



## AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

**J. David Cox, Sr.**

National President

**Eugene Hudson, Jr.**

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October 23, 2015

The Honorable Peter K. Levine  
Deputy Chief Management Officer  
Department of Defense  
9010 Defense Pentagon  
Washington, DC 20301-9010

Dear Mr. Levine:

On behalf of the American Federation of Government Employees, AFL-CIO, which represents more than 650,000 federal employees who serve the American people across the nation and around the world, including in the Department of Defense's (DoD) commissaries and exchanges, I thank you for the opportunity to discuss the importance of the earned benefit provided to military families by the Defense Commissary Agency (DeCA).

The obsession with the exceedingly modest cost of DeCA, particularly in the context of an organization as large as DoD, is as confounding as it is counterproductive. I was pleased that the Military Compensation and Retirement Modernization Commission strongly reaffirmed the value of the commissary benefit and the U.S. Senate even more strongly rejected a scheme to begin the privatization of DeCA.

Unfortunately, DeCA now faces a new threat: the imposition of a drastic reduction in the appropriations funding that make the commissary benefit possible. The commissaries constitute an important earned benefit for military families, particularly with respect to retention, and like anything of value the commissaries must be paid for. Drastic reductions in appropriations will inevitably force commissaries to increase costs to such an extent that the benefit will no longer be of value to military families.

DeCA should strive to generate efficiencies, and thus continue to reduce its reliance on appropriated funding, whether through consolidation of backroom functions with the exchanges or experimenting with private labels and variable pricing, all of which are recommended by the business consultant Boston Consulting Group (BCG). AFGE would also be interested in determining whether new revenues could be generated from expanding the customer base and removing restrictions on items which can be sold in the commissaries without having serious side effects.



However, AFGE strongly opposes the arbitrary, across-the-board cuts in compensation for the already modestly-compensated DeCA workforce, one which has, historically, included disproportionate numbers of military spouses and veterans, from the conversion of that workforce from appropriated fund (APF) status to non-appropriated fund (NAF) status. That this deprivation might be imposed gradually, perhaps through attrition or volunteers in no way lessens our opposition, and it does nothing, literally, to help military families who supplement their income through additional service in the DeCA workforce.

I appreciate that you take issue with BCG's assertion that wholesale NAF conversion of the DeCA workforce is desirable because it would generate labor savings—15-25% wage savings for in-store positions while, significantly, retaining the same level of pay for above-store positions, according to BSG, which also reported that "DeCA would be able to more speedily...separate employees." NAF-ing the DeCA workforce would also subject them to arbitrary privatization because the Department has invented an exception to 10 USC 2461, the law that requires formal cost comparisons before contracting out work designated for performance by civilian employees. I attach our own research to demonstrate the severe pay cuts the DeCA workforce would experience as well as the steep increases in health care costs.

I often hear how this Administration is determined to address the concerns of working and middle class Americans, and I frequently read about the many executive orders which have been issued to uplift contractor employees. So you can imagine my surprise and disappointment to learn that this Administration would ever even consider a proposal to slash pay, hike medical expenses, and make it easier to fire and privatize an already very modestly compensated workforce of more than 12,000 civilian employees. Yes, of course, the Department can get savings from arbitrary, across-the-board compensation cuts, but why stop at kicking the Department's workers several steps down the socio-economic ladder when indentured servitude would lead to even greater savings?

Given your years of service to Senator Levin and appreciation for the work of federal employees, I am confident that this is not an approach which would find favor with you. I appreciate that you told us that the Department was sympathetic to NAF conversions because of "administrative convenience," rather than the "labor savings" called for by BCG. However, that distinction doesn't have any significance for DeCA's workforce. If the severe consequences for the DeCA workforce from conversion to non-appropriated funds are not as I have described herein, please do not hesitate to let me know. And if I am accurate, why would this Administration be associated with such anti-worker proposals?

There is much talk about alleged workforce inflexibilities. Indeed, during our meeting, you told us that DeCA uses "baggers" to help shoppers manage their belongings upon departure as an example of such inflexibilities. After talking with the leaders of our own DeCA Council, I learned that the "baggers" have plied their humble but necessary trade for decades, and that the use of self-employed individuals for that function is required neither by law nor collective bargaining agreement. I understand that shoppers appreciate the service and view "baggers," who are often young people, as a time-saving convenience and very much worth the

modest gratuity. Nevertheless, if the use of “baggers” undermines DeCA, it is a concern that can be easily rectified.

