



## Executive Briefing

May 20, 2022

### From the Desk of the ALA President – Steve Rossetti

#### Quotes of note

*“Simply put, your Marines are the weapon systems.”* **Sergeant Major of the Marine Corps Troy Black in May 18 testimony before the House Appropriations Committee.**

*“I can’t overstate how important the commissaries are to our folks. That does put affordable food in front of them. It gives them the opportunity to purchase it.”* **Master Chief Petty Officer of the Navy Russell Smith in May 18 testimony before the House Appropriations Committee.**

*“There are challenges and things we need to get after, and this current challenge with the baby formula is just one of those.”* **Sergeant Major of the Marine Corps Troy Black in May 18 testimony before the House Appropriations Committee.**

*“We need to work together with you as to how we’re providing for our service men and women. I’m sure they’re frantic about being able to get a product so they can feed their babies. We’d really like to know what the situation is with the military, and then work with you as to how we can address it so that becomes part of the answer to this very serious crisis.”* **House Appropriations Committee Chairman Rosa DeLauro during a May 18 Navy hearing.**

*“Families shouldn’t have to choose between supply and safety. We want to make sure that when we’re talking about families, we’re including our military families, as well.”* **House Appropriations Chairman Rosa DeLauro at a May 18 hearing discussing baby formula shortages in the military.**

*“In our other three core merchandise categories, apparel, home and hardlines, we saw a rapid slowdown in the year-over-year sales trends beginning in March when we began to see the impact of last year’s stimulus payments. While we anticipated a post-stimulus slowdown in these categories, and we expect the consumer to continue refocusing their spending away from goods and services, we didn’t anticipate the magnitude of that shift.”* **Target CEO on strained margins.**

*“When you serve at port -- a port like Savannah or Long Beach -- you will ensure that families have access to the goods they need, when they need them, at a price they can afford.”* **VP Kamala Harris speaking at the May 18 Coast guard Academy graduation.**

*"I think there's going to be a fundamental commitment to significantly enhance the NATO presence on the eastern flank," he said, including air, land, and sea assets. "That's important because NATO has never said that. It's a huge change in NATO policy."* **Ivo Daalder, a former U.S. ambassador to NATO who now heads the Chicago Council on Global Affairs.**

*"Not two years into a pandemic, and we have warning lights flashing. If you want to work at Buc-ee's along I-35 in Texas, you can do it for [a] \$25-an-hour starting salary. You can start at Target for \$29 an hour with educational benefits. So, you start looking at the competition: Starbucks, Google, Amazon. The battle for talent amidst this current labor shortage is intense."* **Maj. Gen. Ed Thomas, the Air Force Recruiting Service commander on recruiting difficulties.**

*"The USO and Kroger have long worked together to support our military service men and women and their families. We're introducing three new mobile kitchen units in the next two years to take our partnership to the next level. Together, we'll bring warm meals and taste of home to service members wherever they are – at military installations, providing food at USO centers, or disaster relief services in our communities. This new Kroger-USO mobile kitchen fleet will be at the center of our shared mission to nourish our neighbors."* **Denise Osterhues, Kroger's senior director of sustainability & social impact, announcing a joint effort to aid military families.**

*"Senior leaders are aware that this is poor timing for a reduction in rate and are working to determine a way forward."* **Lieut. Col. Micah Neece, the 86th Comptroller Squadron commander at Ramstein Air Force Base on the announcement of reductions in cost-of-living allowances in Europe. said in a statement.**

*"Bud shared his thoughts on the criticality of the support provided by Team Exchange, saying, 'It means so much to us for those who have been deployed — there was always an exchange, an annex, a trailer — you mustered it to the front lines. It is the nicest thing that happened to us. A cup of coffee, something warm.'" AAFES CEO Tom Shull on the passing of a friend of the military resale programs, former Reagan National Security Advisor Robert McFarlane.*

*"This is arguably the most challenging recruiting year since the inception of the all-volunteer force."* **Lt. Gen. David Ottignon, the Marine Corps officer in charge of manpower before the Senate April 27.**

*"The Golden Arches will shine no more in Russia."* **McDonald's CEO Chris Kempczinski, announcing the complete closure of all McDonalds operations.**

*"The United States garment industry is losing about \$30 billion annually because of imports. To fix this, we need to put a prohibition on predatory payments through the piece rates, but we also need to give these companies the incentives to bring the manufacturing back to the U.S. or make it possible for them to start up here in the first place."* **Senator Kirsten Gillibrand (D-NY), announcing legislation aimed at revitalizing the U.S. fashion industry.**

*"Bypassing regular air freighting routes will speed up the importation and distribution of formula and serve as an immediate support as manufacturers continue to ramp up production."* **The White House, announcing operation "Fly Formula".**

*"Both products were already being imported, but we moved shipments up and rushed via air to help fill immediate needs."* **From a Nestle statement announcing accelerated imports of baby formula from overseas sites to the U.S.**

*"Russia can rapidly mass military forces against NATO's eastern border and confront the Alliance with a short war and fait accompli."* **NATO document proposing that a division-size contingent of about 20,000 troops be tasked with speeding to each of the countries if they are under threat.**

*"This is an issue facing products from all sectors. While businesses did their best initially to absorb the increased costs, they can't continue to do that and survive. Therefore, there's no other option but to pass the added costs on to consumers. Prices of many often-cited items (gasoline, lumber, automobiles, etc.) have increased over the past several months and without some relief in the shipping arena, similar price increases will be seen across the board."* **Letter to the Federal Maritime Commission from the Food Industries Association on increased ocean carrier and port costs.**

*“The entire ocean carrier/port operations/logistics puzzle needs to be reviewed. Importers and exporters are often hit with charges for things over which they have no control, with no way to appeal those costs – whether they be drayage, repositioning, GRIs, etc. AFI again applauds the FMC for taking steps to address this situation and again calls for the FMC to work globally to address the entire logistics landscape.”* **Bob Bauer President, Association of Food Industries**

*“Directing firms to prioritize and allocate the production of key infant formula inputs will help increase production and speed up in supply chains.”* **May 18 White House fact sheet announcing the triggering of the Defense Production Act to address the baby formula shortage.**

*“...work with the Pentagon “over the next week” to use contracted aircraft to quicken imports of baby formula from overseas.”* **From a May 18 POTUS letter to Health and Human Services Secretary Xavier Becerra and Agriculture Secretary Tom Vilsack.**

*“We have also been aggressively activating brands and sizes not typically found in our previous baby formula assortment in an attempt to meet the demand.”* **NEXCOM spokeswoman Kristine Sturkie.**

*“Imports of baby formula will serve as a bridge to this ramped up production, therefore, I am requesting you take all appropriate measures available to get additional safe formula into the country immediately.”* **POTUS letter to Department Secretaries calling for invoking the Defense Production Act to ramp up U.S. production and use of Defense aircraft to lift formula from overseas sites to the U.S.**

*“Walmart noted the impact of inflation on grocery pulled sales away from other categories as low-to-middle income shoppers are cutting back on non-essentials, resulting in overall flat transactions year-over-year.”* *We believe rising food prices (double-digit inflation), will continue to have an outsized impact on the spending power lower/middle income customers (a core base), making it increasingly difficult for Walmart to maintain its sales/margin trajectory off of its massive \$400 billion sales base.”* **Wall Street analyst.**

*“Higher food costs have prompted shoppers to shift their spending away from general merchandise, eating into profit”.* **Walmart executives on an earnings call.**

*“We’re implementing purchase limits because of increased demand and to ensure that everyone has equal access to essential items, and to prevent ‘panic buying’ where product is available. The availability of baby formula for all our stores is fluid right now and evolving daily. We are working with our distributors to increase our supply levels of these critical products.”* **DeCA Director and CEO Bill Moore**

*“Consumers are clearly being forced to make tougher decisions with inflationary pressures all around and seem to be pulling back in some discretion categories just as stimulus rolls off. On the expense side, freight and transportation costs were already at elevated levels, but are now seeing even more pressure with rising fuel costs that may not be passed on fully to consumers.”* **Wells Fargo analyst Edward Kelly**

## **By the numbers**

**25 percent**—drop in Target stock on May 18. Dollar Tree shares swung 14.4 percent lower, while Costco’s shares cratered 12.5 percent and Dollar General’s fell 11.1 percent.

