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OVERVIEW OF MORALE, WELFARE, AND RECREATION (MWR) PROGRAMS

HEARING

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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OVERVIEW OF MORALE, WELFARE, AND RECREATION (MWR) PROGRAMS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, March 29, 2007.

The subcommittee met, pursuant to call, at 2:50 p.m. in room 2118, Rayburn House Office Building, Hon. Vic Snyder (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. VIC SNYDER, A REPRESENTATIVE FROM ARKANSAS, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Dr. SNYDER. We apologize for the delay. I don't think we are anticipating further delays. You may have also caught on that most members over the next few minutes will start heading for airports to go home for the spring break. I did not even come down to say hello to you.

I am going to do a brief opening statement, and we will go to Mr. McHugh, and we have your written statements and most members will have looked at them, and if you can condense that down, then we have got some questions to ask, and we will try not to keep you here longer than is necessary but, again, we apologize for the delay.

We are pleased you all are here today because these programs you are responsible for and you have been involved in, we think, are absolutely vital to our men and women in uniform and our military families, and we will flesh that out as the hearing proceeds.

You are such an important part of not just feeling good but of the morale and the readiness of our men and women in uniform and their families. If they don't feel good about what is going on in other parts of their lives, including the family, it impacts their work. And so that is why we think the work you do is so important.

Some of the concerns of the subcommittee include a decline in appropriated fund support for Morale, Welfare, and Recreation (MWR) facilities, the construction at new facilities with increased populations, and the need to increase access to, call it child care, and I know that some of you will be talking about that in your opening statements, and we will ask you about that, and I would like to let Mr. McHugh make any comments.

[The prepared statement of Dr. Snyder can be found in the Appendix on page 27.]

STATEMENT OF HON. JOHN M. MCHUGH, A REPRESENTATIVE FROM NEW YORK, RANKING MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. MCHUGH. I did have a chance to speak to each one of the witnesses personally, but I want to state for the record how pleased we are, how privileged we feel to have you with us today. I ask my statement be entered in its entirety in the record. Thank you, sir. And I just echo the comments that you made. These are challenging times. I think the opening sentence to the staff memo that tells us quote, "MWR programs are intended to provide military personnel the same quality of life as is afforded the society they have pledged to defend," end quote, kind of says it. That is the challenge.

As you know, you folks are an indispensable part of that. The challenges from base realignment and closure (BRAC) to global rebasing to pressure on appropriated fund support and on and on and on are going to have to cause all of us to rise to those significant challenges.

So we look forward to your comments here today, and thank you.

With that, Mr. Chairman, I will yield back.

[The prepared statement of Mr. McHugh can be found in the Appendix on page 29.]

Dr. SNYDER. Thank you, Mr. McHugh.

I also want to apologize in advance. You may see members having to leave sooner than they otherwise would because of the lateness in the day.

Let me introduce our panel: Ms. Leslye Arsht, the Deputy Under Secretary of Defense for Military Community and Family Policy; Brigadier General Belinda Pinckney, Commanding General, U.S. Army Family and Morale, Welfare and Recreation Command; Rear Admiral Mark A. Handley, United States Navy, Vice Commander, Navy Installations Command; Mr. Michael P. Downs, Director, Personal and Family Readiness Division Headquarters, Marine Corps; and Mr. Arthur J. Myers, Director of Air Force Services.

And if you would do your opening statements in that order, I will put the five-minute clock on you, but that is to be a reminder. If you finish under that today, that is great, but if you see the light go on and you got things we need to know about, you go ahead and fire away. But that is to let you know that five minutes have passed.

STATEMENT OF LESLYE A. ARSHT, DEPUTY UNDER SECRETARY OF DEFENSE FOR MILITARY COMMUNITY & FAMILY POLICY

Ms. ARSHT. Chairman Snyder, Ranking Member McHugh, distinguished members of the subcommittee. Thank you for this opportunity to testify on Department of Defense (DOD) morale, welfare, and recreation programs.

Dr. SNYDER. We need you to bend that thing down and get it a little closer to your face. Even closer than that. This is old time equipment here.

Try it again.

Ms. ARSHT. When I first appeared before the subcommittee a year ago, I had been in my current position just 13 days. Since that

time, I visited over 30 military installations around the world and toured MWR facilities at all of them. I have talked to service members and their leaders, and I have a great appreciation for just how important MWR is to our troops and their families.

I must say that the resiliency of service members and their families is nothing less than remarkable. Our military families are the heart and soul of troops on the battlefield and when service members call back home, what they want to hear is, we are doing fine, we miss you, but we are doing fine.

Of paramount importance to those deployed is to know that their families have good support and someone to reach out to while they are away. We continue to maintain robust morale, welfare and recreation programs, and the Department has made family support a priority.

Military spouses indicate that being able to communicate with their spouse members is the number one factor in being able to cope with deployment. Back home, computers and Internet services located in the family support centers, base libraries and use centers help ensure families can send and receive e-mails from their deployed loved ones.

Communications support to deployed service members include 175 free MWR operated Internet cafes, 171 MWR operated fund centers. This communication capacity is essential to morale and our ability to sustain deployments.

Today's military families want easy and rapid access to reliable information and resources. Two important Web-based tools are helping to improve the delivery of information and assistance to our families: Military One Source and Military Home Front. In partnership with the services, we have leveraged the technology to provide service members and their families with information they want as well as someone to talk to 24/7. Ready access to books, magazines, newspapers are important both during and between deployments.

The Army, Navy, and Air Force each ships several thousand newly printed books and magazines to various addresses to Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) theaters each month.

Counseling support is available both on and off military installations in the United States and overseas. Family assistance and military member counseling has more than doubled over the last year.

Among the most important supports to military families is high quality child care and youth programs. DOD child care continues to be a national model in both standards and oversight. While we have greatly expanded child care capacity, about 7,000 spaces, we still have unmet demand for 30,000 additional child care spaces.

Providing child care for Reserve and Guard presents additional challenges. Many do not live close enough to military installations to use on-base child care, and off-base care is not always affordable.

An initiative designed to address these challenges is Operation Military Child—I am sorry—Military Child Care which, although it does not fully subsidize the cost of child care, does reduce the financial burden. Services are provided through a national non-profit

organization to help parents locate child care at reduced rates in their own communities.

Long-term plans are being made to modernize the fitness infrastructure beginning with the services request for four fitness center construction projects in fiscal year 2008.

Entertainment helps build morale for deployed service members. Nowhere is this support more important than in the austere locations where service members are performing in support of the global war on terror. In 2006, Armed Forces entertainment conducted 118 tours with 1,433 shows in 25 countries.

In addition to the stress associated with deployments, a sizable number of military personnel and their families will be affected by base realignment and global restationing. We are actively pursuing partnerships with community leaders to facilitate development of supportive infrastructure for relocating families.

Clearly the road ahead is challenging, but we are committed to meeting the needs of service members and their families. We appreciate your support of DOD MWR programs and will seek your continued support as we implement changes associated with BRAC and restationing.

Thank you.

[The prepared statement of Ms. Arsht can be found in the Appendix on page 31.]

Dr. SNYDER. Thank you, Madam Secretary.

General Pinckney.

STATEMENT OF BRIG. GEN. BELINDA PINCKNEY, COMMANDER, FAMILY AND MORALE, WELFARE AND RECREATION COMMAND, U.S. ARMY

General PINCKNEY. Mr. Chairman, members of the subcommittee. I am honored to appear before you today to discuss the direction of Army family and MWR programs. Let me begin by thanking this committee for your consistent support to service members and families and their quality of life. I have submitted my statement for the record and have a few brief comments at this time.

I am privileged to address you today as the first commanding general of the Family and MWR Command. The Family and MWR Command is a subordinate command of the United States Army and Installation Management Command, or MCOM. When the Army established MCOM, the United States Army community and family support center changed its name to more accurately reflect its mission focusing on family and MWR programs. The family and MWR command's efforts support soldiers and family readiness. This support helps to deliver a quality of life that matches the quality of service soldiers proudly provide to our Nation.

We remain committed to providing quality support to deployed soldiers around the globe and their awaiting families back home. We have professional MWR staff in Southwest Asia and the Balkans supporting our deployed soldiers and maintaining MWR facilities in Iraq, Afghanistan, Kuwait, Kosovo, Bosnia, Hungary, and Macedonia, to mention some. MWR promotes physical fitness and provides recreation, social, and leisure pursuits.

Activities offered in these deployed locations include cardiovascular and strength training theaters, electronic game stations,

and paperback books and online libraries. Our armed forces recreation centers (AFRC) are also responding to the needs of both the active and reserve component soldiers and their families.

Since our rest and recuperation program started in October 2003, our AFRCs have privileged—have been privileged to host over 75,000 soldiers and their families.

Our soldiers and families remain resilient. However, given the challenges of modularity, global defense, partial realignment, base realignment and closure, and the global war on terror, stress on the force remains a constant.

Given this transformation and restationing backdrop, the Army is committed to providing continued quality family and MWR programs to all of the soldiers and their families. This includes active and reserve component soldiers. In fact, today this is—this support is crucial to maintaining our all-volunteer force.

Mr. Chairman, with the help and support of this committee, we are moving the Army's family and MWR programs forward as we continue to service our soldiers and their families when and wherever duty calls.

I will be happy to answer your questions.

Thank you.

[The prepared statement of General Pinckney can be found in the Appendix on page 49.]

Dr. SNYDER. Thank you.

Admiral Handley.

STATEMENT OF REAR ADM. MARK A. HANDLEY, DEPUTY COMMANDER, NAVY INSTALLATIONS COMMAND, U.S. NAVY

Admiral HANDLEY. Thank you. Thanks for the opportunity to appear before you today and discuss morale, welfare and recreation programs for the Navy. I have submitted, like colleagues today, a written statement for the record. I will summarize a few thoughts for you today.

Dr. SNYDER. All written statements will be made a part of the record.

Admiral HANDLEY. Navy MWR continues to improve quality, accessibility of our programs because we know how vitally important it is to our sailors, our civilians, our families. We invested in a number of initiatives in 2006 that will serve for the foundation of healthy MWR and child youth programs in the future. Some examples of our major improvements in fiscal year 2006 include: the creation of a "fitness for life" initiative that reaches out to improve the health and fitness habits of the entire Navy community, including family members, DOD civilians, senior personnel and retirees; a commitment to construct 26 new fitness facilities across the Future Years Defense Plan (FYDP), starting with Guam in fiscal year 2008, this represents over a $500 million investment in enhanced fitness opportunities for our sailors and their families; the creation of 1,300 new child development center spaces in fleet concentration areas that will come on line in the next 18 months, this will reduce the current Navy child care waiting list and bring us closer to the goal of meeting 80 percent of the need; implementation of outreach contracts to provide child care and youth services outside the military infrastructure for geographically isolated active duty personnel

and activated reservists. So far, 4,900 additional spaces have been made available for Navy children as a result of these contracts.

We have also significantly increased our investment in major and minor Non-appropriated Funds (NAF) construction projects leveraging central cash funds. As part of a multi-year plan, our MWR board of directors approved increasing the level of investment of over $80 million in fiscal year 2007 and fiscal year 2008. An emphasis is investing in our employees so they have an opportunity to enhance their customer service skills while fulfilling personal employment objectives. Our focus to help them build long-term careers with MWR.

In summary, our commitment to "fitness for life" programs will help us ensure a strong and healthy force for the Navy for the future. Our investment in equipment and facilities will assure that sailors and their families enjoy a quality recreational experience for many years to come. Investing in quality child care enhances the morale of Navy families while greatly contributing to force readiness.

And, finally, ongoing training development initiatives for MWR staff members help to ensure the level of service our program exceeds customer expectations.

Thank you for your time and continued support for MWR facilities and services. I look forward to working with you as we continue to improve this vital program, and I stand by to address any questions you may have.

[The prepared statement of Admiral Handley can be found in the Appendix on page 63.]

Dr. SNYDER. Thank you.

Mr. Downs.

STATEMENT OF MICHAEL P. DOWNS, DIRECTOR, PERSONAL AND FAMILY READINESS DIVISION, MANPOWER AND RESERVE AFFAIRS DEPARTMENT, HEADQUARTERS, U.S. MARINE CORPS

Mr. DOWNS. Thank you, Mr. Chairman, Congressman McHugh, Congresswoman Davis, for this opportunity to report on the Marine Corps welfare and recreation program. As you well know, MWR programs are imperative to the quality of life of Marines and their families. Whether providing innovative fitness programs to improve Marine Corps readiness, taking care of children and youth or offering wholesome recreational activities to Marines and families, our MWR program is robust and expansive.

Although the environment is indeed challenging, I am proud to report that the Marine Corps continues to maintain required levels of appropriated funds necessary to our MWR programs. As an important part of the Marine Corps landscape, MWR has successfully sustained rigorous budget prioritization sessions. Equally important, MWR revenue generation is up $7 million in sales and $1 million in net income from 2005 to 2006. Moreover, our exchange dividends are at the highest levels in the last six years.

For the third consecutive year, we have met or exceeded the 85/65 minimum Appropriated Funds (APF) funding metric for categories A and B activities established by DOD. In view of the combat and operational tempo of the Marine Corps, sustainment of

MWR funding is remarkable and further indicative of value and overall contribution.

Our installation commanders are actively monitoring program delivery, and at the headquarters level, we are working to ensure continued compliance with DOD standards.

Let me assure you that any necessary program adjustments will include safeguards to protect the integrity and functionality of our MWR program that continues to serve the Marine Corps so well.

The support of this subcommittee through annual hearings is vital to the future of MWR and helps to ensure that the program receives the credit it deserves.

Thank you for the opportunity to be here today and for your longstanding support of military MWR programs.

[The prepared statement of Mr. Downs can be found in the Appendix on page 86.]

Dr. SNYDER. Thank you, Mr. Downs.

Mr. Myers of the Air Force.

STATEMENT OF ARTHUR J. MYERS, DIRECTOR OF SERVICES, U.S. AIR FORCE

Mr. MYERS. Mr. Chairman and distinguished members of the Military Personnel Subcommittee.

I truly appreciate the opportunity to appear before you today to talk about the status of Air Force MWR programs. Let me begin by thanking you for the tremendous support you have provided for the troops over the past year. Our Air Force is transforming. As we modernize our aging weapon systems, we must keep the focus on our most important weapon systems, our airmen and the families who support them.

The Air Force services face major challenges as we seek innovative ways to transform our community support services and programs while avoiding unnecessary impacts to service delivery and quality of life.

As we balance these competing requirements, we are concerned about the impacts of joint basing, especially on our civilian workforce, the quality of life for people at that installation, and operational mission.

We are also concerned about the downward trend in exchange dividends; five years ago, our exchange dividends averaged nearly $90 million per year. Last year, we received only $73 million, and the current exchange financial plan projects less than $57 million for the Air Force. Almost a $33 million reduction from the level five years ago. This has already had a negative impact on our programs in the field and will have even larger-term consequences as we cut back our non-appropriated fund facility program.

Based on the exchange's current dividend projections, even a partial recovery will be a long time coming. And finally, we can and should do better for our non-appropriated funded employees than the current DOD-wide NAF health benefits permit. As we rise to meet these challenges, we and our leaders are committed to ensure the needs of our airmen and their families are met. Our Air Force service team provides life sustaining support to our troops in the field and the central community programs to our airmen and their families back home. I am extremely proud of the hard work and

dedication they put forth to make our mission and therefore the Air Force mission happen everyday all over the world.

Your help continues to make a direct impact on our airmen and their families.

You have my written statement, and I welcome your questions.

[The prepared statement of Mr. Myers can be found in the Appendix on page 108.]

Dr. SNYDER. Thank you, Mr. Myers, and thank you all for your opening statements.

Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman. And I appreciate you allowing me to kind of jump the order here a little bit.

My dad was a great skeptic when it came to averages and percentages. He used to say to me, you know, John, if you put one foot in a bucket of ice water and one foot in a bucket of boiling water, on average, you are comfortable.

I look at these charts, and on average, I am comfortable, but I wonder how comfortable I am. And they are somewhat misleading. Percentages of goals. You look at the Army expenditures was 87 percent of goals in 1997, and now in fiscal year 2006, they are down to 83 percent. That is below the 85. You might be concerned about that. But if you go to real expenditures, in fact, from 2003 through projected 2008, the Army difference is up by $92 million.

And Mr. Downs mentioned the Marine Corps is above the averages, and I am not accusing the Marine Corps of this, but it is in fact possible to reach the averages, not by spending more but by cutting programs. So I am not sure what these percentages tell us. But I do know this, and Mr. Myers spoke about it, we have got a massive rebasing coming about. We know that huge customers of the resale system which drive dividends available to you in support of your programs are already on their way down and are probably going to continue to do so. At the same time, we are going to have an increase in end strength which means you have got more people, more families to serve, more gyms, more libraries.

