

# DeCA Funding Cuts Blunted, Tobacco and Merchandise Rules Change with 2015 NDAA

• WASHINGTON

On its way to the White House for President Obama's signature at press time, the version of the "Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act (NDAA) for Fiscal Year 2015" which emerged out of conference between House Armed Service Committee (HASC) and Senate Armed Services Committee (SASC) negotiators in early December, could



Levin



McKeon

leave the Defense Commissary Agency (DeCA) and the Army & Air Force Exchange Service (AAFES) digging deep once again to find efficiencies to compensate for proposed measures that would scale back commissary benefit funding and impact Exchange earnings on tobacco.

On the flip side of the legislative coin, corresponding Senate Appropriation hearings on his candidacy to be held early in 2015.

—Continued on page 40, NDAA

# Familiar Yet Evolving Challenges Await SECDEF Nominee Carter

• WASHINGTON

On Dec. 5, just days after President Barack Obama's Nov. 24 announcement that Chuck Hagel, the secretary of defense since early 2013, would leave his post, Dr. Ashton Carter — the deputy secretary of defense from October 2011 to December 2013 — was chosen by the President as Hagel's successor, pending confirmation



Carter



Hagel

How, or whether, the new secretary's appointment — if approved by the Senate — would impact DoD's continued efforts to push drastic cuts to Defense Commissary Agency (DeCA) funding was not yet known.

—Continued on page 40, Carter

—Continued on page 40, Carter

# Reignited Commissary Value Brand Program Makes Long-Awaited 'Store Brand' Splash

• FORT LEE

Debate in Congress, and widespread misunderstanding of commissary value product programs and options, gave the Defense Commissary Agency (DeCA) something of a migraine in 2014, and a headache for which Adm. James Winnefeld, USN, vice chairman of the Joint Chiefs of Staff, was unable to find any "private label" relief on commissary shelves.

While commissary advocates were quick to point out that Winnefeld's shopping visit overlooked a value brand of ibuprofen, GoodSense, sold at a lower price in commissaries than commercial supermarket store labels, the message surrounding the store brand and private label debate was not lost on DeCA.

The agency rapidly rekindled the fire under its value brand program, and reengineered its moving parts, ahead of National Defense Authorization Act provisions which, if signed by the President, would give DeCA the legal leeway necessary to sell its own store brands, all with the assumption that it would find it necessary and cost-effective to do so (*see NDAA, this page*).

In November, then, in response to what DeCA described as growing patron demand for products comparable to items thought of by some as lower-cost private label items sold in civilian stores, the agency recently unveiled a re-engineered and re-



Commissary banner for DeCA's re-energized "Commissary Value Brand" program, which rolls out this month. DeCA PHOTO

energized "Commissary Value Brand" program.

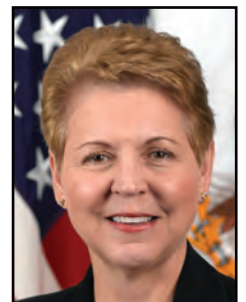
"We are rolling out a renewed program that will offer consistent, quality, everyday low-cost pricing on name brand products equal to or better than private label items in commercial stores," DeCA Director and Chief Executive Officer (CEO) Joseph H. Jeu announced. "In essence, we are making a good deal of a commissary benefit even better."

Although commissaries already deliver about a 30-percent savings, when all types of merchandise in the various markets are averaged out, the savings in the new program will highlight the system's most compelling bargains.

According to Jeu, the average savings for Commissary Value Brand

—Continued on page 7, DeCA Value Brands

# Wright Resigns as USD (P&R)



Wright

• WASHINGTON

On Dec. 4, Jessica Wright, under secretary of defense (USD) for Personnel and Readiness (P&R), tendered her resignation from this position — a key post with oversight of commissaries and exchanges — following the departure of her boss, Secretary of Defense Chuck Hagel, who resigned on Nov. 24.