**25 percent**—decrease in Walmart net last quarter.

**52 percent**—Target net income decrease in recent quarter.

**36 percent**—Drop in Amazon stock for the year.

**\$50,000**—Bonuses being offered to Army recruits to contend with a tight labor market.

**\$1.5 billion**—Marine Corps construction in Guam during FY 2023.

**30,000**—Marines deployed abroad.

**The agenda is coming together for ALA's Virtual Congressional Caucus and Public Policy Forum, June 8, 2022. [Register here.](#)**

**The following Congressional Members, White House and Pentagon officials, and beneficiary group representatives have been invited to speak during the forum and affirmative responses are being coordinated. Final speaker lineup and times for addresses to be determined:**

- The Honorable Gilbert Cisneros, Under Secretary of Defense for Personnel and Readiness has been invited to address the forum.
- First Lady Dr. Jill Biden's staff has been invited to address the forum concerning military family quality of life initiatives.
- Mr. Berry Patrick, MWR and Resale Policy, Military Community and Family Policy, Office of the Secretary of Defense has been invited to address the forum and ALA is coordinating with Mr. Patrick directly.
- Mr. Bill Moore, Director of the Defense Commissary Agency (DeCA), has been invited to speak and ALA is in coordination with his staff for his appearance.
- A Beneficiary Group Panel has been invited to discuss ongoing and future initiatives:
- Senator Jim Inhofe (R-OK), Ranking Member, Senate Armed Services Committee has been invited to address the forum.
- Senator Tim Kaine (D-Va.), Senate Armed Services Committee has been invited to address the forum and ALA is in coordination with the Senator's staff.
- Senator Thom Tillis (R-NC), Ranking Member, Subcommittee on Personnel, Senate Armed Services Committee has been invited to address the forum.
- Senator Tammy Duckworth (D-IL), Chair, Airland Subcommittee, Senate Armed Services Committee has been invited to address the forum.
- Senator Lisa Murkowski (R-AK), Senate Appropriations Subcommittee on Defense has been invited to address the forum.
- Senator Brian Schatz (D-HI), Senate Appropriations Subcommittee on Defense has been invited to address the forum.
- Congressman Rob Wittman (R-VA-01), House Armed Services Committee has been invited to address the forum and ALA is in coordination with the Congressman's staff.
- Congresswoman Elaine Luria (D-VA-02), House Armed Services Committee has been invited to address the forum and ALA is in coordination with the Congresswoman's staff
- Congressman Joe Wilson (R-SC-02), House Armed Services Committee has been invited to address the forum and ALA is in coordination with the Congressman's staff.
- Congresswoman Betty McCollum (D-MN-04), Chair, House Appropriations Subcommittee on Defense has been invited to address the forum.

- Congressman Mike Rogers (R-AL-03), Ranking Member, House Armed Services Committee has been invited to address the forum.
- Congresswoman Elissa Slotkin (D-MI-08), Vice Chair, Subcommittee on Readiness, House Armed Services Committee has been invited to address the forum.
- Congressman Don Bacon (R-NE-02), House Armed Services Committee has been invited to address the forum.
- Congressman Marc Veasey (D-TX-33), Subcommittee on Personnel, House Armed Services Committee has been invited to address the forum.
- Congressman Austin Scott (R-GA-08), House Armed Services Committee has been invited to address the forum.
- Congressman Anthony Brown (D-MD-04), House Armed Services Committee has been invited to address the forum.
- Congressman Ronny Jackson (R-TX-13), Subcommittee on Personnel, House Armed Services Committee, has been invited to address the forum.

**We Anticipate the following topics to be discussed during the forum:**

- Geo-political factors affecting defense spending including basing plans and force deployment.
- Status and outlook for defense spending and support for military resale programs.
- Military personnel reforms; implications for defense installation operations and military resale programs.
- Status of laws enacted in the last Congress affecting military resale programs.
- Fiscal Year 2023 Senate and House Defense Authorization and Appropriations bill mark-ups and the potential effect on military resale programs.
- Current issues before Congress affecting military resale programs.
- Initiatives affecting military resale programs in the Biden administration.
- Compliance with legislative and Executive Branch mandates on minimum wage, Section 889, CMMC, and foreign sourcing.
- Commissary transformation — CPI negotiations, variable pricing, GAO report on commissary initiatives, and other matters affecting military resale programs.
- Product assortment issues, patronage expansion.
- Exchange system issues before DoD and the Congress.
- Base access and the effect on military resale patronage.

**Registration for ALA's 2022 Congressional Caucus & Public Policy Forum (Virtual) is open. June 8, 2022, 9:30 a.m. – 2 p.m. (EST). [Register here](#).**

**DeCA Works With Distributors to Address Baby Formula Availability.** ALA's Larry Lapka reports. DeCA is implementing shopping limits on select specialty baby formula items as the agency works with its distributors to increase supply levels.

Since May 13, in conjunction with established Women, Infants and Children (WIC) program purchasing limits at state level, commissaries have placed product limitations on all classified specialty baby formula, similar to the limits customers are seeing in commercial retailers and military exchanges.

Purchase limits can vary by location based on local state WIC purchasing limits. Overseas stores are also tied to purchasing limits through the WIC-Overseas program.

"We're implementing purchase limits because of increased demand and to ensure that everyone has equal access to essential items, and to prevent 'panic buying' where product is available," said DeCA Director and Chief Executive Officer (CEO) Bill Moore, "The availability of baby formula for all our stores is fluid right now and evolving daily. We are working with our distributors to increase our supply levels of these critical products."

The commissaries' current stock levels of available baby formula are 50 percent for CONUS and 70 percent for OCONUS commissaries — not counting the recalled products that had to be pulled from DeCA shelves.

"If the availability of baby formula becomes an issue for overseas commissaries, the agency will airlift product, if necessary, and assuming the products are available," Moore said.

For commissaries in Europe, there are also alternative options for supply through locally produced products, called offshore acquired items (OSA). These items are sometimes purchased by overseas commissaries to supplement U.S. stock assortments when needed.

For commissaries in the Pacific, the OSA option is not available because there are currently no approved local sources for baby formula, making these stores dependent on DeCA's distributors.

"Across our commissaries, we are in the same position as commercial retailers," Moore said. "Our distributors are receiving limited allocations of the quantities — essentially, less than they would like to order — which limits supply to our stores.

"Bottom line, we want our customers to know we are doing everything we can to get the products they need onto their store shelves — especially to our overseas and remote commissaries."

In mid-February, Abbott Laboratories, one of the country's largest producers of baby formula, recalled many of its powdered formulas made at its Sturgis, Mich., plant — including Similac, Alimentum and EleCare —after four consumers complained about bacterial infections in infants who had consumed those products.

Later in the month, Abbott Labs expanded the recall to include some Similac PM 60/40 products based on a fifth complaint of a bacterial infection.

Moving into March, the Food and Drug Administration's (FDA) probe of Abbott's Michigan facility found harmful bacteria on the surface of some areas near infant formula production.

It also reported that the company did not have a control system covering all stages of processing to prevent microbe contamination.

However, tests that were later done on the recalled products did not definitively show that any illness was linked to the company's powdered baby formula products.

In April, major civilian retailers, including Target and Walmart, put purchase limits on baby formula as Abbott Labs cut production of the powdered formula products.

In mid-May, the company announced that it could restart production at its Michigan facility within two weeks following approval from the FDA ...

However, the company also said that it would take six to eight weeks for the product to hit the shelves after the resumption.

The House Oversight Committee announced that it planned to investigate the shortage. It has communicated with the four largest U.S. manufacturers of baby formula — not only Abbott, but also Mead Johnson Nutrition, Nestlé USA, and Perrigo — seeking information.

Most recently, on May 16, Abbott Labs reached an agreement with the FDA on the steps needed to resume production at its Michigan plant, and in the meantime, the FDA said to try to make up for the continued shortage, the U.S. will allow imports of infant formula from foreign makers that do not usually sell their products stateside.

**Administration takes two major actions to address baby formula shortages.** POTUS invoked the Defense Production Act to address the infant formula shortage in the United States.

The White House announced in a fact sheet that Biden would use the Cold War-era law to require suppliers to “direct needed resources to infant formula manufacturers before any other customer who may have ordered that good.”

“Directing firms to prioritize and allocate the production of key infant formula inputs will help increase production and speed up in supply chains,” the fact sheet said.

Additionally, the White House said Biden is launching “Operation Fly Formula” that will involve the federal government using Defense Department commercial aircraft to pick up baby formula from overseas that meets U.S. standards to get it quickly to American shelves.

In a letter to Health and Human Services Secretary Xavier Becerra and Agriculture Secretary Tom Vilsack, Biden said the action was needed to boost the supply of formula while domestic production ramps up. He ordered their departments to work with the Pentagon “over the next week” to use contracted aircraft to quicken imports of baby formula from overseas.

“Imports of baby formula will serve as a bridge to this ramped up production, therefore, I am requesting you take all appropriate measures available to get additional safe formula into the country immediately,” Biden wrote.

The announcement followed calls from some Democrats like Sen. Kirsten Gillibrand (D-N.Y.) for Biden to invoke the Defense Production Act to address the critical shortage. A bipartisan group led by Rep. Josh Gottheimer (D-N.J.) introduced a resolution earlier Wednesday calling on Biden to invoke the law to increase domestic production of baby formula.

The law allows the president through executive order to direct private companies to prioritize the production of critical supplies in an emergency. Biden and former President Trump used the authority in the response to the COVID-19 pandemic.

The formula shortage occurred after an Abbott Nutrition was shuttered back in February over reports of babies falling ill after ingesting formula from the facility. The Food and Drug Administration (FDA), which has been investigating the plant, on Monday reached an agreement with Abbott on a path forward to reopening the plant in Sturgis, Mich.

The closure of the factory coupled with supply chain woes has spawned a nationwide shortage of baby formula that has left parents scrambling.