What kind of plan do we have for the future in meeting that kind of two-edge dilemma, that of decreased support from the dividends yet increased demand for programs through the rebasing here at home and the expansion of the end strength? Anybody got any thoughts on that and tell us what the future may look like?

Mr. MYERS. In the Air Force, we have gotten our MCOMs base level people together to devise a strategic plan to set our way into the future to do things smarter, more efficiently, and so forth.

In the Air Force, we have always focused on quality of life for our programs and so—in taking care of our people. So, in the Air Force, rather than have a cookie-cutter approach across our bases, we are going to focus on the programs that meet the needs of our troops and their families. It will be a difficult task, but one, I believe, will be successful in doing.

Mr. MCHUGH. As we go down, if any of you have additional thoughts, I would appreciate that.

I would add to that as well into the mix the most important part from our perspective, what can Congress do to be as supportive as possible in helping you meet that challenge? If you have any thoughts on that.

Madam Secretary.

Ms. ARSHT. I would like to echo what Mr. Myers has said here in one important way. That is all of the services. They are different, and you will hear us say that a lot today. They are different in how they make their decisions and different in how they allocate their funds. And those differences are important, that flexibility to be able to respond to the needs even within their services, different installations have different requirements, and within DOD policy. Their boards and other governing decision-making policy bodies do make those decisions to ensure that they are responding to the needs of the service members and families at the various installations.

I think if you turn to Mr. Downs's comments, the exchanges and the MWR funding allocations are different. And so they are not all declining. And overall, we think the MWR programs are financially solid and that the services are responding to the changing demands and showing a tremendous innovation, some of which we will detail in other parts of the areas of MWR and specific areas that we will talk about later.

Mr. DOWNS. Just for the record, the Marine Corps's MWR are not declining. And the ability to meet and exceed the standards is directly related to the infusion of appropriated funds into the Marine Corps MWR program beginning in fiscal year 2002 and continuing through this year.

Mr. MCHUGH. If I may, just to underscore for the record, I tried to state, I am not accusing the Marine Corps of doing that. I am just showing the vagaries of mathematics that you really can't tell just from the numbers what the commitment is.

I apologize for interrupting.

Mr. DOWNS. Just from 2002 to—through 2006, the appropriated funds for category A has increased from 87.5 to 125.6. And in category B programs, from 110.1 million to 151.7.

Mr. MCHUGH. I am glad to hear that, but you started it, so I am going to finish it.

So if you adjust for inflation, every one of the services is spending less today, including the Marine Corps, than they did back in 2004. My point is, I am more interested in hearing your plans as to how you are going to accommodate whether you are the Marine Corps, Army, Air Force Navy. You have got the challenges of deployment less so in the Marine Corps. Coming back home from rebasing is not going to be a huge issue for you. But for the other services, it is going to be. But end strength is going to be a significant issue. So I wanted to just try to be reassured you are on it, as they say.

Admiral.

Admiral HANDLEY. Sir, from the Navy's perspective, obviously, it is mostly a seagoing and expeditionary service. Different challenges for us. We do not have the same rebasing challenges. Most of our changes under BRAC are addressed, but I will tell you that we are laser focused on looking at the cost of our programs to make sure we are as efficient as possible.

In 2004, I think you know we stood up the commander, Naval Installations Command, similar to the Army, with the Installations Management Agency (IMA), and we took eight claimants or eight

organizations that were responsible for running bases and running MWR programs and consolidated it into one.

Just in 2005, we also consolidated our program management function in Millington, Tennessee, to be part of that organization, and we are finding a lot of efficiencies from the backroom consolidations that we have done for that.

Sir, to answer your question on what more can we do and what more we can support, I will point that we do a lot of partnerships with a lot of other outside organizations, Boys and Girls Clubs, certifying their affiliations with our youth centers and as Congresswoman Davis would know, the First for Five initiative in San Diego to help with child development centers where we have a public-private or a public-public venture to help solve some of those problems; those are programs that I think we can exploit more in the future.

Mr. MCHUGH. I thank you.

I am sorry. General, please.

General PINCKNEY. Sir, thank you.

Like the Navy, I think with the stand up of the Installation Management Command, and two direct reporting units falling under the MWR, MCOM, we are able to garner a lot of savings by reducing the redundancies within the different organizations. In addition to that, we also track use of non-appropriated funds for those activities that should be funded with appropriated fund dollars, and I say that to say that we have brought this to the attention of our board of directors, MWR board of directors, and we, in fact, were challenged to look at new initiatives that could generate additional income given the fact that we know there is going to be a decline in dividends coming from Army and Air Force Exchange Services (AAFES) as well as support that we get from our Army recreational program because they are overseas, and we know that people overseas tend to spend more dollars in AAFES as opposed to being here.

So we are partnering with AAFES in some areas that we know that we can actually garner more savings and actually use our dollars as a buying power. We partner with corporate America for public and private ventures. We are also working with the Boys and Girls Club and the 4–H camp to provide child care. In terms of capacity, when we know that we can't accommodate child care needs on post, we have to provide that kind of support off our posts. So we are doing that as well.

And we are combining contracts throughout the Installation Management Command, not just within the family MWR command.

Mr. MCHUGH. Thank you.

Mr. Chairman, before I yield back. Let me underscore again how much I know we all appreciate the great work that these leaders do across the board, and the challenges that they face are not of their making. But together I am hopeful we can continue to provide to our brave men and women in uniform these invaluable programs and as the good secretary started off at the beginning, they are critical to their quality of life. So I thank you all for your service and again for being here.

Mr. Chairman, again, I appreciate your courtesy, and I yield back.

Dr. SNYDER. Mrs. Davis for five minutes.

Mrs. DAVIS OF CALIFORNIA. Thank you, Mr. Chairman. I want to echo Mr. McHugh's thoughts as well because we know the important work that you were doing. Without our families, without them feeling supported, we really are nowhere. And so it is critically important work.

I wonder as we look at these numbers though, I think it is always tough to point out some of the shortcomings, but are there some degradation of services that you have seen that perhaps don't show up easily in numbers that we ought to be alerted to in any of the services that you see. You mentioned child care, the need to try. I wanted to ask about that in a second. But are there some areas in which we really—given another year or two, the slide could create a problem?

General PINCKNEY. I think, Ma'am, from an Army perspective I will tell you yes, there are some shortages. We aren't going to be able to actually fund the non-appropriated fund major construction projects that we would normally do because of the possible decrease in dividends coming from AAFES. So we know that probably on average, we will not be funding three projects that we normally would have—would be funding.

Mrs. DAVIS OF CALIFORNIA. And do those impact families directly?

General PINCKNEY. Depending on the type of project.

I will tell you that the projects that I see mainly impacting families we are normally able to provide support to and that would be the Child Development Centers (CDCs), the Capacity for Children, because that is a given concern, and given the fact that we partner with Boys and Girls Clubs and the 4–H camp and actually other child development centers within—that are located around our installations and some further away from installations for those remote sites, I don't think that that is a major concern for the Army.

Mr. MYERS. I will add to that. One of the things we face in the future is the decline in AAFES' dividends. We sort of insulate the installation that they are always going to get their dividends but with the shortage of dividends, that impacts our construction program in the future. So we are going to be building a lot less. And one of the family programs that will be impacted is youth centers because they are built with non-appropriated funds. As we sit here today, the Air Force is taking care of 120,000 children so their parents can focus on the mission. As long as they know their family is being taken care of, they are a hundred percent on the mission. So down the road, the decrease in AFEES dividends will have a big increase on the Air Force.

Ms. ARSHT. I would like to address your question by talking about the three-pronged approach that we are taking in child care.

It speaks to need, that is the first—the first prong is that we have used the emergency intervention support that we have gotten.

Mrs. DAVIS OF CALIFORNIA. Do you know how many families that are helped as a result of that? If you have a certain number of families that you know aren't being served locally but you are trying

to provide that additional support for them, does that answer the need or answer the need for half of the families who are in need?

Ms. ARSHT. We have three different ways really of talking about this. One is in the emergency supplemental dollars that we use. We actually created 7,000 new spaces, and we also did renovations in addition to existing spaces. So adding space is one of the big priorities that we had for this last year.

That authority is going to end. So, obviously, we would like to continue that authority to have the small construction opportunities to continue to add spaces.

The second opportunity that we have used to expand our capacity is a relationship with the National Association of Child Care Resource and Referral agencies. They are doing at least two things for us, two important things. One is helping families find quality child care in their communities, and the second part of that is the new child care program that provides discounts to families. And that program is producing direct savings to families.

And then the third prong is to actually have three to four Military Construction (MILCON) projects each year. In 2007, we were able to have eight funded projects. So we are really working, and child care being a good example but not our only example, of trying to create a mix of opportunities to expand capacity and use some community resources where they are available and leverage them to extend our abilities.

Mrs. DAVIS OF CALIFORNIA. Thank you. And not here but perhaps if you could just give us a sense of what the unmet need is as you address it on those different levels, that would be helpful. And Admiral, I know that there is a uniform fee structure that has been put in place with the Navy; is that correct?

Admiral HANDLEY. I am sorry?

Mrs. DAVIS OF CALIFORNIA. A uniform fee schedule for child care, has that had an impact?

Admiral HANDLEY. Yes. And again, to a positive effect. The other things that we are also doing in child care, we have gone to a centralized waiting list across the Navy. We did find that people were on multiple waiting lists across, so it had a harder time on fixing on what the demand signal was. So that is helping us target where we need child care and how much child care we do need.

As the secretary already mentioned, we do use all of the same tools that she has outlined, military construction, the operations and maintenance (O&M) funding goes from the Office of the Secretary of Defense (OSD) and also through our own O&M funding. Again, that authority runs out in the end of 2007. That has been very responsive to putting it to where we need it to most.

And then, obviously, I mentioned earlier the First for Five in San Diego. And I also think we should explore more public-private ventures similar as we have done in housing. It has been very successful. But we want to make sure we keep laser focus that we don't drop that standard.

We obviously enjoy a very good reputation with the standards of care that we have been providing, and we want to make sure as we do that, similar as we have in housing, we set the standard as we go out in those kinds of deals.

Mrs. DAVIS OF CALIFORNIA. Thank you very much.

Thank you, Mr. Chairman.

General PINCKNEY. I forgot one thing.

For fiscal year 2007, for MILCON, this is the first time that the Army had committed this type of funding for child care, and I just wanted to make a point of this; 29 child development centers in our 2007 MILCON, I don't know if we have ever done that before and—29 CDCs, three youth centers, two physical fitness centers, and a pool for a total of $180 million. That is record-breaking for the Army.

Mr. MYERS. Mrs. Davis, one other thing. I would like to reiterate what Ms. Arsht said. OSD has done great in helping us with emergency intervention funding so we can build additional child care spaces. Through their efforts, we have opened up 2,200 additional spaces because we can use O&M funding and you can get them done fast. However, the National Defense Authorization Act (NDAA) language that constructs CDCs with O&M funding rather than MILCON expires this year. So we would really like the committee's help to extend this waiver so we can continue to build these child care spaces in a timely manner.

Mrs. DAVIS OF CALIFORNIA. Thank you very much.

And you, ma'am, you mentioned the authority that is needed in one of the programs as well. Is that something that you can make certain that we are very well aware of? Okay. Thank you.

Dr. SNYDER. Before we go to Mrs. Drake, Madam Secretary, I wasn't sure of one of your answers to Mrs. Davis.

You were talking about, I think, minor MILCON projects, and you said that the authority is going to end. What authority are you talking about?

Ms. ARSHT. That is the emergency intervention from the supplemental funding we used. The construction of the child care centers doesn't come under the normal MILCON budget. It is a separate emergency authority.

Mr. MYERS. They come under O&M funds, so you don't have to go through the whole MILCON process so you can build them a heck of a lot faster; less than a year, sometimes months.

Dr. SNYDER. Thank you.

Mrs. Drake.

Mrs. DRAKE. Thank you, Mr. Chairman.

Thank you all for being here.

First, I have asked this before in other hearings, but I am concerned about the base credentialing. And the adverse effects that the lack of implementation could have on our MWR activities.

Madam Secretary, if you could tell us, how do you view the current status or progress for base credentialing and what progress has been made, and is it on track for a timely implementation, and is there something that could be done in the meantime until the Department has electronic readers in place? Could you give us your assessment of that?

Ms. ARSHT. I think there may be two parts to this answer. The first part is a concern by our business partners and vendors who have sought credentials that would allow them to come on the installations. And as Mr. Dominguez reported in the resale hearings just a couple of weeks ago, there is a program now that we believe is compliant with Homeland Security, that is being implemented in

Europe and in Korea and next to go to southwest Asia that we believe is going to meet the needs of the vendors. And that will come next after Southwest Asia to the U.S. It will be accessible both to commanders and will make it much easier for vendors to monitor and manage the people who need to come on the installations.

I think you were speaking about employees also.

Mrs. DRAKE. And the employees of our vendors as well as employees.

Ms. ARSHT. They would be covered, I believe, under this system.

Mrs. DRAKE. If I could get each of the services to let me know what their concerns are, if they feel this is coming, because it is a big concern in people's minds right now.

General PINCKNEY. From the Army, ma'am, this would be—this would be a topic that I would take back to the Installation Command, the United States Army Command, because in the Army, the garrison commander and the senior mission commander make these kinds of decisions, and so I know that there is some concern with the amount of dollars, resources, that would be required to implement.

Mrs. DRAKE. And also to hear from say, Mr. Myers, next and then go down the line to make sure that we are doing one and not multiple ones for our vendors who work on multiple bases.

Mr. Myers, could you give us your take on that?

Mr. MYERS. Of all of the years I have been with the Air Force, I have never heard really a concern from the vendors as far as access from the base, and today, of course, we are really concerned about force protection and so forth. So in the Air Force, we have a system that if the vendor is going to visit us, we will make the person available to assist them in getting on the base and so forth.

So I think the big concerns that we have to look at is the force protection part.

But I will tell you, in the Air Force, I have never had that concern brought to my attention.

Mrs. DRAKE. Really.

Admiral.

Admiral HANDLEY. I will tell you from my own experience down in Norfolk, vendor access was an issue. I would say less in the MWR arena than it was in the exchange arena because of the number of vendors, and you get longer-term relationships with them. But I will tell you, on every base that we have, we work vendor issues, I think you bring a valid point is if they go from base to base or installation or especially service to service, do they have a different process they would do?

Most of our processes do tend to be regional by local to an installation. Under regionalization, we will set one policy for the region. So we don't have that problem as much in going from an installation like on a Norfolk Naval base to Oceana, but we may have that problem if you go over to an Army or Air Force installation. That I don't know.

But I would tell you that we do do that consistently across the Navy. It is an issue that we will continue to monitor as base access technology also changes. We also look at common access card (CAC) readers and other things for access as well.

Mrs. DRAKE. General Downs.

Mr. DOWNS. The driving force for this is the Homeland Security Presidential Directive that was issued in August of 2004. And it places a great deal of responsibility on the individual installation commanders and for us in the decentralized way to bring this security apparatus up to place and to make certain that adequate, background investigations and credentialing is done.

We have had some installations on the West Coast that it implemented a stop-gap measure for credentialing that could be problematic.

Right now, it has not impacted anybody, to my knowledge, and we are as much concerned about our non-appropriated fund employees as we are of vendors. And within the Marine Corps, it is not as well coordinated as it ought to be. The policy is run by C–4. They run the policy on the covered access card. The security folks are the ones that have interest in the security piece to it. There is a Marine installation board scheduled on the 25th and 26th of April, and I have a paper that addresses this issue and we would hope to—we will discuss this from Marine Corps headquarters oversight of installations and those responsible for installations Marine Corps wide.

But your point is right on. We need to have a Marine Corps-wide, really a DOD-wide solution, not one by base.

Mrs. DRAKE. And particularly in regions like southeast Virginia where we have all of the bases, every branch of the military has a base.

But Madam Secretary, do you have any update on that General Accounting Office (GAO) study that is being done? We are being told it could be as late as September of this year and DOD is waiting on them. So do you have any information on that, or could you get back to us on that?

Ms. ARSHT. Which study is this?

Mrs. DRAKE. The GAO study. We are being told DOD is waiting on that.

Ms. ARSHT. On base access?

Mrs. DRAKE. On base access and credentials.

Ms. ARSHT. I will take that for the record.

Mrs. DRAKE. If you would do that, I appreciate it. I have one more, but I don't know if you want to do another round.

If I could also ask about the merging, where we are doing joint bases and we are merging the MWR programs. If, Madam Secretary, if we could hear from you and then from each of the service representatives how—whether progress is or is not being made on the merging of these MWR programs. I am hearing both; it is going well, there is good progress, and then I am hearing that it is not. So I wonder, from your perspective, if you could bring us up-to-date on that.

