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Advocates call for careful reforms but blast efforts to cut funding, raise prices, restrict product access, privatize military commissaries and exchanges

WASHINGTON, D.C. (January 13, 2016) – Industry and consumer advocates blasted efforts to reduce or eliminate the commissary benefit at a House hearing today. Patrick Nixon, President of the American Logistics Association told Congress that a coherent plan and impact analysis was needed to precede any consideration of funding reductions or other harmful changes to the benefit. Nixon was referring to efforts underway in the Pentagon and some sectors of Congress to close stores, raise prices or hand off the stores to the private sector.

He pointed to nearly \$4.5 billion in annual savings to patrons and nearly \$12.5 billion in investments in patron-financed capital improvements as reasons to keep the benefit intact.

In a passionate appeal, Nixon cited the plight of military families that struggle to make ends meet and the benefits and needed support that commissary stores provide military households. The commissary benefit is an “anchor” of military service providing a “stable and predictable environment” and “strength to deal with the travails” of military service.

He complimented the House Armed Services Committee for their efforts to ensure “a careful plan and strategy to precede any budget reductions that would diminish savings.”

Nixon pledged the industry’s support to work with Congress and the Pentagon to ensure a system that is “modern, efficient and responsive to existing and evolving patron preferences.” “We need to break down legislative, bureaucratic, cultural, and regulatory barriers to patron convenience and choice. But he said that taking these reform efforts from “Concepts to practice is where we face the most peril.”

He cited the “fragility of the commissary and exchange benefit because they are not instituted in law as entitlements but rather are subject to annual appropriations.

Nixon pointed to consensus in most of Congress on commissaries. “Yes, there is consensus in Congress on commissaries. The consensus is to preserve the benefit, not destroy it.” He pointed to two successive years of restoration by the Congress of cuts that were proposed by the Obama Administration and pointed to Senator Barbara Mikulski’s belief that on commissaries: “the President is wrong (Defense Secretary) Ash Carter is wrong on this... These are false savings.” Nixon said this support was echoed by the House Armed Services Committee, House Appropriations Committee, Mikulski’s Senate Appropriations Committee, and the Senate Armed Services Committee’s full support of commissaries as late as the Spring of 2015.

Nixon agreed with many of the proposals to reform the system and make it more efficient that have been suggested in several reports but took exception to anything that diminished savings or harmed the commissary and exchange “commerce ecosystem.” He pointed to reports by RAND and the Business Executives for National Security that espoused the benefits to the Defense Department and the Nation along with the great value that military personnel place on the benefit.

He urged the Committee to provide safeguards to employees who may be effected by reforms, provide access for the program to the Federal Financing Bank to reduce costs, expanding online offerings to all veterans, and coordination of all food offerings on base in support of DoD’s Healthy Base Initiative.

He urged the Congress to resist product restrictions for products on base that are not imposed on the adjacent civilian communities, saying about the troops that “besides warriors they are citizens first” and they are “defending freedom” while selectively being denied the same freedom of choice given to citizens they defend.

Nixon also pointed out that over \$100 billion in compensation was provided to retirement and health care benefits compared to only \$1 billion in direct support for commissaries and exchanges. He said that while only 16 percent of the military benefit from retirement and most health care occurs in later years, “the commissary benefit is available and used by all military, by all ranks, guard and reserve, active duty and retired, immediately and throughout their career.” He pointed to estimates by the Congressional Budget Office that only 20 percent of savings could possibly be achieved through efficiencies with the rest having to come from price increases to military consumers.

He made a special appeal on behalf of the employees of the system saying that they “deserve our consideration and respect” and not “criticism of their dedication and exceptional effort.”

On the requirement for DoD to plan for commissaries to be “budget neutral” and not receive taxpayer support, Nixon said that by any definition, the system already has met this test having negative growth in funding since 1991 and spinning off benefits that yield more to the U.S. Treasury than they consume.

On privatization, Nixon questioned charging patrons a surcharge for shopping at the stores that is used for store construction while privatization was being considered. He cited failed attempts on privatization in the Pentagon and warned of private sector “cherry picking” of large stores and setting “the small and remote stores adrift.”

The full text of Nixon’s statement is available here: [2016 ALA Testimony](#) or to view the [Congressional Hearing](#).

The American Logistics Association (ALA) is a 95 year old trade association representing some of the largest consumer package companies and other companies that support improved quality of life for our military and their families through strong resale (commissary and exchange) and morale, welfare and recreation programs (MWR) for the Departments of Defense, Veterans Affairs and Homeland Security. For more information about the ALA or to sign up for the free weekly newsletter, The Executive Bulletin, please visit www.ala-national.org.