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**Business, security experts call for caution in commissary reform—  
cite high patron value and return on investment**

**WASHINGTON, D.C. (April 7, 2015)** In addition to the [Rand report](#) citing benefits of commissaries to the Department of Defense (DoD) and to military families, a report by business experts has touted the low cost and high return to DoD of commissaries and the risks of abruptly reducing funding support for the program. The report calls for caution in any cuts or reforms of the program.

In their report on, [“Modernizing Military Compensation: The Commissary Benefit and Evaluating the Need for Reform,”](#) Business Executives for National Security (BENS) recommends that policy makers collect more information before making any changes to the commissary benefit.

BENS found “the benefit appears to have strong value.” “The commissary benefit makes up two percent of an active duty officer’s and four percent for active duty enlisted’s compensation while costing less than one percent of the military compensation budget. DeCA estimates military families are receiving \$3 billion in annual savings for DoD’s \$1.3 billion dollar investment – more than a 2:1 return on investment. Meanwhile, informal survey results from the Army Times and the Center for Strategic and Budgetary Assessments indicate service members from all ranks and age groups value the benefit more than it costs to provide.”

“That’s two back-to-back reports citing commissaries as a bargain for the taxpayer with huge benefits to the troops,” said Pat Nixon, President of the American Logistics Association. “The findings emerge from two respected and objective organizations, Rand—one of the most prestigious think tanks in the country and BENS—an organization of industry leaders.”

The BENS and Rand reports come as lawmakers are deliberating over a Department of Defense proposal to cut-off support for commissaries, beginning in October of 2015 with a complete termination of appropriations for U.S. stores twelve months later. “Commissaries are well run, fully capitalized, loved by the patrons, and anchor a vast support network of other community and family support programs on military bases,” Nixon said.

The DoD cuts preceded a White House created and congressionally mandated commission report on compensation that has cited commissaries as an important benefit and called for no reductions in 2015 or 2016. The cuts also precede another congressionally mandated report that is not due until September of 2015. “The reduction in support is irresponsible and a ‘ready, shoot, aim’ approach to compensation” and says that DoD budget cutters are “running over warning signs as they careen toward a cliff.” “DoD continues to press with cuts to this benefit despite mounting facts, stats, reports, surveys, and data that are waving them off,” Nixon said.

The BENS report also debunked unsubstantiated claims that the commissary benefit costs were rising and presented charts and data showing major cost reductions for commissaries over the years. “Any increased cost of the program has largely been attributed to inflation,” BENS found. “Numbers from the Department of Defense (DoD) in fact show that the cost of the commissary system has steadily decreased or flattened since the inception of DeCA in 1990 if cost is evaluated through constant dollars. The oft cited rise in costs can therefore be misleading absent this perspective.”

“Commissaries are an efficient way of delivering benefits to the troops,” Nixon said. “We already have a program to reduce commissary costs—it’s called BRAC and over 180 of the stores have closed leaving 240 to serve the same population,” he added. Nixon also pointed to nearly \$500 million of support provided by industry and \$300 million of contributions made by commissary patrons every year.

The BENS report recommends an evaluation of the commissary benefit's return on investment and value to service members. The report confirms that the commissary costs less than one percent of the overall military compensation budget yet saves a military family of four \$4,509 annually and a single service member about \$1,553 a year.

According to the Army Times survey, 80 percent of all active duty, retirees, and spouses ranked commissaries as a high or the highest priority benefit, and the Defense Manpower Data Center confirmed that commissaries are used by 90 percent of military service members.

BENS believes "there is intrinsic value in the military having a system of grocery distribution in place, both domestically and especially internationally." Additionally, "since the subsidy covers the costs of staffing the commissaries, not of buying the groceries, that subsidy creates jobs, and 64% of those jobs are held by persons connected to a military service member."

The BENS report substantiates what ALA and military and veterans organizations have warned for years, "If the commissaries were to close, the consequences would go beyond increased food prices; the jobs of many spouses and youths in military families would be eliminated."

"DoD's commissary budget cuts are a military family job killer," said Nixon. "If allowed to happen, they will decimate a benefit that is cherished and valued by millions of military families, and will hurt those that need it most – young families and fixed income retirees."

Access the [2015 Rand report](#), full [BENS report](#), or to learn more about [BENS](#).

#### **ABOUT THE ALA**

The American Logistics Association (ALA) is a 95-year old trade association representing some of the largest consumer package companies and 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, visit [www.ala-national.org](http://www.ala-national.org).