The White House has been under immense pressure to do more to address the baby formula shortage over the past week. Officials have announced a series of actions, including new FDA guidance aimed at boosting imports of formula from abroad not typically sold in the U.S.

### ***White House fact sheet***

<https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/18/fact-sheet-president-biden-announces-new-actions-to-address-infant-formula-shortage/>

### ***Letter from President Biden to Secretary Xavier Becerra and Secretary Thomas Vilsack on Addressing Infant Formula Shortage***

<https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/18/letter-from-president-biden-to-secretary-xavier-becerra-and-secretary-thomas-vilsack-on-addressing-infant-formula-shortage/>

### ***White House memorandum on the delegation of authority under the Defense Production Act***

<https://www.whitehouse.gov/briefing-room/presidential-actions/2022/05/18/memorandum-on-the-delegation-of-authority-under-the-defense-production-act-to-ensure-an-adequate-supply-of-infant-formula/>

### **FDA memo cites actions on formula:**

- Meeting regularly with major infant formula manufacturers to better understand their capacity to increase production of various types of infant formulas and medical foods. The infant formula industry is already working to maximize their production to meet new demands. Efforts already underway by several infant formula manufacturers include optimizing processes and production schedules to increase product output, as well as prioritizing product lines that are of greatest need, particularly the specialty formulas.
- Helping manufacturers bring safe product to the market by expediting review of notifications of manufacturing changes that will help increase supply, particularly in the case of the specialized formulas for medical needs.
- Monitoring the status of the infant formula supply by using the agency's 21 Forward food supply chain continuity system, combined with external data. 21 Forward was developed during the pandemic to provide a comprehensive, data-backed understanding of how COVID-19 is currently impacting food supply chains.
- Compiling data on trends for in-stock rates at both national and regional levels to help understand whether the right amount of infant formula is available in the right locations, and if not, where it should go.
- Expediting the necessary certificates to allow for flexibility in the movement of already permitted products from abroad into the U.S
- Offering a streamlined import entry review process for certain products coming from foreign facilities with favorable inspection records.
- Exercising enforcement discretion on minor labeling issues for both domestic and imported products to help increase volume of product available as quickly as possible.

- Reaching out to retailer stakeholder groups to request that their members consider placing purchase limits on some products to protect infant formula inventories for all consumers.
- Not objecting to Abbott Nutrition releasing product to individuals needing urgent, life-sustaining supplies of certain specialty and metabolic formulas on a case-by-case basis that have been on hold at its Sturgis facility. In these circumstances, the benefit of allowing caregivers, in consultation with their healthcare providers, to access these products may outweigh the potential risk of bacterial infection. The FDA is working to ensure health care provider associations and stakeholders understand information about the risks and benefits of pursuing this product.

**NEX moving to address formula shortage.** NEXCOM recently placed a number of special orders for baby formula in an effort to build up inventory in distribution centers and stores. “We have also been aggressively activating brands and sizes not typically found in our previous baby formula assortment in an attempt to meet the demand,” said NEXCOM spokeswoman Kristine Sturkie.

**Nestle/Gerber steps up on formula shortage.** Nestlé, the owner of Gerber baby food, has flown in extra baby formula to the U.S. from Switzerland and the Netherlands to help alleviate the ongoing formula shortage. The company has imported shipments of Gerber Good Start Extensive HA from the Netherlands and Alfamino from Switzerland, a Nestlé spokesperson told Axios in a statement.

- Those formulas were specifically chosen because they “serve a critical medical purpose as they are for babies with cow’s milk protein allergies,” they added.
- Both formulas were already being imported, which enabled Nestlé to act quickly.
- The company is also reviewing new guidance issued by the Food and Drug Administration on Monday to determine “where we may be able to tap into the Nestlé global nutrition network to help.”

“At Gerber, our mission is ‘anything for baby’ and we are absolutely committed to doing everything we can to help get parents and caregivers the formula they need so their babies can thrive,” the statement read. “We moved shipments up and rushed via air to help fill immediate needs.”

Nestlé, is ramping up production of hypoallergenic (HA) baby formula according to a May 18 announcement.

In a statement sent to *Fortune* Magazine, the company said it “significantly increased” production of Gerber Good Start Extensive HA from the Netherlands and Alfamino from Switzerland, both used to treat babies that respond allergically to sugars like lactose.

“Both products were already being imported, but we moved shipments up and rushed via air to help fill immediate needs.” the Swiss food group said on Tuesday, confirming a report in *Reuters*.

“We prioritized these products because they serve a critical medical purpose as they are for babies with cow’s milk protein allergies. “

Nestlé declined to be more specific on the size of increased shipments, some of which were being sent to hospitals directly, but the group said it was running formula factories flat out already, the Wall Street Journal reported.

**Congressional appropriators told of inflation’s toll on junior enlisted. Inflation hitting junior enlisted hard.** Inflation is affecting service members and their families, just as they’re affecting other families nationwide, but “our junior service members ... feel the largest impact,” the top enlisted Marine told lawmakers Wednesday, says a report by Karen Jowers, military consumer reporter for the Military Times.

“If we can’t get a handle on those costs that are [burdening our] families, then that’s going to impact our retention,” said Sergeant Major of the Marine Corps Troy E. Black, during a hearing of the House Appropriations military construction subcommittee.

Rep. David Valadao, R-Calif., asked whether there are additional flexibilities or resources that the services may need to ensure that military families' basic needs are met. "Some of my constituents have expressed concerns about rising food and supply costs in the commissaries," Valadao said.

Black responded that inflation is affecting everything from food at commissaries and grocery stores outside the gate to childcare. He also expressed concern that Basic Allowance for Housing rates may lag behind increased housing costs in local markets. "Obviously, those two things don't align. Those are impacts to our families," he said.

Last year, in response to skyrocketing housing costs, defense officials took the highly unusual step of providing a temporary increase in BAH for service members in 56 hard-hit housing areas around the country. The rates were offered for the last three months of the year, until the new, annually adjusted rates took effect in January.

Master Chief Petty Officer of the Navy Russell Smith said he echoed the issues raised by Black, and added, "I can't overstate how important the commissaries are to our folks. That does put affordable food in front of them. It gives them the opportunity to purchase it."

In response to earlier questions about how the nationwide shortage of baby formula is affecting military families, Black said the current shortage highlights the ongoing challenges with the supply chain. He noted service members stationed in Okinawa and Guam are "at the end of the supply chain. There's less and less opportunity for families to have what they need," he said.

"There are challenges and things we need to get after, and this current challenge with the baby formula is just one of those," Black said.

Rep. Rosa DeLauro, chairwoman of the full House Appropriations Committee, said lawmakers will seek more information about the baby formula supply for military families.

"We need to work together with you as to how we're providing for our service men and women," she said. "I'm sure they're frantic about being able to get a product so they can feed their babies. We'd really like to know what the situation is with the military, and then work with you as to how we can address it so that becomes part of the answer to this very serious crisis.

"Families shouldn't have to choose between supply and safety," she said. "We want to make sure that when we're talking about families, we're including our military families, as well, the Military Times reported DeLauro as saying"

**ALA Food Service Council setting agenda.** ALA Food Council Chairman Bob Franco is setting in motion a series of initiatives for the coming year. Planning is underway for a Joint Services Policy Board session to coincide with ALA Oct annual meeting. The Council is working on partnering with the IMCES (International Military Community Executives Association). Also, in the works is developing a membership notice to be proactive in their communications regarding case pack changes, sku/UPC deletions, etc. "This will greatly assist the Services and DLA to plan substitutions due to very lengthy supply chain (125 days)." Franco said. The Council is looking to have another ALA Food Show in the Spring of 2023.

**25<sup>th</sup> Anniversary of ALA's Hawaii Food Show and conference.** "Aloha! On behalf of the American Logistics Association, we are honored to present the 25th Annual Daniel K. Akaka ALA Hawaii Food Show and Conference in Honolulu, Hawaii!" said ALA's Sharon Zambo-Fan, organizer of the event.

We are excited to have our Congressional Delegation Members, Senior Executives from the Defense Commissary Agency, Navy Exchange System, Army and Air Force Exchange System, Coast Guard Exchange, Marine Corps Exchange and the USARPAC Food Service teams join in.

**Schedule:**

- Monday, August 15th, Welcome Reception.
- Tuesday, August 16th, Food Show with more than 60 local companies will display, prepare, and serve their new products for consideration to be sold in the Hawaii commissaries, exchanges, and food service locations.
- Wednesday, August 17th, Conference will be updates from Hawaii's Congressional Delegation, presentations from the Defense Commissary Agency, Exchanges, and other military resale activities. Presentations will include the status of their business in Hawaii (YTD sales, promotions and plans) and how together we can continue to grow sales while taking care of our military members.

Special hotel rates are available. Please call (855) 622-7558 or [email Reservations@PrinceWaikiki.com](mailto:email.Reservations@PrinceWaikiki.com) and request the 2022 Daniel K. Akaka ALA Food Show Group rate of \$177.00 night plus tax and resort fee.