According to reports, Wright submitted her letter of resignation to President Obama and Hagel, and did so just one day before the President nominated Ashton Carter to succeed Hagel.

Wright's resignation is effective on March 15, allowing her to stay on the job until the Department of Defense's (DoD) year-long review of the military's progress in the fight against sexual assault is expected to be completed, an action that Hagel had reportedly requested. Wright served as a member of the sexual assault prevention review team. As of press time, her successor had not yet been announced.

Officials said that in her letter of resignation, Wright noted that serving as under secretary for

—Continued on page 11, Wright

# Military Veterans In Congress

Following the most recent mid-term elections, 17 new Congressional members bring a record of military service with them to Capitol Hill, joining 84 others. For more information, please see page 11.

DeCA IMAGE



# HASC Names Thornberry Chairman



Thornberry

• WASHINGTON  
On Dec. 2, Rep. William McClellan "Mac" Thornberry (R-Texas) was chosen to chair the House Armed Services Committee (HASC) for the 114th Congress. Thornberry, the first Texan ever selected to lead the committee, succeeds the retiring Rep. Howard "Buck" McKeon (R-Calif.) as the committee's chairman.

Currently the committee's vice chairman, Thornberry was selected to serve as chairman by the House Republican Conference Steering Committee, and will take over the top position in January, when Republicans lead both the House and Senate.

"I am grateful for the opportunity and also mindful of the responsibility it entails," Thornberry said. "The men and women who serve our nation in the military deserve the full support and backing of the Congress and of the country. Providing that support will be my top priority."

About his successor, McKeon said that the "Armed Services Committee will be in the most capable of hands with Chairman-select Thornberry, and so will our Armed Forces. During my four years as chairman, I've come to rely on Mac as a policy expert, a gifted

communicator, a trusted confidant, and a friend. He has skillfully helped our committee as vice chairman, and his national security smarts have earned the respect of both Congress and defense experts alike.

"But most importantly, Mac is a leader with a servant's heart. His devotion and loyalty is, above all, to the men and women of our military."

Thornberry's counterpart in the Senate is Sen. John McCain (R-Ariz.), who will chair the Senate Armed Services Committee (SASC).

## MILITARY SPENDING

Thornberry has definite ideas on military spending. In a 2013 interview with C-Span, Thornberry said, "We have cut defense enough. The world is getting even more dangerous and more complex around us ... cutting defense at this point makes no sense, so we have to find another way. Defense is down to only 18 percent of the federal budget, and yet that 18 percent of the federal budget have had to absorb 50 percent of the cuts under sequestration. That is disproportionate, and has an effect on our country's security. We have cut defense enough.

"I am concerned about pay and benefits, because you have to keep top-flight people coming to the military. On the other hand, you have to look at pay and benefits to see if they are meeting the needs of today ... there are a host of things to look at ... I'm

not for cutting defense; we need more protection and more defense from the money that we spend."

## THORNBERRY

Thornberry has served in Congress since 1995 and has been a member of the HASC during his entire Congressional career.

Born in Clarendon, Texas, and raised on the family ranch in Donley County, Texas, Thornberry obtained his Bachelor of Arts degree at Texas Tech University in 1980, and then went on to the University of Texas Law School, where he graduated in 1983. For the next several years, he worked in Washington, including serving as deputy assistant secretary for Legislative Affairs in the State Department under President Ronald Reagan.

In 1989, he joined his brothers in the cattle business and practiced law in Amarillo, Texas, and in 1994, was elected to the House.

During his tenure in Congress, in addition to the HASC, Thornberry has served on numerous committees, including the Permanent Select Committee on Intelligence and its subcommittee on Technical and Tactical Intelligence; the House Cybersecurity Task Force; and the HASC subcommittee on Intelligence, Emerging Threats and Capabilities. In March 2001, he introduced a bill that helped lead to the establishment of the Department of Homeland Security.

