

Senate Finance Committee

Effects of Tax and Fiscal Policy on the Military Community

Testimony of SSG Michael Noyce Merino

Senators, Elected Representatives of the People and of our Great States, I am honored to have the opportunity to testify before you as a member of the military community. I will be testifying today based on my experience and my honest opinion, and will be representing the interests of my population with accuracy and in good faith.

I entered military service when I was 19 years old, in the summer of 2001. I joined out of a desire to serve my country and as a test of my own strength. When I joined the Active Duty Army, I had no knowledge of what challenges faced me or what Army culture was all about. I quickly learned, as my childish habits gave way to a military mindset. In the middle of my basic training, our nation was attacked on September 11. From then on, my training took on a new meaning as I prepared to be deployed to war. I enlisted as an Infantryman, a grunt, a ground-pounder. I learned the vital importance of teamwork and loyalty on the front line of battle. After I graduated Infantry training, I learned how to jump out of perfectly good airplanes and was assigned to the 82d Airborne Division. Five months after arriving at my unit, I was deployed to Afghanistan, where I served in combat for six months. I redeployed to the States and six months later was deployed to Iraq, this time for eight months. When I returned, I reenlisted and moved to be closer to my soon-to-be wife, Shelli. I was stationed at Fort Hood, Texas, as a member of the 4th Infantry Division, where I helped prepare a newly formed unit for deployment to Iraq. I deployed again in the winter of 2005, serving in Baghdad for 12 months.

Throughout my deployments, I witnessed all the facets of war, the camaraderie of brothers in arms, the isolation from family and familiar things, and the dangers and the losses of armed conflict. I gained a much greater perspective of the world and an enormous appreciation for my homeland. When I returned I saw the stresses deployment put on Soldiers and families, Soldiers survived injury and near death to face divorce and financial turmoil on their return, only to prepare to redeploy in a very short time. My wife and I spent our entire second year of marriage separated during deployment. Soldiers who had previously planned to make the military a career now were faced with a seemingly endless cycle of deployments which neither they nor their families felt would be a productive part of their lives. That was the case with my wife and I, we were faced with the possibility of stop-loss and the involuntary extension of my term of service by two years past the end of my enlistment. While my love of the Army and my desire to serve my country was still strong, my love for my wife and desire to have a family became my priority. I left Active Duty in August of 2007, six years after enlisting.

My decision to leave Active Duty was very difficult for me and I was full of conflicting emotions. I began to look for a way to continue to serve and be a part of the military, while still being able to build my family. The National Guard caught my attention, since the deployment tempo was much lower than that of Active Duty, and I would be able to live at home in Montana. I searched for a unit that was compatible with my Military Occupational Specialty (MOS), my job of Infantryman that I had trained in and practiced in combat. The only unit that I was able to find was 150 miles from my home, one way. I decided that being in the Guard was what I wanted and that I would be willing to drive the distance. I found my Guard unit to be professional and dedicated to the mission, contrary to stereotypes that circulated regarding National Guard Soldiers. I found a home in my unit, feeling that I had discovered the best of both worlds, with the ability to serve my state and country with the skills I had gained on Active Duty, and at the end of the duty period still have the ability to go home to my wife and my family ranch. I have been a proud member of the National Guard since, and I hope to continue my military career and retire as a Guardsman.

