

Committee Reports

Excerpted from the House Armed Services Committee

Report on H.R. 2500 - FY 2020 National Defense Authorization Act (NDAA)

CR 116-120 Part 1

Subtitle D--Defense Resale Matters

Section 631--GAO Review of Defense Resale
Optimization Study

This section would require the Comptroller General of the United States to conduct a review and submit a report to the Committees on Armed Services of the Senate and the House of Representatives regarding the business case analysis performed as part of the defense resale optimization report titled "Study to Determine the Feasibility of Consolidation of the Defense Resale Entities," dated December 4, 2018. The consolidation of defense resale entities would be delayed until the report is received and accepted.

Excerpted from the Senate Armed Services Committee

Report on S. 1790 - FY 2020 National Defense Authorization Act (NDAA)

CR 116srpt48

Subtitle E--Commissary and Non-Appropriated Fund Instrumentality
Benefits and Operations

Defense resale system matters (sec. 641)

The committee recommends a provision that would require the Under Secretary of Defense for Personnel and Readiness, in coordination with the Chief Management Officer of the Department of Defense, to maintain oversight of the business transformation efforts of the defense commissary system and the exchange stores system to ensure: (1) Development of an inter-component business strategy that maximizes efficiencies and results in a viable defense resale system in the future; (2) Preservation of patron savings and satisfaction from and in the defense commissary system and exchange stores system; and (3) Sustainment of financial support of the defense commissary and exchange systems for morale, welfare, and recreation services of the Armed Forces. The provision would require the Executive

Resale Board of the Department to advise the Under Secretary on the implementation of sustainable, complementary operations of the defense commissary system and the exchange stores system. Additionally, the provision would require the Defense Commissary Agency and the Military Exchange Service to identify and implement best commercial business practices and shared-services systems while integrating certain services provided by the exchange stores system within commissary system facilities. The provision would also require the modernization of information technology and implementation of cutting-edge marketing in the defense resale system. Finally, the provision would amend section 2483(b) of title 10, United States Code, to authorize inclusion of advertising expenses in the operating expenses of commissary stores.

The committee notes that military commissaries and exchanges provide a critical and highly valued in-kind benefit to military personnel and their families as they help to supplement servicemembers' incomes through savings on purchases of food and household items. As the Department implements changes to the defense resale system to ensure its long-term viability, the committee anticipates that future modernization efforts will result in a system that can compete with the private sector while preserving the in-kind benefit that patrons expect.

Treatment of fees on services provided as supplemental funds for commissary operations (sec. 642)

The committee recommends a provision that would amend section 2483(c) of title 10, United States Code, to authorize retention of fees collected on services provided to secondary patron groups, such as Department of Defense contractors living overseas, by the Defense Commissary Agency to offset commissary operating costs.

Procurement by commissary stores of certain locally sourced products (sec. 643)

The committee recommends a provision that would require the Secretary of Defense to ensure that dairy products, fruits, and vegetables procured for defense commissary stores are, to the extent practicable, locally sourced.

Items of Special Interest

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Commissary store operations

The committee recognizes the importance of commissary stores to military families, who rely on these stores for purchase of food and dry goods at substantial discounts. When commissaries either undergo periods of closure or reductions of operating hours, military families cannot use this important in-kind benefit. Moreover, with prolonged closures during government shutdowns, military families dependent on commissaries face even greater hardship. Therefore, the committee strongly urges the Department of Defense to maintain commissary operations during any future government shutdowns.

Comptroller General assessment on defense resale reform

The committee directs the Comptroller General of the United States to conduct an assessment of the Department of Defense's efforts to reform the business operations of the defense resale system and to provide a briefing to the Committees on Armed Services of the Senate and the House of Representatives no later than December 1, 2019. The assessment shall include reviews of: (1) The potential impact of reform on the Defense Commissary Agency's (DECA) overall sales, expenses, customer satisfaction, and expense structure; (2) The potential courses of action that may increase competitiveness, reduce the DECA's reliance on annual appropriations, and position commissaries and military exchanges for annual sales growth; (3) Positive and negative effects of reform on commissary and military exchange patrons and employees; (4) The potential of the military exchanges to increase financial support to the Services' morale, welfare, and recreation programs; and (5) Accounting procedures pertaining to the sources and uses of funds generated by and allocated to commissaries to ensure that sufficient internal controls are in place to safeguard funding.