

## Opening Statement

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Military Resale Hearing  
November 20, 2013

Good afternoon Chairman Wilson, Ranking Member Davis and distinguished Members of the Personnel Subcommittee,

Thank you for the invitation to offer comments on behalf of the members of the Armed Forces Marketing Council regarding the military resale services and the financial benefits they provide to support the quality of life of our service members and their families.

Today, the commissaries and exchanges continue to deliver a world-class non-pay compensation benefit to military families. While there have been strong headwinds in the form of furloughs, diminishing budgets as a result of sequestration and continuing resolutions, as well as the government shutdown, the leaders and associates of the resale systems are to be commended for the great work they have done this year.

As we delve into the issues pertaining to military resale today, I would like to make it clear, that in the view of the Armed Forces Marketing Council, the commissaries and exchanges are not broken.

In fact, they do their part, in partnership with industry, to become more efficient so they may lower costs and find ways to continue providing significant savings to military families. It is the nature of their business that they do so.

However, due to declining budgets, they are being asked to consider significant cuts to their appropriated support that go beyond efficiencies to a real degradation and/or elimination of the benefit for military patrons, particularly those in CONUS.

While we are sympathetic to the plight of the Department of Defense and the budgetary challenges it and the military services face, we are also aware and sympathetic to the fact that reductions in taxpayer dollars will get passed on to the military families in the form of higher prices or complete loss of benefit. In other words, it would be taxing military families for the delivery of their own benefit or breaking faith with them.

There are two numbers I would like you to keep in mind today. The first is 600 million. That is the approximate level of appropriated support proposed to be cut from DeCA's budget, resulting in closure of CONUS stores as called for in the Resource Management Directive, plus the amount of overseas shipping that some had discussed cutting from the exchanges.

The second number is 2.1 billion. This is estimated amount of non-pay compensation military families would lose if those cuts and the associated closures were to be implemented.

We are very concerned that short-term budget decisions made today that degrade or eliminate the resale benefit will have adverse long-term impacts on our military families as well as our ability to retain a ready, all-volunteer force.

Chairman Wilson, thank you again for the opportunity to provide insights on military resale today. I look forward to your questions.