Ms. ARSHT. I can say initially there is consensus that we all want to ensure that the quality-of-life programs are sustained and even in this opportunity perhaps improved in places as part of the joint basing concept. Every one at this table or their designees have been involved in working groups to address the issues around joint basing and MWR, and performance levels is one of the areas of concern that is being worked. And I am certain that the services will want to speak about this.

Perhaps we will start with Mr. Myers.

Mrs. DRAKE. Go right down. Thank you.

Mr. MYERS. I believe joint basing is going to have a huge adverse effect on employees. For instance, for our NAF employees, each service has a different retirement program, a different life insurance program, a different severance program. On our appropriated fund employees, like in the Air Force, we have a career program for them, and under joint basing, if you are at Bolling Air Force Base, you become a Navy employee. So here I am an Air Force employee. I have been working for a career job in the Air Force and all of a sudden, I become a Navy employee under Navy rules. And if I am an appropriated fund employee, the other services for our type of positions normally change them to non-appropriated fund employees.

And remember, under a non-appropriated employee, if I am an appropriated fund employee, I go the NAF, before I have Blue Cross and Blue Shield as an appropriated fund employee. Now as a NAF, I have a choice of one health care plan. So that is a big change.

Plus, the majority of our employees can be represented by a union, and I believe unions will have a problem with their personnel. We could have different standards at every single base.

So I think we are going to have a big impact on our employees. As I go out in the field to talk to them, a lot of them that are on a joint base want to go back to an Air Force base, and consequently, I have been to an Army base where they want to move to an Army base because they want to stay in that system.

Plus, I believe it has an impact on us on our operational mission. For instance, in services, we have military personnel postured to deploy at joint bases. Many of them are going to convert these to contractors and so forth, so therefore we lose our opportunity for deployment.

And finally, all of the services have different standards. When the Air Force fights, we fight from the base. So consequently, we put a lot of effort into basing through the years. The other services, the Navy, will fight from the ships, the Army and Marine Corps from the field. We will see an adverse impact as far as standards for our people at joint basing.

Mrs. DRAKE. Thank you.

General.

General PINCKNEY. Yes, ma'am.

From the Army's perspective, Mr. Myers has been talking to the portability issue with non-appropriated fund employees, and that is an issue that is being worked. But the Army takes the lead at Fort Lewis and McCord, and I have been out there, and I have visited them. And what I liked about what I saw was the fact that on a regular basis the Air Force garrison commander at McCord was working closely with the Army garrison commander at Fort Lewis. They were meeting on a regular basis. They were—they were looking at it from a different perspective. They were taking the quality of one service over the other.

For instance, if there was an area that the Air Force had that was better than the processes—the processes were better than what the Army had, they were making the decision to see if they

would meet that process. The Army, Fort Lewis, for instance, has a point-of-sales system that the Air Force didn't have and felt that they needed, and it was an easy way to give them that system.

So I like their approach. They were documenting the differences, but their approach was, let us take the best of both worlds, and we will work through the delta, and the delta wasn't that big with the exception of the portability issue.

Mrs. DRAKE. Admiral.

Admiral HANDLEY. Yes, ma'am. I will tell you, change is always hard; isn't it? And I will tell you that, as we work through the details of joint basing, and I sit on the Senior Joint Base Working Group with Secretary Grone, and I have had many lengthy discussions with Major General Eulberg from the Air Force about the challenges that await us there and how we are going to best meet them, and Mr. Myers accurately I think portrayed some of the anxiety that is probably out there with some of that workforce.

A couple of things that we are doing in order to address that. Secretary Grone has been putting out joint implementations, standards and guidelines still in draft form that we are trying to settle on. But to help further that, both the Army—or the Air Force and the Navy have joined together in holding some table top exercises for joint basing. General Eulberg and I just yesterday kicked off the initial planning conference for the first one at Bolling Air Force Base and Naval Station Anacostia because we have to work through all of these details to do that.

We are doing this in an effort to make sure that we look at the standards that we are going to go to and make sure that we meet those.

By and large, I think the experience that the Army has represented here is representative of what we are doing in joint basing. In fact, we are looking at what the best standard is out there. We may not go to the most expensive solution, but we are looking at the standard that we are going to be proud of. And for the most part, I think most people are going to see an increase in standards across the board as we go to joint basing.

From my own personal perspective, I think that this is also part of the future for the Department of Defense as we look at the opportunities to leverage the assets we have jointly as opposed to running them individually.

So as we go through this, we are going through it with eyes wide open. We know there are plenty of challenges out there, and we are going to address those as we go through the implementation guides with DOD and as Madam Secretary mentioned. We have all at some point been involved in the roll-out of that, and we will continue to work that again through the BRAC process but also through the joint basing process.

Mrs. DRAKE. General Downs.

Mr. DOWNS. Yes, ma'am.

The only installation in the Marine Corps mentioned in joint basing in the BRAC was Henderson Hall where the joint base was between Henderson Hall and Fort Myer. The BRAC Commission recognized the responsibilities Henderson Hall has to Marine Corps headquarters and to Marines in the National Capitol Region, and the MWR non-appropriated fund and to include the exchanges. All

of Marine Corps Community Services (MCCS) was excluded from the elements of Henderson Hall to be consolidated with Fort Myer by BRAC. That decision is confirmed in the draft joint base guidance. And so, at this time, there is no—there are no joint base implications for the Marine Corps.

Obviously, with the impending move of Marines from Camp Butler in Okinawa to Guam—Guam is a joint base. The differences there will be, there is no Marine presence at Guam now. So it won't be—we will have to work that as the time comes, and that is some years away yet.

Mrs. DRAKE. Thank you.

Thank you, Mr. Chairman.

I yield back.

Dr. SNYDER. Thank you.

We have been joined by Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman.

The reason I was delayed is I am going to be on a Congressional Delegation (CODEL) with Congressman Ortiz visiting Guam this coming week on our way, amazingly enough, on our way to Hanoi, Vietnam. But as you—I want to always state how much we appreciate when we visit with our troops overseas, how inspiring it is to see the new greatest generation. And this will be my third visit to Guam, and each time, I am just so pleased with the young people who are serving and protecting our country.

Thank you very much.

Dr. SNYDER. Thank you, Mr. Wilson.

I wanted to touch briefly again on the issue of child care, Madam Secretary. In both of your written statements and in the discussion today, we talk about the shortfall, which is something that everyone wants to correct. I want to ask the question, how do you monitor quality of child care?

Ms. ARSHT. Not only do we monitor it ourselves and the services do as well; they all manage their waiting lists and have annual reports and do inspections and all of that, but just this month we received an accolade that we are very proud of. And that is the National Association of Child Care Research and Referral Agencies did a study to rank all 50 States and the District of Columbia child care programs for oversight and standards. Included in the oversight was an evaluation of efficiency to make sure that resources were being used properly.

And out of those rankings, DOD child care centers came out on top of both lists. And the agencies suggested that DOD's child care centers should be a model for the Nation. So we are very proud of that. We want to be able to sustain that. We think our partnership with this national organization will build additional capacity for us outside the gate both for—with discounting their fees and as a finder service to find quality child care that is a model kind of relationship for us to have, also to build capacity and to make sure that quality is maintained.

Dr. SNYDER. I want to ask a second question. I will ask it to you and if anybody else wants to join in, feel free to on that question or this one.

If I have a special needs kid—and we are expecting a report out, I think in April, from DOD on autism and how the military is going

to handle autism. That is a common diagnosis amongst toddlers these days. It has major ramifications on families. And yet you all are in a business where one of the parents in a household who has trouble enough keeping up with one or two children that don't have special needs may be jerked out and transplanted away for 15 or 18 months and leaving one parent behind in a household with one child that has—or maybe more that has—very dramatic increase in need in child care and therapy.

How do you all feel—where do these programs fit into those families, our military families, with special needs children such as autism?

Ms. ARSHT. The special needs children receive preference in placement in DOD child care centers. But perhaps one of you all would like to speak to it in practice.

General PINCKNEY. Well, in addition to that, because those parents need a break, we have respite care where we provide hours so those parents can get a break as well.

Mr. MYERS. I agree with both those statements. They do get priority, and we are very attuned to their needs, and I believe we have been successful across the board in meeting the needs of those families.

Dr. SNYDER. Mr. Myers, how has the impact of the reductions in numbers in the Air Force, how has that impacted on services to our men and women in uniform in the Air Force and their families? We have heard complaints over the last year or so that some of the first things to go are perhaps some of the things you all have been working on. How has the reduction in numbers impacted on the programs that you are working on?

Mr. MYERS. The impact has so far been minimal.

Dr. SNYDER. Minimal, but present?

Mr. MYERS. But present. And the reason is we were only manned at about 85 percent. So when we gave up positions the first year, we gave up authorizations and not faces. So what we have done with our predominantly military personnel—and in my organization, all of our military personnel deploy—we have sort of postured them at our bases with a warfighting mission to deploy. And our people who deploy work in food service, work in lodging, work in fitness, work in mortuary. So we are starting to migrate them to all of the bases and we are backfilling the military with our NAF, MOA and other positions.

So, so far in the Air Force, we haven't seen an impact. We will see some impact in the future but we are already planning with our strategic plan and so forth to meet the needs of our community. For instance, in some bases we have had the same programs at every base, but there is not a need for that program. So we can shift those resources to our programs where they are needed.

So I think we have a good plan. I mean, it is not going to be easy, but you know the Air Force's priority has always been taking care of its people and we will continue to do that.

Dr. SNYDER. For example, if I were to go out there and look, would I be able to find Air Force bases in which there had been a reduction of hours at a fitness center?

Mr. MYERS. If you go out there, you could find a fitness center with some reduction in hours. You know, in the past we have had

some fitness centers open 24 hours a day, where in the middle of the night there was little or no people using it. So we have reduced it that way.

And some of our dining facilities, we have had midnight meals with only a handful of people showing up, so we have reduced that. But we have other alternatives where we do our box lunches and so forth to provide meals.

So I think we have taken efficient—looking at prudent measures to reduce operations where they impact our personnel the least.

Dr. SNYDER. I wanted to go back to this issue that Mr. McHugh touched on with regard to the dollars. And if we could just go down the line. Mr. Myers, let's start with you.

When I look at this chart that compares appropriated funding in 2003 with funding in 2007, but putting an inflationary increase in there so it will compare real dollars to real dollars, and when I see that there is a reduction, the number hasn't kept pace with inflation, I need each one of you from the services to explain, you know, how you think we are doing as far as being upbeat as you are about the programming. Give me some reassurance. I need to understand that number better. And there are pretty dramatic differences between the services.

Mr. Myers.

Mr. MYERS. Well, in the Air Force, as I say, we always put the priority on our number one weapon, our airmen and taking care of their families. We have seen some reduction in our appropriated fund support because we are going to modernize, recapitalize our aircraft and so forth in the Air Force. And over the years, we have just been more efficient. We have done a lot of lean events where we can do things more efficient and more better across the board.

As I said, some programs that weren't being used, we are eliminating them and so forth. I travel the Air Force a lot. I got my quality-of-life programs where we have seen some reductions, I think. And over the long term, our programs will survive.

The only programs that I have serious concerns about is our construction program, and that is as a result of the significant reduction in AAFES uniforms, in AAFES dividends.

We protect our bases. Our bases always get their dividends up front so they know exactly what they are going to get every year. Whatever is left over, we use in construction. So with the reduction in AAFES dividends, we are going to do a lot less construction than we have in the past. So of all my major concerns, I think AAFES dividends is the major one right now.

Dr. SNYDER. General Pinckney

General PINCKNEY. Sir, in the Army I can look at categories A, B and C, but I also look at military construction, and I look at the Army Family Program appropriated fund dollars coming in as well. So when we compare 2003 execution to budget 2007, I look at '07, and what I see is a projection of more dollars, and primarily because of the military construction that I talked to earlier.

The Army is committed, and they have added $180 million in the MILCON specifically for MWR programs. And that is 29 CDC, 3 youth centers, 2 fitness, and a pool.

The other issue you mentioned earlier is the percentage, the 83 percent for the Army. That really on record seems to be a decrease

in percentages, but that actually was a difference of methodology. The Army looked at it from a more logical perspective, whereas we considered all categories, A, B, and C, and we looked at appropriated and non-appropriated fund dollars. So the total sum—and as we compare that to, say, a category A, if I actually would have used the same formula that everybody else used for category A, we would not show an 83 percent, we would show an 87 percent.

So I see the Army committing to actually putting more dollars in Family and MWR programs.

Dr. SNYDER. Admiral Hadley.

Admiral HADLEY. Thank you, sir.

To summarize on my earlier comments, one of the things that we in the Navy went through, you take 2003 as a bit of a high watermark for us, but really the major changes for us in 2004 was the standup of the commander—of Navy Installations Command. Obviously, significant efficiencies when you go from eight organizations managing installations, managing different MWR programs, you bring that into one. Our efficiencies that we have gained through regionalization have also made a significant contribution for us.

And then, finally, is the last, the pull in management program from that one.

The other one I will add, you have to look at this in total from a requirements base as opposed to a straight either a percentage of appropriated funds or a dollars of appropriated funds. And we go through a very rigorous process to define our requirements and then we fund to those requirements, and those do require us to look at the levels of service that we provide based on location, based on demographics.

You know, clearly, overseas locations we provide a different level of service. There are different important programs that you might have. For example, a library overseas is going to be far more important than it would be in a place where we have that service right outside the gate.

But, again, we look at it from a requirements base as we go forward. But we have seen significant efficiencies in the last three to five years as we have gone through the consolidation of those programs.

Dr. SNYDER. And I think, Mr. Downs, I heard your comment before and your number is—my numbers don't look as down as the other.

Mr. DOWNS. Yes. I would like to reinforce what General Pinckney said regarding comparing program dollars in 2007 to actuals. And we are comparing in this figure 145.7 as an inflated 2003, to 138. In truth, in fiscal year 2006 we spent 162.6 in execution. I would expect the 138.4 to be substantially higher at the end of 2007 than it is shown right now. And so it is a little misleading.

Dr. SNYDER. I gotcha.

Mrs. Drake, do you have anything further? We had originally, I think, probably told you all to estimate about from two o'clock to four o'clock, and I think we will try to stick with it.

I want to apologize for having to get up and leave a short time ago. But to make the point, I carry my BlackBerry. I have a wife and ten-month-old baby in Little Rock. And I looked at it and it said, your wife needs you to call now. So I went out there and

called. She said, you didn't need to call now, it wasn't an emergency.

But I don't ever forget how many of our men and women overseas have kids that are literally 12,000 miles away and are blessed or cursed with good communication.

And on the Little Rock Air Force Base, I met with some families not so long ago. We have got a public school that is operated by and owned by the local school district that really needs to be replaced, and it has needed to be replaced for years. And one of the families told me, it was a real pain overseas for a person, either mother or father in the Air Force, to get an e-mail from the their kid that the roof leaked again on my desk and all my paperwork and my books were ruined.

Well, that is just a little thing, but that is the kind of thing you don't want your mothers and fathers that are based overseas to have to hear from their kid, almost in realtime nowadays, about what is going on in their school.

So what you do is really important to us. It is really important to the families. You all know that. And we really do want to help you in any way we can, because it is such a huge part of the morale of all our military families, but particularly those who are divided up for periods of time because of deployment.

And we appreciate you all being here. I will give you this open invitation. If there is anything you think you need to clear up on any of these numbers, I will just submit it as a statement for the record, and we will add that on, and the staff will get it to us. We will put it as part of the record.

[The information referred to can be found in the Appendix beginning on page 141.]

Dr. SNYDER. Anything further, Mrs. Drake?

The hearing is adjourned. Thank you.

[Whereupon, at 4 p.m., the subcommittee was adjourned.]

A P P E N D I X

March 29, 2007

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 29, 2007

Opening Statement Chairman Snyder
Hearing on Overview of Morale, Welfare, and
Recreation Programs
March 29, 2007

Today the Subcommittee will turn its attention to morale, welfare, and recreation or MWR programs.

These programs are critical components within the military communities and important milestones upon which service members and their families measure the quality of their lives. Activities such as the social clubs, playing fields, gymnasiums, libraries, hobby shops, and child care centers are but a few of the activities that are now considered indispensable benefits of military life and important elements of the military community.

As I stated during the hearing on military resale programs earlier this month, there are few things that service members care more about than the reliability of the military community in providing services to their families. This is particularly true during war when members are deployed. Let there be no mistake, these programs have a direct affect on troop morale and combat readiness.

There are challenges confronting these important activities and this Subcommittee will continue to be an advocate for MWR programs. Some of the concerns of the Subcommittee include a decline in appropriated fund support for MWR activities, the construction of new facilities at installations with increased populations, and the need to increase access to quality child care.

Mr. McHugh, did you have any remarks.

Let me introduce our panel.

