

Statement for the Record:

Reserve Officers Association of the United States

and

Reserve Enlisted Association of the United States

before the

Senate Committee on Finance

Tax and Fiscal Policy: Effects on the Military and Veterans Community

SD-215 Dirksen – Sept. 22, 2010



“Serving Citizen Warriors through Advocacy and Education since 1922.”™



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The Reserve Officers Association of the United States (ROA) is a professional association of commissioned and warrant officers of our nation's seven uniformed services, and their spouses. ROA was founded in 1922 during the drawdown years following the end of World War I. It was formed as a permanent institution dedicated to National Defense, with a goal to teach America about the dangers of unpreparedness. When chartered by Congress in 1950, the act established the objective of ROA to: "...support and promote the development and execution of a military policy for the United States that will provide adequate National Security."

The Association's 65,000 members include Reserve and Guard Soldiers, Sailors, Marines, Airmen, and Coast Guardsmen who frequently serve on Active Duty to meet critical needs of the uniformed services and their families. ROA's membership also includes officers from the U.S. Public Health Service and the National Oceanic and Atmospheric Administration who often are first responders during national disasters and help prepare for homeland security.

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The Reserve Enlisted Association is an advocate for the enlisted men and women of the United States Military Reserve Components in support of National Security and Homeland Defense, with emphasis on the readiness, training, and quality of life issues affecting their welfare and that of their families and survivors. REA is the only Joint Reserve association representing enlisted reservists – all ranks from all five branches of the military.

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Reserve Officers and Reserve Enlisted Associations are member-supported organizations. Neither ROA nor REA have received grants, sub-grants, contracts, or subcontracts from the federal government in the past three years. All other activities and services of the associations are accomplished free of any direct federal funding.

Introduction

Mr. Chairman and distinguished members of the Senate Finance Committee, on behalf of 1.1 million Reserve Component members, the Reserve Officers Association (ROA) of the United States and the Reserve Enlisted Association (REA) of the United States expresses our appreciation for the opportunity to submit testimony about improvements to tax goals regarding the Reserve Components.

As contingency operations have brought about increased mobilizations and deployments, many outstanding citizen Soldiers, Sailors, Airmen, Marines, and Coast Guardsmen have put their lives, specifically their civilian careers, on hold while they serve their country in harm's way. Since September 11, 2001, more than 750,000 Reserve and Guard service members have been mobilized, with nearly one-third of those having been deployed more than twice.

The Reserve Components are being dramatically affected by their repeat deployments which are aggravated by the National economic and jobless problems. As these service members return home from serving their country they are encountering joblessness at an ever increasing rate, some because employers can't afford to retain them or employers go out of business, as well as for other reasons.

ROA's 2010 Legislative Goals

- Reset the whole force to include fully funding equipment and training for the National Guard and Reserves.
- Assure that the Reserve and National Guard continue in a key national defense role, both at home and abroad.
- Provide adequate resources and authorities to support the current recruiting and retention requirements of the Reserves and National Guard.
- Support warriors, families and survivors.

ROA's 2010 Legislative Tax Goals

Employer Support:

- Continue to enact tax credits for health care and differential pay expenses for deployed Reserve Component employees.
- Provide tax credits to offset costs for temporary replacements of deployed Reserve Component employees.
- Support tax credits to employers who hire servicemembers who served in the Global War on Terrorism.

Employee Support:

- Permit delays or exemptions while mobilized of regularly scheduled mandatory continuing education and licensing/certification/promotion exams.
- Continue to support a law center dedicated to USERRA/SCRA problems of deployed Active and Reserve servicemembers.

What Could Be Done for Employers

Some observers believe the burden for employing Reserve Component (RC) members have unduly swung onto the employer and business community. Though we may be a nation at war, an enormous burden falls on the RC members, their families, and their employers. It is important that the realities of a 21st century National Guard and Reserve, does not have a negative impact on employers of RC members.

In order to distribute the burden equitably incentives would serve to mitigate the load and encourage businesses to hire and retain Reservists. For example, different types of tax credits could be enacted, such as a credit at the beginning of a period of mobilization or perhaps even a direct subsidy for costs related to a mobilization such as the hiring and training of new employees.

Though, it is important to note that employers felt strongly, particularly for small businesses, that incentives arriving at the end of the tax year do not mitigate the costs incurred during the deployment period, according to an ROA Defense Education Forum study, "A New Employer-Reservist Compact: Initiatives for the Future."

Conclusion

With the duration of deployments there is anecdotal evidence that suggests an increasing number of employers are less enthusiastic about hiring Reservists. Employers point to problems associated with the lack of notice and unpredictability of when their employees may be mobilized, when they will return and subsequently, the financial impact on their business. While some progress has been made with initiatives undertaken, further steps should be taken to minimize these hardships and to enhance Employer/RC relations.

Furthermore, it is essential to ensure that the All Volunteer Force continues to be successful and durable, specifically for the Reserve Components, which are the linchpin. We owe not only the Reserve Component members, but also their employers a debt of gratitude and tangible assurances that they are valued.

The Reserve Officers Association and the Reserve Enlisted Association, again, would like to thank the committee for the opportunity to present our testimony. We are looking forward to working with you, and supporting your efforts in any way that we can.