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ALA President and Coalition Head Blasts Congressional Budget Office Report and Warns of Risk to Critical Benefit for Veterans and Military Families

CBO report on military resale system restructuring and price hikes dangerously flawed' Military resale system is vital veteran/military family employer that saves military households thousands each year

Washington, D.C. (June 7, 2012) – Patrick Nixon, president of the American Logistics Association, today criticized a “dangerously flawed” report by the Congressional Budget Office on military resale system consolidation.

During testimony before the Subcommittee on Personnel of the House Armed Services Committee, Nixon challenged CBO military resale system findings, arguing that by implementing the suggested price hikes to military families, re-structuring of systems, and changing the status of thousands of Federal workers commissaries and exchanges would not only fail to achieve the predicted savings, but would also put the millions of military families and veterans who rely on this critical benefit at risk.

Veterans, military families and other personnel save nearly \$4 billion in savings through the network of stores operating on military bases, with an average family of four saving more than \$7,000 each year. “That \$7,000 savings goes directly to the bottom line of military households. At a time when there’s been more than a 70 percent increase in food stamp redemption in these stores, it’s real money in the pockets of military families and veterans. For some families, it’s a college education, car or house or payment.”

Nixon cited a compassionate case for keeping the promise of a benefit for military people, an economic case of a system that works for taxpayers and military consumers, and a military mission case that directly contributes to the mission of the Department of Defense. “When you look beyond the headlines, the CBO findings suggest unraveling an extremely effective system that has worked for the taxpayer, the military and the Department of Defense for over 150 years.”

“The military resale partnership represents the best of the private sector and public sector coming together to aid offers to our military families and veterans,” said Nixon. “It’s a formula that works and should be a

model for other Government programs instead of being a candidate for dismantlement. The military resale system strengthens military households and our nation's economy by providing valuable savings and critical employment opportunities," added Nixon. "We also realize that in tough economic times, defense programs are competing for resources and in addition to the compassionate arguments made for these benefits, we want to be able to illustrate their tremendous mission contributions and financial and economic impacts."

The military resale system is also an extremely powerful job engine, creating more than 30,000 well-paying jobs to veterans and military families. Not only are these jobs portable from base to base, but they also support First Lady Michelle Obama's Joining Forces initiative. Just this past October, at a ceremony held at Langley Air Force Base, the President and Mrs. Obama announced that the ALA member companies supporting these programs would add another 25,000 jobs for veterans and their family members.

Nixon is also the President of the Coalition to Save Our Military Shopping Benefits, a group advocating for the preservation and patronage of commissaries and exchanges. The Coalition has been analyzing the report to model and quantify the economic value and multitude of benefits that are provided to the Department of Defense military personnel and the U.S. economy through the military resale system.

While the military resale system is the most efficient and effective military benefit – and one of the only benefits that increases its value to the Department of Defense the more it is used – it still faces numerous threats from ongoing efforts to balance the budget, the Deficit Reduction Panel, looming sequestration, and various individual and committee measures taking place in Congress.

"In many cases these assaults have at their core what we believe to be a dangerously flawed report by the Congressional Budget Office that is fraught with flawed assumptions," said Nixon. "We unequivocally challenge this report, its assumptions and findings. There is a cost, a major cost, to their suggestions and a multitude of other factors that should be considered by CBO and policy-makers before taking precipitous action."

As part of its proposed plan to consolidate the military resale system, the CBO has proposed grocery vouchers – an option that Nixon called ineffective because military personnel would have to spend those funds at higher cost grocery stores and the vouchers would exclude major segments of the current beneficiary population including retirees and other groups.

"The CBO's grocery allowance would only be provided only to active-duty enlisted personnel, completely disenfranchising all the veterans, officers, Medal of Honor winners and other deserving men and women who rely on this critical benefit," said Nixon.

"We recognize that all defense programs need to be examined for efficiencies and share in the need to reduce spending. But, this examination must consider all of the factors that make this equation work." Nixon said that the system is inherently efficient and business-based and uses its resources judiciously. Military exchanges are lean and efficient organizations while the Defense Commissary Agency (DeCA) has already greatly reduced its operating budget through a variety of initiatives, including nearly \$1 billion in annual cost savings. Over the past five years, costs of these programs have remained constant, while the cost of most other Defense programs has doubled and tripled.

Nixon also cited the resale systems support for causes including the Fisher House, Wounded Warriors, the National Association of Military Families, the USO and many other causes.

Nixon urged Subcommittee members to continue their support for funding of commissaries and exchanges, and to work to expand eligibility to even more veterans and across the nation.

For more information, please visit:

www.SaveOurBenefit.org

www.ALAJoiningForces.org

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