



## The Coalition to Save our Military Shopping Benefits

July 9, 2015

The Honorable John McCain  
Chairman  
Senate Committee on Armed Services  
Russell Senate Building, Room 228  
Washington, D.C. 20510

The Honorable Mac Thornberry  
Chairman  
House Committee on Armed Services  
Russell Senate Building, Room 228  
Washington, D.C. 20510

The Honorable Jack Reed  
Ranking Member  
Senate Committee on Armed Services  
2216 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Adam Smith  
Ranking Member  
House Committee on Armed Services  
2216 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairmen and Ranking Members,

The Coalition to Save Our Military Shopping Benefits represents millions of active duty service members, National Guard and Reserve, retirees, veterans, military families, survivors, and persons with disabilities. We strongly urge the Senate and House conferees to roll back provisions in the Senate version of the FY16 National Defense Authorization Act, which transfers operating costs to patrons including provisions to: (1) allow the Secretary of Defense to increase prices of goods at commissaries; (2) allow domestic transportation costs to be factored into the cost of goods and prices charged to patrons; and, (3) have patrons pay with surcharge costs that have traditionally been paid with appropriations.

These actions will destroy the commissary benefit by changing the guiding principle for commissary operations from providing savings of over 30 percent to an emphasis on recovering costs as the primary factor for their existence.

Pentagon leaders have presented these measures as “efficiencies” when in fact they transfer costs from appropriations to the patron. Advocates of these proposals even claim they will improve the benefit. DoD has made it clear by their budget submissions they no longer plan to provide a non-pay compensation benefit through the commissaries. DoD’s cuts will dismantle the commissary benefit, relied upon by millions of military service members and their families, and will severely impact those who need it most—junior enlisted families, fixed income retirees, and surviving families. Diminished savings at commissaries will reduce traffic and adversely impact exchange operations, impacting sales by up to 40% and damaging their ability to finance essential community support programs for military families.

This benefit dodged yet another bullet when Senators Jim Inhofe, Barbara Mikulski and 25 of their colleagues led an effort to thwart plans to outright hand off these stores to the private sector. But, the price-increasing provisions that are included in the Senate bill are equally as devastating to this benefit.

Commissary and exchanges are a vital part of military pay and compensation. The military community greatly value and use these earned benefits. They consistently rank them as a top compensation benefit, yielding returns to patrons and the DoD that far outweigh taxpayer support. Moreover, service members and their families are partners with taxpayers having financed billions of dollars in facilities and critical quality of life programs.

We recognize that all Defense programs must strive for efficiency and military commissaries have done just that having reduced operating costs nearly 40 percent. Military resale programs also provide healthy living alternatives both stateside and overseas, and much needed jobs for military families and veterans—over 60 percent of employees are military connected with nearly 30 percent of the workforce being military family members. Further, military patrons already contribute over \$300 million a year in commissary surcharges, and the commissary is an engine that helps power hundreds of millions of dollars each year in exchange dividends that provide vital military community and family support programs.

We are all for efficiency and Defense dollars should be saved wherever possible. Congress needs to take into account the whole body of studies and reports that have been done in recent years and develop a coherent and achievable path forward that preserves savings for patrons while mustering all of the efficiencies that the system can produce. These recent studies include a report that the Senate Armed Services Committee itself requested just last year and has yet to be presented to Congress. It also needs to evaluate the findings of the Military Compensation and Retirement Modernization Commission, a recent RAND report, and a report that was presented by the Business Executives for National Security.

The military resale benefit is the benchmark for our nation's commitment to our families that sacrifice the most for our freedom. We applaud the House Armed Services and the Senate and House Appropriations Committees for restoring \$322 million in commissary funding, just as Congress rejected a \$200 million cut to this program last year. And we thank the Senate for adopting language to require an assessment of costs and benefits prior to any planning and testing of commissary privatization to ensure that Congress has the information it needs prior to making a decision on potential changes to existing commissary operations.

We continue to respectfully urge Congress to take great care not to allow significant changes to these critical benefits without looking at the facts, assessing a broad range of direct and indirect consequences, and to upholding the promise made to our service members and their families.

Sincerely,

Member Organizations, The Coalition to Save Our Military Shopping Benefits

Air Force Sergeants Association (AFSA)  
American Logistics Association (ALA)  
American Military Retirees Association (AMRA)  
American Military Society (AMS)  
Armed Forces Marketing Council (AFMC)  
Association of the United States Army (AUSA)  
Association of the United States Navy (AUSN)  
Fleet Reserve Association (FRA)  
Jewish War Veterans of the United States of America (JWV)  
Military Officers Association of America (MOAA)  
Military Partners and Families Coalition (MPFC)  
National Association for Uniformed Services (NAUS)  
National Industries For The Blind (NIB)  
National Military Family Association (NMFA)  
The American Military Partner Association (AMPA)  
The Retired Enlisted Association (TREA)  
Tragedy Assistance Program for Survivors (TAPS)  
United States Army Warrant Officers Association (USAWOA)