**AAFES Director/CEO Says 'Goodbye' To Bud McFarlane.** ALA's Larry Lapka reports. *On Thursday, May 12, Robert C. 'Bud' McFarlane, President Ronald Reagan's former National Security Advisor, passed away at the age of 84*

*Tom Shull, the director, and chief executive officer (CEO) of the Army & Air Force Exchange Service (AAFES), considered McFarlane to be "a distinguished member of our extended Exchange family," and he had a few words to say about McFarlane to the "Exchange Family" in a communication made public on Friday, May 13.*

*Here is what Shull had to say about McFarlane, who he considered to be a "hero."*

"... As a Naval Academy graduate, combat veteran, White House Fellow, respected diplomat, Cold War strategist and devoted husband, father and grandfather, Bud answered our nation's call, leaving an indelible mark on our nation and the benefit we are honored to provide Soldiers, Airmen and Guardians, deployed Sailors and Marines and all military families.

"Bud was a highly decorated Marine Corps officer, commanding an artillery battery in the first landing of U.S. forces in March 1965 and again during a second tour that included the Tet

Offensive in 1968.

"He served nine years in the White House under Presidents Nixon, Ford, and Reagan.

"I had the privilege to work closely with Bud for several years, including as his military assistant, in my last assignment on active duty.

"Bud was a central figure in forging policies that hastened the collapse of the former Soviet Union and the end of the Cold War.

"Later, Bud co-founded IP3 International, an organization dedicated to restoring western competitiveness in the development and deployment of clean, reliable energy infrastructure.

"Despite his busy schedule, Bud always found time to advocate for the Exchange and our team, championing the "Veterans online shopping benefit (VOSB), which we ultimately launched in 2017, the first expansion of Veterans benefits in 30 years." In 2015, Bud kindly visited Exchange headquarters the day before Thanksgiving, meeting with former Marines who continued to serve on our team.

"Bud shared his thoughts on the criticality of the support provided by Team Exchange, saying, 'It means so much to us for those who have been deployed — there was always an exchange, an annex, a trailer — you mustered it to the front lines. It is the nicest thing that happened to us. A cup of coffee, something warm

“You are serving just as surely as us. It is an ethic deeply ingrained. For many, it is in your blood, your family. What a blessing it is to be among you again. You are the brothers and sisters among us. You are treasures of this country and to everyone who serves.’

“This past December, the Exchange honored Bud at the 122nd Army-Navy Game with our inaugural Quality-of-Life Force Multiplier Award, acknowledging and celebrating his amazing service. He received an ovation on the field, with his wife, Jonny, and his family by his side.

“Bud, always the gentleman, took time after the ceremony to inspire and encourage our team.

“And every place you’ve served, you made life better not only for our troops, who led you, because you inspired them,’ McFarlane said of the Exchange after receiving the award. ‘It’s because everybody back home — family, kids, wives, children — are inspired. You’re the same thing for our country. God bless you, every one of you.’

“Two months ago, Bud joined me in commemorating the 40th anniversary of the groundbreaking of the Vietnam Veterans Memorial.

“It was a memorable day, as Vietnam Veterans Memorial Fund Founder Jan Scruggs made a point to recognize Bud’s commitment to honoring the service of all who have worn our nation’s uniform.

“Bud’s comments that day are a stunning reminder of his unwavering love for the United States and the heroes who protect and defend us all.

“Freedom. Freedom. Freedom—that’s what we are about in this country. McFarlane told the crowd. “I used to talk to my Marines about freedom. It’s not an intangible idea. It’s something we cherish because we’ve seen people who aren’t free. ... Everyone here who’s been in uniform knows that. And they’d do it again.’

“Bud’s legacy lives on through the many lives he touched while serving in uniform, government, and business.

“The Exchange family will miss Robert C. ‘Bud’ McFarlane. His family and friends are in our prayers today. We are better and stronger because of Bud.” “Godspeed, dearest friend,” Shull said.

**MPG promotes healthy military families.** Military Produce Group and Healthy Family Project celebrated the seventh annual Produce for Kids campaign in a big way with in-person and virtual events, produce department signage, and ads revolving around The Month of the Military Child. As part of the campaign, produce partners made a \$4,000 donation to [Our Military Kids](#), an organization that provides learning grants to children whose parents are deployed or recovering from combat injuries. New this year, military Child Development Centers sent groups of preschoolers to their local commissary to embark on a produce adventure with the location’s produce specialist. [Healthy Family Project](#) outfitted produce specialists with materials to use with the kids on a produce scavenger hunt using a pre-written script full of jokes, trivia and produce inspiration.

“We were truly excited to implement this year’s redesigned signage and incorporate additional touch points with the families we serve,” said Jeffrey Evans, sales, and marketing manager Military Produce Group “We are grateful to our produce partners for supporting our military community in such a big way.” Healthy Family Project hosted a cooking class on April 28 exclusively for military kids and their families and featuring the campaign’s produce partners, Red Sun Farms, RealSweet® Onions, Wilcox Fresh and Yes! Apples.

“It was a true pleasure to be able to offer a Healthy Family Project cooking class exclusive to military kids,” said Kara Dallman, executive director at Our Military Kids. “Outside of the grants we will be able to provide to military kids through the campaign, the added cooking class made the campaign extra special this year.” There were 33 families in attendance for the Zoom class and Dallman opened the class with a thank you and shout out to Military Produce Group, the campaign’s produce partners and signage at the commissaries. Healthy Family Project’s mother and daughter team, Amanda and Charli, led the class through two recipes.

The campaign's dedicated website provided commissary shoppers with an eCookbook highlighting campaign partners, additional downloadable and more information on the campaign and the previous grants provided to Our Military Kids.

**Maritime Commission seeking input on carrier and port charges.** The Federal Maritime Commission is seeking comments on a new notice of proposed rulemaking that aims to increase transparency of shipping transactions.

- The proposed rule would make six major changes to how carrier automated tariffs are governed. The shifts include removing carriers' ability to charge a fee to access their tariffs and altering the definition of co-loading to apply to less-than-container loads.
- Comments on the rule are due June 9, 2022. The FMC specifically called for comments on co-loading and tariff access fees in its press release announcing the rule.

**The FMC says the new rule would help "remove unnecessary roadblocks" to a "competitive and efficient ocean transportation system." More specifically, the rule suggests six steps to do so:**

1. "Remove the option for ocean common carriers to charge a fee to access their tariff;
2. "Allow non-vessel operating common carriers (NVOCCs) to cross reference certain aspects of other carriers' terms in their tariffs;
3. "Clarify the ability for NVOCCs to reflect increases in certain charges passed-through by other entities without notice;
4. "Update the definition of co-loading to apply only to less than container loads;
5. "Require that documentation be annotated with the names of all NVOCCs involved in a shipping transaction;
6. "Make other miscellaneous updates and clarifications to the regulation."

The FMC had given advanced notice it was considering this rule as of April 2021. After the notice, several stakeholders shared their views in June comments with the agency.

Some carriers have been charging fees for tariff access at an "exorbitant" level, the National Customs Brokers and Forwarders Association of America said in its comments. "A limited number of carriers continue to charge tariff access fees that appear to be exorbitant and thus tend to discourage the public access to VOCC rates that the tariff publishing requirements are designed to encourage."

In contrast, the New York New Jersey Foreign Freight Forwarders & Brokers Association said, "the issue of paying or charging unreasonable fees does not exist for our membership." But the group does believe that there should be no charge "for information that is required by regulation to be publicly available," according to its June 2021 comments.

For others, excess charges are a problem that go beyond access fees.

"The entire ocean carrier/port operations/logistics puzzle needs to be reviewed," the Association of Food Industries said in its comments. "Importers and exporters are often hit with charges for things over which they have no control, with no way to appeal those costs."

"This is an issue facing products from all sectors. While businesses did their best initially to absorb the increased costs, they can't continue to do that and survive. Therefore, there's no other option but to pass the added costs on to consumers. Prices of many often-cited items (gasoline, lumber, automobiles, etc.) have increased over the past several months and without some relief in the shipping arena, similar price increases will be seen across the board. "

“The impact is even greater on small businesses than on larger ones. Larger shippers have more leverage with carriers and others in the transportation sector, so they’re not seeing the same level of increases as smaller firms. Additionally, many of those larger firms buy from smaller firms and are telling those firms they are not willing to absorb any of the added fees.”

“Regarding pass-through charges, while transparency is needed, there’s also a need – with help from Congress and government agencies within and outside the U.S. – to limit carriers’ ability to levy charges. While we understand steamship lines weren’t immune to cost increases due to the pandemic, the record profits they’re reporting bely justification for such drastic increases and added pass-through fees. NVOCCs are often placed in the unenviable position of having to inform customers of added fees over which those NVOCCs have no control. There are also timing issues. Sometimes things such as general rate increases are instituted with little or no notice, leaving the NVOCCs little or no time to inform customers. Those imposing the fees appear to have no requirement to justify their implementation. They can’t continue to go unchecked. Similarly, anyone passing along those fees should be made to demonstrate those fees are indeed being charged.”