Continued from page 3, DeCA Value Brands

items will be about 25 percent when compared to the store brand and private label items found in commercial retail stores, and in some instances, savings will be as much as 50 percent.

According to DeCA Sales Director Tracie L. Russ, the products in the program "are subsequently guaranteed to be on our shelves at everyday prices for a minimum of six months that are consistently equal to, or lower than, the store brand and private label products downtown."

## EXTENSIVE PROGRAM

Starting this month, commissaries worldwide will highlight about 300 Commissary Value Brand products in 33 categories such as frozen vegetables, pizza and entrees; pet foods; health and beauty care; cereals; cleaning supplies; soft drinks; coffee; canned fruit, soup and fish; disposable lunch and storage bags; condiments and more.

Among the brands initially featured in the program are: Alley Cat; AMPI; Blue Bonnet; Blue Bunny; Canine Carry Outs; Chicken of the Sea; Darigold; Del Monte; Glass Plus; GoodSense; Grassland; Gravy Train; Ivory; John Morrell; Libby's; Louana; Marcal; 9 Lives; Peter Pan; Plochman's; Presto; Pure 'N Gentle; Ralston; Reveille; Scotties; Shasta; Suave; Sun Dish; Totino's; VIP; VO5; and Xtra.

## PATRON REQUESTS

The resurgence of this type of Commissary Value Brand program has come about, according to Russ, as more and more patrons are asking their commissaries to carry products at prices similar to the private label savings they see off-post.

"We first began what was then known as the 'Best Value Item' (BVI) program 14 years ago, and now the time is right for a comeback," she explained. "Over the years, what we called BVI took on many forms and eventually splintered into many individual savings venues. Today, we have once again gathered the best of the best under one 'Commissary Value Brand' sign."

Russ said the program's reemergence into the spotlight would not be possible without the agency's industry partners — manufacturers, vendors and



suppliers — whose representatives worked with her category managers to identify the brands from industry proposals that best met the Commissary Value Brand criteria. Every six months, patrons may see products added to or subtracted from DeCA's Commissary Value Brand program based on price, sales performance and market changes.

## ALERTING CUSTOMERS

Patrons looking for Commissary Value Brand items will see new shelf signage and, in some instances, special displays. When customers venture into their local commissaries, they will see select items on the shelf identified by an orange "Value" sign. They will also see posters, banners, buttons and danglers that point the way to these extra savings.

Shoppers who visit DeCA's website, commissaries.com, or stay tuned to the agency's social media outlets, especially Facebook and Twitter, will also be able to get a heads-up on value deals before they hit the store.

In addition to Commissary Value Brand items, shoppers will continue to see biweekly promotions and other special sales that offer targeted discounts. However, when it comes to comparing prices with commercial store brand or private label products, the Commissary Value Brand will take savings to a consistent, everyday low price, Jeu explained.

"Some things never go out of style, and our Commissary Value Brand program is one of them," Jeu said. "So we're dusting it off, giving it a new look and bringing back even more savings for our servicemembers and their families who've earned this benefit."



Additional commissary signage and staff buttons for DeCA's re-energized "Commissary Value Brand" program. DeCA IMAGES

# DeCA Case-Lot Sales Reassert Savings Benefits

• FORT LEE

Just ahead of the Defense Commissary Agency's (DeCA) fall series of case-lot sales, Director and Chief Executive Officer (CEO) Joseph Jeu addressed the importance of the agency's re-emergent case-lot sales program with DeCA employees via the agency's employee Intranet. Now, the results are in, and although the cancellation of last year's events due to budget cuts and changes in reporting seem to muddy direct comparisons with the results of sales from years gone by, the most recent series of case-lot events were a welcome shot in the arm for customer savings and agency sales.

All told, DeCA customer purchases generated \$55.35 million on the days of the case-lot sales events, 18.99 percent better than year-ago store sales of \$46.51 million when no case-lot sales were held. The \$8.85 million delta was spurred by nearly \$7

million in sales of case-lot sale merchandise.

