

United States Senate

WASHINGTON, DC 20510

April 3, 2014

The Honorable Carl Levin
Chairman
Senate Armed Services Committee
Senate Russell Building, 222
Washington, DC 20510

The Honorable James Inhofe
Ranking Member
Senate Armed Services Committee
Senate Russell Building, 222
Washington, DC 20510

Dear Chairman Levin and Ranking Member Inhofe,

As you begin consideration of the National Defense Authorization Act for Fiscal Year 2015 I respectfully urge you to reject the ill-conceived proposals from the Department of Defense (DOD) to cut benefits and compensation that will do little more than increase out-of-pocket costs for our service members and undermine the All-Volunteer Force.

As you know, the DOD's Budget Request for Fiscal Year 2015 proposes to decrease \$1 billion in commissary subsidies over three years, reduce Basic Allowance for Housing (BAH) by 5% over five years, and consolidate TRICARE plan options while raising fees for beneficiaries, including members on Active duty.

The proposed reduction of the Defense Commissary Agency's (DeCA) subsidy will negatively impact all Active duty servicemembers, retirees, their families and veterans eligible for commissary privileges. Despite a small subsidy still being made available to remote and isolated commissaries, which include three of Alaska's commissaries, DOD has publicly stated prices will rise at all locations as a result of the cut. The impact of these higher prices for more than 10,357 retirees, approximately 65,000 Active duty servicemembers and their families in Alaska is severe. Just last year, Joint Base Elmendorf-Richardson topped all 245 other commissaries for accepting the most food stamp payments, totaling \$4.84 million. This is unacceptable. For DOD to propose more out-of-pocket costs from these individuals who have and are selflessly serving our country is appalling.

Second, slowing the growth of BAH and the elimination of renter's insurance results in service members paying out-of-pocket expenses upwards of six percent, in addition to more for groceries. Although Alaska's 2014 BAH rates average \$1,779 per month, the fifth highest in the nation for an E-1 to E-4 with dependents, energy costs in Alaska can leave a military family less than \$1000 a month for housing in one of the most expensive states to live. In fact, according to the Energy Information Administration, Alaska has the highest energy expenditures per capita in the country (\$10,692 per capita), owing to high fuel costs and high heating needs. The Golden Valley Electrical Utility, which serves the military population in Fairbanks, Delta Junction, Nenana, Healy and Cantwell, has a rate of \$0.195/kWh, 60% higher than the national average for

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January 2014. This means military members living in those communities paid 143 percent more than the typical U.S. household for its utility costs in the third quarter of 2012, according to a national survey of 304 urban areas in the country.

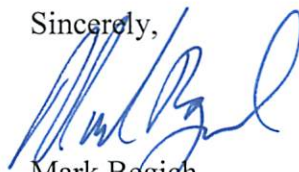
As a former member of this committee I have long championed an effort to force DOD to calculate BAH rates that accurately reflect the cost of housing in Alaska and simultaneously worked to drive down energy costs. I will be requesting your support for these efforts again this year. Unlike the Office of the Secretary of Defense, I understand Alaska. If you want to save money look at energy efficiency, just a little bit of effort and investment on their part would result in substantial savings in BAH and operating costs at bases in the state.

Finally, increasing health care costs for Tricare beneficiaries and consolidation of plans may have catastrophic consequences in Alaska considering the challenges that already exist to the access and administration of health care like geography, high-cost, and lack of available services in the state. Furthermore, as part of the Tricare West Region, Alaska was one of the states that recently went through a less than seam-less transition to a new contract administrator for Tricare Management Activity. Alaska's Tricare beneficiaries and providers have seen enough change and upheaval in the last few years. Additional changes could jeopardize the provider network that has just been established and ultimately result in compounded access to health care issues beneficiaries already face.

To date, DOD has not provided substantive information, details or proposed formal legislation for the aforementioned proposals. I am not going to accept charging our service members, retirees and their families the fee for DOD's thoughtless approach to their pocket-book instead of making a real effort to achieve real efficiencies and cost savings elsewhere.

Thank you for your consideration of these requests. Please do not hesitate to contact my staff if additional information is required.

Sincerely,



Mark Begich
United States Senator