As you know from your experience on the Hill with civil service reform proposals, both the bad ones which were rejected as well as the really bad one that was ill-advisedly enacted only to be subsequently repealed, most if not all protestations about inflexibilities are without substance. In fact, a significant number of the positions in the DeCA workforce are part-time, working as many as 32 hours per week and as few as 16 hours, and management is free to change those schedules. Members of AFGE’s DeCA Council will be in Washington, DC, next month, and I ask that your staff meet with them in order to better understand the extraordinary flexibility the agency already has with respect to the use of its workforce.

I appreciate the need for DeCA to continue to reduce its reliance on appropriations, and I support the Department’s efforts to at least explore efficiencies through variable pricing, private labels, expanding the customer base, and easing restrictions on items for sale. And our DeCA leaders are eager to discuss with your staff how the agency can continue to take advantage of its eminently flexible workforce. At the same time, DeCA is a benefit, an earned benefit that is important to military families. The notion that this earned benefit should come at a negligible cost to taxpayers is as unhelpful as it is unrealistic. And it makes no sense for this Administration to arbitrarily slash the pay and benefits of an already modestly-compensated workforce composed disproportionately of veterans and military spouses. Thanks for your consideration.

Sincerely,



J. David Cox, Sr.  
National President

cc: [whs.pentagon.esd.mbx.cmd-correspondence@mail.mil](mailto:whs.pentagon.esd.mbx.cmd-correspondence@mail.mil)

Attachment

**Appropriated Fund Hourly Rates (DeCA) vs. NAF Hourly Rates/Pay Bands (AAFES)**

Detroit, MI		Macomb, MI (including Detroit)	
WG-4 (store worker)	\$21.41 - \$24.99	NAF Level 1	\$8.15 - \$ 16.18
WG-5 (forklift operator)	\$22.93 - \$26.77	NAF Level 2	\$9.76 - \$20.80
WG-7 (meat cutter)	\$25.42 - \$26.77		
Macon, GA		Macon, GA	
WG-4 (store worker)	\$16.70 - \$19.47	NAF Level 1	\$7.25 - \$12.74
WG-5 (forklift operator)	\$17.87 - \$20.85	NAF Level 2	\$8.71 - \$16.28
WG-7 (meat cutter)	\$19.85 - \$23.15		
Dallas, TX		Dallas, TX	
WG-4 (store worker)	\$15.62 - \$18.23	NAF Level 1	\$7.25 - \$18.30
WG-5 (forklift operator)	\$17.24 - \$20.11	NAF Level 2	\$9.31 - \$25.11
WG-7 (meat cutter)	\$20.46 - \$23.89		

**Appropriated Fund Rates (DeCA) vs. NAF Salary Band Rates (AAFES)**

Detroit, MI		Detroit, MI	
GS-3 (sales/checker)	\$27,646 - \$35,944	NAF Level 1 = GS 1-3	\$17,010 - \$33,770
GS-4 (store associate)	\$31,036 - \$40,350	NAF Level 2 = GS 4-5	\$20,371 - \$43,410
Macon, GA		Macon, GA	
GS-3 (sales/checker)	\$25,434 - \$33,068	NAF Level 1 = GS 1-3	\$15,130 - \$26,590
GS-4 (store associate)	\$28,553 - \$37,121	NAF Level 2 = GS 4-5	\$18,180 - \$33,980
Dallas, TX		Dallas, TX	
GS-3 (sales/checker)	\$26,884 - \$34,953	NAF Level 1 = GS 1-3	\$15,130 - \$38,190
GS-4 (store associate)	\$30,181 - \$39,238	NAF Level 2 = GS 4-5	\$19,430 - \$52,400

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**2015 FEHBP Non Postal FEHBP Rates**

**Biweekly Employee Premium**

	<b>Self</b>	<b>Family</b>
BlueCross/BlueShield Basic	\$63.40	\$148.46

**2015 AAFES/DoD NAF Health Benefits Program**

**Biweekly Employee Premium**

	<b>Self</b>	<b>Family</b>
PPO Plan Similar to BCBS Basic	\$75.22	\$175.01

**2015 Plan Comparison FEHBP vs. NAF DoDHBP**

	<b>FEHBP</b>	<b>NAF DoDHBP</b>
<b>Individual deductible</b>	\$0	\$500 in network
<b>Family deductible</b>	\$0	\$1500 in network
<b>Individual out of pocket max</b>	\$5,500	\$3,000 in network
<b>Family out of pocket max</b>	\$7,000	\$9,000 in network
<b>Individual office visit copay</b>	\$25 – primary care \$35 – specialist	\$30 – primary care \$45 – specialist
<b>Hospitalization</b>	\$175/day up to \$875 for unlimited days	90% after deductible plus \$200 fee