Ms. Leslye A. Arsht
Deputy Under Secretary of Defense for Military Community & Family Policy

Brigadier General Belinda Pinckney, USA
Commanding General
US Army Family and Morale, Welfare and Recreation Command

Rear Admiral Mark A. Handley, USN
Vice Commander, Navy Installations Command

Mr. Michael P. Downs
Director, Personal and Family Readiness Division
Headquarters, Marine Corps

Mr. Arthur J. Myers
Director of Air Force Services

Opening Remarks – Rep. John M. McHugh
Military Personnel Subcommittee Hearing
Overview of Morale, Welfare and Recreation Programs
March 29, 2007

Thank you Dr. Snyder.

The opening sentence of the staff hearing memo provides an appropriate context for this hearing: "MWR programs are intended to provide military personnel the same quality of life as is afforded the society they have pledged to defend."

In general, each of the services at present appears able to support MWR activities and programs that meet that quality of life objective. However, as I noted in the subcommittee hearing to review commissary and exchange operations, there are several significant challenges coming together that must be addressed if today's levels of support are to be sustained. BRAC, global rebasing, pressure on appropriated fund support, declining MWR dividends, extended operations in a wartime environment are all elements that could fundamentally alter the MWR programs.

For example, as the staff hearing memo points out, when measured in constant dollars, each of the services will spend less in appropriated funding on MWR in 2007 than each did in 2003. Overall in DOD, appropriated fund support in 2007 is only about 88 per cent of what it was in 2003.

When the consistent four-year decline in the exchange dividend contributions to MWR is added to the relative decline in appropriated fund support, I think the challenges to sustaining MWR programs are widespread and serious.

So, Mr. Chairman, the hearing to day is an important one to any effort by this subcommittee to continue its commitment to sustaining the MWR program and benefits. I look forward to the witnesses' testimony today and to our discussions with them.

WRITTEN STATEMENT

BY

LESLYE A. ARSHT

DEPUTY UNDER SECRETARY OF DEFENSE

(MILITARY COMMUNITY & FAMILY POLICY)

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL

OF THE

COMMITTEE ON ARMED SERVICES

HOUSE OF REPRESENTATIVES

ON

MARCH 29, 2007

Not for Publication until Released
By Committee on Armed Services

Chairman Snyder, Ranking Member McHugh, distinguished members of the Military Personnel Subcommittee, thank you for this opportunity to testify on Department of Defense Morale, Welfare and Recreation Programs.

Force Morale and Family Welfare

This is the sixth year of sustained combat, and the resiliency of service members and their families is nothing less than remarkable. Our military families are the heart and soul of troops on the battlefield, and when service members call back home, they want to hear, "We're doing fine.....we miss you, but we are doing fine." Of paramount importance to those deployed is to know that their families have good support and someone to reach out to while they are away. Without a doubt, families also serve and sacrifice. While we continue to maintain robust Morale, Welfare, and Recreation programs to serve our Service members and families, the Department has made family support a priority and redesigned and boosted family support in a number of ways to recognize the crucial role families play in supporting service members on the battlefield.

***Communication*:** Military spouses indicate that being able to communicate with their Service member is the number one factor in being able to cope with deployments. Back home, computers and Internet service located in our Family Support Centers, base libraries, and youth centers help ensure families can send and receive e-mails from their deployed loved ones. Morale programs also include 145 free MWR-operated Internet cafes in Iraq and 30 free MWR-operated Internet cafes in Afghanistan. Mobile Internet cafes can offer Internet Protocol phone service at less than $.04 per minute. In fact, between Family Support Center communications resources and those facilitated by the Service MWR organizations, families are connected to their Service members in near

real-time which has a dramatic effect on readiness both at home and overseas. This communication is essential to morale and our ability to sustain deployments.

Information: Today's military family wants easy and rapid access to reliable information and beneficial resources. Therefore, in partnership with the Services, the Department leveraged the power of technology to provide Service members and their families with information they want, as well as someone to talk to - available 24/7. Two important tools are helping to improve the delivery of information and assistance to our families: *Military OneSource* and *Military HOMEFRONT.*

Military OneSource (www.militaryonesource.com or 1-800-342-9647) has quickly become the trusted source of information and assistance for Service members and their families. *Military OneSource* is a 24-hour information and referral service that provides information and assistance on a wide range of topics including parenting, child care, educational services, financial information and counseling. Individualized assistance is available by telephone, email, or the Internet. Department survey results indicate that one in five Service members reported having used *Military OneSource* in the previous 12 months. The current call volume is almost 1,000 calls per day and in FY 2006, there were an average of 125,000 on-line visits per month. Additionally, *Military OneSource* can be and frequently is an outstanding referral agent to many of the MWR programs.

Military HOMEFRONT, (www.MilitaryHOMEFRONT.dod.mil) is our award-winning, "best in government" quality of life web portal and is a user-friendly site that connects all of the DoD quality of life information on-line. The site reaches out to our men and women in the military, to their families and to service providers. Two new features, *Military Installations* and *Plan-My-Move*, add a new dimension to the HOMEFRONT. *Military Installations* provides directions to programs, services and facilities for military

bases, National Guard offices and Department of Veterans Affairs facilities worldwide for our families who are relocating. Whether military families are moving overseas or moving with a family member with special needs, whether they have children or a spouse who is seeking employment, or whether they are looking for MWR activities and opportunities at their next duty station, they can obtain information on services to support their relocation. With *Plan-My-Move*, Service members can access an interactive moving program that provides budget planning, customized calendars, household goods inventories and much more. These programs are part of our commitment to military families to provide the information they need to support their mobile military lifestyle and can also be accessed through *Military OneSource*. In FY 2006, there were over 25 million hits to the Military HOMEFRONT website with 1.5 million visitors.

***Family Support/Assistance Centers*:** The installation Family Support Centers and regional/local Family Assistance Centers remain the backbone of the support provided to families in the military. The invaluable services provided through these Centers would not be possible without the support of both paid and volunteer staff. Additionally, finding innovative and efficient methods of resource and service delivery, especially for our Guard and Reserve families, is a constant challenge. To address this, and per direction in the FY 2007 National Defense Authorization Act, the Department is designing a regional joint family support model. Two critical components of the model involve building coalitions and connecting Federal, state, and local resources and non-profit organizations to support Guard and Reserve families. Best practices and lessons learned from 22 Inter Service Family Assistance Committees and the Joint Service Family Support Network will guide the planning process. Minnesota's, "Beyond the Yellow Ribbon" reintegration program, researched by the University of Minnesota, will serve as a model with a funded Community Reintegration Coordinator position. Hawaii and Oregon have volunteered to be models. These are states where we can build onto a successful infrastructure to deliver a wide range of family assistance to expand our reach

to the Guard and Reserve. We appreciate the opportunity to bridge the gaps and augment existing programs, and thank Congress for recognizing this need.

Counseling: Family assistance and military member counseling is in increasing demand – more than doubling over the last year. Families are reaching out for assistance and the Department is responding to meet the need. Counseling support is available both on and off military installations in the United States and overseas. Up to six sessions of counseling per situation can be requested by individuals and families. This short term, situational and problem-solving non-medical support is designed to help Service members and their families cope with the normal reactions to stressful situations. The counseling, provided by licensed and credentialed professionals, is confidential and optimally available within a 30 minute drive time of the individual requesting services. Counselors are trained to assist families with life management issues such as reunion expectations, loneliness, stress, long separations, differences after a year apart, effects of deployment on children, loss and grief, and how best to reintegrate into family life. Financial counseling is now available to help with today's complex financial decisions and the added complication of family separation.

Commissaries: Commissaries help military families save over 30 percent on grocery and household necessities, after considering the commissary surcharge and commercial sales taxes. The Defense Commissary Agency makes sure that familiar name brands are available for military families at active duty installations around the world. The Department's challenge is to sustain the value of the commissary to our service members without increasing the cost to the tax payer. The Defense Commissary Agency, with oversight by the Commissary Operating Board, is becoming a state of the art retail enterprise and continues to make steady progress toward becoming increasingly efficient and effective at delivering the benefit. Commissary customer satisfaction continues to surpass the supermarket industry. Moving forward, DeCA will pursue new ways to

support military families who don't live on or near military installations and explore cooperative efforts with the military exchanges that enhance overall quality of life.

Morale Welfare and Recreation (MWR) Programs

MWR programs enhance the social fabric of a military community by providing activities normally found in "hometown communities". These programs and activities impact the quality of life of our Service members and their families each and every day.

Exchanges: Armed Service Exchanges provide military families with merchandise and services at a 16 to 20 percent savings, not including sales tax savings, and provide over $300 million to help support morale, welfare and recreation programs. To insure a steady stream of dividends to support MWR, the Exchanges are re-engineering using technology – independently and with each other -- to improve value to their customers and to lower operating costs.

Child Care: Providing our military Service members with high quality programs and services like the child development system and youth programs allows them to stay focused while executing their missions with efficiency and with minimum frustration. The National Association of Child Care Resource and Referral Agencies recently reported that Department of Defense (DoD) child development centers held the highest ratings in both standards and oversight compared to the 50 states. Ninety-seven percent of military Child Development Centers are nationally accredited, as compared to 8%-10% of civilian childcare centers.

Forty-two percent (42%) of E1-E4 Service members who use child care reported that managing child care schedules was a moderate to very serious concern during their last deployment. Since the beginning of OEF/OIF, the Department funded $228 million in additional child care, with and end result of creating approximately 7,000 additional child care spaces in 37 child care centers and 42 additions/renovations in high personnel tempo locations. Further, an additional 4 million hours of care were provided as a result of the increase in funding. In FY 2006, the Department moved forward with the emergency intervention strategy to address the most pressing child care needs at locations impacted by high deployments. To continue the effort, the Department dedicated $82 million toward the purchase of modular facilities, renovations, and expansion of current facilities

Providing child care for the Reserve and Guard presents additional challenges. Many do not live close enough to military installations to use on-base child care and off-base care is not always affordable. An initiative designed to address these challenges is *Operation: Military Child Care,* which provides support for the child care needs of geographically dispersed military parents. Services are provided through a national nonprofit organization that will help families/guardians locate child care at reduced rates in their own communities when they are unable to access child care on military installations. Fee reductions vary depending on geographic location, family income and age of the child.

***Youth Programs*:** Military youth programs are important to morale and family support as well, particularly during time of war and extended deployments.

In addition to on-installation youth centers, successful partnerships with non-profit youth organizations have yielded some invaluable resources and programs. Partnerships with the Boys & Girls Clubs of America, 4/H Clubs, and the Armed Services YMCA have paid off with staff training, unique programs and materials and have given children of

Guard and Reserve personnel an opportunity to participate in organized youth programs at no cost to the families. Several of these initiatives include:

- *Operation Military Kids* - the Army's collaborative effort with community agencies to support the 'suddenly military' Reserve Component children and youth before, during, and after the deployment of a parent or loved one. In Fiscal Year 2006, more than 29,000 youths in 34 states participated in Operation Military Kids activities.

- *Life Skills Program* – a collaborative effort with Boys & Girls Clubs of America to build character and leadership skills.

- *Military Student.dod.mil* is a web resource for military kids, teens, parents and educators of military children and leaders. This resource allows military children to share stories, network, and learn valuable information relating to military life.

- *Mission: Youth Outreach* – this Air Force program provides a one-year free membership in a local Boys & Girls Club. Through this important program, Air Force active duty and Air Reserve Component families who do not live near a military installation still have a safe and positive place for their youth to spend their out-of-school time.

Fitness: All of the Military Services continue to expand robust fitness programs designed to sustain a physically fit, healthy force. Long term plans are being made to modernize the fitness infrastructure beginning with the Services request for four fitness center construction projects in FY 2008.

The Army has spearheaded a program to provide MWR Fitness Kits for Deployed soldiers. A critical focus has been to improve access for Service members during more-frequent deployments. The kits, which have proven to be extremely popular, include a pocket sized Strength Training Guide and portable Thera-Bands to help deployed soldiers maintain their muscular strength and resistance levels regardless of location. The Marine Corps has also purchased these fitness kits for deployed Marines.

The Navy, which has long dealt with lengthy deployments, distributed more than 20,000 pieces of fitness equipment to the fleet via the worldwide network of 27 deployed forces support specialists at fleet concentration centers. In all, some 57,500 pieces of sports and fitness gear have been distributed to 110 commands and units at deployed locations.

The Marine Corps provides health promotion education courses on topics ranging from combat stress to nutrition to suicide awareness, which are available to Marines via distance learning. All Marines are required to take annual training in various health-related topics and taking advantage of distance learning means the courses are readily available to Marines anywhere.

The Air Force's *"Fit to Fight"* program is geared to build and maintain a physically fit aerospace force. Fitness standards are clearly defined with individuals and units both held responsible and accountable. Fitness assessments are conducted as a tool for commanders to determine the overall fitness of their military personnel. After two years utilizing this approach, the Air Force has noted substantial movement towards a "Fit to Fight" culture where members view fitness as a way of life, and a critical component of operational readiness.

Adaptive sports and recreation: The ability of injured Service members to engage in recreational activities is a very important component of recovery. We continue to work with the United States Paralympics Committee and other organizations so that our severely injured have opportunities to participate in adaptive sports programs. We are also mindful of the need to ensure installation Morale Welfare and Recreation (MWR) fitness and sports programs can accommodate the recreational needs of our severely injured Service members. At Congressional request, we are studying the current capabilities of MWR programs to provide access and accommodate eligible disabled personnel.

The USOC Paralympics organization is also coordinating with key Military Treatment Facilities to see how severely injured sports and recreational opportunities can be expanded and incorporated into all aspects of the recovery, rehabilitation, and reintegration process. The Department is coordinating with other organizations such as the Armed Forces Recreation Society to provide similar opportunities to severely injured veterans on the municipal and local levels, even possibly partnering with colleges and universities to take advantage of those facilities and recreational programs.

Libraries: The Services recognize that ready access to books, magazines and newspapers are important to war fighters both during and between deployments. The Army, Air Force and Marine Corps each ship several thousand newly printed books and magazines to various addresses in the OIF/OEF Theater each month. Virtual resources, such as the Army's General Library Information System, the Navy's Library Multimedia Resource Centers on ships and the Air Force's Learning Resource Centers provide access to academic materials regardless of location.

Five DoD recreational libraries will participate in the National Endowment for the Arts (NEA) "Big Read" initiative. The Big Read is a community reading project which began one year ago and is expanding to encompass military bases located in close proximity to civilian communities that have already agreed to participate. These communities were provided funding by the NEA for a month long festival in which interested participants are encouraged to read the same novel. Military bases will be provided 100 copies of the selected books for base library circulation.

Professional entertainment: Entertainment helps build morale for deployed Service members. Nowhere is this support more important than in the austere locations where Service members are performing duty in support of the Global War on Terror. Armed Forces Entertainment (AFE), continues to provide much welcomed professional entertainment to our forces overseas. In 2006, Armed Forces Entertainment conducted 118 tours with 1,433 shows in 25 countries. Eighteen of those tours were with USO coordination. Entertainers included Drowning Pool, Lou Holtz, Gary Sinise, Tito Puente Jr., National Comedy Theater, Rome, Colin Quinn, World Wrestling Entertainers, Harlem Globetrotters, Congressional Medal of Honor recipients, and numerous other bands, comedians, and entertainment groups.

The Spirit of America Tour provides a brief reprieve from the stresses of deployments at military installations within the continental United States. From 2002 through 2006, the Robert and Nina Rosenthal Foundation worked closely with the Country Music industry to provide 76 celebrity entertainment shows at no cost to military personnel and their families. Through this program, performers, such as Charlie Daniels, Joe Diffie, Neal McCoy, Billy Ray Cyrus, Jo Dee Messina and many others have given generously of their time and talents.

Funding for Military MWR Programs

MWR programs have a profound impact on the quality of life of our Service members and their families. The vast network of DoD MWR programs support 12 million authorized patrons at nearly 300 military installations in over 30 countries worldwide. The annual cost to operate DoD's Military MWR programs in FY 2006 was approximately $3.9 billion dollars, split between about 50 percent appropriated funds (APFs) and 50 percent nonappropriated funds (NAFs).

The continued vitality of military MWR programs depends on consistent APF support to Category A – mission sustaining and Category B – community support MWR activities and a predictable nonappropriated fund revenue stream from Category C – revenue-generating MWR activities.

Appropriated fund support: Fiscal Year 2006 MWR program appropriated funding was $1.97 billion. Category A activities (fitness, libraries, recreation centers, single Service member programs, intramural sports, and unit activities) may be entirely funded with appropriations. The Department sets a minimum standard of at least 85% of total expenses to be supported with APF. All Military Services except Army (83%) exceeded the 85% minimum for APF in Category A. Category B activities (child care, youth programs, outdoor recreation, crafts and hobby shops, and small bowling centers) may be supported with a minimum of 65% APF to cover operating expenses. All Military Services met or exceeded the 65% for APF in Category B.

