



**HOUSE ARMED SERVICES SUBCOMMITTEE ON MILITARY PERSONNEL
JOHN McHUGH, NEW YORK
CHAIRMAN**

PRESS RELEASE

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Statement of Chairman John M. McHugh

*Hearing on the Current Status of Military Commissaries, Exchanges
and Morale, Welfare and Recreation Activities*

WASHINGTON, D.C. – Today the Subcommittee turns its attention to military resale stores – the commissaries and exchanges – and morale, welfare, and recreation, or MWR, programs.

As has been the tradition of this Subcommittee in recent years, I am very pleased and proud to recognize the wonderful achievements of the military resale and MWR communities and the vital contributions that they make to the welfare of service members and their families. These programs comprise the bedrock of the military community that is so important to family welfare, troop morale, and, ultimately, combat readiness. I commend everyone engaged in those operations and particularly the people seated at the witness table as they all bear special responsibilities in the good works of our exchanges, commissaries, and MWR programs.

However, as is the case with any complicated network of programs, there are areas of concern. It probably should not be unexpected that during this wartime era, when budgets are often stretched beyond the breaking point, many of these concerns focus on money – or, more specifically, the absence of money.

For example, after a deliberate effort in the Fiscal Year 2006 National Defense Authorization Act to state the strongly held view of Congress that appropriated funding must be made available to finance second destination transportation costs to ship exchange products overseas, it appears the Army has simply failed to allocate the funding in the fiscal year 2007 budget request. I must say that this oversight is a bitter disappointment that will receive the full attention of this Subcommittee in the coming year. I understand the budget challenges that confront all the services, and particularly the Army, but this is an issue with such fundamental consequences for family welfare that it must be considered a priority. Apparently, the Army disagrees.

Another funding concern involves the poor track record of the Navy and the Army in allocating appropriated dollars to MWR programs. Starting with fiscal year 2004 and running through to the budget request for fiscal year 2007, the Navy and the Army have for four years failed to maintain the MWR spending level that they achieved during fiscal year 2003. If you remove the funding provided from supplemental appropriations bills over this period, the Navy and the Army underfunded MWR programs by \$305.9 million when compared to what they would have spent if they had simply maintained their fiscal year 2003 spending level. I hope that there is some way to improve on that performance and begin a new commitment to the people of the Navy and the Army.

I would also like to express my hope that the Defense Commissary Agency (DeCA) can be excused from the normal budget cutting exercises. If you view their operations budget in constant 2000 dollars, they are programmed to spend less during fiscal year 2007 than they did in fiscal year 2000. That tells me that DeCA managers have done a pretty effective job of looking after taxpayers dollars and we do not need to squeeze the commissary benefit for additional savings.

After several years and millions of dollars, we seem to be no closer to making a decision on the best course for exchange consolidation. Before we embark on any further effort to explore options, whether they are consolidation or sharing of functions, we should ensure that the business case appears promising before we proceed. If the business case is uncertain, it might be time to cut our losses and recognize that there are no great advantages to exchange consolidation.

Finally, I wanted to comment on the normal tension that exists between the interests of service members and the interests of business communities that surround our military installations. This Subcommittee has taken great pride in our efforts to improve the quality of life for service members and their families. However, it is also true that, as elected officials, my colleagues and I must ensure that government is not competing with other Americans unnecessarily or unfairly as they endeavor to earn a living and make a contribution to their communities.

Today, we will hear testimony from Mr. Michael Scanlon, a representative of the self storage industry. He will present his case about how government can damage small business owners when government business interests become too assertive. I would caution everyone to listen carefully to his presentation because the principles he espouses can be applied to a wide range of business activities. I firmly believe that we can accomplish what we must to benefit the troops and still protect the interests of business owners. This Subcommittee will continue to strive to strike that critical balance and I am confident that we can be successful.

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