

April 2004 Issue

# 1. **An Army of Debt**

by **Anne-Marie Cusac**

Like many stories, this has several beginnings. Here is one: On a hot day in August, 1983, just before my senior year of high school, I walked into the Army recruitment office in Appleton, Wisconsin. The purpose of my visit was practical. I wanted to go to college.

The recruitment officer was a smoker. The fumes had stained the walls of his office, or maybe the plaster had actually been painted that color. The place was warm. I remember that I was dressed in a wool skirt my mom had made and that I should not have worn wool in August. The officer asked a few questions, talked a great deal, was respectful, and told me I would be a "good recruit." I was susceptible to this praise.

I remember a few other things. One was that my incipient patriotism took a running leap as he described how I might serve my country. There was a familial component to this emotion. My father and his brother were both Air Force men. My cousin had made a career as a Navy SEAL, something all of us looked on with pride.

I was interviewing for the Army Reserves, and the recruiter described the money the government would give me, enough to pay for four years of university. In return, after I graduated, I would serve full time in the Army for two years. I would be an officer. It was the money, though, that made my blood rush. I wanted it. I wanted an education. And I wanted to get one without causing my family pain.

A few weeks later, school started up again, and I learned that none of my friends were considering military service. Peer pressure won. I didn't join up.

The recruiters hadn't finished with me, though. They called my house more than once during my senior year. Even after I entered college, they kept phoning. When I wasn't home on break, my parents took the calls. Together, we turned down the Army perhaps a dozen times, in both flush periods and on days when money for my education was hard to come by.

Over the years, I have come to see this decision, however arbitrary, as pivotal and defining--one of those choices that determines a life.

Some of my college classmates were in ROTC. They ended up going to the Middle East for the first Gulf War. After we graduated, I heard about their experiences in the desert and on leave. Always, just as on the day when I first saw them in uniform, I heard a bell sound in my brain. I sometimes felt I was witnessing my other life, the one I turned down.

I heard that bell sound again as I reported and wrote this article.

Across the country, in small towns and big cities, the families of our National Guard and military

Reserves are having trouble paying the bills. Many are barely treading water. Some go under.

Many households of Reservists--30 percent, according to a 2002 Pentagon estimate--lose income when activated. In 2002, the U.S. Department of Defense also surveyed the spouses of Reservists who had been activated. Out of the 30 percent who said they had lost household income, the Pentagon survey indicated, half had monthly decreases of between \$500 and \$2,000 per month. Another 23 percent forfeited in excess of \$2,001 monthly.

Poor pay and economic strife are conditions the Reserves and National Guard share with others in the regular military. "Lower-ranking enlisted people qualify for food stamps. It's not how we're used to thinking about government employees, but there it is," says Kathleen Gilberd, co-chair of the Military Law Task Force of the National Lawyers Guild. "Active duty pay has traditionally not been enough to help people get by." Extreme financial crises set in when service people are deployed because they then have no opportunity to get a second job to supplement their income.

But Reservists and National Guard members are especially hard hit. "The ones who do experience income loss, it's usually a significant income loss," says Shirley Calhoun, spokeswoman for the National Military Family Association. Many have good-paying jobs in the civilian world. But in the military ranks, the same people may not yet have made officer, "so they are at a lower pay level," says Calhoun.

Part of the problem is the loss of overtime pay. In California, many members of the National Guard are in law enforcement or in corrections, says Steven Maloney, the family assistance manager for Operation Ready Families with the California National Guard. They are used to working overtime for "ten, fifteen, twenty hours a week," says Maloney. "That can be a big chunk of change." When a corrections or police officer is deployed, the overtime pay disappears. "It's a shock to the system upon deployment."

For people who own their own businesses--and there are many such people in the Reserves and the Guard--deployment can also take a toll. "If you're a doctor, lawyer, or dentist" in private practice "and you walk away from your job," you are going to lose business, says Master Sergeant Retired Michael Cline, executive director of the Enlisted Association of the National Guard of the United States. "A client isn't going to wait for you to return to get his teeth pulled. He's going to another dentist." For those who run businesses like contracting or trucking, the results can be equally devastating. "You go buy a \$100,000 truck to drive down the highway and that truck sits in the driveway, you still got to make payments on that truck."

Many members of the Guard "suffer a considerable amount of financial loss," says Cline. "There's not a day goes by that I don't get a request" for financial help "to pay the mortgage, make a car payment, buy food, pay the electric bill. Yesterday, I had four of them come across my desk."

Cline knows of several instances where families have found themselves forced into bankruptcy.

"You wouldn't believe the horror stories we have," he says. Just the other day, he says, a "guy's car got repossessed."