"For commissary customers, the end of summer in past years signaled the time for DeCA's September Case-Lot Sale — an always popular event that helped customers extend their commissary benefit beyond the customary everyday savings of 30 percent or more," Jeu said. "This time, we renamed the event the 'Commissary Customer Appreciation Case-Lot Sale,' but it features the same great savings our patrons were accustomed to seeing in past years: up to 50 percent on club-pack and full-case items."

Jeu thanked not only store personnel for their enthusiasm and support and working

hand in hand with suppliers to create excitement, but also vendors who, he said, "bolstered that excitement with contests, giveaways and — most importantly — value pricing; and, the installations themselves, who helped DeCA publicize the event within their military communities."



DeCA customer purchases at stores such as the McGuire Commissary, JB McGuire-Dix-Lakehurst, N.J., generated \$55.35 million on the days of the case lot sales events, 18.99 percent better than year-ago store sales of \$46.51 million when no case-lot sales were held. PHOTO: JOHN ZOUBRA, STORE DIRECTOR, MCGUIRE COMMISSARY, JB MCGUIRE-DIX-LAKEHURST, N.J.

## AAFES's Carroll to Direct Global Sourcing as MD DMMs Shift

• DALLAS

Among a series of executive changes slated for the spring 2015 time frame, the Exchange has announced that Arthur Carroll, who was the Hardlines divisional merchandise manager (DMM) in the Merchandising Directorate's (MD) Pacific Buying Office, will be moving Stateside in April 2015 as the Exchange's director of Global Sourcing. He succeeds Natalie Rowland, who, in turn, replaces Carroll as DMM, Hardlines, in the Pacific Buying Office, effective in March 2015.

### MERCHANDISING

Daniel Koglin, DMM, Hardlines in the MD's Europe Buying Office, will return Stateside in March 2015 as DMM, Consumables, succeeding Jennifer Little, who moves to the Exchange's Eu-



Carroll



Koglin



Little



Limtiaco



Riordan



Lovitt

rope Buying Office as DMM, Hardlines, also in March 2015.

### AREA DUTIES

In another personnel shift, Kenneth Limtiaco, Western Region area manager responsible for the Northwest, moved in November to the Eastern Region to take up the area manager position for Virginia and the Carolinas, which had been vacant. In a regional reorganization, Pat Riordan, the area manager formerly serving Hawaii/Alaska/Kwajalein, now handles Alaska as part of his Northwest Region duties, while Tina Lovitt, West Coast area manager, is responsible for Hawaii and Kwajalein as part of her responsibilities.

## AAFES Personnel Moves

NAME	NEW POSITION	FORMER POSITION	EFFECTIVE
Arthur Carroll	director, Global Sourcing	divisional merchandise manager, Hardlines, MD, Pacific Buying Office	April 2015
<b>MERCHANDISING DIRECTORATE</b>			
Daniel Koglin	divisional merchandise manager, Consumables, MD, Hqs.	divisional merchandise manager, Hardlines, MD, Europe Buying Office	March 2015
Jennifer Little	divisional merchandise manager, Hardlines, MD, Europe Buying Office	divisional merchandise manager, Consumables, MD, Hqs.	March 2015
Natalie Rowland	divisional merchandise manager, Hardlines, MD, Pacific Buying Office	director, Global Sourcing	March 2015
<b>AREA MANAGEMENT</b>			
Kenneth Limtiaco	area manager, Eastern Region (Virginia/Carolinas)	area manager, Western Region (Northwest)	November 2014
Pat Riordan*	area manager, (Northwest) - including Alaska	area manager, Hawaii/Alaska/Kwajalein	November 2014
Tina Lovitt*	area manager, (West Coast) - including Hawaii and Kwajalein	area manager, (West Coast)	November 2014
* Change in responsibilities.			
<b>STORE MANAGEMENT</b>			
Stephen Weaver	main store manager, Andersen Exchange, JR Marianas, Guam	retail program specialist, Pacific Region	October 2014
<b>REGIONAL POSITIONS</b>			
Phonda Bishop	retail program specialist Pacific Region	business manager, Lewis Exchange, JB Lewis-McChord, Wash.	January 2015

