



## AIR FORCE SERGEANTS ASSOCIATION

**ISSUE:** AFSA maintains that military commissaries and exchanges provide an extremely valued, non-compensation benefit that contributes to the financial wellbeing, a sense of community, and readiness of military members and retirees of all components, and their families and survivors. Congress should repel all attempts to reduce, eliminate, or devalue these programs.

**BACKGROUND:** In 2013, the commissaries received \$1.4 billion in appropriated funding, of which \$152 million was spent on second destination transportation costs for transporting U.S. goods overseas. That same year, the exchanges received approximately \$397 million in appropriated funds—primarily to support the provision of goods to those serving in the actions in Afghanistan, Iraq, and the surrounding areas. Commissaries sell goods at cost plus 5 percent. Exchanges are tax-free department stores that provide minimal discounts on department store-type products and fund profits into military support programs. Together, commissaries and exchanges have total annual sales of more than \$17 billion.

**DISCUSSION:** In recent years, the Administration has relentlessly targeted the military resale system, the commissaries in particular. Repeatedly they have asked Congress to approve funding cuts, policy changes, privatization, and system combinations that would clearly erode the benefit. In each case, the Administration has done so in an effort to reduce spending on these military personnel-related programs. Fortunately, to date Congress has resisted all such attempts.

Military exchanges operate essentially at a profit to provide a tax-free department store that offers products at a small discount. Each year, millions of dollars of the money that passes through the exchange registers are earmarked to support morale, welfare, and recreation (MWR) programs. If they did not do so, these programs would either go away, be greatly reduced, or Congress would need to appropriate equivalent funds. In any such case, beneficiaries would suffer.

Surveys consistently affirm that military commissaries are among the highest valued non-pay benefits. Commissaries are particularly important to enlisted members and their families due to the lower enlisted pay scales. The Defense Commissary Agency shows year after year that the commissary benefit is a great, cost-effective benefit program that allows military members to save up to 30 percent annually on their grocery bills.

Both the exchanges and the commissaries provide the great, important side benefit of providing tens of thousands of jobs, many of which are filled by military family members who move from base to base with their military sponsors. Any reduction in the resale stores would have the collateral impact of a reduction in these important jobs.

Once again this year, the Administration's FY 2016 Budget proposal asks Congress to reduce the commissary operational subsidy by \$300 million then another \$1 billion the following year. We believe the Administration's military resale store proposals would result in the very destruction of these important benefit programs. We have urged Congress to stop this unnecessary, short-sighted effort to save money at the expense of military members and their families. In its final report in 2015, the Military Compensation and Retirement Modernization Commission (MCRMC) affirmed the importance of the commissary and exchange benefit to the health and wellbeing of the All-Volunteer Force. While they called for consolidation of some administrative functions, the Commission contended that nothing should be done to reduce the current saving and benefit levels provided by the very important military resale system.

**AFSA POSITION:** We agree with the MCRMC that the value and availability of the military resale stores should not be reduced. The benefit must remain an "earned benefit," one unique to those who have served, their family members, and their survivors. Congress should resist all attempts to cut funding for this benefit program as a tool to help correct national budget problems (which have clearly resulted from political decisions). Military exchanges and commissaries are not the cause of either the budget deficit or the national debt, and should be left alone for those who serve.

**KEY BILLS/STATUS:** Currently there are two versions of H.R. 1735, the FY 2016 National Defense Authorization Act. The House version delays any action in this area but the Senate version proposes a number of changes including reduced commissary funding and privatization of the benefit.