While I enjoy serving in the Guard, my service has not come without sacrifice, and not just my own. In the three years I have been in the Montana Guard so far, I have spent several months on some sort of orders, leaving the ranch in my sister's hands, my employer searching for a temporary replacement, and my wife to manage our lives without me. Even as I prepare this testimony, I am working late into the night, far from home, supporting my fellow Guardsmen who are mobilizing to spend a year away from their families. As volunteers, we are prepared to sacrifice, but it is often our families, employers, and communities that must sacrifice to fill the void we leave behind. My sister believed that I would come home from the Army and help her run the family ranch and the 200 plus cattle we have at any one time, each season with its own major task, whether it be calving, haying, moving the cattle, or maintaining the equipment. She has often had to replace me with a hired worker or do extra work herself as I left on military duty. She looks forward to the day I can retire from the military and become a reliable support to the family business. My wife has had to spend months away from me at a time as I left on short notice and for increasingly longer periods of time. My employer, UPS, who I cannot say enough good things about, had to hire a manager to replace me or rely on my peers to fill the times I had to be gone. As units around the state geared up to be deployed, extra work was given to non-deploying units to support the main effort. Every part of my support system; my sister, my wife, and my employer had to sacrifice so that I could do my job. That is part of what makes the Guard great, it is not just the Guardsman who serves, but the family and community as well, most often with the same dedication as the Guardsman himself.

As I look forward to the rest of my career in the Guard, I see some limiting factors. Perhaps the most significant is that I will likely retire at the same rank or only one rank higher than I am now. The reason for this is that the job opportunities in the Montana Guard become rare in my area at higher ranks and I would have to travel great distances or leave my homestead if I wanted to take a position with a higher rank. When faced with the decision of promotion with increased

travel, I choose to stay a lower rank so that I can stay close to my family. The travel involved with promotion would cause me hardship in the long run. I will gladly serve the rest of my career at whatever rank allows me to honor my dedication to the Guard and to my family at the same time. I have learned that the National Guard is much more family oriented than Active Duty, and my Guard leadership has shown me that the family is considered an important part of the Guardsman. For that reason, my family supports my continued involvement in the Guard, and my wife Shelli is even in the process of applying for a medical waiver so that she can join me in service.

I would like to thank you all for your support of the military over the last several years. I have seen our equipment improve greatly from the start of the war to the present, and the financial support you all have provided has increased our survivability many times. In more recent times, we Guardsmen have directly benefitted from this committee's actions to lower the cost of Tricare. I want to place great emphasis on this point, because currently Tricare Reserve Select is affordable to the lowest ranking enlisted Guardsmen with families, which hasn't always been the case. Many, many thanks for protecting this benefit to serving Citizen-Soldiers, and it is my sincere hope that this committee is successful in keeping this healthcare affordable to all reservists in the future. Speaking from experience, I can tell you that Tricare is so important to Guardsmen and their families that it is sometimes the very reason that we are able to retain our Soldiers. It is easy to be pessimistic about politicians that work far away, but it is very hard to deny results at the lowest level which benefit the most vulnerable members of the military community. Thank you for your support.

As a spokesperson for the National Guard Community, I intend to testify today about some of the hardships Guardsmen face as they volunteer to serve. I will demonstrate how current tax and fiscal policies create the possibility of a Guardsman in my state and in many other geographically large states having to pay money to serve in the Guard. I will propose two ideas, one which will be the best benefit to the average Guardsman, and one which will be the next best thing. In either case, I will urgently ask this committee to take action on an issue that affects every Guardsman I know and has become the reason many good Soldiers have chosen to end their careers with the Guard. I appreciate your attention and thank you for your consideration of the issues affecting our volunteer force.

Since the terrorist attack in 2001, the National Guard has been increasingly called upon to serve overseas as an operational reserve of the Army as the burden of carrying out our country's missions overseas has become far too much for the Active Army to bear alone. All over the country, volunteers have filled the ranks of Guard units, ready, willing, and able to serve in whatever way our country asks. My home state of Montana is a great example of this type of service, as we boast exceptionally high rates of military service and a large population of veterans. Montanans are very proud of their military men and women, and our history is full of military accomplishments and exemplary acts of service.

