



National Military and Veterans Alliance

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April 21, 2015

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

The Honorable Mac Thornberry
Chairman
House Committee on Armed Services
2216 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jack Reed
Ranking Member
Senate Committee on Armed Services
Russell Senate Office Building, Room 228
Washington, D.C. 20515

The Honorable Adam Smith
Ranking Member
House Committee on Armed Services
2216 Rayburn House Office Building
Washington, D.C. 20510

Dear Chairmen and Ranking Members:

The National Military and Veterans Alliance (NMVA), a non-partisan policy and advocacy organization composed of military and veteran service organizations, strongly urges Congress to reject the Department of Defense (DoD) FY 2016 budget proposal to cut \$322 million in commissary funding and legislative changes enabling these cuts.

Pentagon leaders have made it clear, by their budget submission, they no longer plan to provide a non-pay compensation benefit through the commissaries. DoD's cuts will dismantle the commissary benefit—relied on by millions of military service members and their families—and will severely impact junior enlisted families and fixed income retirees. The cuts will also eliminate critical employment for veterans and military families.

NMVA believes the cuts are premature. Two recent reports, one from RAND and one from the Business Executives for National Security (BENS), call into question DoD's strategy related to the future of the commissaries and exchanges, particularly raising prices on food and household goods.

According to the RAND report—commissioned by DoD—commissaries cost less than one percent of military compensation, a miniscule portion of the overall DoD budget, saving a military family of four \$4,509 annually and a single service member \$1,553 a year. The report also confirms that higher prices and reduced savings will drive patrons to shop elsewhere—eliminating their earned benefit, impacting exchange sales and putting at risk hundreds of millions in exchange dividends that fund vital community support programs.

According to the BENS report, “BENS believes metrics and valid business cases should drive change and recommends policy makers gather and consider more information before making changes to the commissary benefit.” The cuts also precede another congressionally mandated report on the impact of the reductions that is not due until September of 2015.

It is our understanding that none of the DoD proposals have been appropriately evaluated and, if the cuts are implemented, the Defense Commissary Agency will have no choice but to begin diminishing both the savings and access to the benefit.

The National Military and Veterans Alliance believes commissary and exchanges are a vital part of military pay and compensation. Ninety percent of the military community uses these benefits and consistently rank them as a top compensation benefit, yielding returns that far outweigh taxpayer support. They also provide critical jobs for military families and veterans—over 60 percent of employees are military affiliated—and provide healthy living alternatives both stateside and overseas. Moreover, service members and their families are partners with taxpayers, having financed billions of dollars in facilities and quality of life programs.

The commissary benefit is an efficient, valued, and earned benefit that should not be taken away from service members, retirees, and their families. No commissary cuts or legislative changes should be approved by Congress that would reduce the commissary benefit, decrease the hours and days of operation, or increase prices for groceries.

We thank Congress for rejecting the \$200 million cut proposed by the DoD last year. We continue to urge you not to allow radical and irreversible changes to these critical benefits without studying the facts, assessing a broad range of direct and indirect consequences, and keeping the promise made to our service members and their families.

Sincerely,

Member Organizations, National Military and Veterans Alliance (NMVA)

American Logistics Association	Society of Military Widows
Armed Forces Marketing Council	National Defense Committee
American Military Retirees Association	The Flag & General Officers Network
American Military Society	The Military Order of Foreign Wars
Army Navy Union	The Military Order of the Purple Heart
American Retirees Association	The Military Order of the World Wars
Gold Star Wives of America	The Retired Enlisted Association
Korean War Veterans Foundation	Tragedy Assistance Program for Survivors
National Association for Uniformed Services	Vietnam Veterans of America

