



**NATIONAL
MILITARY FAMILY
ASSOCIATION**

Together we're stronger

Statement for the Record

of the

NATIONAL MILITARY FAMILY ASSOCIATION

Before the

**Subcommittee on
Military Personnel**

of the

**UNITED STATES HOUSE OF REPRESENTATIVES
ARMED SERVICES COMMITTEE**

November 20, 2013

**Not for Publication
Until Released by
The Committee**

The National Military Family Association is the leading non-profit organization committed to improving the lives of military families. Our over 40 years of accomplishments have made us a trusted resource for families and the Nation's leaders. We have been at the vanguard of promoting an appropriate quality of life for active duty, National Guard, Reserve, retired service members, their families and survivors from the seven uniformed services: Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service and the National Oceanic and Atmospheric Administration.

Association Volunteers and Representatives in military communities worldwide provide a direct link between military families and the Association staff in the Nation's capital. These volunteers are our "eyes and ears," bringing shared local concerns to national attention.

The Association does not have or receive federal grants or contracts.

Our website is: <http://www.MilitaryFamily.org> .

Commissaries and Exchanges

The National Military Family Association appreciates the House Armed Services Committee Military Personnel Subcommittee holding a hearing on the Military Resale Programs and your commitment to preserving these quality programs for military families, especially during this era of increased budget austerity.

The National Military Family Association has been a consistent advocate for the military resale system, through the commissary and exchanges for military families and retirees. The resale system is a vital part of the compensation package for service members and retirees, and is valued by them, their families, and survivors. Our surveys indicate that military families consider the commissary one of their most important benefits. In addition to providing average savings of more than 30 percent over local supermarkets, commissaries provide a sense of community. Shoppers become informed and educated at commissaries, and gain access to services. Commissaries hire spouses, veterans and other family members as employees. Exchanges put money back into installation Morale, Welfare and Recreation programs that provide vital services to our service members, their families and survivors. The savings generated, using the resale system, are essential to the financial readiness of our military families and financial readiness translates into mission readiness.

In the 2010 and 2011 DoD Military Family Life Project surveys, 41 percent of military spouses reported concern about their financial condition. In the 2011 survey, 29 percent of spouses reported that they felt less comfortable with their financial condition compared to the previous 12 months, while 28 percent reported feeling more comfortable. The 30 percent savings families receive when shopping at the commissary helps them stretch limited food dollars.

"Making it on junior enlisted pay means we have a strict budget and there isn't a lot left over. Every penny counts and living in an overseas location makes things even tighter. One of the ways we are able to make ends meet is shopping at the commissary. We simply cannot afford to shop off post. Taking away the savings we get at the commissary would catastrophically hurt our standard of living."

Commissaries and exchanges provide a necessary financial remedy to the challenges presented by commitments to military service and all that it brings. Housing searches and moves are not always streamlined or easy. The contents of refrigerators and freezers are discarded and repurchased each time. Furniture is repurposed or replaced due to changes in space allocation or damages incurred in the move. Commissaries and exchanges are valued resources to cushion the blow of these occurrences. The availability and types of retail resources vary vastly from one community to the next and the commissary and exchange are often some of the only consistent sources of food and household items at affordable prices. Commissaries are particularly crucial overseas, in markets where the cost of living is high, and in communities with insufficient infrastructure to support the military population nearby. They also support families' financial well-being when a family's income is reduced during periods of spouse unemployment during transition and relocation.

"My husband and I are stationed in a remote part of Nevada where I have been unable to find a job. I have a degree and have loads of work experience, but due to the location of the base there aren't job opportunities for me. We live off of one income and the benefits

provided by the substantial savings through shopping at the commissary help make up for my lack of income."

Commissaries serve as a community focal point for many currently-serving and retiree families. In many ways, they serve as a community center or a gathering place, where shoppers can access information about programs, services, activities and events on their installation. This can include nutritional and health information and a valuable opportunity to connect with other military families.