Source: AAFES. For more personnel changes, please see [www.eandcnews.com](http://www.eandcnews.com)

# New Members of Congress Add Service Experience to Hill

• WASHINGTON

Although the 114th Congress does not convene until January, the heightened expectations upon this newest class of legislators already started to build before they took their seats.

With the most recent mid-term elections, 17 new members are likely to join the new Congress, pending the results of runoffs and undecided races, and among them are several who bring with them a record of military service, including Joni Ernst (R-Iowa), a lieutenant colonel in the Army Reserve, and Ted Lieu (D-Calif.), a lieutenant colonel in the Air Force Reserve.

They join a Congress that maintains a connection with the military, as among them are a total of 101 members who have served or are currently serving in the military — the Army, Air Force, Navy, Marines, and Coast Guard — or in each respective service's National Guard or reserve.



McConnell



McCain



Ernst



Lieu

cerned, Sen. John McCain (R-Ariz.), will almost assuredly take over the reigns of the Senate Armed Services Committee (SASC), while Mac Thornberry (R-Texas) was chosen by a GOP steering committee to head the House Armed Services Committee (HASC). McCain had a highly-respected military career; Thornberry did not serve.

The HASC Military Personnel Subcommittee has been headed by Joe Wilson (R-S.C.), who had a long military career. However, due to term

limits and other considerations, Wilson is moving on to chair the Subcommittee on Intelligence, Emerging Threats and Capabilities. At this issue went to press Dr. Joe Heck (R-Nev.), a brigadier general in the Army Reserves, was named as Wilson's successor. It remained unclear, however, who would succeed Kirsten Gillibrand (D-N.Y.) as chair of the SASC Personnel Subcommittee in the next session of Congress.

## LEADERSHIP

The leaders of both Houses share some military experience. Senate Minority Leader Sen. Mitch McConnell (R-Ky.), who won another term in his home state, is now poised to ascend to majority leader next year when the 114th Congress takes hold. Sen. John Boehner (R-Ohio) will continue to be the speaker of the House. Unfortunately, both legislators reportedly had their military time cut short by physical maladies.

As far as major resale-related committees are con-

## New Members of the 114th Congress Who Have Served in the Military

SENATE:			
NAME	BRANCH	RANK	YEARS of SERVICE
Tom Cotton (R-Ark.)	Army	Captain	2004-2009
Joni Ernst (R-Iowa)	Army Reserve/National Guard	Lieutenant Colonel	1993-present
Gary Peters (D-Mich.)	Navy	Lieutenant Commander	1993-2005
Dan Sullivan (R-Alaska)	Marine Corps/Marine Corps Reserve	Lieutenant Colonel	1993-1997/ 1997-present
HOUSE:			
Ralph Abraham (R-La.)	Army	First Lieutenant	1986-1989
Brian Babin (R-Texas)	National Guard/Air Force Reserve/Air Force	Captain	1969-1971/1971-1975/1976-1979
Mike Bost (R-Ill.)	Marine Corps	Corporal	1979-1982
Ruben Gallego (D-Ariz.)	Marine Corps Reserve		2000-2006
Steve Knight (R-Calif.)	Army/Air Force Reserve		1985-1987/1987-1993
Ted Lieu (D-Calif.)	Air Force/Air Force Reserve	Lieutenant Colonel	1995-1999/2000-present
Barry Loudermilk (R-Ga.)	Air Force	Communications	1984-1992
Martha E. McSally (R-Ariz.)*	Air Force	Colonel	1988-2010
Seth Moulton (D-Mass.)	Marines	Captain	2002-2008
Steve Russell (R-Okla.)	Army	Lieutenant Colonel	1985-2006
Mark Takai (D-Hawaii)	Army National Guard	Lieutenant Colonel	1999-present
Lee Zeldin (R-N.Y.)	Army/Air Force Reserve	Major	2003-2007/2007-present
Ryan Zinke (R-Mont.)	Navy	Commander	1985-2008