The entire ocean carrier/port operations/logistics puzzle needs to be reviewed. Importers and exporters are often hit with charges for things over which they have no control, with no way to appeal those costs – whether they be drayage, repositioning, GRIs, etc. AFI again applauds the FMC for taking steps to address this situation and again calls for the FMC to work globally to address the entire logistics landscape, the food industry Association Said. Bob Bauer President, Association of Food Industries

**Europe COLA cuts.** Thousands of service members and their families stationed in Germany will see a major hit to their cost-of-living allowances starting next month, despite continued struggles for Americans living overseas with heightened utility costs and economic strain caused by Russia's invasion of Ukraine.

The Pentagon announced Wednesday that there will be a reduction in the overseas cost-of-living allowance -- otherwise known as COLA -- for families in the Kaiserslautern Military Community starting June 1 because prices in the continental United States are now more expensive than those in Germany, the Stars and Stripes reports.

"Senior leaders are aware that this is poor timing for a reduction in rate, and are working to determine a way forward," Lt. Col. Micah Neece, the 86th Comptroller Squadron commander at [Ramstein Air Base](#), said in a statement.

With approximately 50,000 service members and families, Kaiserslautern is the largest military community outside the continental United States.

The decrease in the monthly allowance depends on rank, years of service and number of dependents. But an unverified email circulating online that appears to be from the 86th Airlift Wing out of Ramstein explaining the decrease to base commanders describes a cut in the COLA between "\$200 and \$500" for some service members.

The Kaiserslautern Military Community is made up of Air Force facilities located at Ramstein, Einsiedlerhof, Pirmasens, Vogelweh and Kapaun Air Station, along with Army facilities at Sembach, Kleber, Panzer and Daenner Kasernen; Landstuhl; Kirchberg; Miesau Depot; Kaiserslautern Industrial Center; Rhine Ordnance; and Pulaski Barracks.

The non-taxable COLA allowance exists to make living in these areas more affordable for service members by offsetting the cost of daily expenses to make them comparable to costs stateside. With rising prices in the United States, the gap has diminished, leading to the cuts.

"When the strength of the dollar increases against the euro, and as the cost of goods in the U.S. rise compared to the cost of goods in the Kaiserslautern Military Community, service members can expect COLA payments to decrease," the release said.

**AAFES Strategic Priorities For 2022.** ALA’s Larry Lapka reports. *AAFES Director/Chief Executive Officer (CEO) Tom Shull set several strategic priorities and goals he would like to achieve during 2022, stating that he and the Exchange are ready for any challenges that lie ahead during the remainder of the year.*

“Despite a global pandemic, a sudden and expansive humanitarian mission, armed conflict in Europe and economic challenges not seen in some 40 years, Team Exchange has risen to the occasion, protecting, preserving, and even strengthening the benefits we are honored to provide Soldiers, Airmen, Guardians, and their families.

“We are truly ready for any challenge 2022 can bring.

“With this in mind, we have set the following aggressive, yet achievable, goals to do even more for the communities we are privileged to serve. These are low-risk, high-value targets that we are moving out on with an unwavering sense of urgency

“Your ingenuity, drive and passion will be critical to accomplishing these objectives.

“It is truly an honor to serve with you. Looking forward to seeing all we accomplish together in the coming months.”

“Self-checkout launched at the Fort Benning, Ga., Exchange in April. Plans call for self-checkout at 80 PXs, BXs and Expresses by September, with more than 300 total self-checkout lanes in place by year-end.

“Self-checkout frees associates to assist customers on the floor while reducing wait times for the best customers in the world.”

“Upgrades to Exchange name-brand restaurant point-of-sale (POS) systems is allowing for integration with each brand’s loyalty program as well as compatibility with self-order kiosks, smartphone apps and more, providing a more seamless customer experience.

“Full rollout with Popeyes, Slim Chickens and Panera Bread’s POS has been completed and work to roll out brand POS systems at Starbucks and Charleys, with additional brands to follow, is ongoing.

“Quick-serve restaurants (QSR), such as Hunt Brothers Pizza and J. Walken Chicken and Chopz, have proven to be of critical importance to our Express operations. The Exchange now has nearly 90 QSRs, 15 of which opened last year. QSR sales increased 10 percent in 2021.

“The Exchange expects to open an additional 20 QSRs before the end of this year.”

“Since 1985, the Exchange has provided healthcare services for active-duty family members, retirees, their families and now service-connected disabled veterans and Department of Defense civilians.”

“In 2021, the Exchange saw 1.3 million patients visit its health and wellness services, which include dental clinics, durable medical stores, nutrition centers, cryotherapy, and vision centers.

“The newest healthcare business, chiropractic care, arrived in January with the opening of the Exchange’s first Joint chiropractic clinic at Luke AFB, Ariz., followed by MacDill AFB, Fla., later that month

“Additional health and wellness opportunities are expected to include mental health; weight loss; family healthcare and additional ambulatory care services.”

“Industry-wide, eCommerce in the United States has grown an average of 16 percent a year the last decade.

“The Exchange is broadening its online appeal to gain a larger share of this thriving market, focusing on meaningful key improvements to vastly expand [ShopMyExchange.com](https://www.shopmyexchange.com)’s merchandise selection, improve search results and rationalize fulfillment strategies.

“Very soon, the Exchange’s online merchandise selection will expand beyond products carried within PXs and BXs. Store associates will play a key role in assisting shoppers in finding the items they want on [ShopMyExchange.com](https://www.shopmyexchange.com) to provide a true multi-channel shopping experience.

“Recent merchandise expansions have already added 28 percent, or 47,000 items, to our 2021 eCommerce portfolio.

“Recently added vendors include ultimate sports apparel and fan gear partner Fanatics; footwear, apparel and accessories brand Ariat; private label apparel supplier Fifth Sun; and outdoor product and climbing gear wholesaler Liberty Mountain, with many more to come in the near future.”

“The Exchange Credit Program is pursuing a change to how Military Star transactions are processed to offer seamless integration and acceptance across the entire military resale community, partners and selected third-party vendors.

“Today, we utilize our internal, closed-loop environment for processing transactions. In the future, we will partner with an industry leader to leverage their network.

“The current process has served us well for many years, but

has limitations that demand both a financial and resource commitment from our business partners to integrate their POS or invest in a separate device to enable Military Star acceptance.

“As the overall Exchange footprint expands with name-brand food operations, healthcare services, mobile delivery options and new eCommerce partnerships, an easier integration method is needed.

“As the expansion project moves forward, we will simultaneously be analyzing and exploring options to refresh and redesign the current Military Star rewards program.

“Current benefits and rewards features will be evaluated from a consumer engagement and financial perspective, along with research to identify potential new features.

“The team will prepare a recommendation for how Military Star should employ rewards going forward.”

“Together, we navigated the pandemic without layoffs or furloughs. This is an amazing accomplishment that reflects our collective commitment to family serving family.

“Sound business practices that reflect current realities remain at the forefront of our efforts to deliver strong earned benefits to those who serve and have served.

“We remain fully focused on driving efficiencies at the headquarters level while ensuring we have the people and resources in place to appropriately support our store and distribution center (DC) teams.

“While the recent minimum wage increase has further strengthened our industry-leading compensation package, corresponding cost increases necessitate a higher level of productivity to allow the Exchange to remain competitive.

“Our collective focus on delighting the customers we are privileged to serve will ensure the wage increases are a strategic advantage.”

“Team Exchange is setting the bar high — no one brings more drive, passion, and purpose to serving those who serve.

“Thank you for all you do to keep the Exchange benefit strong for service members, veterans, retirees, and their families, as well as the Coast Guard and DoD civilians we welcomed home during the past year.

**DeCA seeking BOGO offers.** DeCA promotions needs 2 more offers for DP 12 2022. We are also still looking for additional offers for all upcoming DP's starting with 13. Tita Kalua'u Business Management Specialist.  
[Tita.Kalua'u@deca.mil](mailto:Tita.Kalua'u@deca.mil) 804-734-8000 ext. 52879

**DeCA Shelf stocking solicitations:**

***Camp LeJeune***

<https://sam.gov/opp/a4b3a70316f24ba0a4000f95ef8c550c/view>

***Kaneohoe***

<https://sam.gov/opp/2d555519be2040c581855768fe4b58ea/view>

***AF Academy***

<https://sam.gov/opp/9b325cf2d2ce4295933a990acca61f3c/view>

**Major Aerie AAFES expansion.** The Army & Air Force Exchange Service is upgrading its women's clothing selection with the addition of Aerie at [ShopMyExchange.com](https://www.shopmyexchange.com) and select PXs and BXs.

Aerie will be available, tax-free and at military exclusive prices, at the Fort Hood PX and worldwide on [ShopMyExchange.com](https://www.shopmyexchange.com) starting May 20.

