



NEWS RELEASE

Defense Commissary Agency

Corporate Communication

1300 E Avenue □ Fort Lee, VA 23801-1800

Tel: (804) 734-8000, Ext. 4-8524 DSN: 687-8000, Ext. 4-8524

FAX: (804) 734-8248 DSN: 687-8248

www.commissaries.com

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Contact: Cherie Huntington, public affairs specialist
Tel.: (804) 734-8000, Ext. 4-8768
E-mail: cherie.huntington@deca.mil

‘It’s not a tax!’

Commissary surcharge renovates stores, builds new ones

*By Cherie Huntington,
DeCA public affairs specialist*

NOTE: To see photographs related to the commissary surcharge, visit <http://www.flickr.com/photos/commissary/sets/72157625318121724>.

FORT LEE, Va. – Six-year-old Carla loves the kid-size shopping carts at her commissary, where she “shops” frequently with her mom. She’s also fascinated with numbers, so the sales receipt represents a source of wonder to her.

“Look, mommy, your surcharge paid \$5.32 to build a new commissary today,” she said. Carla knows something that many commissary shoppers may not: The 5 percent surcharge pays for new commissary construction, renovations and repairs, equipment, and store-level information technology systems, such as checkouts.

Here are more surcharge facts:

- It’s not a tax;
- It’s added to the gross total due, before coupons;
- It’s figured into official savings calculations, along with any sales tax or value-added tax applied to retail grocery stores, to accurately determine customer savings, which currently stand at 31.5 percent overall.

Those savings reflect the government commissary mandate, dating back to 1825, to sell goods “at cost” – that is, with no markup or profit.

“That’s a tough business model for many people to grasp,” said Defense Commissary Agency Acting Director and CEO Thomas E. Milks. “Retail stores are profit-making entities, so we’re frequently asked about our motivation, since competition and profit don’t play into the equation at all.”

Milks said healthy sales generate more surcharge dollars that, in turn, head straight back into the infrastructure to continue providing the modern, convenient facilities shoppers enjoy today. DeCA achieved sales of \$5.84 billion and obligated nearly \$300 million in surcharge dollars in fiscal 2010.

Funded projects included a new store completed at Chièvres, Belgium, and major construction continues today on two more new commissaries: Naval Air Station New Orleans and Fort Campbell, Ky. A contract was awarded for a new commissary at Norfolk Navy Shipyard Portsmouth, Va., in September. Major renovations continue into the new fiscal year at Eglin Air Force Base, Fla.; Moody Air Force Base, Ga.; and Marine Corps Base Quantico, Va.

Surcharge dollars have paid for construction projects since 1974, but experimental surcharges existed as long as 121 years ago, according to DeCA’s historian, Dr. Pete Skirbunt. “There was a surcharge in 1879 and another in the 1920s, but the first permanent modern surcharge of 2 percent was established in 1952,” he said.

In 1974, to provide funds for construction and improvements of store facilities, Congress raised the surcharge at Army and Air Force stores in the United States to 3 percent, and overseas stores were one-half percent more.

“This was increased to 4 percent in 1976 and 5 percent in April 1983,” said Skirbunt. “I think it’s remarkable that the surcharge remains 5 percent at all DeCA stores, stateside and overseas – the same rate set 27 years ago. It gives shoppers true ownership of their commissary, and even with the surcharge our customers save more than 30 percent.”

The positive effect of the surcharge may best be expressed in simple terms, just as young shopper Carla surmised from her mother’s sales receipt. While it provides funds to build and maintain modern commissaries, it simultaneously makes this construction self-sustaining, rather than requiring many millions in taxpayer dollars.

So, like Carla, the next time you shop your commissary, make a point of checking your surcharge amount to see what you personally contributed to “build a new commissary.”

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About DeCA: *The Defense Commissary Agency operates a worldwide chain of*

commissaries providing groceries to military personnel, retirees and their families in a safe and secure shopping environment. Authorized patrons purchase items at cost plus a 5-percent surcharge, which covers the costs of building new commissaries and modernizing existing ones. Shoppers save an average of more than 30 percent on their purchases compared to commercial prices – savings worth more than \$4,400 annually for a family of four. A core military family support element, and a valued part of military pay and benefits, commissaries contribute to family readiness, enhance the quality of life for America's military and their families, and help recruit and retain the best and brightest men and women to serve their country.