\*Projected as winner on Nov. 14, 2014. However, due to the closeness of the race with Ron Barber (D-Ariz.), a recount was called for by Arizona state law, and the final results are not projected until Dec. 16, 2014.

Source/Notes: Information culled from respective Senate and House web sites, personal sites, other Internet sites. Rank and years of service information was sparse for some of the legislators on this list, and some information was omitted when it was not available.

Continued from page 3, Wright

P&R had been one of the greatest privileges of her career, allowing her to serve with, lead and take care of DoD civilians, servicemembers and their families. She is retiring to spend more time with her family.

The USD (P&R) position is responsible for military personnel readiness, including overseeing pay, benefits and career development for active duty, and Guard and reserve members.

## WRIGHT

On June 25, 2014, the Senate confirmed Wright as USD (P&R). She had served in an acting capacity beginning on Jan. 1, 2013 following the resignation of Erin Conaton in December 2012.

After retiring from the Pennsylvania Army National Guard as a major general, Wright came to DoD in 2010 to serve as deputy assistant secretary of defense (DASD) for Manpower and Personnel (M&P) before her confirmation in May 2012 as assistant secretary of defense (ASD) for Reserve Affairs.

Hagel — who did not attend the news conference reporting Carter’s nomination — agreed to stay on until a successor is chosen.

During an ensuing press conference, Carter said that he accepted the offer “because of the deep respect and abiding love” that he has for servicemembers, “and I will keep faith with you, and will serve the nation with the same unflinching dedication you demonstrate every day.”

During the budget crisis and furloughs of 2013, Carter’s understanding of quality-of-life issues manifested itself when he instructed agencies: “To the extent possible, protect family programs.”

Commissaries did, however, experience a week of furloughs, and following industry efforts to plead resale’s cause, DoD rescinded its edict in the case of commissary and other employees “essential” to installation and servicemember quality of life, allowing them to return to work.

Carter was greatly dismayed by the 2013 furloughs, and was reported to have said, “If our employees are furloughed, I intend to give back to the Treasury the same portion of my salary, and I encourage all of us — Executive Branch and Legislative Branch — to do the same.”

tions Committee legislation announced just days later by Chairwoman Barbara Mikulski (D-Md.), by press time also headed to the White House for signature, will restore \$190 million to the commissary budget.

The 2015 NDAA will also blunt the Department of Defense’s (DoD) efforts to seek even deeper cuts to the annual commissary budget, and will protect resale patrons’ long-standing privileges to purchase tobacco products, while at the same time eliminating discounts the category has long enjoyed in AAFES stores.

The bill also postpones until September 2015 — well after the Military Compensation and Retirement Modernization Committee (MCRMC) has completed its report due in February 2015 — a comprehensive study on DoD’s recommended change to commissary operations that was ordered by the House in its May 2014 report.

#### GENERIC, TOBACCO

Throwing something of a wild card into the equation as far as DeCA’s new Commissary Value Brand program is concerned (*see story page 3*), section 631 of the bill gives the agency the leeway to purchase private label items using “other than competitive procedures.”

