran must provide proof that their disease is asbestos-related and that exposure occurred during military service. If a veteran cannot prove their asbestos exposure is limited and isolated to their military service, they are advised to seek compensation directly from asbestos manufacturers. The VA does not presently recognize mesothelioma as a service-connected medical

condition. Thus, even if a veteran has been diagnosed with mesothelioma (of which nearly 100% of all cases are caused by asbestos exposure), the VA may refuse to treat them - unless the veteran can provide proof that the cancer is caused by exposure to asbestos while in service.

Diagnosis of asbestos-related diseases is difficult since many of the symptoms are indicative of other disorders. With symptoms ranging from respiratory problems to chest pain, asbestos-related illnesses are often misdiagnosed. The non-specificity of symptoms leads to mistaken diagnosis and consequently allows the diseases to fester and spread. For example, pleural mesothelioma, the most common form of asbestos cancers, demonstrates symptoms such as a persistent cough, night sweats, and fever. Early warning signs such as these are frequently misdiagnosed as pneumonia or influenza, affording the cancer the opportunity to develop and pervade the body. Mesothelioma treatment for asbestos-related illnesses varies depending on the condition. Due to the common late diagnosis of these diseases, treatment is often limited to making the patient comfortable, as curing illnesses caused by asbestos is very rare. [Source: Mesothelioma Cancer Center [www.asbestos.com](http://www.asbestos.com) Jan 09 ++]

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#### HAVE YOU HEARD?

My wife sat down on the couch next to me as I was flipping channels. She asked, 'What's on TV?' I said, 'Dust.'  
And then the fight started...

My wife was hinting about what she wanted for our upcoming anniversary. She said, 'I want something shiny that goes from 0 to 150 in about 3 seconds.' I bought her a scale.  
And then the fight started...

When I got home last night, my wife demanded that I take her someplace expensive... so, I took her to a gas station.  
And then the fight started...

After retiring, I went to the Social Security office to apply for Social Security. The woman behind the counter asked me for my driver's license to verify my age. I looked in my pockets and realized I had left my wallet at home. I told the woman that I was very sorry, but I would have to go home and come back later. The woman said, 'Unbutton your shirt'. So I opened my shirt revealing my curly silver hair. She said, 'That silver hair on your chest is proof enough for me' and she processed my Social Security application. When I got home, I excitedly told my wife about my experience at the Social Security office. She said, 'You should have dropped your pants. You might have gotten disability, too.'

And then the fight started...

My wife and I were sitting at a table at my high school reunion, and I kept staring at a drunken lady swigging her drink as she sat alone at a nearby table. My wife asked, 'Do you know her?' 'Yes,' I sighed, 'She's my old girlfriend. I understand she took to drinking right after we split up those many years ago, and I hear she hasn't been sober since. 'My God!' says my wife, 'who would think a person could go on celebrating that long?'

And then the fight started...

I took my wife to a restaurant. The waiter, for some reason, took my order first. "I'll have the strip steak, medium rare, please." He said, "Aren't you worried about the mad cow?" "Nah, she can order for herself."

And then the fight started...

A woman is standing nude, looking in the bedroom mirror. She is not happy with what she sees and says to her husband, 'I feel horrible; I look old, fat and ugly. I really need you to pay me a compliment.' The husband replies, 'Your eyesight's near perfect.'

And then the fight started.....

I tried to talk my wife into buying a case of Miller Light for \$14.95. Instead, she bought a jar of cold cream for \$7.95. I told her the beer would make her look better at night than the cold cream.

And then the fight started.....

My wife asked me if a certain dress made her look big. I told her not as much as the dress she wore yesterday

And then the fight started.....

A man and a woman were asleep like two innocent babies. Suddenly, at 3 o'clock in the morning, a loud noise came from outside. The woman, bewildered, jumped up from the bed and yelled at the man 'Holy Mowly. That must be my husband!' So the man jumped out of the bed; scared and naked jumped out the window. He smashed himself on the ground, ran through a thorn bush and to his car as fast as he could go. A few minutes later he returned and went up to the bedroom and screamed at the woman, 'I AM your husband!' The woman yelled back, 'Yeah, then why were you running?'

And then the fight started.....

Saturday morning I got up early, quietly dressed, made my lunch, grabbed the dog, and slipped quietly into the garage. I hooked up the boat up to the truck, and proceeded to back out into a torrential downpour. The wind was blowing 50 mph, so I pulled back into the garage, turned on the radio, and discovered that the weather would be bad all day. I went back into the house, quietly undressed, and slipped back into bed. I cuddled up to my

wife's back, now with a different anticipation, and whispered, 'The weather out there is terrible.' My loving wife of 10 years replied, 'Can you believe my stupid husband is out fishing in that?'  
And then the fight started....

I asked my wife, "Where do you want to go for our anniversary?" It warmed my heart to see her face melt in sweet appreciation. "Somewhere I haven't been in a long time!" she said. So I suggested, "How about the kitchen?"  
And then the fight started....

My wife and I were watching Who Wants to be a Millionaire while we were in bed. I turned to her and said, "Do you want to have sex?" "No," she answered. I then said, "Is that your final answer?" She didn't even look at me this time, simply saying "Yes." So I said, "Then I'd like to phone a friend."  
And that's when the fight started....

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VETERAN LEGISLATION STATUS 13 FEB 09: Refer to the Bulletin's Veteran Legislation attachment for or a listing of Congressional bills of interest to the veteran community that have been introduced in the 111th Congress. Support of these bills through cosponsorship by other legislators is critical if they are ever going to move through the legislative process for a floor vote to become law. A good indication on that likelihood is the number of cosponsors who have signed onto the bill. Any number of members may cosponsor a bill in the House or Senate. At <http://thomas.loc.gov> you can review a copy of each bill's content, determine its current status, the committee it has been assigned to, and if your legislator is a sponsor or cosponsor of it. To determine what bills, amendments your representative has sponsored, cosponsored, or dropped sponsorship on refer to <http://thomas.loc.gov/bss/d111/sponlst.html>. The key to increasing cosponsorship on veteran related bills and subsequent passage into law is letting our representatives know of veteran's feelings on issues. You can reach their Washington office via the Capital Operator direct at (866) 272-6622, (800) 828-0498, or (866) 340-9281 to express your views. Otherwise, you can locate on <http://thomas.loc.gov> your representative and his/her phone number, mailing address, or email/website to communicate with a message or letter of your own making. Refer to [http://www.thecapitol.net/FAQ/cong\\_schedule.html](http://www.thecapitol.net/FAQ/cong_schedule.html) for dates that you can access your representatives on their home turf. [Source: RAO Bulletin Attachment 13 Jan 09 ++]

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