The FY 2008 MWR program budget request of $1.947 billion, increases six percent from the FY 2007 budget of $1.832 billion and includes $631 million for child care and youth

programs. We are pleased the Army's MWR APF support for FY 2008 is budgeted to increase by $82.5 million. The Navy's MWR APF support is budgeted to increase by $17.3 million and Air Force FY 2008 MWR APF support is budgeted to increase $14.4 million. Marine Corps MWR APF support does not significantly change in the FY2008 budget.

The current DoD MWR APF support metric serves to monitor the relative percentage of APF vs NAF support to Category A and B MWR programs. However, the Department believes the metric could be improved by excluding indirect APF support, which is already included in the public works budget, and establishing a formula for apportionment of APF direct overhead and NAF common support among Categories A, B, and C. Such changes would standardize reporting and result in more direct APF support being provided to Category A and Category B MWR activities. The Department is considering new guidelines for calculating and reporting MWR APF support and will present any proposed changes to Congress prior to implementation.

Nonappropriated fund operating results: The Service's Military MWR funds are currently in sound financial condition, with total assets of about $4 billion. Current assets are about $1.3 billion and cash and investments total about $1 billion. All MWR activities report a high degree of solvency based on current and acid test ratios. In Fiscal Year 2006, the Army reported a $31.7 million net income for MWR programs and Navy reported a $10.8 million net income. However, the Air Force reported an $8.1 million net loss attributed to lower exchange dividends and MWR sales as a result of deployments in support of the Global War on Terror. Marine Corps net income results for FY06 will not be reported until 1 June.

Exchange dividends: MWR programs rely heavily on exchange dividends to fund their capitalization programs and help sustain operations. Dividends from the exchanges in

aggregate to MWR programs declined to $305 million in FY 2006 and profits and dividends are projected to decline further in FY 2007 with dividends estimated at $261 million. The exchanges attribute their declining profitability to rising facilities costs and attendant depreciation, as well as BRAC-related costs. Moving forward, the Exchanges predict recovery of MWR dividends starting in 2008.

***NAF construction*:** MWR capitalization programs encompass requirements for information systems, facilities, and equipment. Collectively, the MWR programs plan capital investment of nearly $369 million in FY 2007, with $193 million designated for facilities and improvements. Similarly, the Defense-wide lodging program plans capital projects totaling almost $207 million in FY 2007, with $92 million earmarked for facilities and improvements.

We appreciate the support of Congress to use appropriations to replace facilities destroyed and damaged by the 2005 hurricane season. As requested by the Subcommittee, the Department is reviewing the cost effectiveness of purchasing commercial insurance for real property. Our findings will accompany the report the Subcommittee requested on the funding and standards for MWR facilities. In view of the effects of BRAC, restationing, rising construction costs, and declining exchange dividends, these reviews are timely.

Transformation

***Global restationing*:** Continued access to the MWR benefit is a pressing concern as we bring thousands of military families home from overseas bases. The Department recognizes our obligation to work with the affected communities. DoD is partnering with other Federal Agencies and civilian communities to augment quality of life programs at

the gaining installations in the U.S. Within our resource constraints, MWR programs can only continue at locations where there is a sufficient concentration of active duty members. Some overseas changes have already been implemented in Germany and the Republic of Korea within the framework of negotiations with host nations. The Army and Air Force are realigning and rescaling MWR programs to coincide with the changes. Where new missions or significant troop movement create facility requirements, appropriations and funds available under host nation agreements will be sought. At closing installations, agreements with host nations govern payment for the value of our facilities. As implementation progresses, the MWR programs may absorb some implementation costs and lose some overseas revenue, which may affect capital investment programs.

Base realignment and closure: As a general rule, we do not continue operations after an installation closes. At the installations closing under BRAC 2005 and based on our experience in previous BRAC rounds, it is unusual for Local Redevelopment Authorities to seek continuation of the MWR activities. As we evaluate specific locations, our primary consideration is the impact of closure and realignment on active duty personnel and their families. By divesting MWR operations that are no longer required to support active duty missions, resources can be redirected to support the military communities that will experience a significant increase of active duty personnel. Where base populations will grow more than 25 percent in two years, the Military Services may request military construction funding. We would use nonappropriated funding only when military construction funding is not available or authorized. Some facility projects slated for nonappropriated construction may be delayed as we give priority to the needs of active duty populations at the gaining installations and ensure that quality of life programs are sustained.

***Joint basing*:** For the joint installations created under BRAC, we are working with the Military Departments and the installation commanders to manage the change. The morale, welfare and recreation programs will merge at all but one location (Henderson Hall/Fort Myer). This is a complex undertaking due to the different ways that the Armed Services distribute dividends, allocate funding, and operate their quality of life programs at the installation level.

***Army lodging privatization*:** The Army will begin the transfer of lodging facilities to a private developer at 11 locations in the continental US beginning in September 2007. The Army plans to privatize all of their lodging facilities throughout the continental United States, Alaska, and Hawaii. Privatization will provide a means for the Army to upgrade many deteriorating facilities they could not otherwise afford to renovate or replace. There are NAF costs associated with this initiative and the Department will closely monitor the results at Army lodging privatization Group A test sites.

Conclusion

Clearly the road ahead is a challenging one. DoD is fighting a war while realigning to a more consolidated, expeditionary and joint environment. However, the needs of individual Service members and their families must still be met. The Department will continue to explore the most effective means of underwriting support to families and developing innovative new support systems within the framework of this transition. We will continue to conduct analyses and assessments of these programs, individually and in aggregate, to ensure they are meeting the needs of our service members and are contributing positively to recruiting, retention, and readiness. Program results – measured in satisfied, healthy families and combat ready members will drive our efforts. We appreciate your support of these important programs, and will continue to

consult with you and will seek your continued support as we implement these far-reaching and enduring changes.

LESLYE A. ARSHT

Deputy Under Secretary of Defense for Military Community and Family Policy

Leslye A. Arsht has served as the Deputy Under Secretary of Defense for Military Community and Family Policy since February 2006. In this role, she is responsible for policy, advocacy and oversight for all community support to service members and their families, including: quality of life issues; state liaison initiatives; child development and youth programs; military spouse career advancement; the off-duty education program for military personnel; tuition assistance; the Morale, Welfare and Recreation program; defense resale for commissaries and exchanges; transition assistance for separating service members; and family violence prevention and intervention. Her oversight also includes casualty and mortuary affairs and military funeral honors.

Arsht has been part of the under secretary of defense for personnel and readiness team since June 2004. Her focus since that time has been on education, military spouse career opportunities and employment for severely injured service members.

Prior to this appointment, Arsht was a senior advisor to Iraq's Ministry of Education. For nine months, she aided in the re-establishment of Iraq's primary and secondary schools, developing a four-year strategic plan and advising the new ministry as it began a national dialogue on curriculum reform. She was presented the Joint Civilian Service Commendation award by Ambassador L. Paul Bremer for her service. In June 2005, Arsht was chosen as the grand prize winner of the Good Housekeeping Award for Women in the Government.

Arsht's career in communications and education policy spans over 30 years. She has been counselor to now U.S. Senator Lamar Alexander of Tennessee during his term as the U.S. secretary of education; co-founder of a non-profit education consulting firm; and associate vice chancellor for news and public affairs at Vanderbilt University. She also served as a deputy press secretary and deputy assistant to President Ronald Reagan from 1987-1989.

A native of Houston, Arsht is a graduate of the University of Houston.

RECORD VERSION

STATEMENT BY

BRIGADIER GENERAL BELINDA PINCKNEY
COMMANDER
FAMILY AND MORALE, WELFARE AND RECREATION COMMAND

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 110TH CONGRESS

ON ARMY MORALE, WELFARE AND RECREATION PROGRAMS

29 MARCH 2007

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BRIGADIER GENERAL
BELINDA PINCKNEY
COMMANDING GENERAL
FAMILY AND MORALE, WELFARE
AND RECREATION COMMAND

Brigadier General Belinda Pinckney, a native of Dublin, Georgia, entered the Army in September 1976 as a Finance Specialist. Upon completion of basic and advanced individual training, she was assigned to the 105th Finance Section, Augsburg, Germany. While holding various finance positions within the office, she was selected for Officer Candidate School in 1978 and was commissioned a Finance Officer in February 1979.

Brigadier General Pinckney earned a Bachelor of Science degree in Business Administration at the University of Maryland; a Master of Public Administration degree in Financial Management at Golden Gate University; and a Master of Science degree in National Resource Strategy from the Industrial College of the Armed Forces.

Brigadier General Pinckney assumed command of the Family and Morale, Welfare and Recreation Command on 11 May 2006. Her prior command and staff positions include: Brigade Commander, 266th Finance Command and US Army Europe Staff Finance and Accounting Officer, Heidelberg, Germany; Battalion Commander, Training Support Battalion, Soldier Support Institute, Fort Jackson, South Carolina; Military Assistant to the Assistant Secretary of the Army (Financial Management and Comptroller); Budget Analyst, Technology Management Office, Office of the Chief of Staff, Army; Congressional Appropriations Liaison Officer, Office of the Under Secretary of Defense (Comptroller); and Principal Deputy Director/Army Element Commander, Defense Finance and Accounting Service.

Her military awards include the Defense Superior Service Medal, two Legion of Merit medals, six Meritorious Service Medals, four Army Commendation Medals, two Army Achievement Medals, the Office of the Secretary of Defense Staff Badge, and the Army General Staff Identification Badge. Brigadier General Pinckney was inducted into the Officer Candidate School Hall of Fame in 2001.

BG Pinckney's better half for the past 27 years is Lieutenant Colonel (US Army Retired) Quinnsander M. Pinckney. They have one son, Andre' M. Pinckney, who attends Strayer University.

STATEMENT BY
BRIGADIER GENERAL BELINDA PINCKNEY, COMMANDER
FAMILY AND MORALE, WELFARE AND RECREATION COMMAND
ON ARMY MORALE, WELFARE AND RECREATION (MWR) PROGRAMS

Mr. Chairman and Members of the Subcommittee, thank you for allowing me the opportunity to appear before you to discuss the status and direction of Army Morale, Welfare and Recreation (MWR) programs. This hearing marks the first time the Commander of the Family and Morale, Welfare and Recreation Command has appeared before you. When the Army established the Installation Management Command, the U.S. Army Community and Family Support Center changed its name to more accurately reflect its mission. Our professionals and volunteers continue to deliver "First Choice" programs and services to our Active and Reserve Component Soldiers and their families around the world.

MWR SUPPORT TO DEPLOYED SOLDIERS

We have professional staff in Southwest Asia to support our deployed Soldiers, and we continue to support the forces in the Balkans. We have MWR facilities at 25 large and 17 small sites in Iraq, three major and five remote locations in Afghanistan, and one major and five small sites in Kuwait. Currently, 15 MWR professionals are deployed to Afghanistan, Iraq, and Kuwait, meeting the United States Central Command's MWR support requirements. We have deployed a total of 50 MWR professionals since 9/11 in support of Operation Iraqi Freedom and Operation Enduring Freedom. Similarly, 12 civilian MWR professionals provide support to service members in Kosovo, Bosnia, Hungary, and Macedonia. Since 1995, over 200 MWR personnel have voluntarily deployed to promote physical fitness and provide recreation, social and other support services in the Balkans.

The Armed Forces Recreation Centers (AFRCs) continue their mission of providing quality, wholesome, affordable, family-oriented vacation opportunities to all

authorized patrons. AFRCs are responding to the Rest and Recuperation (R&R) needs of both the Active and Reserve Components by offering discounted packages to personnel authorized R&R in conjunction with a 12 month tour in Iraq or Afghanistan. The discounted R&R programs are available at Edelweiss Lodge and Resort in Garmisch-Partenkirchen, Germany; the Hale Koa Hotel in Honolulu, Hawaii; and the Shades of Green in Orlando, Florida. The Dragon Hill Lodge in Seoul, Republic of Korea, offers an individually tailored program to any Soldier visiting Korea on R&R or post-deployment leave status. A special "Warrior Express Weekend" program is also available for 2nd Infantry Division Soldiers using the Dragon Hill Lodge. Concurrent with their ongoing missions, AFRCs maintain strategic views of the future to preserve the capability to serve tomorrow's Defense Force through an aggressive program of facility investment.

We are committed to meeting the needs of our Soldiers and their families. The following is a brief overview of operating results, key MWR issues, and initiatives we are working to support the transforming Army.

FAMILY READINESS

Army Community Service (ACS) is the principal organizational element responsible for providing personal and family readiness support to commanders, Soldiers, and families. The ACS center staff is proactive in preparing and sustaining families by teaching life skills and providing ongoing training for the Unit Family Readiness Team (unit commander, rear detachment commander, Family Readiness Group (FRG) leaders, and family members). We have published guidance on FRG operations and provided useful and practical techniques for handling deployments for commanders, Soldiers, spouses, and children.

Installation ACS directors reach out to the Army National Guard and Army Reserve units in their geographic areas of responsibility to assist Reserve Component family program personnel with providing information, training, and other deployment

readiness assistance. Our Integrated Multi-Component Family Support Network provides a seamless customer-focused network of services to families regardless of component or geographic location.

The Virtual Family Readiness Group (vFRG), a web based access portal controlled by the military unit, is the primary link among deployed Soldiers, families, FRG leaders, unit commanders, rear detachment commanders, and other readiness personnel. These "virtual communities" provide a secure communications network of support for Soldiers and families. The vFRG, implemented Army-wide in February 2006, currently supports about 650 Army units, continues to be a huge success, and receives positive feedback from all users.

MyArmyLifeToo.com, launched in 2005, provides single portal access to accurate and up-to-date information about Army life. The site has had over 28 million "hits" since its inception. Soldiers and families may sign up to receive the monthly e-newsletter, currently being sent to over 55,000 subscribers. Two additional Department of Defense resources for military families are Military Family Life Consultants (MFLC) and Military OneSource (MOS). The MFLC provide much needed, on-demand support to Soldiers and families. The flexibility of the program allows the Army to deploy and redeploy MFLC where and when needed for up to 90 days. Individuals may be requested with specific skills to respond to installation specific needs. The MFLC provide outreach through direct consultation, classes, groups, and sessions. Topics include: emotional well being; relationships; marriages; parenting; deployment; change management; stress management; and grief and loss. The consultants also provide assistance to ACS and Child and Youth Services staff to alleviate family distress and emotional burnout.

Military OneSource is a 24/7 toll free information and referral telephone line and Internet/Web based service that includes up to six face-to-face counseling sessions available to Active and Reserve Component Soldiers, deployed civilians, and their families. It augments our installation family support services by providing telephonic

and Internet access to families living off installations. Last year MOS staff supported 384 Army pre- and post-deployment briefings and events attended by more than 150,000 Soldiers and family members.

We continue to cultivate partnerships between the Army and the civilian sector to improve services to families. The Army Spouse Employment Partnership (ASEP) supports Soldier retention and contributes to family financial stability by helping spouses maintain careers. Currently, 26 corporate and military partners use innovative methods to provide job and career opportunities to military spouses. MyArmyLifeToo.com and the military spouse job search website, www.msjs.org, provide portals for military spouses to develop their resumes and apply for jobs. In fiscal year 2006, ASEP partners hired over 5,000 military spouses, bringing the total of spouses employed by ASEP partners to 16,000. The Council of Better Business Bureaus, a key community partner, works with military installations and local Better Business Bureaus to resolve consumer issues affecting military personnel and their families.

The Army has a dynamic program – the Army Family Action Plan (AFAP) – that enables our Soldiers, retirees, civilians and families to tell us what's on their minds. Our communities leverage the 24-year success of the AFAP to raise issues to leadership for resolution. Installations and headquarters monitor issues and their progress through regular guidance, direction, and leadership approval. AFAP recognizes that as the operational tempo of the Army changes, we need to change with it to continue to meet the needs of our Soldiers and families. At the November 2006 world-wide conference, we added a workgroup to this vital process to represent our wounded warriors. Each year, the conference pursues resolution of critical quality of life issues. AFAP is recognized and supported by local commands as well as senior Army leadership and is the force behind hundreds of legislative, regulatory and policy changes, and program and service improvements. Our Soldiers, retirees, civilians, and families know AFAP is their "voice" in the Army's future.

Although families are resilient, they can't do it alone and shouldn't have to. We enhance that resiliency by providing care, support, and meaningful opportunities for social bonding. There must be sufficient infrastructure, independent of volunteer support, properly resourced to deliver consistent quality services to all components in a seamless manner.

CHILD AND YOUTH SERVICES INITIATIVES

Army Child and Youth Programs are a quantifiable force multiplier and remain essential to reduce the conflict between Soldiers' parental responsibilities and unit mission requirements. Quality, available, affordable, and predictable child and youth programs allow Soldiers to focus on their missions, knowing their children are thriving in our child care programs and their teens are adjusting as they move from school to school. The demand continues to increase, and we have taken a number of actions to address this need.