The idea of the Guard has changed, no longer “Weekend Warriors” or substandard members of the military, the National Guard of today is a ready force, fully equipped and prepared to deploy. Our support of the active military is crucial, and we get the same work done for a fraction of the price. For veterans of Active Duty like me, the Guard provides an opportunity to re-enter civilian life while still contributing from our experience and retaining quality personnel that would otherwise be lost. The National Guard has emerged as the right answer in so many ways. The Guard grows and becomes more and more utilized as it is proven effective time and time again. As with any enterprise, the organization has had growing pains and has had to change to meet the needs of its members. Fortunately, the Guard has been dynamic enough and has had the right kind of support to adapt to every challenge it has been faced with so far. I wholeheartedly believe that time will continue to show how useful and important the National Guard is, and that it is a resource worth cultivating and protecting. The Guard faces one more challenge that affects its most vulnerable members, who are also the ones with the greatest potential. I believe that it is appropriate that it is a Montana Guardsman that is testifying before you today, because Montana is especially affected by the issue of Guard drill travel and the hardship it places on lower enlisted Guardsmen.

When I joined the Guard, the distance I had to travel to attend drill was almost enough to keep me from joining, which would have ended my military career right there. I had been away from home for six years and now that I had an opportunity I wasn't going to live anywhere else but my family ranch. I chose to travel 300 miles round trip to attend drill once a month, with no reimbursement for my travel. My example is not the exception, nor is the distance I traveled much above average. Because of the vast geographical size of my state, we Montanans rarely refer to distance in miles. Instead, we use hours. “How far away is Missoula from where you live?” the response might be, “Oh, its two and a half hours away.” I know Guardsmen who travel three and four hours from home to drill. That equates to over 200 miles one way, on the Guardsman's dime. A great example is my wife, once she is successful in joining the Guard; she will drill in Billings, MT, over four hours from our home. These distances are equivalent to living in Boston and drilling in New York City.

You might ask why Guardsmen don't drill at the armory nearest them, like the armory in Butte, MT, half an hour north, or the Dillon armory, half an hour south of my ranch. The reason is that Guardsmen, like Active Duty Soldiers, train in a specific job, called their MOS. There are specific skills that must be learned for each job, and as in my case, if a Soldier has served on Active Duty in a specific job, the only available position for him or her might be on the other side of the state. It is possible for a Guardsman to change his job, but sometimes it means losing rank or learning a skill that a Guardsman has no interest in. Using myself as an example again, if my choices on leaving Active Duty had been to reclassify and lose rank or not joining the Guard, I would have become a civilian. Since there are limited positions at each armory, the only way a Guardsman can progress in his or her career sometimes means taking a promotion and moving to an armory even further away. Many Guardsmen come from rural areas, family ranches like

mine, hometowns miles away from major cities, and communities that are not large enough to support armories. For these volunteers to serve at all, even if they elect to learn the skills of the unit nearest them, requires them to drive a considerable distance.

The Guardsmen who are the most affected by the costs of travelling to drill are the lower enlisted, those who have recently joined the Guard and could be anywhere from 17 to 25 years old, have a high school level education, and meager financial means to accompany their desire to serve in the Guard. Young Guardsmen like these often struggle to pay for reliable transportation and failing to attend drill even with an excuse of poor transportation is the first step in a downward spiral which can end a Guard career. Sometimes Guard leaders will drive extra miles far out of their way, at their own expense, to support a young Guardsman by driving him to drill. While this gets the job done, it is an additional burden on the leader for whom there is no reward but a pat on the back. The absolutely hardest hit group is the lower enlisted Guardsman with a family who elects to pay for Tricare. Because the average drill pay for such a Soldier is barely over \$200, and the premium for TRS for the same Soldier is \$197.56, the drill pay serves to pay for the healthcare the Guardsman receives as a benefit for serving. If this volunteer drives anymore than a few miles to drill it actually costs him or her money to attend training. I personally feel that no Guardsman should have to pay money to serve his country, and that the healthcare he earns by serving should not prevent him from being compensated for the costs of attending training. Fortunately, this worst case scenario changes as the Guardsman is promoted and he is able to break even: service for healthcare. If the Guardsman is able to maintain service at a cost for long enough, he will, in a couple of years, be promoted to the point where he makes money for working during the weekend. Unfortunately, many Guardsmen do not last long enough to overcome the financial situation we put them in by asking them to drive long distances to drill without reimbursing them for their costs. They become discouraged and end their military career before it has even truly begun and we lose a volunteer and a potentially great Guardsman. I would like to propose two ideas which might solve this problem for good and protect our greatest resource in the military-the Servicemember.