**Additional Exchange locations that will feature products from Aerie in the coming months include:**

- Joint Base San Antonio-Lackland
- Joint Base Lewis-McChord
- Joint Base San Antonio-Fort Sam Houston
- Nellis AFB
- MacDill AFB
- Fort Belvoir
- Fort Benning
- Fort Bliss
- Fort Bragg
- Fort Campbell
- Fort Carson
- Fort Lee
- Fort Leonard Wood
- Fort Meade

"The Exchange is making aggressive updates to further maximize the tax and price savings only found at the PX, BX or [ShopMyExchange.com](https://www.shopmyexchange.com)," said Exchange Director/CEO Tom Shull. "A sustained focus on onboarding even more high-quality and trusted brands is truly transforming the hard-earned Exchange benefit." After the initial launch, Aerie will be added to an additional 31 Exchange PXs and BXs throughout 2022.

**Tyndall AFB re-build.** It's been more than three-and-a-half years since Hurricane Michael pummeled Tyndall Air Force Base, Fla., severely damaging or destroying 95 percent of the base's 1,300 structures.

On May 10, the base took a major step in its long build back to become the "Base of the Future" with the awarding of a \$532 million military construction contract.

Including contingencies and contract oversight, the contract's total cost is \$604 million, the Air Force said in a release, making it the largest military construction contract on record in the Air Force database, which dates to 2008.

**Those hundreds of millions of dollars will go toward 11 projects to support the flight line for Tyndall's F-35s, including:**

- Three aircraft maintenance unit hangars
- Maintenance fuel cell hangar
- Weapons load training hangar
- Group headquarters
- Squadron maintenance complex
- Flight simulator facility
- Corrosion control facility
- Parking apron
- Aircraft support equipment storage

The U.S. Army Corps of Engineers awarded the contract to Hensel Phelps, a Colorado-based construction company that ranks as one of the nation's biggest construction contractors. The Army Corps of Engineers is partnering with the Air Force Civil Engineer Center's Natural Disaster Recovery Division in the reconstruction.

**U.S. Military eastern Europe station in flux.** The Baltic states and Poland are asking for a significantly expanded military presence on their soil and new capabilities such as anti-aircraft defense that could make it far harder for Russia to invade.

"We have to reflect the security concerns by the allies that are most exposed," Czech Deputy Defense Minister Jan Havranek said in an interview. His country has volunteered to lead a new NATO battalion in neighboring Slovakia, which is newly vulnerable because it shares a border with Ukraine. The NATO posture "needs to be scalable and tailored to the current security situation," he said.

Eastern European countries including the Baltic states and Poland envision large NATO troop detachments, including tens of thousands of troops and "enabler" units that would provide air defenses and other protections. Under the Baltic plan, a full division of troops would not be permanently stationed in each country, but their equipment would be positioned there in advance and NATO would assign thousands of additional forces to be on standby for each country in case of a crisis. Only roughly a brigade of NATO troops — about 6,000 troops — would be on the ground in each nation on an ongoing basis, up from about 2,000 before February, according to the proposal reviewed by The Post.

Poland is hosting more than 10,000 American troops, up from a prewar presence of 4,500, and would like to see even more stationed there going forward. U.S. officials say there is broad agreement across NATO that Eastern-flank nations should not be asked to endure an invasion until alliance reinforcements can arrive. But they see the permanent stationing of large numbers of NATO troops in the east as expensive and unwieldy, preferring instead to establish conditions — including positioning of equipment in advance, preselection of naval units, and a new command structure — that would allow NATO to rapidly scale up, potentially to the numbers envisioned by the most vulnerable member states.

Gen. Mark A. Milley, chairman of the Joint Chiefs of Staff, told lawmakers last month that he favored establishing permanent bases with temporarily deployed troops in Eastern Europe, "so you get the effect of permanence" without having to bear the costs of relocating families as part of longer deployments.

The Biden administration has already increased its troop footprint in Europe from about 60,000 to more than 100,000 in response to Russia's buildup and assault on Ukraine, but many of those troops are living in conditions unsustainable for longer missions, sleeping on cots in makeshift barracks.

Eastern European countries are also pushing for NATO to officially abandon the NATO-Russia Founding Act, a 1997 agreement that limited permanent alliance deployments east of Germany in exchange for a Russian commitment to maintain peace. Most alliance officials agree the pact is void not only because of Russia's invasion of Ukraine but because the Kremlin has stationed Russian troops in Belarus, within easy menacing distance of Vilnius, the Lithuanian capital.

Ivo Daalder, a former U.S. ambassador to NATO who now heads the Chicago Council on Global Affairs, said the accession of Finland and Sweden could significantly boost alliance security in Northern Europe, injecting a new element into discussions as the Baltic countries and other members in Eastern Europe push their deterrence requests. Daalder said he thought NATO leaders meeting in Madrid would probably issue a more general statement committing to strengthening deterrence and defense infrastructure in Eastern Europe, which would then be followed by debates about the details and specific troop allocations.

He noted that even a promise to develop better rail links and other infrastructure that could help NATO respond quickly in an emergency would be a significant step. "I think there's going to be a fundamental commitment to significantly enhance the NATO presence on the eastern flank," he said, including air, land, and sea assets. "That's important because NATO has never said that. It's a huge change in NATO policy."

**Spartan/Door Dash deal.** SpartanNash announced a multipart deal with DoorDash that incorporates the delivery company as an e-commerce partner, service provider and distribution client. Under the deal, DoorDash will provide on-demand grocery delivery from more than 100 SpartanNash owned stores as well as become a delivery and e-commerce services option for the grocery company's network of 2,100 independent retailer customers. SpartanNash will also serve as a distributor to DoorDash's online convenience store, DashMart, beginning in New York City and expanding to additional locations later. SpartanNash is adding DoorDash as a partner across the various facets of its business as both companies look to reach more customers with home delivery.

The deal adds another delivery option for shoppers of SpartanNash's retail stores. Those stores, which include locations under the Family Fare, Martin's Super Markets and D&W Fresh Market banners, already offer delivery through Instacart. In addition, the company has its own delivery services, Fast Lane and Groceries to Go, that utilize store workers to fill orders and then rely on multiple last-mile delivery companies to ferry those orders to shoppers' doorsteps. SpartanNash is also adding DoorDash as a service option for the hundreds of independent grocers it counts as distribution customers. Those retailers will be able to list their assortments on DoorDash's marketplace app and website. They will also have access to DoorDash Drive, the e-commerce company's white-label delivery service.

"SpartanNash's rapid innovation and digital platform expansion are part of our overarching omni-channel growth strategy," SpartanNash Executive Vice President and Chief Strategy Officer Masiar Tayebi said in a statement. "Our partnership with DoorDash cuts across the full food value chain and signifies another important milestone in our journey to better serve our customers as their needs evolve."

**AAFES Europe Region fosters German working relationships.** ALA's Larry Lapka reports. Under agreements between the U.S. and the Federal Republic of Germany, U.S. Forces entities employing German local national associates must establish and maintain works councils. The works councils serve as an advocate for employees and consultative partner for management.

Recently, AAFES Europe, Southwest Asia and Africa Region leadership thanked the region's German District Works Council (DWC) for their service as the council's four-year term ended.

After the final joint meeting council, Lt. Col. Garrett Bruening, Exchange Europe management representative to the DWC, expressed his appreciation on behalf of the Exchange Europe

Region leadership and presented DWC Chairman Bianca Hotopp-Büllesfeld with an Exchange Europe Region coin.

"Works councils serve as an important bridge between management and German local national associates," Bruening said. "This council's term for the last four years has been especially challenging with the COVID pandemic and now the war in Ukraine.

"We appreciate their flexibility in executing their function and their counsel as we navigated those and more challenges."

The DWC performs this function at the region level, representing nearly 1,400 German local national associates to region leadership.

"Works councils give voice to associate concerns, ensure employment practices follow the law, and help management understand issues from an associate's perspective," Hotopp-Büllesfeld said.

"Through good cooperation, we've helped address issues in the work center, provided German local national associates services through the Employee Assistance Program and raised concerns about COVID mitigation measures that led to improvements."

**Military recruiting difficulties.** Only about one-quarter of young Americans are even eligible for service these days, a shrinking pool limited by an increasing number of potential recruits who are overweight or are screened out due to minor criminal infractions, including the use of recreational drugs such as marijuana. But what had been a slow-moving trend is reaching crisis levels, as a highly competitive job market converges with a mass of troops leaving as the coronavirus pandemic subsides, alarming military planners.

"Not two years into a pandemic, and we have warning lights flashing," Maj. Gen. Ed Thomas, the Air Force Recruiting Service commander, wrote in a memo -- leaked in January -- about the headwinds his team faces.

For now, the services are leaning on record-level enlistment and retention bonuses meant to attract and keep America's military staffed and ready -- bonuses that continue to climb, the Military Times reported.

In an interview with [Military.com](https://www.military.com) last month, Thomas didn't mince words. He knows he is competing against the private sector to hire people, from technology giants to regional gas stations.

"If you want to work at Buc-ee's along I-35 in Texas, you can do it for [a] \$25-an-hour starting salary," Thomas said. "You can start at Target for \$29 an hour with educational benefits. So, you start looking at the competition: Starbucks, Google, Amazon. The battle for talent amidst this current labor shortage is intense."

Paired with those competitive offers for workers are a large number of service members retiring, some having delayed leaving the ranks during a pandemic that saw huge instability in the job market.