First, we procured 18 Child Care Interim Facilities at nine installations highly impacted by Army Transformation. They are Fort Bliss, Texas; Fort Campbell, Kentucky; Fort Carson, Colorado; Fort Drum, New York; Fort Hood, Texas; Fort Lewis, Washington; Fort Riley, Kansas; Fort Stewart and Hunter Army Airfield, Georgia. Permanent construction projects are programmed in the Future Years Defense Plan to replace these interim facilities by 2013. Additionally, we are using the authority granted by section 2810 of the Fiscal Year 2006 National Defense Authorization Act to add 10 permanent modular child care facilities using Operation and Maintenance funds at Fort Bragg, North Carolina; Fort Lee, Virginia; Fort Lewis, Washington; Fort Polk, Louisiana; Fort Sill, Oklahoma; Tobyhanna Army Depot, Pennsylvania; Anniston Army Depot and Redstone Arsenal, Alabama; Detroit Arsenal, Michigan; and Picatinny Arsenal; New Jersey. This will help us replace lost child care capacity as we close bases in Europe and expand capacity in the United States.

Increasingly, we find our on-post, Army-operated child care programs insufficient to meet the growing demand for services. Many Soldiers are geographically dispersed. Others live in civilian communities surrounding installations. Now, for the first time, we can provide Army-sponsored services where families live through our new initiatives – *Military Child Care in Your Neighborhood* and *Army Child Care in Your Neighborhood. Military Child Care in Your Neighborhood* child spaces are targeted to meet the child care needs of recruiters and Soldiers with independent duty assignments dispersed throughout the country. *Army Child Care in Your Neighborhood* supports families living in the immediate catchment areas surrounding some of our large installations. Under both programs, families pay reduced fees for child care services delivered through state licensed/regulated and nationally accredited or credentialed community child care programs

We are also increasing our efforts to sustain and expand our home-based Family Child Care program. Without the dedicated family members who provide child care in government housing – especially extended hours, evening and weekend care – we could not provide the care needed to support mission requirements beyond the traditional duty day.

Child and Youth Programs play a vital role in helping reduce stress for families. Garrison Child Development Centers and Family Child Care Homes have extended operating hours. The respite care we provide, at minimal cost, gives parents time to attend to personal needs or take breaks from the stresses of parenting. Partnerships with organizations like the Boys & Girls Clubs of America and 4-H enhance our School Age Services programs and Teen and Youth Centers and offer value-based programs to help youth deal with the stress associated with parental deployments.

Reserve Component families often need child care support and face additional child care costs when Soldier parents deploy. Our *Operation Military Child Care* initiative "buys down" the cost of child care for these families in the local community

where the family lives. Reserve Component Soldiers in all 50 states participate in this centrally funded Army Child and Youth Services deployment support initiative

In conjunction with the National 4-H Office, our *Operation Military Kids (OMK)* initiative is a collaborative effort in 34 states to support the children and youth of our Reserve Component Soldiers. In Fiscal Year 2006, more than 29,000 youth participated in OMK events and services conducted in their local communities. This vital FMWRC partnership with the Department of Agriculture is a success story that engages main stream America in directly supporting our military youth.

And finally, the Army is working with the Department of Defense and Department of Education to address school transition issues. Our School Transition Plan includes strategies for successful transition of military-connected students from overseas to schools in the United States. The plan focuses on coordination with national, state, and local education agencies to integrate military-connected students into local school systems. Although some affected local education agencies have expressed concerns about the ability to sufficiently accommodate the influx of transitioning students, most are moving ahead with bond issues, exploring the potential for charter schools; others have engaged the Department of Education and Department of Defense to discuss new avenues for funding facilities, transportation, teachers, and textbooks.

SURVEY OF ARMY FAMILIES

In conjunction with the U.S. Army Research Institute for the Behavioral and Social Sciences, FMWRC conducts the *Survey of Army Families* (*SAF*). The *SAF* provides data on the attitudes and behaviors of civilian spouses of active duty Soldiers. Recent in-depth analyses of 2004/2005 SAF V data confirm the importance of MWR and family programs to Soldier readiness and retention. Significant findings include:

- Spouse knowledge and use of Army support assets and being comfortable dealing with Army agencies are keys to positive deployment adjustment.

- Army recreation services are the second most commonly used non-medical service during deployment, with 42 percent of spouses using this installation program. Thirty-four percent indicated they increased their use during the deployment, and 62 percent said they are satisfied with the services they received.

- Sixty-eight percent of spouses who used Army Community Service (ACS) personal and financial assistance programs during deployment found these services helpful, the highest rating of satisfaction for deployment related services in the survey.

- As a result of deployment, depression and school problems affect about one in five children. Parents believe their youngest children cope most poorly with the deployment separation, especially preschoolers under age six.

- Perceptions about the Army as a good place for younger children are linked to Soldier retention: 86 percent of the spouses who think the Army is good for younger children want their Soldier to stay in the Army, while only 51 percent of spouses who think the Army is not good for their children want their Soldier to remain in the Army.

RECREATION

The Family and Morale, Welfare and Recreation Command reviewed how it provides recreation services for military communities to assess ways to provide services more efficiently and effectively. The result was a Recreation Delivery System that increases customer use of programs and services and requires fewer stand-alone facilities and less infrastructure. Additionally, the system integrates MWR with the installation and community, encompasses unit programming, and delivers the programs in the best location. The delivery system uses a team approach for programming to maximize flexibility and provide opportunities to increase customer-focused recreation programs.

Libraries: The General Library Information System (GLIS) is a web-based information system that provides library services for deployed Soldiers and the libraries that support them. The long-term goal is for GLIS to be the web-based information system for all Army MWR libraries. The GLIS has been fielded at 51 libraries in the continental United States, Alaska, and Europe, with five more libraries to be added by the end of 2007. GLIS manages almost two million items including books, DVDs, CDs, magazines, and newspapers for 390,000 users.

FMWRC commercial database subscriptions are available through GLIS both at MWR libraries and through the Army Knowledge Online (AKO) Internet portal. These databases include magazines and journal articles, auto repair information, online practice tests, encyclopedias, dictionaries, e-books, and downloadable audio books. These subscriptions were augmented by the Europe Regional Library Program, Combined Arms Research Library, and the Fort Hood Education Center – a true Army enterprise effort. Audio books which can be downloaded to MP3 players include fiction, non-fiction, and conversational language courses from Arabic to Vietnamese. These commercial databases were used over one million times in 2006.

Military Idol: For the second year, FMWRC supported the Military Idol competition. In August and September 2006, 29 installations, including Camp Anaconda, Iraq, hosted local competitions. They provided important professional development opportunities for garrison staffs, while offering contemporary Soldier programming on a large scale. A panel selected 13 of the installation winners to participate in Army-wide finals at Fort Belvoir, Virginia. FMWRC partnered with entertainment professionals who coached and judged the competitors. Army AKO broadcast the week-long final contest and managed voting for the final competition. The winners, voted by AKO viewers across the Army, were First Place, Specialist Vicki Golding, Fort Myer, Virginia; Second Place, Staff Sergeant Angelo Johnson, Schofield Barracks, Hawaii; and Third Place, Sergeant Quanda Brown, Fort Lee, Virginia.

Participating installations want to see Military Idol repeated next year. The goal is to expand the competition to 60 installations.

BUSINESS PROGRAMS

Income generated by Business Programs is vital to financial support of all MWR programs. Total revenues for fiscal year 2006 exceeded $280 million and produced a net income before depreciation (NIBD) of $35.5 million. That income allowed business programs to finance the maintenance of their own facilities and provide funding to other critical MWR programs not capable of being self-sustaining. Specific accomplishments in support of the Army mission include:

Golf: Army golf has been proactive in determining the accessibility of Army golf courses for players with disabilities and is currently concluding the Congressionally-directed study of accessibility. In fiscal year 2006, the Army's 55 golf courses recorded NIBD of $10.4 million on net revenue of $69.8 million. Soldiers, retirees, and their families played over 1.7 million rounds.

Bowling: Army bowling centers have evolved into Family Entertainment Centers with add-on amenities such as glow-bowling, party rooms, video arcades, and billiards. Strike Zone themed food operations have enabled Army bowling centers to enhance service to Soldiers and families. Bowling patrons enjoy state of the art centers that recorded over 8.1 million games bowled. The Army's 92 bowling centers worldwide produced $45.1 million in revenue and NIBD of $6.6 million.

Food, Beverage, and Entertainment: Army Club Food, Beverage, and Entertainment and MWR Branded Restaurant Operations remain an integral part of business operations in Army communities. The 199 activities provide a variety of programs and services worldwide, enhance unit cohesion, and support community social needs. The activities earned NIBD of $15.1 million on revenue of $155.3 million.

Events: The Events Division continues to offer diverse, demand-driven promotions that generate excitement and help to increase sales. Promotions included Fantasy Football and Fantasy NASCAR promotions that drew people into facilities to make their weekly selections. The "101 Days of Summer" youth promotion saw 74 bowling centers offer kids a daily opportunity to bowl one game and get a second free. Another promotion was "Race to the Rings" that drew on the excitement of the Olympics.

FINANCIAL ASSESSMENT

Total appropriated fund (APF) and nonappropriated fund (NAF) support to the Army's MWR programs for fiscal year 2006 was $1.55 billion. Of this, NAF revenue was $949 million, and net income after depreciation was $32 million. APF support, including military construction, was $762 million.

The DoD standard is to use APF to fund 100 percent of costs for which they are authorized. No standards are specified for the uncategorized, APF-authorized common service support or overhead expenses, and this category of expenses represents the major use of NAF in lieu of APF. The metrics specify funding minimums of 85 percent for Category A (CAT A) activities, and 65 percent for Category B (CAT B) activities. In fiscal year 2006, the ratio of APF support for CAT A was 83 percent, versus 89 percent for fiscal year 2005. The decline in CAT A is attributed to a revised methodology for allocating overhead which more logically portrays the application of APF and NAF support. CAT B reported 67 percent APF support, versus 66 percent in fiscal year 2005.

The Army is in the final phase of implementing Uniform Funding and Management (UFM), authorized by the Fiscal Year 2003 National Defense Authorization Act. This major business reengineering initiative merges APF and NAF for the purposes of providing MWR services using NAF rules and procedures. The process of UFM does not increase or decrease the levels of APF supporting MWR.

Rather, it is a new way of executing the program with an emphasis on eliminating redundancy and improving business practices in providing support for the functions of procurement, financial management, and human resource management. We are well on the way to having a routinely prepared, single financial statement for the APF and NAF resources of the MWR program.

MILITARY CONSTRUCTION (MILCON)

In addition to the 10 Operation and Maintenance funded Child Development Centers (CDCs) mentioned earlier, the Fiscal Year 2007 construction program included eight MILCON funded CDCs and three BRAC funded CDCs. The CDC locations are: Fort Benning, Georgia; Fort Bliss, Texas; Fort Campbell, Kentucky; Fort Drum, New York; Fort Lewis, Washington; Fort Richardson, Alaska; Fort Riley, Kansas (2); Fort Stewart and Hunter Army Airfield, Georgia; and Schofield Barracks, Hawaii. There were two BRAC-funded youth centers at Fort Bliss and Fort Sam Houston, Texas in the fiscal year 2007 program. Finally, the program includes a fitness center and a CDC at Vicenza, Italy. For fiscal year 2008, the Army's MILCON program includes two BRAC funded projects, a fitness center and a youth center, both at Fort Bliss, Texas.

CONCLUSION

MWR is critically essential to sustain the All-Volunteer Force and maintain well-being for the Army. Providing "First Choice" programs and services to Soldiers and families worldwide is our top priority and single focus. More than ever before, our programs are demand-driven, quality-focused, and service-based. With your help, we will continue to deliver these vital programs and services to the best Soldiers and families in the world.

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SERVICES COMMITTEE

STATEMENT OF

RDML MARK A. HANDLEY USN

DEPUTY COMMANDER, NAVY INSTALLATIONS COMMAND

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

MORALE, WELFARE AND RECREATION (MWR)

29 MARCH 2007

NOT FOR PUBLICATION UNTIL

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HOUSE ARMED SERVICES COMMITTEE

Opening Remarks

Mr. Chairman and subcommittee members, thank you for the opportunity to update you again this year on the Navy's Morale, Welfare and Recreation (MWR) program. Fiscal Year (FY) 2006 was a challenging and exciting year for Navy MWR and Child and Youth Programs (CYP) that saw the implementation of innovative enhancements and the development of other new projects for future use.

Overview

MWR professionals around the world continue their proud tradition of helping Sailors and their families sustain morale and readiness wherever they are serving our country.

One of the most exciting developments was the significant increase in the Navy's commitment to support facility improvements using both nonappropriated funds (NAF) and appropriated funds (APF). A $66 million NAF central capitalization program was implemented in FY 2006 and those approved projects will begin coming on line as early as FY 2007. Under the Chief of Naval Operation's (CNO) direction, the Navy developed and committed to an aggressive Military Construction (MILCON) schedule to replace 26 aging and inadequate fitness centers over the Future Years Development Plan (FYDP). The first project is currently slated for Guam in the FY 2008 budget. Taking advantage of the special construction authority that

Congress provided for Child Development Centers, Navy has also embarked on new and expanded facilities in our fleet concentration areas.

APF funding for MWR was greatly reduced in FY 2005, necessitating a "bridge strategy" whereby central NAF resources were diverted from capital expenditures and shifted into MWR operational support. This "bridge strategy" was again employed in FY 2006, but to a lesser degree. This strategy, combined with improved APF support, enabled us to respond quickly and effectively to meet the needs of Sailors and their families while maintaining Navy-wide operations consistent with the Navy's vision of delivering the right service at the right place at the right time. We have eliminated this approach beginning in FY 2007. Steps to reduce costs by eliminating unnecessary overhead, streamlining processes, and consolidating facility footprint have helped in countering ever-increasing operational costs.

MWR continued to provide the Fleet and deployed ground units with equipment to maintain high fitness levels; internet services, through both landlines and wireless sources, in support of education and leisure time activities; round-the-clock child care at most Fleet concentration areas; and leisure time opportunities that reflect our concern for the physical and mental well-being of the Navy family.

We are particularly excited about several new fitness initiatives. "Exercise Your Options" is the new slogan of the Navy Fitness Program. Our goal is to create a total fitness program approach that reaches all members of the Navy community. In FY 2007, all Navy Fitness Centers are establishing programs and services designed to increase physical activity and nutrition awareness for youth, families and "over 40" personnel while continuing already robust

programming for Sailors. For example, our Family Fitness Program targets family members participating with their children in a variety of events designed to get people moving. Cardiovascular machines have been placed adjacent to safe play areas in full view of exercising parents and separate from other fitness center users. Other initiatives have parents and children participating in walk/run, hiking, biking, and other similar activities that promote well-being. Our pilot program for those over age forty provides hands-on strength training and nutrition information. Children using youth centers are exposed to professionally run fitness workouts while vending machines are being filled with healthier beverages to provide alternatives to soft drinks. Navy leadership is also committed to supporting the civilian workforce and has implemented a no cost access policy at Navy Fitness Centers for Department of Defense (DOD) employees when capacity permits. The long-term goal is to increase productivity and reduce absenteeism and the cost of health care for the Total Force. Finally, the $530 million programmed for MILCON funding of 26 fitness complexes through the FYDP demonstrates Navy's long-term commitment to total force readiness and the balancing of competing resources to successfully complete them.

Child and Youth programs continue to provide excellent facilities and services but capacity shortfalls remain a challenge. Our most recent trends indicate an ever increasing demand for child care and we are developing and implementing facility initiatives to help meet this demand. As a result of your support, construction of seven child development centers caring for over 1,000 children are in the planning or construction stages and scheduled to open over the next year.

Overall, our customers have told us that their level of satisfaction is high. Using a commercial firm, we assess MWR programs annually along with other Navy-run surveys. Our 2006 customer satisfaction survey reported a level of satisfaction over (83 on a scale of 100) that is higher than the industry benchmark (73).

The following describes our overall program performance in greater detail.

Deployed support

The top Navy priority is to provide fitness equipment and recreation support programs to deployed forces at sea and ashore. In FY 2006, over 20,000 pieces of recreation and fitness equipment were distributed to the fleet through the worldwide network of Deployed Forces Support Specialists at fleet concentration centers. Additionally, Deployed Forces Support personnel provided 57,500 pieces of fitness, sports and recreational gear, 130,000 popular paperback books, and 18 mobile movie equipment units including 5,000 videotapes to over 110 commands/units in isolated and remote areas of the world. Navy employs 27 civilian recreation and fitness professionals who live and work onboard aircraft carriers, amphibious assault ships, and submarine tenders. We have also established a new program and placed two fitness professionals on the waterfront at Naval Station Norfolk to further assist Fleet units. These specialists work directly with ships, concentrating on small Ships and Submarines pier side to offer assistance and provide fitness activities, Fitness Enhancement Program (FEP) guidance and fitness instruction when and where possible.