I said earlier that I would present two ideas of how to reimburse Guardsmen for their travel to drill. The first idea is the best for the Guardsman, but it may not be immediately feasible. The second idea is one that this committee has the power to enact and would go a long way towards correcting the hardship we are placing on our volunteers. Because the lower enlisted Guardsman is often financially challenged, the absolute best way to compensate him or her for their travel would be to allow that Soldier to fill out a travel voucher and receive compensation for travel costs before the next drill date. That would ensure that there are enough resources, readily available, for the Guardsman to travel back and forth to drill. The compensation would not have to be excessive; even half the standard mileage rate would be enough to support driving to drill. There could be cutoff ranks, if necessary, to keep costs down. There could be a cap on how much a Guardsman receives for travel, regardless of how far they live from their drill location. What would do the most good is being able to offer lower enlisted Guardsmen something to keep

drill travel from becoming a financial hardship, as it is now for many of our volunteers. Ideally, any expense a Guardsman incurs from serving state and nation would be reimbursed in a timely manner. I can tell you that if I had received as little as twenty five cents a mile for the 300 miles I had to drive roundtrip for drill when I first entered the Guard, I would have felt justly compensated. This is the best solution I have seen for the current situation and perhaps one that will reach the right people so that it can someday become part of the way we take care of our Guardsmen.

In the absence of a perfect solution, I feel that there is still a way we can reimburse Guardsmen for the costs of serving and that is through the tax process. Currently, if a reservist travels 100 miles from home to attend training; his or her travel costs can be deducted from their income to change their adjusted gross income. The standard rate is 55 cents a mile, which means that for travel alone, a round trip of 200 miles would earn a deduction of \$110. I think this is a great way to reimburse reservists for their travel costs, and I credit this committee for the existence of that option. Unfortunately, there is a situation where reservists can be unfairly neglected for this reimbursement. For example, if a Guardsman travels just over 90 miles one way, his roundtrip to drill may be worth about \$100, using the standard mileage rate. Since the one way distance is less than 100 miles, the deduction no longer qualifies to affect adjusted gross income and must be counted as an itemized deduction. If this same Guardsman travels to drill 12 times in a year, the total standard mileage value of his travel would be \$1,200. Because of the 2% miscellaneous item deduction, this Guardsman would have to have an adjusted gross income of over \$60,000, which is far from average for lower enlisted Guardsmen. The end result is that the combination of the 100 mile minimum and the 2% miscellaneous item deduction limit penalizes reservists who live far from their drilling location and who have low income. **The rule creates hardship for those least able to compensate for it.** To correct this uneven burden, the 100 mile minimum could be eliminated, allowing all reservists who travel to be reimbursed for their mileage costs at tax time. This would protect the most financially vulnerable reservists and allow them to recover the costs of traveling to drill. It would go a long way towards sending a message to our volunteers that their service is appreciated and their sacrifices do not go unnoticed.

I hope that my testimony today was informative and helpful. I would like to again thank the committee for their time and continue to offer my limited experience as an example of some of the factors that affect military members. I sincerely hope that action can be taken on the issue of drill travel, which affects all reservists in geographically large states and in Montana especially. I know that the leaders in this room carry the burden of the interests of many groups of people and are constantly challenged to find the best answers for the greatest number. I would ask that you remember the Servicemember carries the same burden, and volunteers to risk his and her life to that end. This concludes my testimony, pending your questions.