"We need our commissaries for several reasons. The obvious assistance it provides us on our grocery bills. But it is also camaraderie in the military. It's a community. It helps keep us together and helps us feel connected. It may sound frivolous, but when we are alone (especially in the National Guard...with not a lot of military in our community) any connection with people who understand and appreciate our lifestyles is priceless..."

National Guard/Reserve on-site sales provide service members that live in areas far from existing commissaries a much needed opportunity to use the benefit. Service members are able to pre-order some items and buy in large quantities at the same savings rate or better than those who can shop at a local commissary regularly. National Guard and Reserve Component families have benefitted greatly from the addition of case lot sales. According to Army Staff Sgt. Jenny Mae Pridemore, quoted in the Charleston Daily Mail,

"We don't have easy access to a commissary in West Virginia and with the economy the way it is everyone is having a tough time. The soldiers and the airmen really need this support."

On average, case lot sales save National Guard and Reserve families between 40 and 50 percent compared to commercial prices. However, the Guard/Reserve on-site sales were suspended indefinitely due to sequestration. ***Our Association requests that Guard/Reserve on-site sales resume as soon as possible.*** The opportunity to engage remote members of the military community is an important one, and the Guard and Reserve communities have been particularly hard hit by sequestration and its financial consequences. Guard/Reserve on-site sales provide some cost-relief and an opportunity for outreach.

The commissary and exchange systems employ over 50,000 military family members around the world, adding \$800 million to military families' pocketbooks. The Defense Commissary Agency's (DeCA) 2012 performance report indicates that

"Nearly 64 percent of its workforce has a direct connection to the military as military spouses, children of service members, veterans, retirees, and Guard and Reserve members."

The military exchange system provides multi-faceted savings directly to consumers and to the community as a whole. The exchange provides valuable cost savings to members of the military community, while reinvesting their profits in essential Morale, Welfare and Recreation (MWR) programs. The benefit saved taxpayer dollars by reducing overseas cost of living adjustments for military and civilian personnel by hundreds of millions of dollars, generated \$300 million in

dividends to support military quality of life programs, sustained the readiness of our military lift capabilities for units training in transport of resale goods, helped retain highly-skilled and well-trained service members by providing a benefit they care about, and supported the financial readiness of our military families.

The military resale system is a strong benefit and provides an incredible return on investment for the taxpayer. Combined, DeCA and the exchange systems receive \$1.5 billion annually and with those dollars they generate \$5.6 billion in benefit savings. That means for every dollar spent to support military resale, the systems generate nearly \$4 in benefits. That is a very good deal for taxpayers. Our Association strongly believes that every effort must be made to ensure funds for community support are preserved, especially as facilities are down-sized or closed overseas.

We recognize that in this era of budget cuts that cost savings must be found. However, military families have sacrificed and served loyally and dependably through every storm, including sequestration and the October 1 government shutdown. Military family members, survivors, and veterans who worked at the commissaries were shut out from earning a paycheck, while shoppers were forced to reprioritize their spending. The last day the commissaries were open before the shutdown showed how critical the savings are to military families with double the normal sales volume. Photos of empty commissary shelves and meat counters went viral days before the shutdown began as families filled their freezers, not knowing how long it would last, and doing everything they could to try to make their food dollars count.

We believe that any proposed change to the current funding structure for the commissary system be evaluated as to its effect on the savings provided to the military family customer. Changes to the exchange system must also preserve MWR funding levels in military communities.

Our Association is a member of the Defense Commissary Agency Patron Council and a Valued Associate member of The Coalition to Save Our Military Shopping Benefit which now represents over two million service members, veterans and their families. We are also a strong proponent of the military exchange system. Military families will be hit three times by any reduction in commissary and exchange benefits - the loss of good paying jobs that are sensitive to the challenges of military life, the loss of the savings they receive by shopping in commissaries and exchanges, and the downsizing of MWR programs that were previously funded through reinvestment of exchange profits. Our Association remains committed to protecting the commissary and exchange benefits that are essential to the quality of life of our service members, retirees, families and survivors, as well as the readiness of our force.

Our Association urges Congress to continue to protect the savings provided to military families through the commissary and military exchanges, as well as the exchange-generated MWR revenue which supports a healthy military community.