Liberty Centers remain a popular alcohol-free haven for our Sailors. Computers, books, movies, video games, and organized leisure activities designed for our younger Sailors are available at no cost. The Library Multimedia Resource Center (LMRC) on each ship is the delivery point for computer-based recreation and access to educational resources.

Fleet feedback remains very positive as reflected in customer surveys and reports from Commanding Officers. We will continue to monitor Sailor needs and interests to ensure on-target program delivery and performance.

Fitness

The CNO is committed to establishing "Fitness for Life" for the Navy's Total Force. The primary goal is to help people make healthy lifestyle decisions. As mentioned previously, the campaign slogan for this opportunity is "Exercise Your Options" along with the motto: "Stay Healthy ~ Stay Fit ~ Stay Navy". The goal of the Navy's Fitness program is to create a "total fitness" program for all members of the Navy community that is consistent with Department of Defense and Navy instructions and that acknowledges fitness as a vital component of readiness and essential to the general health and well-being of all personnel.

In FY 2007 all Navy Fitness Centers are establishing programs and services to increase physical activity and nutrition awareness with a particular focus this year on three patron groups: youth, families and personnel over 40 years of age. Navy has developed and is implementing a Family Fitness Program that targets family members with young children and provides a safe

play area adjacent to and in view of a cardio-vascular workout area for parents. The goal is to engender a culture of fitness across the spectrum of the entire Navy Family

Navy leadership is also aware that the civilian workforce is an essential component of the Navy Team and has instituted no cost access for Navy civilian employees to Fleet Readiness Fitness complexes. This includes use of all equipment and swimming pools for fitness swimming during designated "lap/fitness swimming" periods. The Navy has also been an active participant in the Office of Personnel Management (OPM) and President's Council on Physical Fitness and Sports "Healthier Feds Challenge" initiative designed to build a fitness culture throughout the federal workforce.

Finally, Navy Fitness Centers attained 97% compliance with DOD core Physical Fitness Standards in FY 2006. The FY 2007 goal is to achieve 100% compliance with DOD Fitness Standards. Since many of the Navy's remaining discrepancies to standards fall into the facilities arena, we have programmed and will continue to press for MILCON funding of 26 fitness complexes for the FY 2008-2013 FYDP.

Movie Program

The Navy Movie Program remains one of the most popular recreational activities for active duty personnel and their families. In FY 2006, Sailors viewed motion pictures on all Navy vessels, at ashore base theaters, and Liberty Recreation Centers. The Navy program shipped 150,000 videotapes and 10,000 cans of film to 800 Navy, Marine Corps, Coast Guard, National

Oceanic and Atmospheric Administration, Military Sealift Command, Department of State, Fleet and other shore locations that provided over 23 million fleet viewing hours and participation of 5 million customers ashore.

As part of Navy MWR's First Run Overseas Theater (FROST) program, 30 of the year's most popular releases were sent to OCONUS base theaters just two weeks after the U.S. premiere. CONUS base theaters enjoyed 13 free admission "sneak" previews attended by 110,000 Sailors and their families. Deployed personnel received 32 early tape releases that included some of the biggest hit films, including "Mission Impossible-3", "Ice Age-2", and "Walk the Line".

The movie program continues to evolve to stay current with technology. MWR is putting the finishing touches on a cooperative effort with the Naval Media Center to develop an encrypted digital videodisk format to replace current 8-millimeter videotape by the end of 2007. This new technology will simplify customer delivery of motion pictures at sea by allowing 24/7 automatic playback and improve the overall quality of viewing through digital imaging.

Libraries

FY 2006 was also a successful year for Navy libraries, which showed dramatic improvement in compliance with DoD MWR Library Standards. Compliance improved from 77% in 2005 to 90% in 2006. NAS JRB Fort Worth, NAVSTA Great Lakes, NAVSUPPACT La Maddalena,

NAVSUPPACT Naples, and COMFLEACT Yokosuka became the first Navy commands to attain 100% compliance with DoD MWR Library Standards.

Navy Libraries were also active in supporting the CNO's reading initiative, The Navy Professional Reading Program. Working in conjunction with the Naval War College, Navy Exchange Command, and MWR, 22,800 books in 380 sixty-book sets were delivered to all ships, ashore libraries and Liberty Centers. Several titles were also made available through e-books at Navy Knowledge Online.

Child and Youth Programs (CYP)

CYP continues to offer multiple delivery systems that include Child Development Centers (CDC), Child Development Homes (CDH), Child Development Group Homes, School-Age Care, and a resource and referral program. In FY 2006, Navy programs cared for 45,442 children ages 6 months to 12 years, and served over 70,000 youth ages 13-18 in 124 child development centers, 103 youth centers and 3,115 on- and off- base licensed child development homes. In FY 2006, these services achieved 69 percent of DoD potential need criteria and 100 percent DoD certification rate for operational excellence. Our 100 percent DoD certification rate tells our Navy families that their children are receiving top quality care that meets or exceeds the highest DoD and national standards.

Our objectives for FY 2006 were to maximize accessibility within available resources, conduct needs-based assessments of extended care, sustain affordability of care, and ensure

continued program quality. CYP met these objectives after a year of many significant advances. A few of the highlights include:

- CYP launched outreach contracts to provide child care and youth services outside of the military support infrastructure for geographically isolated active duty personnel and activated reservists. The contracts were issued to provide accredited and subsidized child care spaces for children 6 weeks to 5 years of age, and for memberships to Boys and Girls Clubs for children 6 to 18 in local communities. These contracts were also valuable in providing significant support for Reservists. Thus far, 4,900 additional spaces have been made available for Navy children as a result of these contracts.

- In previous years, installations have been authorized to set fees within DoD authorized ranges based on total family income. This has resulted in varying fees from installation to installation. This is the second year of the Navy-wide uniform fee structure transition plan for all child development centers, subsidized child development homes, and school-age care programs. This approach to a uniform fee structure, consistent with DoD policy, standardizes all parent fees Navy-wide. After the three-year transition plan ends, parents will pay the same fees regardless of their duty station.

- Navy took full advantage of DoD funding assistance to begin building facilities using the provision of the National Defense Authorization Act of 2006 that raised the minor construction threshold for child development centers. We also initiated a partnership opportunity with the County of San Diego that provides construction resources for facilities within the

County. Congressionally inserted MILCON child development centers at NAS Oceana and NAS JRB New Orleans add to our efforts to meet demand.

Business Activities

The main mission of MWR Business Activities is to offer leisure goods and services at competitive prices. In addition, NAF revenues generated by these programs help finance capital improvements and also support other MWR activities. Primary MWR Business Activities include recreational lodging, golf, bowling, food and beverage services, marinas, information, tickets and tours (ITT), and entertainment programs.

Recreational lodging continues to be an important focus of MWR. Our goal is to provide quality, affordable lodging at vacation destinations for eligible patrons. The popularity of location, price and services has increased demand to a point where expanded capacity is needed at such locations as Barking Sands HI, Virginia Beach, VA, San Diego, CA, and Pensacola/Panama City, FL.

Golf remains a very popular program with our patrons. In order to keep our golf program up-to-date, we funded three golf construction projects in FY 2006 as part of our ongoing golf revitalization program. These projects range from repairing fairways and greens to replacing a clubhouse. The Navy is also partnering with the United States Golf Association on several initiatives to increase Sailor interest and participation in golf. They include free golf lessons

during the month of May, Woman's Golf Week in June, promoting leagues specifically for women, and the "First Swing" program for families.

Navy is committed to providing access and necessary accommodations for all eligible golfers regardless of disability at Navy MWR golf courses. As a pilot program, we have purchased six specialized golf cars to accommodate physically challenged golfers. Two specialized cars each were purchased for the Admiral Baker Golf Course, San Diego, CA, Seal Beach Golf Course, Los Angeles, CA and Aeropines Golf Course, NAS Oceana, VA. These golf courses were selected because they are in fleet concentration areas where the cars are more likely to be needed. Thus far, demand for these cars has been limited but we are promoting their availability and, as demand grows, Navy will respond accordingly.

Navy bowling centers are being upgraded to include modern point of sale systems, new lanes and pinsetters, high-tech scoring and sound-light-video systems. Additionally, bowling center managers are implementing updated standards and metrics to measure performance and improve customer satisfaction.

There are over 400 MWR Food and Beverage operations worldwide serving our Sailors. These operations are found in clubs, catering/conference centers, recreation centers, golf club houses and bowling centers. Revenue from food and beverage operations accounts for over 40 percent of Navy MWR's total business activity revenue.

We have installed nationally branded food concepts in all 13 Navy Regions in response to customer interests. A&W Root Beer, Mean Gene's Burgers, Guinness Irish Pub's, Starbucks "We Proudly Brew," and Hot Stuff Pizza are some of the most popular offerings. We now have more than 100 branded outlets. MWR has partnered with Navy Exchange Command by using its contracting capabilities to source national brands. The latest joint initiative is to install Starbucks coffee shops in MWR facilities in Great Lakes and Pensacola and Chili's Grill & Bar at Yokosuka and Sasebo, Japan. These efforts complement other operations such as an Applebee's in Sigonella, Italy, Pizza Hut in Bangor, WA, and Burger King at Pearl Harbor, HI. Additionally, we are adopting best practices to optimize food offerings, avoid duplication of effort and over-saturation of food service by the three Navy food service providers. MWR, Navy Exchange Command, and the Navy Supply Systems Command joined their subject matter experts together to establish a comprehensive way ahead for Navy food service. A master-planning tool has been completed and will be released in 2007. This capability will help optimize the number of product delivery outlets on base.

Our marina managers work with the National Oceanic and Atmospheric Administration and States to preserve the nation's waterways through its "Clean Marinas" Program. The Clean Marina Initiative addresses protection of coastal water quality by promoting environmentally sound marina operating and maintenance procedures and best management practices to prevent or reduce pollution. The program also offers information, guidance and technical assistance to marina managers. Currently, 22 states have Clean Marina Programs. Twenty Navy MWR marinas are located in ten of those States. Marina managers work with these States to meet environmental standards to become certified "Clean Marinas." To date, nine Navy Marinas are

certified: Boca Chica Marina, NAS Key West, FL; Mulberry Cove Marina, NAS Jacksonville, FL; Point Patience Marina, NRC Solomons Island, MD; Fiddler's Cove Marina, NAVBASE Coronado, CA; U.S. Navy Sailing Center Point Loma, NAVBASE Point Loma, CA; MWR Cove Marina, NAB Little Creek, VA; Naval Station Sailing Center, NAVSTA Norfolk, VA; Paradise Marina, NAS Corpus Christi, TX; and Everett Naval Station Marina, NAVSTA Everett, WA. The remaining 11marinas are actively engaged with State representatives and plan to have completed certification requirements by December 2007.

Navy MWR activities are installing a standardized point of sales system (POS) at all MWR business facilities to become more efficient and provide better service. The POS will simplify and reduce paperwork and errors and expedite financial transactions through the latest high-speed technology.

Additional partnerships include the U.S. Army providing Navy MWR gaming machine services and equipment at many Navy locations. We have also used U.S. Air Force contracts to supply gaming machines at bases in Japan that have opted to continue operations in-house at this time. Navy, Marine Corps and Army are working together to advance the Information, Tickets and Tours (ITT) program into an innovative service delivery system by creating a ticket-less voucher that is printed on demand as an alternative to maintaining large quantities of ticket stock. Additionally, we are contracting with various entertainment venues for authorized patrons to have direct internet access for purchasing their products.

Navy has also developed partnerships with Armed Forces Entertainment, the USO, and the National Endowment for the Arts (NEA) to facilitate delivery of first-rate, live entertainment programs to military members who are deployed and their families stationed overseas. This partnership includes a touring component that delivers quality entertainment to overseas and underway afloat units and a centrally managed Navy grant program that funds live entertainment programs at stateside installations. Entertainers are selected based on availability, popularity and specific needs of installations and ships. The Harlem Globetrotters, Ingram Hill, and Sean Paul are some of the entertainers who have gone to Iraq or ships within the Central Command area of responsibility in 2006. Our focus is to increase the variety of entertainment in the future in response to customer requests. In 2006, we partnered with the NEA to offer an operatic program called Great American Voices featuring the Hawaii Opera Theater, the Santa Fe Opera, and Seattle Opera Company. In 2007, we look forward to including more Urban/Rap and Latino artists on our tour schedule.

Business Processes

- **Accounting Information System (AIMS).** A state-of-the-art NAF management information system encompassing accounting, personnel, payroll and cash management is an essential element to enhanced efficiencies. The NAF accounting, cash management, personnel, and payroll modules of this system are now operational at all U.S. bases and will be completed overseas by June 2007. The POS portion of the project is due to be completed in 2008. The AIMS system is integral to our continued efforts to streamline and reduce costs.

- **Marketing.** To ensure that our Sailors, family members, and retirees are kept abreast of the wide variety of program resources available to them, MWR maintains an aggressive marketing effort. Our Marketing and Multimedia Development team provides consistent, accurate and aligned information on MWR programs and services to all eligible patrons and employees. Conventional and advanced technologies are incorporated to tell the MWR story through news articles, electronic newsletters, internal publications, tri-folds, posters, audiovisual public service announcements, training videos, interactive CD-ROMs and DVDs.

We regularly conduct focus groups with Sailors and family members, and also administer customer and employee satisfaction assessments and MWR market basket surveys to ensure that MWR stays in touch with patron needs. Results from the 2006 Customer Satisfaction Assessment indicated excellent scores for a selection of MWR programs reviewed by a random sample of patrons. MWR program scores ranged from 83 to 86 on a scale of 100, which are considered excellent results according to the Claes Fornell International Group, an independent expert in the customer satisfaction measurement industry that conducted the survey. The 2006 MWR Market Basket Survey revealed an average savings of 44% when compared to a similar assortment of services provided outside the Navy fence line of participating CONUS Navy installations.

Regional marketing and communications conferences for MWR field marketing professionals are organized and facilitated to provide training on how to best market MWR programs; improve photography skills; and exchange innovative promotional marketing ideas.

- Commercial Sponsorship. Our central commercial sponsorship efforts have helped forge strong ties with industry and have also helped provide service to Sailors and families that might not have otherwise been affordable. In FY 2006, total commercial sponsorship agreements entered into at the central level equaled approximately $1.5 million. This is in addition to $2.5 million in cash, services, and products that local MWR activities obtained from sponsors in their areas. These agreements helped Navy MWR to provide tens of thousands of phone cards to Sailors; holiday gift packages; entertainment; and reading materials.

- Strategy for Our People. Our human resource strategy continues to evolve as we prepare members of our workforce for the jobs needed tomorrow. We continue to develop methods to accurately forecast the work that needs to be done, provide training for existing workforce members, and hire others with the right skill sets to meet those challenges. We are also building a customer oriented culture within the organization to help our employees provide the best possible experience for our customers.

- Standards and Metrics. The MWR team at headquarters and in the field has become very adept in the use of metrics to support important resourcing and management decisions. Leveraging existing Navy Supply Systems Command software, MWR and CYP performance can be viewed by Navy leadership on a web-based dashboard. A Cross Functional Team (CFT) was established in FY 2006 to review and refine the APF pricing model to support a strategy for distributing available APF resources across the Navy.

- Partnering and Alternative Service Delivery Concepts. Many of the partnership plans that were planted in FY 2005 have blossomed into successful arrangements. In FY 2006, MWR teamed with the Visitors Quarters program on developing a single customer reservation system; collaborated with Boys and Girls Club of America on "Mission: Youth Outreach"; and joined with the "Childcare in your Neighborhood" organization on "Operation Military Childcare". MWR and Navy Exchange Command (NEXCOM) have also teamed up to provide wi-fi services to Sailors at all Liberty Centers and Libraries. We also began sharing internal audit services that will increase overall internal financial controls and help reduce MWR and NEX overhead costs. Our gaming machine partnership established with U.S. Army to manage this program overseas has already enhanced profitability and reduced capital costs. MWR will continue to explore new ways to build on these and other partnership opportunities in the future.

- Disaster Preparedness. MWR and CYP programs displayed their value in supporting hurricane relief efforts following Hurricanes Katrina, Rita, and Wilma, while continuing to deliver normal services. The lessons learned from those disasters have formed the foundation for a sound strategy to deal with future potential challenges.

MWR, in conjunction with Navy regional emergency response offices and other Navy family support programs, is equipped to provide temporary power, water, food service, recreation and child care facilities, and housing needs for first responders within a few days. In addition, Navy is prepared to surge counselors and other professionals as needed to disaster zones in support of Navy Sailors and families. Hundreds of volunteers from around the Navy MWR community are also prepared to support their fellow teammates in disaster areas when

needed.