At the debate of Democratic Presidential contenders shortly before the New Hampshire primary,

Senator John Kerry brought up the subject. "All across this country there are families right now, all of us have talked to them, who are suffering greatly because the Guards and Reserves have been called up. They are overextended," he said. "The troops of the United States of America are overextended. Their deployments are too long. The families are hurting at home because they lose money from the private sector when they're called up and they get paid less in the military and nobody makes it up to them."

Kathy Cruz is a bankruptcy attorney in Hot Springs, Arkansas. The state is home to the 39th Infantry Division of the Arkansas National Guard.

That division left Hot Springs in October to serve eighteen months total, twelve of these in Iraq. Already, Cruz's office has accumulated some clients.

"I was looking at four files this morning, and this is one little bitty law firm, and they were all military," she says.

One of Cruz's new clients, a family with four teenage children, owned a gas station-convenience store. The father of the family, an Army Reservist medic, was called for his deployment to Iraq in September. "When he's gone, there's no one to run the store," says Cruz. Within a month the family ran into serious financial trouble. "Better known as, 'Who's minding the store?' The answer is nobody. So now there's no store."

After they went bankrupt, family members realized that they could not afford the monthly payment on their house, so they gave it back to the mortgage company. Otherwise, it would have been repossessed, says Cruz. The bad luck spread. The soldier's parents had co-signed on the loan for the store. "If the grandparents don't file" for bankruptcy, they'll lose their own home, says Cruz. "And that's going to be real trouble because now all four kids are living with them. Where else are they going to go?" The grandparents are in their sixties, she says. The grandfather is disabled, and the grandmother has reentered the workforce to stay afloat. Recently, the whole family came to Cruz's office. "You've got three generations sitting in front of you, scared out of their wits," she says.

Cruz is pretty certain she hasn't seen the end of the bankruptcies. "This is the tip of the iceberg," she says.

She explains how the downward spiral that leads to bankruptcy can start. "If you were making \$1,000" a month "and now you're making \$500," she says, you will tend to use your credit card to make up the difference in the first month and hope that you will catch up in the months to come. "And then if you can't pay up your credit cards, you go and refinance your house" and live on that equity. "Pretty soon you run out of options."

Deceptive lenders who prey on military personnel can exacerbate the economic hazards of military life. "We've seen credit cards around here that have 49 percent interest rates," says Cruz. Some outfits say, "Apply online. Don't worry if you have bad credit," she adds.

The National Consumer Law Center issued a report last May called "In Harm's Way--at Home." It says that "scores of consumer-abusing businesses directly target this country's active-duty military men and women daily." What makes matters worse is that these businesses take

advantage of "a military culture that urges people to keep their finances in order as part of good conduct codes," the report notes. Fear of financial disorder can drive soldiers deeper into debt. "Military codes of conduct call for orderly personal lives--specifically including orderly finances," says the report. "This creates an incentive to chase quick fixes when finances start slipping."

And unscrupulous businesses heavily exploit--and exaggerate--the threat of punishment, the report says.

I called the Pentagon to see whether it can punish service people for their financial hardships.

"Personal bankruptcy of a military member, by itself, is not a basis for discharge or denial of promotion," says a Department of Defense official. However, "conduct underlying the bankruptcy" can get you discharged. The official cites financial mismanagement involving "deceit, evasion, false promises, or other distinctly culpable circumstances indicating a deliberate nonpayment or grossly indifferent attitude toward one's obligations."

"I'm sure any organization would frown on members of their institution not taking care of financial obligations," says Lieutenant Colonel Dan Stoneking, a spokesperson for the U.S. Department of Defense. However, he says, the military's emphasis is not on "admonition" but on "support."

Perhaps the message isn't getting through. "What many soldiers and sailors don't realize is that isolated instances of financial trouble almost never trigger military discipline. Some creditors work hard to create the opposite impression," reports the National Consumer Law Center. According to the center, one lender, Military Financial Network of Delaware, carried an explicit warning on its loan contract: "If I fail to provide these funds, I understand that this will be a violation of Article 123a and 134 of the UCMJ (Uniform Code of Military Justice), punishable by up to 6 months confinement, forfeiture of all pay and allowances, and a bad conduct discharge. . . . I authorize the Military Financial Network to contact my military superiors in these matters."

Al Vaccaro is the CEO of Military Financial. He says last May's report of the National Consumer Law Center is "very outdated." While the company did have such language in its contract "a long time ago," it doesn't anymore. "We don't do any type of aggressive collections efforts at all," he says. He also says the report's criticism of military lenders for taking advantage of service people is "very slanted."

