2015 Fact Sheet
Military Commissaries

BACKGROUND
The United States Military Commissary system is a chain of department storehouses that sell groceries and household goods to Active Duty, Guard, Reserve, Veterans, and their families. Dating back as far as 1825, military commissaries have provided goods to military personnel at a reasonable cost. While originally for Army officers at specified posts to purchase goods for personal use, this changed in 1867, when the enlisted ranks gained access to the commissaries. From their inception, commissaries had the goal of taking on-post retail functions out of the hands of civilian vendors and post traders and allow the Army to “care for its own.”

As the role of the American military grew larger, commissaries began to spread around the world, with the first overseas (OCONUS) stores opening in 1899. Eventually, all services adopted the Army’s concept of commissary sales stores and tailored the concept to their own needs, with the Navy and Marine Corps opening their first in 1909, and the Air Force inheriting its stores from the Army Air Forces in 1947. By the mid-1970s, each of the services ran its own commissary agency with differing procedures and systems. In an effort to improve service and save money, Congress directed the Department of Defense (DOD) in 1989 to conduct a study of the separate military commissary systems, which recommended the consolidation of each service’s system into one agency. Thus, the Defense Commissary Agency (DECA) was established 15 May 1990, gaining full control of the commissaries on 1 October 1991.

IMPORTANCE
DECA continues to provide a quality benefit while reducing taxpayer costs. Concentrating on its objectives to continually improve customer service and sustain customer savings, DECA continues to strive towards making the commissary system better. Commissaries are continually rated within the military and Veteran community as one of the military’s top non-pay benefits. Many young military families, particularly those stationed in high cost-of-living areas, simply could not make ends meet without the price savings provided by the commissaries. Those savings amount to about double the appropriated cost of running the system. In other words, preserving this level of compensation in direct dollar payments to military personnel would cost the government twice the current fund appropriation. Providing wholesome food beyond what is supplied in the official rations, commissaries also provide savings that supplement military pay. Patrons of commissaries save an average of more than 30 percent on their grocery bills. That level of savings amounts to more than $4,400 per year for a family of four that regularly shops in a commissary. Per a recent study done by the American Logistics Association, commissaries in Fiscal Year 2011 provided all military households with $2.7 billion in price savings and another $200 million in income for military family members employed by DECA. On average, the DOD annual budget includes $1.4 billion in funding for DECA.

However, in the recent Fiscal Year 2016 (FY16) President’s Budget (PB) request, the Administration proposed to slash that funding by $1 billion in Fiscal Year 2017, beginning with a reduction of $322 million in Fiscal Year 2016. Insisting that no commissaries will be closed, the PB states that it is only reducing the amount of subsidies which DECA receives. Yet, there is no subsidy to reduce, as the reduced prices on groceries and household goods available through the commissaries constitute an earned benefit to military families. The annual hit on those families would be as much as $3,000 annually. Moreover, slashing DECA’s funding by more than two-thirds means that the commissaries will have to eliminate their discounts and raise prices in order to survive, an increase of goods at commissaries by as much as 20 percent. Inevitably, increased costs will lead to fewer customers, which will inevitably drive commissaries out of business.

RECOMMENDATION
The Association of the United States Navy (AUSN) recommends rejecting the FY16 PB proposal and opposes any bill that would force commissaries to cut vital hours and savings pending the release of a study being conducted as a provision of
the 2015 defense budget, designed to evaluate the effects of various cost-saving initiatives on military resale and morale, welfare and recreation benefits.