The pandemic economy has placed private-sector workers in the driver's seat, pushing employers to offer more lucrative incentives such as better benefits, flexible work-from-home schedules, or massive signing bonuses to make hires. That is putting major pressure on the military as it tries to attract recruits who may be considering the civilian job market.

It's all been complicated by the military's myriad of other difficulties getting new troops in the door, such as recruiting efforts quashed by the pandemic, a shrinking pool of eligible recruits, and social media silos complicating advertising. And amid public scandals, such as the 2020 murder of Vanessa Guillén and suicides on the aircraft carrier USS George Washington, military service may seem like a less attractive choice for young Americans.

"This is arguably the most challenging recruiting year since the inception of the all-volunteer force," Lt. Gen. David Ottignon, the Marine Corps officer in charge of manpower, told the Senate during a public hearing April 27.

"We're in a search for talent just like corporate America and other businesses; almost everyone has the same issue the military does right now," Maj. Gen. Kevin Vereen, head of U.S. Army Recruiting Command, told [Military.com](https://www.military.com). "We're trying to match incentives for what resonates. For example, financial incentives. Nobody wants to be in debt, so we're offering sign-up bonuses at a historic rate.

"We've never offered \$50,000 to join the Army," he added.

The military's difficulties attracting recruits go far beyond making the right bonus offer. The forces working against recruiting increased during the grinding global pandemic -- lockdowns kept recruiters home and young Americans are refusing vaccines, for example -- and are also rooted in longer-term societal shifts in physical fitness and communication.

"The aggregate effects of two years of COVID is that is two years of not being in high school classrooms, two years of not having air shows and major public events like being in those public spaces, where our potential applicants or potential recruits are getting personal exposure, face-to-face relationships with military recruiters," Thomas said.

Only about 40% of Americans who are of prime recruiting age are vaccinated against the virus. Outright refusal to get the shot immediately precludes joining the force and short-circuits any pitch from recruiters. COVID vaccines are among at least a dozen inoculations mandated by the Defense Department.

"Seventeen-to-24-year-olds are not getting vaccinated, and those [are] people we aren't having a conversation with," Vereen said.

Even when potential recruits are interested and big bonuses motivate them to sign on the dotted line, only about 23% of young Americans are even eligible for service.

Past legal run-ins or a drug history prevent potential recruits from joining, and more and more Americans are overweight. According to the Centers for Disease Control and Prevention, 40% of adults aged 20 to 39 are obese. That problem has been deemed a national security risk by some because it causes an increasingly shallow pool of potential recruits.

The confluence of challenges has others loudly alerting the public that there's a problem.

Sen. Thom Tillis, R-N.C., the ranking member of the Senate Armed Services Committee personnel panel, says the military is on the cusp of a recruiting crisis.

"To put it bluntly, I am worried we are now in the early days of a long-term threat to the all-volunteer force. [There is] a small and declining number of Americans who are eligible and interested in military service," Tillis said during an April 27 hearing.

He added that "every single metric tracking the military recruiting environment is going in the wrong direction." Just 8% of young Americans have seriously considered joining the military, while only 23% are eligible to enlist, according to Tillis.

**New Defense Industrial Policy chief.** U.S. President Joe Biden plans to nominate Laura Taylor-Kale, an Obama administration trade official, as the Pentagon's industrial policy chief, the White House announced Friday. Taylor-Kale, if confirmed by the Senate as assistant secretary of defense for industrial base policy, would step into the role as the industry is facing supply chain and workforce challenges in the wake of the COVID-19 pandemic.

ALA works with the DoD's Industrial Policy office on several initiatives related to the supply chain and food service programs.

**Pentagon deploying 10,500 troops in the coming months to replace military units that were rapidly deployed to Europe to bolster NATO's eastern edge after Russia invaded Ukraine in February.** "The deployments are one-for-one unit replacements, which will leave our overall force posture in the region — approximately 100,000 — unchanged," Pentagon spokesman John Kirby told reporters Friday afternoon. "The units being replaced will return to their home station following an appropriate turnover of responsibilities." The turnovers are expected to continue through the summer months. Of note, the 101st Airborne Division headquarters, out of Fort Campbell, Kentucky, will replace the 82nd Airborne Division headquarters.

Russian President Vladimir Putin's invasion of Ukraine has ignited debate over how many U.S. troops should be permanently stationed in Europe and even whether new bases should be established. But Kirby had no update Friday on whether any of the additional troops dispatched to countries like Poland, Romania and Germany in recent months foreshadowed a permanent presence.

about 80,000 U.S. troops were in Europe, either on permanent bases or rotating through to train with NATO allies. Some countries, like Lithuania, have sought a more concrete U.S. military presence to beef up security after Russia's invasion of Ukraine.

"My advice would be to create permanent bases, but don't permanently station," Army Gen. Mark Milley, chairman of the Joint Chiefs of Staff, told the House Armed Services Committee in early April. "So, you get the effect of permanence by rotational forces cycling through permanent bases."

"And I believe that a lot of our European allies ... they are very, very willing to establish permanent bases," Milley added. "They'll build them, they'll pay for them, etc."

The 101st Airborne Division's 2nd Infantry Brigade will replace the 3rd Infantry Brigade from the 82nd Airborne Division. That turnover alone will involve about 4,200 soldiers.

Another 4,200 soldiers from 3rd Armored Brigade, 1st Cavalry Division, out of Fort Hood, Texas, will replace the 1st Armored Brigade, 3rd Infantry Division, which is returning home to Fort Stewart, Georgia.

Finally, the 1st Armored Division Combat Aviation Brigade, which is stationed at Fort Bliss, Texas, will replace the 1st Air Cavalry Brigade to support the U.S. force commitment to Atlantic Resolve, a rotational presence that has been ongoing since fighting began in eastern Ukraine's Donbas region in 2014.

**Produce award.** Upper Valley Produce LLC, White River Junction, Vermont, awarded a maximum \$9,750,000 fixed-price indefinite-delivery/indefinite-quantity contract for fresh fruits and vegetables. Using customers are U.S. Department of Agriculture schools.

**DeCA push on vets.** DECA is amping up its program to get more vets to shop. The Department of Defense expanded commissary shopping privileges in the U.S. effective 1 January 2020 as part of the Purple Heart and Disabled Veterans Equal Access Act of 2018, included in the John S. McCain National Defense Authorization Act for Fiscal Year 2019.

**Access was expanded to include:**

- Veterans with any service-connected disability
- Purple Heart recipients
- Former Prisoners of war, and
- Individuals approved and designated as the primary family caregivers of eligible Veterans under the Department of Veterans Affairs Program of Comprehensive Assistance for Family Caregivers

**The promotion cites benefits to vets including:**

- Savings exclusive to our shoppers means more savings in your pocket, every time you shop
- Commissary Store Brands with quality equivalent or better than national brands and even greater savings
- Manufacturer coupons like you've never experienced at competitive retailers
- Convenience of online shopping through Commissary CLICK2GO, offering even greater convenience with digital coupons, custom shopping lists, and curbside grocery pick-up
- Dietitian-approved labels and recipes, on-the-go meals, and snacks to help you maintain mission readiness
- A military connection and camaraderie exclusive to eligible patrons and family
- A workforce that understands and values you because they've also served

**USO and Kroger Join Forces to Bring Mobile Food Programming to Military Community.** The USO – the leading non-profit organization supporting U.S. service members and their families – has teamed up with Kroger – America's largest grocer – to launch a mobile food programming that will serve local military communities. The initiative kicks off May 16 with a "Stuff the Truck" event at the Chamblee

Tucker Kroger store in Atlanta, Georgia, and will end at Fort Stewart on May 21, with a meal for family members of forward deployed service members.

“The USO is proud to uplift the U.S. military community with the help of our partner Kroger,” said Brian Cowart, Chief Development and Marketing Officer at the USO. “This initiative offers the American people the opportunity to give back to those who have sacrificed for our country and to connect with service members through the joy of food.”

Through this partnership, the USO and Kroger will provide nutritious meals to military members and bring them a taste of home, whether they’re supporting natural disaster relief, serving in remote locations, or at basic training. Custom co-branded trucks and trailers from the mobile USO fleet will collect donations from local shoppers and deliver food to various military bases.

As part of the event, the public can make donations to “Stuff the Truck.” A few recommended products to donate include protein bars, fruit snacks, and to-go peanut butter – all which service members will enjoy.

Starting in Georgia, mobile units will deliver food to our heroes in uniform, stopping to replenish supplies at Kroger stores along the way. Initial locations include Dobbins AFB, Fort Gordon, and Fort Stewart.

“The USO and Kroger have long worked together to support our military service men and women and their families,” said Denise Osterhues, Kroger’s senior director of sustainability & social impact. We’re introducing three new mobile kitchen units in the next two years to take our partnership to the next level. Together, we’ll bring warm meals and taste of home to service members wherever they are – at military installations, providing food at USO centers, or disaster relief services in our communities. This new Kroger-USO mobile kitchen fleet will be at the center of our shared mission to nourish our neighbors.”