The legislation also reconfigures a May 2014 House amendment, originally proposed by Duncan Hunter Jr. (R-Calif.), that would have curtailed DoD’s ability to outlaw various merchandise categories, but instead limits the provision’s scope to protecting only the sale of legal tobacco products in resale stores in which they were sold as of Jan. 1, 2014. The revised provision in section 633 also mandates tobacco pricing parity by prohibiting the sale of these products “at a price below the most competitive price for that product in the local community.” OCONUS tobacco prices would have to be within the range of prices established in CONUS resale stores. Navy Exchange Service Command (NEX-COM) and Marine Corps Exchange (MCX) stores have been in compliance with such tobacco pricing parity since the 2012 rollout of the Secretary of the Navy’s 21st Century Sailor and Marine initiative.

#### FUNDING

Although both the HASC and the SASC were able to generate a compromise defense policy bill for 2015, commissary funding for the year did not remain intact in the NDAA. Section 4501 authorized \$1.215 billion, a decrease of nearly \$200 million from 2014’s authorization, but still \$100 million more than DoD sought to prescribe. The cut in funding came despite the agency’s ongoing cost-cutting efforts that have been estimated to have reduced its operating costs by as much as \$700 million to \$900 million annually — and its workforce by thousands of full-time equivalent (FTE) positions. The effect of restoring the cut in the appropriations bill was unclear at press time.

#### STUDY

The NDAA also requires a review of the commissary system, this time with a revised due date of Sept. 1, 2015. Section 632 calls for the review to utilize the services of an independent organization experienced in grocery retail analysis, to determine both the qualitative and quantitative effects of:

- “(1) using variable pricing in commissary stores to reduce the expenditure of appropriated funds to operate the defense commissary system;
- (2) implementing a program to make available more private label products in commissary stores;
- (3) converting the defense commissary system to a nonappropriated fund (NAF) instrumentality; and
- (4) eliminating or at least reducing second-destination transportation (SDT)

funding.”

Additionally the review is tasked to consider:

- “(1) The impact of changes to the operation of the defense commissary system on commissary patrons, in particular junior enlisted members and junior officers and their dependents, that would result from:
  - (A) displacing current value and name brand products with private-label products; and
  - (B) reducing or eliminating financial subsidies to the commissary system.
- (2) The sensitivity of commissary patrons, in particular junior enlisted members and junior officers and their dependents, to pricing changes that may result in reduced overall cost savings for patrons.
- (3) The feasibility of generating net revenue from pricing and stock assortment changes.
- (4) The relationship of higher prices and reduced patron savings to patron usage and accompanying sales, both on a national and regional basis.
- (5) The impact of changes to the operation of the defense commissary system on industry support; such as vendor stocking, promotions, discounts, and merchandising activities and programs.
- (6) The ability of the current commissary management and information technology (IT) systems to accommodate changes to the existing pricing and management structure.
- (7) The product category management systems and expertise of the Defense Commissary Agency.
- (8) The impact of changes to the operation of the defense commissary system on military exchanges and other morale, welfare, and recreation (MWR) programs for members of the Armed Forces.
- (9) The identification of management and legislative changes that would be required in connection with changes to the defense commissary system.
- (10) An estimate of the time required to implement recommended changes to the current pricing and management model of the defense commissary system.”

#### SDT

As the agency seeks greater efficiencies, and likely also in anticipation of funding cuts, a recent DeCA produce contracting initiative sought to relieve some of the agency’s budget pressure by eliminating funding for second destination transportation (SDT) for produce shipped to Korea, Japan and Guam. The Government Accountability Office (GAO) recently denied a protest related to this change; however, sources familiar with the issue said the matter is expected to be taken up with the Office of Legal Counsel, since it has potentially broader implications for instances where eliminating SDT could result in patrons paying higher prices for U.S. or replacement products overseas.

#### NAF CONTRACTING

Elsewhere, section 632 of the bill also allows NAF organizations such as exchanges greater latitude to enter into contracts with other federal agencies and instrumentalities “to provide and obtain goods and services beneficial to the efficient management and operation of the exchange system,” or morale, welfare and recreation (MWR) system; and “to provide or obtain food services beneficial to the efficient management and operation of the dining facilities.”