On Google in late January, if you typed in Military Financial Network of Delaware, you would have found a box at the very top right that said: "Short-term Military Loans, \$150-\$5,000 cash in hand today! No credit check, 99% approved. [www.militaryfinancial.com](http://www.militaryfinancial.com)."

Economic stress among the National Guard and Reserve forces is "a major problem all across the United States," says Representative Chris Bell, Democrat of Texas. It's causing serious "hardship to families. In many instances, they have to take severe financial pay cuts."

Together with Representative Tom Lantos, Democrat from California, Bell sponsored an amendment to HR 1836, the Civil Service and National Security Personnel Improvement Act.

The provision would have required government employers of federal, state, and municipal workers to make up the difference between their employees' home pay and their deployment earnings.

The amendment, which Bell says would have cost the government \$160 million, was approved in committee only to be removed from the bill prior to the vote. Bell says he thinks the cost is "what killed the bill."

Donna and James Bramblett live with three children--Donna's daughter, age sixteen, and James's two sons, ages thirteen and eleven. When he's at home, James works as an electronic technician for the National Guard. He makes about the same money stationed in Iraq as he would at home in Adrian, Georgia, "a little town with one red light," as Donna calls it. Since James went to Iraq, their finances have taken a hit. "His check is the same," she says. But "as far as household income, it's very different."

Before her husband received his activation orders, Donna worked nights as a nurse at an alcohol and drug rehabilitation clinic, a workplace she says was lively and interesting. That shift allowed her to care for the children during the day, while James watched them at night. When her husband went on active duty last March, Bramblett quit her job. "And I loved my job. I loved my job," she says. "I have to be at home with the children at night, and I have to be at home with the children on the weekends, and that pretty much limits me to working in a doctor's office."

The job switch has cost the family nearly \$400 a week, not counting the loss of overtime Bramblett says she put in at her previous job.

Bramblett had car trouble, so she borrowed money from her mother. "Really, I probably owe my mother right now about \$5,000," she says.

Money is not Bramblett's only concern. On January 2, she had major surgery. "Seventeen years ago, when I had more money, I had breast implants," she says. "I had the old silicone implants, which are dangerous." After a time, she says, "the scar tissue had grown around the implants and was squeezing them real hard," causing them to leak.

"I'm a nurse, so I knew what was going on. I knew I was sick," says Bramblett. "My breasts got really, really hard, and it was just like someone was standing there and squeezing them all the time."

The surgery couldn't wait. Bramblett sent a Red Cross message to her husband's commander, requesting a leave of absence so James could care for the children during her recovery. James Bramblett is staff sergeant with the 878th Engineering Division National Guard Unit, which is under the First Armored Division of the Army. The First Armored Division, Bramblett says, denied her request.

"I'm still full of stitches. I'm cut up, my breasts are so cut up and swollen and draining, and I hurt so bad," she says in late January. "My doctor said I'm just not healing" and told her she's doing too much. But, she says, "I have to. Somebody has to wash their clothes. Somebody has to make their meals."

Bramblett has been connected with the military for most of her life. Her grandfather was a veteran of World War II, her father served in Vietnam, and her former husband was in the first Gulf War. "I'm a little bit disheartened and hard-hearted to the First Armored Division right now, and I want the American public to know what our military families go through," she says. "If I can help another wife not have to go through what I've gone through, then I will feel better."

Donna Bramblett is president of family support for Company A of the 878th Engineering Division. She is hearing a lot from other spouses left behind. One person in her company, she says, "is almost going to lose her home." Others have less dire money troubles, but that doesn't mean things are easy.

"I know people are making deals with Georgia Power," she says. "They're just trying to make billing arrangements. I heard one woman say, 'I want to stay at the meeting. I don't want to go home. It's so cold there, but, hell, I can't afford to turn up the heat.' She's got two little kids."

Another couple in the company "had their furniture repossessed because they couldn't make the payments," she says.

Bramblett says most of the people in her family support group are afraid to speak out for fear that their words may have repercussions for their spouses.

Not Bramblett. "I have never seen anything like this in my life like I've seen with the National Guard," she says. "I think it is ridiculous, and I think it is not fair. I'm a military person, but I will go to my grave fussing about the National Guard."

**Here's how to reach some of the organizations mentioned in, or that served as sources for, this article.**

GI Rights Hotline: 1-800-394-9544

Enlisted Association of the National Guard of the United States: (703) 519-3846 or 1-800-234- EANG

National Military Family Association: (703) 931-6632

Military Law Task Force of the National Lawyers Guild: [www.nlg.org/mltf/](http://www.nlg.org/mltf/), (415) 566-3732

National Consumer Law Center: [www.consumerlaw.org](http://www.consumerlaw.org)

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