**AAFES's New Pacific Region Senior Enlisted Advisor.** ALA’s Larry Lapka reports. AAFES recently welcomed Army Sgt. Maj. Generose Green as the senior enlisted advisor of its Pacific Region. Green, a native of the Democratic Republic of the Congo, joined the Army in 1998 from Silver Springs, Md. She has served for more than 24 years as a logistical specialist, spending 12 years in Germany.

She has deployed three times, once to Iraq, once to Afghanistan, and a six-month deployment to Germany to provide logistical support for exercises in Europe.

In her new position as senior enlisted advisor, Green is the liaison between the Exchange team and the military community. When she first deployed to Iraq as a staff sergeant, “I remember being a little anxious and not sure of what to expect, but when I saw the little AAFES Shoppette — that really calmed my nerves because it reminded me of home.”

**DeCA delivery getting started.** Two San Diego bases are among eight nationwide taking part in a pilot test of a new shop-from-home grocery delivery service for military-connected customers.

U.S. Military Academy graduate Harold Earls IV, 29, was in town last week to check in on commissaries at the Miramar Marine Corps base and Naval Base San Diego at 32nd Street, where he said the service will roll out June 1 for a 90-day trial. His company, YouUp, won the West Coast contract covering three bases, including one in Washington state, the San Diego Union reported.

The idea blossomed when he was stationed at the Army base in Fort Myer, Va., in 2020. Earls was shopping at the local Giant supermarket with his wife, Rachel, and their two young boys.

Why didn't base commissaries make home deliveries like most major grocery stores, Rachel asked.

The Earls were entitled to shop at the commissary, where they could buy groceries at cost. Instead, with little kids and little time, they found themselves relying on a supermarket near their house because it was easier and more convenient.

The West Point graduate took his wife's complaint to heart upon retiring from active duty.

He enlisted his friend and mentor, Douglas Vercellotti, former chief of staff of Dell Technologies, to help formulate a business plan and assemble a core team of veterans with business experience.

"We were just trying to solve a problem that existed in our own military community," Earls said. "We reached out to the commissaries, and they said they were interested." As it turned out, the U.S. Defense Commissary Agency (DeCA) was formulating a similar e-commerce concept.

Earls' goal was to make shopping more convenient, along with reviving flagging commissary sales, to enable commissary operators to negotiate greater discounts from suppliers and distributors which, in turn, would be passed on to customers.

Commissary groceries are sold at cost by government mandate and not subject to sales tax. The YouUp plan would include the 5 percent fee for the commissary, plus, to cover its operating expenses, a delivery charge of roughly \$4.

Currently, commissary shoppers get a mandated 23.7 percent savings even after the 5 percent commissary use surcharge is deducted.

There is another benefit — the hiring of military spouses (reported to be 22 percent underemployed compared to their civilian counterparts) and veterans with military base access to deliver the groceries.

The website, [www.YouUp.us/Hire](http://www.YouUp.us/Hire), currently is soliciting applications for deliverers, or carriers, who will be paid \$20 an hour, plus customer tips. Unlike Instacart workers, they don't shop in the store but pick up orders bagged by commissary workers and placed at the curb.

That's because the Defense Commissary Agency began instituting a CLICK2GO online order system with curbside pickup in 2019. The pilot home delivery program is an extension of that service.

Earls said his company is led and staffed by veterans, members of Gold Star families who've lost a loved one on active duty and military spouses.

One of the newly hired carriers is Valerie De Castro, a Camp Pendleton mom with a 9-month-old baby and a toddler, age 4. She heard about the program through a military spouse Facebook group and signed up.

"I have my kids with me all the time," De Castro said. "This is an opportunity to make some money and help support my kids, so they have the opportunities in life I want to give them." A couple of her friends also have applied as carriers.

The program won't just target off-base shoppers. "I know some families living on base who don't own a second car," De Castro said. When a spouse is working, they often ask if anyone can pick up commissary items for them.

Neeley McAllister, a Gold Star widow who lives in Virginia, is in charge of hiring community leaders and drivers for YouUp. She estimates about 50 delivery drivers have been hired so far in San Diego. They are a mix of military spouses, veterans, and military retirees, with about half living on a base.

"Some spouses have been so excited, they've posted about it on their own Facebook pages," said McAllister, who is relying heavily on word-of-mouth, military group social networking and military publications to get out word about the new service.

If the three-month pilot project goes well, Earls foresees the program being rolled out to all 236 commissaries here and abroad, eventually employing as many as 3,000 workers.

This may help stem hemorrhaging commissary sales. Defense Commissary Agency figures show a drop from \$6.09 billion in sales in 2012 to \$4.5 billion in 2019.

Plus, shopping online became a way of life during the pandemic, and delivery services are flourishing.

It's also a long overdue convenience for veterans, disabled vets, widowed spouses, and others.

Ninety percent of commissary-eligible shoppers live off-base, according to the Defense Commissary Agency. Many, especially moms with young children, have neither time nor fortitude to brave the often-long lines for entry.

This also will open the door to many who retain commissary privileges but currently don't have credentials necessary to enter a base.

The delivery service applies only to commissaries, not base exchanges, which sell non-grocery items and already accept online orders for shipping.

The [YouUp.com](https://www.youup.com) service is being offered only online, although an app may be added. Beginning June 1, same-day delivery will be available within three hours of ordering on Mondays through Fridays.

"We would like to be part of the solution," Earls said.

**Despite sales increases, Target hit hard by high margin item sales drops.** "Throughout the quarter, we faced unexpectedly high costs, driven by a number of factors, resulting in profitability that came in well below our expectations, and well below where we expect to operate over time," Target Chief Executive Brian Cornell told reporters. Target and other retailers had benefited from rising sales of higher-margin goods such as kitchen appliances, television sets and furniture during the pandemic, and profits increased. On Wednesday, the company said earnings for the April quarter were hurt by higher markdown rates and inventory impairments, and lower-than-expected sales in those discretionary categories. Mr. Cornell said customers were buying fewer big items such as bicycles, TVs, and kitchen items than in the past two years. Shoppers are "moving from buying small kitchen appliances and maybe replacing that with gift cards to restaurants and entertainment as they return to a more normalized lifestyle," he said.

The company also experienced freight and transportation costs in the first quarter that were higher-than-expected by hundreds of millions of dollars, and now anticipates freight costs will reach \$1 billion for the year. While the retailer had hoped that volatility would moderate this year, "we don't see conditions improving right away," Cornell said.

"The company remains profitable – and has made bottom-line gains on both 2020 and 2019 – but margins are well below the long-run average, which is a cause for concern and a very notable stumble for a retailer that has long been the poster child for solid retailing," wrote Neil Saunders, managing director at GlobalData, noting the consumer shift away from higher margin goods.

**\$15.50 California minimum wage.** California's minimum wage for all employers will rise to \$15.50 an hour in January, advisors to Gov. Gavin Newsom said Thursday, the first time that rising inflation has triggered a provision of a 6-year-old state law governing automatic pay increases. The announcement came one day before Newsom unveils a revised state budget plan, a new spending proposal for state government that relies on an updated economic forecast and one that will offer rental assistance and cash rebates to struggling Californians. The state's minimum wage for large employers is currently \$15 an hour, with employers that have fewer than 26 workers paying \$14 an hour. Both pay levels went up in January, the presumed final step envisioned by a 2016 state law that gradually increased wages — in most years, by one dollar an hour. Small businesses were given more time to raise their pay.

**Greek/U.S. basing agreement.** Greece's parliament approved the renewal and amendment of a defense cooperation agreement with the United States. The agreement, an amendment to a prior deal signed in 2019, was approved by a majority of 181 MPs, including the ruling conservative party and the socialists.

Mitsotakis told parliament the agreement shields the country against security threats, will allow an upgrade of military facilities and is a vote of confidence for Greece, which is becoming an energy hub in the region after Russia's invasion of Ukraine.

"The text (of the agreement) we are called to ratify ... depicts a new reality," Mitsotakis said. "The U.S. is extending its presence in the Eastern Mediterranean ... and our country becomes in the clearest way the main partner and interlocutor of the United States in the region."

It also includes mutual protection pledges against armed attack, he said.

The deal gives U.S. forces access to a "road into the Balkans" through additional Greek military facilities in Litochoro and Volos, the sprawling naval base of Souda and the key port of Alexandroupolis, the PM said.

U.S. Secretary of State Antony Blinken has called the agreement "the bedrock" of defense cooperation between Greece and the United States.

Greek officials have said the agreement will be updated every five years.

Under the 2019 agreement, U.S. forces had already been granted priority status for "unimpeded access and use" within 48 hours at Alexandroupolis, a Balkans and Black Sea gateway of strategic value to the U.S. navy and NATO.

The latest amendment agreed in 2021, extends the cooperation by allowing the presence of U.S. forces in four more military areas, including two army camps in central and northern Greece and a naval base on the island of Crete.

Greece believes the agreement, which will remain in force for at least five years, will also help protect it against "threats" at its northern land border with Turkey and in the Eastern Mediterranean, where there are long-standing territorial disputes between the two NATO allies.

Best regards—

Steve Rossetti