

multiply. Extended deployment means long difficult separations. Military service means extraordinary financial hardships.

I asked the GAO to look into issues affecting the economic security of our troops; in other words, what is happening to families' finances when they serve our country and go overseas. There isn't a lot of data. They went back to the 1999 Defense Department survey. In that survey, they found 16,000 Active-Duty members of the military had filed for bankruptcy in the preceding 12 months. That was 1999, 6 years ago.

We know the economic stress on military families has increased dramatically since then. We are at war with 150,000-plus in Iraq and thousands in Afghanistan.

Since September 11, 2001, more than 469,000 National Guard members and Reserves from the Army, Marines, Navy, and Air Force have been called up for combat in Iraq and Afghanistan—the largest deployment of U.S. Guard and Reserve forces in 50 years. Reservists' tours of duty can last up to 24 months today. The Pentagon is considering extending that time limit.

I have a pie chart I would like to show you which demonstrates some of the problems facing the military.

In 2002, the Department of Defense conducted a survey of military spouses. Here is what they found.

Thirty percent—almost one-third—all military families reported a loss of family income when the spouse was deployed; almost one out of three.

Part-time military—National Guard and Reserve members—were especially hard hit; 41 percent of Guard and Reserve families lost income when a spouse was deployed—41 percent.

Let me just say parenthetically my salute to all of the companies, all of the units of government that have stood behind the men and women in uniform and have said: We will protect your pay while you are gone. We will make sure you don't get penalized. How embarrassing it is to stand here today and tell you that our Federal Government does not stand behind the men and women in the Federal workforce who are activated. We don't make up the difference.

So 41 percent of those Guard and Reserve activated who have lost income include a lot of Federal employees. The average income varied by branch, ranging from an average of \$600 lost for Air National Guard members, to \$3,800 for Marine Corps reservists.

Senior officers lost an average of \$5,000 in lost income and \$700 per enlisted member.

Reservists who own their own businesses are especially hard hit. Fifty-five percent of self-employed reservists lost money when they were activated. The average income loss for these families is \$6,500.

For reservists with specialized degrees and training, the income loss was even greater. Doctors and registered

nurses who are mobilized report an average loss of \$9,000. Doctors in private practice lose an average of \$25,000. The list goes on.

Many of these families manage to scrape by using their savings and relying on relatives and friends. Some families do all of these things, but their financial problems still become so severe that they have no choice but to file for bankruptcy.

They are the people we are talking about in this bankruptcy bill. We are not talking about someone in a distant State in a circumstance we can't understand. We are talking about an activated member of the Guard and Reserve deployed for a year or 2 years who loses his business and has to file for bankruptcy. The law we are going to pass is going to make it more difficult for that person to file for bankruptcy.

Senator EVAN BAYH is one Member who supports this amendment. He calls it the "patriot penalty." We are penalizing those serving our country by making it tough for them when they become bankrupt because they have lost all of their income serving America.

Let me give you an example.

Ray Korizon is from Schaumburg, IL. Before the Persian Gulf war in 1991, he owned a construction company that employed 26 employees. He lost his business when his Reserve unit was deployed for 6 months. Today, he works for the Federal Government.

Some of the self-employed reservists who have been called to duty in this war are facing similar financial hardships. Army Reserve SGT Patrick Kuberry is one of them. He and a business partner—an Army Reserve colonel—used to own two small restaurants in Denver. Like most owners of small restaurants in Denver, CO, they both worked long hours. They didn't make a lot of money, but they made enough to support their families. Then came 9/11 and the economic downturn. They had to close one of the restaurants. In April 2003, his partner was called up and sent to Afghanistan. In June 2003, Sergeant Kuberry's unit was called up. He spent 11 months in Africa. That was the last blow. Without either man home to work, the remaining restaurant went under. Sergeant Kuberry and his partner were forced to file for personal bankruptcy.

Another story: Rick Parsons and Dave Young are both Army Reserve majors from Rochester, NY. In civilian life, Rick Parsons is a veterinarian in private practice and Dave Young is an accountant. They were shipped out with their unit to Afghanistan for a year. They were nearly wiped out financially. Rick Parsons couldn't find another vet on short notice to run his practice. He earned \$70,000 during his year in Afghanistan, but he had to take out a loan for the same amount to save his practice. He figures he was within a month of having to go file for bankruptcy when he got home. Dave

Young's wife and father were able to keep the small accounting firm going during the year he was in Afghanistan.

The other units were not so lucky. Another ended up with a mountain of medical bills after developing malaria.

Let me tell you about another person filing for bankruptcy. Kathy Cruz is a bankruptcy attorney in Hot Springs, AR. The State is home to the 39th Infantry Division of the Arkansas National Guard. In October 2003, the division shipped out for 18 months, including 12 months in Iraq. Six months later, the division deployed, the first Guard families began showing up at Kathy Cruz's office desperate for a way to hold on to their homes and avoid bankruptcy. One of her clients, a family with four teenagers, owned a combination gas station and convenience store. The father was a reservist medic. With him in Iraq, there was literally no one to mind the store. So they closed the store. When they got into serious financial trouble, they gave their home back to the mortgage company so it wouldn't be repossessed. Then things got worse.

Is this irresponsible conduct of these people activated to serve America, to risk their lives in combat? While they are risking their lives, everything they own is at risk.

Things got so much worse, the soldier's parents had cosigned the loan for the business, trying to save it. While this soldier was overseas serving America, they had to declare bankruptcy or they would lose their home and the whole family would be on the street. The grandfather is disabled. The grandmother has gone back to work to try to keep the family afloat financially. The whole family recently came to Ms. Cruz in her office in Hot Springs. This is how she described the visit of this family.

You've got three generations sitting in front of you, scared out of their wits.

Ms. Cruz says she expects to see more such families in the future. In her words, "This is the tip of the iceberg."

Most families try to desperately avoid bankruptcy because of the stigma, the connotation of personal failure and their own moral code that says you pay back what you owe. Many military members and families try doubly hard to avoid it because of the mistaken belief that bankruptcy alone can be grounds for a dishonorable discharge. They are encouraged to believe that, in many cases, by payday lenders that cluster around military bases and communities who are going to let people know inside the base if the soldiers don't pay off.

Let me tell you about loan sharks. Payday lenders are legal loan sharks that offer small, short-term loans at interest rates of 100, 500, even 1,000 percent. When the borrower can't pay back the loan, the payday lender offers them another loan, and then another loan. In fact, a recent study in Iowa found that customers typically roll over interest.