MWR and CYP programs have learned a great deal from our past experiences and are integrating our functional plans into overall Navy disaster relief plans for an even more effective relief response should the need ever arise again.

Overall Financial Condition of MWR

MWR appropriated funds are provided through the Base Operating Support(BOS) budget line in the Operations and Maintenance account. The funding environment continues to challenge us to seek efficiencies, while the importance of providing programs for the Navy Family increases. In FY 2005 we implemented our "Bridge Funding Strategy" to re-deploy Navy Exchange dividends, normally dedicated to NAF capital spending, for operational support. The "bridge" strategy was also used in FY 2006, but at significantly reduced levels from FY 2005. In FY 2007, the practice was eliminated to invigorate the NAF Capital Program. The strategy was successful, resulting in MWR having adequate funding to maintain program delivery and achieve performance targets despite a decrease in APF from FY 2004 levels. Not only were program delivery standards met, but NAF financial operations remained healthy with revenue, net income, and cash flow exceeding planned amounts for both FY 2005 and FY 2006.

For FY 2007, Navy MWR is implementing a capital funding strategy designed to leverage system assets and significantly increase the amount of NAF capital funding available for FY 2007 through FY 2009. This strategy allows the Central Capital Fund to utilize existing

cash balances for capital investment. The MWR/NEX Board of Directors has approved an annual NAF central and local capital funding target of $77 million. This target is the minimum investment needed each year to maintain existing facilities, provide needed computer upgrades, and expand program delivery. Our capital funding strategy will allow MWR to meet or exceed this annual capital investment target through FY 2009.

Navy MWR financial resources totaled over $880 million in FY 2006, which includes APF, internally generated NAF revenue, and Navy Exchange dividend distributions. This amount represents an increase of about $20 million from the previous year.

In FY 2006, Navy MWR exceeded the DOD minimum standard of 85 percent for APF support in Category A Mission Essential Programs by achieving 86.3 percent in APF support. In Category B Community Support Programs, 65.8 percent of authorized costs were paid with APF, compared to the DoD minimum requirement of 65 percent. Continued achievement of our commitment to fund our Category A and B programs at the established minimum levels mandated by DoD.

We have implemented a funding strategy that places top priority on afloat recreation, movies, fitness, Single Sailor, child and youth programs, and other programs in overseas and isolated and remote areas. Stateside, we will continue delivering programs of high customer value, such as fitness and child development, while seeking alternative delivery methods in the civilian community or shared resources with other military installations.

Facilities

The MWR Nonappropriated Fund Capitalization Program (NAFCON) represents a commitment to the enhancement of services and programs for Navy personnel and their family members. Navy MWR invested over $65 million in NAF central and local capital improvements in FY 2006 for facility construction and renovation, equipment, and management information systems. The FY 2007 central capitalization program alone includes twenty-four new construction, renovation, and minor projects and a capital equipment investment of over $66 million. These initiatives span a broad project spectrum inclusive of recreation cottages, marinas, golf clubhouses, car washes, clubs and recreation vehicle parks. We are projecting total central and local capital spending of approximately $80 to $84 million in the FY 2007 and 2008 programs, respectively. Our capital enterprise strategies allow us to focus on customer driven services while striking a balance with revenue generation and service opportunities. Specifically, we are investing in high use facilities that have a history of solid returns on investment and ensuring that the facilities offer standard and expected services Navy-wide. Finally, renewable energy sources are being explored for use in four facilities in the FY 2008 program.

This year we will also complete construction of several modular child development centers made possible through the expanded authorization in the FY 2006 National Defense Authorization Act. In addition, we will begin construction on two additional centers in San Diego supported by the First 5 Commission. A total of 1,300 spaces will be made available through these initiatives by 2008. We greatly appreciate your continuing support in our efforts to meet the demand for child care.

Summary and Outlook

The initiatives undertaken in FY 2006 are investments for healthy MWR and CYP programs in the future. Our investment in Fitness for Life programs will help ensure a strong and healthy force for our future Navy. Our investments in equipment and facilities will ensure that our Sailors and their families enjoy quality recreational experiences for many years to come. Our investments in our staff members in terms of training and development will ensure that the level of service in our programs exceeds customer expectations. Our ongoing commitment to measuring the effectiveness of our program delivery will ensure decisions are based on reliable data to demonstrate Navy stewardship of the public trust. We are committed to continue building upon a foundation of excellence in meeting Navy Family requirements in the future.

The Navy appreciates the great value that our Sailors and Congress place on MWR and Child and Youth Programs and we will continue to do our utmost to meet those respective expectations. I thank you for your continued support.

Rear Admiral (Sel) Mark A. Handley
Deputy Commander
Navy Installations Command

Rear Admiral (Sel) Handley was commissioned through the Naval Reserve Officer Training program at Villanova University in 1981 where he graduated with a Bachelor's degree in Mechanical Engineering. He earned a Masters in Engineering (Construction) in 1986 at Stanford University.

Rear Admiral (Sel) Handley's first duty assignment was with Naval Mobile Construction Battalion THREE, Port Hueneme, Calif., where he served as the Alfa Company Commander. He deployed with the battalion to Okinawa, Japan, and Rota, Spain. He was then assigned to the Naval Education and Training Center in Newport, R.I., as the Activity Civil Engineer for the Naval War College. Upon completion of graduate School at Stanford University, Rear Admiral (Sel) Handley reported to Western Division, Naval Facilities Engineering Command, as Accessions Officer. Early in this tour, he was reassigned to the Acquisition Department where he served as Project Manager for Magna, Utah, in support of the Intermediate-Range Nuclear Force Treaty with the former Soviet Union, and for Naval Air Stations Miramar and El Centro. He completed his tour at Western Division as the Head of the Environmental Contracts Division.

In June 1989, Rear Admiral (Sel) Handley attended the Defense Language School in preparation for his assignment as Resident Officer in Charge of Construction (ROICC), Vicenza, Italy. As ROICC, he directed major military construction projects throughout northern Italy. He also served as the U.S. representative for NATO infrastructure construction on Italian Air Bases throughout Italy. In March 1993, Rear Admiral (Sel) Handley reported to OICC MIDPAC Hawaii as ROICC West Oahu. After disestablishment of OICC MIDPAC, he assumed duties as ROICC MIDPAC overseeing construction and contract management throughout the Mid-Pacific region. Reporting to the Pentagon in May 1996, Rear Admiral (Sel) Handley served as the Head, Real Property Maintenance and Energy Branch for the Deputy Chief of Naval Operations (Logistics) responsible for the planning, programming and budgeting for the Navy's Real Property Maintenance accounts and as Energy Officer for the Navy. In September 1997, he was assigned as Executive Assistant to the Commander, Naval Facilities Engineering Command and Chief of Civil Engineers.

Returning to the Seabees in 1999, Rear Admiral (Sel) Handley was the Commanding Officer of U.S. Naval Mobile Construction Battalion (NMCB) FIVE. During his command tour, he led a 600-troop battalion during operational deployments to Okinawa and Puerto Rico, accomplishing overseas construction projects for the Fleet and the Marine Corps. During Rear Admiral (Sel) Handley's tenure, NMCB FIVE received both the Pacific Fleet Battle "E" and the Peltier Award for outstanding military engineering services in FY00.

Rear Admiral (Sel) Handley then served as Executive Officer of the Navy Public Works Center, San Diego, Calif., from August 2000 to May 2003. From May 2003 to June 2005, he served as the Commodore of the Twenty Second Naval Construction Regiment homeported at the Construction Battalion Center, Gulfport, Miss. During this tour, he deployed as a Regimental element with the First Marine Expeditionary Force to Fallujah, Iraq, for Operation Iraqi Freedom II. He took command of the Naval Facilities Engineering Command (NAVFAC) Mid-Atlantic and became Regional Engineer for Commander, Navy Region Mid-Atlantic, on June 3, 2005.

Rear Admiral (Sel) Handley's personal awards include the Legion of Merit, Bronze Star, Meritorious Service Medal (five awards), the Navy Commendation Medal (two awards), and the Navy Achievement Medal. He is designated as a Seabee Combat Warfare Officer, a member of the Defense Acquisition Professional Community, and is a registered Professional Engineer in the State of Washington.

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STATEMENT OF
MICHAEL P. DOWNS
DIRECTOR

PERSONAL AND FAMILY READINESS DIVISION
MANPOWER AND RESERVE AFFAIRS DEPARTMENT
HEADQUARTERS, UNITED STATES MARINE CORPS

BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE
HOUSE ARMED SERVICES COMMITTEE

On

29 MARCH 2007

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Michael P. Downs
Director, Personal and Family Readiness Division

Michael P. Downs entered the U. S. Marine Corps via the Naval Reserve Officers Training Course, and was commissioned a second lieutenant in June 1961. In April 1962, he completed The Basic School in Quantico, VA, and was assigned to a transplacement battalion where he served as a platoon commander, company commander, and assistant operations officer at Camp Pendleton, CA, and the Far East until December 1964. His next assignment took him to Marine Barracks, Yorktown, VA, where he served until February 1967. He was promoted to first lieutenant in December 1962, and captain in September 1965.

Upon completing the Amphibious Warfare School in Quantico in September 1967, he was transferred to the Republic of Vietnam where he served with the 1st Marine Division as Commanding Officer for Company F, 2nd Battalion, 5th Marines; Assistant Operations Officer for the 5th Marine Regiment; and Operations Officer for the 3d Battalion, 5th Marines. While serving as Company Commander of F/2/5, he was awarded the Silver Star Medal for heroic actions during Operation Hue City in February 1968.

He returned to the United States in October 1968, and was sent to Quantico where he was assigned to the Development Center, and to The Basic School, and then to Marine Barracks, Washington, D.C. He was promoted to major in November 1968. After his tour in the National Capital Area, he attended the U.S. Army Command and General Staff College, Fort Leavenworth, KS, and upon graduation in July 1975 was assigned to Okinawa, Japan, where he served as Executive Officer, 1st Battalion, 9th Marines, 3d Marine Division.

Follow on assignments included Headquarters Marine Corps, Washington, D.C., where he was Administrative Assistant to the Deputy Chief of Staff, Operations and Training , and then monitor for Ground Lieutenant Colonels; student at the National War College, Washington, D.C.; Plans Officer at Headquarters, Allied Forces Central Europe, Brunssum, The Netherlands; Director of Operations and Training , and Commanding Officer, 27th Marines, 7th Marine Amphibious Brigade, Marine Corps Air Ground Combat Center, Twentynine Palms, CA; and Deputy for Marine Corps Matters, Office of Program Appraisal, Department of the Navy, Washington, D.C. He was promoted to

lieutenant colonel in November 1977 and to colonel in November 1982, and was selected for promotion to brigadier general in December 1986.

In March 1987, he was assigned as the Director, Facilities and Services Division, Headquarters Marine Corps, where he remained for more than two years. In July 1989, he was transferred to Camp Lejeune, NC, where he served first as Commanding General, 6th Marine Expeditionary Brigade, and then as Commanding General, Marine Corps Base. He retired from the Marine Corps in August 1992 after more than 31 years on active duty.

After his retirement from the Marine Corps, he was a consultant to the U.S. House of Representatives, House Appropriations Committee, and to Textron Inc. He became Director, Personal and Family Readiness Division, Manpower and Reserve Affairs Department, Headquarters Marine Corps, on May 1, 2000.

He is married to the former Martha Leigh Puller, of Saluda, VA. They have two sons, Mike Jr., and Burwell.

Chairman Snyder, Congressman McHugh, distinguished Members of the Military Personnel Subcommittee, thank you for this opportunity to testify before you today. Although the Subcommittee plans to hold separate hearings on military resale and Morale, Welfare, and Recreation (MWR) programs this year, this statement reflects the posture of the Marine Corps Community Services (MCCS) Program which encompasses both the Marine Corps Exchange and MWR Programs.

The expansive, combined arms reach of MCCS touches almost every corner and square foot of an installation and includes over 80 programs supported by a common overhead and management team. Established in 1999, the MCCS of today is nearing 10 years of service to Marines and their families. As with Marines who first earn the Eagle, Globe and Anchor upon completing the Crucible and Boot Camp, the integration of the Marine Corps Exchange, MWR, Family Services, Child Care and Voluntary Education Programs is also a transformation. Establishing MCCS required the concerted effort of everyone involved with strong leaders at every level, to guide or force this change in direction, and a firm belief that the change was right for the Marine Corps. Today, just like your Marines, MCCS is a strong, well-supported component of the Marine Corps that is recognized for critical recruiting, retention, and readiness support because of its value to individual Marines and their families.

With our earned success and belief in transformation, MCCS shall be continuously poised and ready to listen, learn, and respond to the needs of Marines, their families, and the Marine Corps institution. In this regard, the Commandant of the Marine Corps has established Marines in

combat and Sailors serving with us as our number one priority. Over the past year, your Marines deployed to all corners of the globe in support of our Nation's combat or humanitarian missions. With more than 20,000 Marines ashore throughout the U.S. Central Command's Area of Responsibility, Operations Iraqi Freedom and Enduring Freedom (OIF/OEF) remain our largest commitment. In addition to those operations, the Marine Corps also deployed forces to: support humanitarian and disaster relief efforts; participate in over 50 Theater Security Cooperation events; protect our Embassies; and respond to a Non-Combatant Evacuation from Lebanon, the largest since Vietnam. For the future, the Marine Corps is committed to the defense of our homeland and to remain faithful to our mission—to be where our country needs us, when she needs us, and to prevail.

Marines and the families of Marines, who sacrifice so much for our Nation's defense, should not be asked to sacrifice quality of life. MCCS has been and will continue to be a forceful advocate for Marine Corps quality of life requirements. Over the next few years, we will aggressively seek ways and means to sustain and even improve the quality of life of our Marines and their families. In the process, we will remain critically attuned to assessing the effectiveness of our organization, programs, and services. Marines are not hesitant to learn from Sister Services and use the best practices of commercial industries. MCCS is additionally committed to providing our Commanders with the necessary tools, templates, policies, and resources so that they may proudly fulfill the Marine Corps enduring commitment to every Marine and their family that Marines take care of their

own. We believe that we have all necessary resources to address any identified deficiencies, but, will not be reluctant to ask Congress for help as may be required.

Marine Corps Exchange Operations

The Marine Corps Exchange (MCX) has been proudly serving Marines and their families since 1897. Times changed, business practices evolved, and customer services continued day-to-day. Over five years ago, however, we started really listening and learning more about our customers and realized that every facet of the MCX shopping experience needed to be specifically touched and modernized. Today, amid the dust, construction, change orders and boxes, we must remind ourselves and our customers that the pain of transformation is temporary but the pride of the Marine Corps Exchange is forever. This pride will only grow stronger with completed renovation of our Exchanges at MCAS Miramar, MCB Quantico, and MCAS Cherry Point, projected for this fall.

At the same time we directed change to our outward face to the customer, we have modernized our internal functioning as well. New levels of operational excellence began with centralized buying but continue with and are enabled by leveraged logistics and implementation of our new information technology systems. As a result, we are better, smarter, and more efficient resale managers and service providers. We are additionally proud that the previously forecasted savings are being realized from this enhancement of our back office functions.

Looking to the future, we have developed a long-term strategy that accentuates our strengths. Size matters in retail and our size enables us to be agile, expeditionary,

and react quickly to new ideas. We are deliberately "branding" our experience closely to the ethos of Marine Corps pride. Our vision for the MCX in the next five years is for it to be our customers' first choice. We are viewing changes and improvements "through our customers' eyes and expectations." Our staff of retail professionals are prepared to lead us into an exciting future and beyond the pain of renovation.

New Small Store Format. At our Elmore MCX at Camp Allen in Norfolk, Virginia, we have tested our small store, shared facility prototype that combines a Marine Mart and Main Exchange. The store's new floor plan, like all our renovated and new stores, is set for a more customer-friendly shopping experience - less cluttered with ample space to shop. The store is well lit and departments are clearly identified by mounted wall signs. Aisles are set at five feet for ease in shopping cart maneuverability. The Elmore MCX design was, in fact, nominated to compete in the 2006 Design Build Institute of American National Capital Chapter Awards and won the category for "Best Project under $5 million." We have with great pride received customer feedback such as: "great place to shop" and "I love everything about this store." If increased sales signify success, sales are up at the Elmore MCX by about 61 percent and profits have increased approximately 163 percent.

Associate/Customer Satisfaction. Associates and customers alike continue to show strong satisfaction with the MCX. In September 2006, Marine Corps Exchanges, Marine Corps-wide, participated in an Associate and Customer Satisfaction Index (ASI/CSI) survey that is used to measure satisfaction levels at regular intervals, identify problem

areas, and provide recommendations for program improvement. The MCX associates' satisfaction increased over the past year by one point, to 67, continuing an increased trend over the past five years. MCX customers rated their overall satisfaction score at 71, which is consistent with the last survey. We found that pricing remains an MCX strength and is a key driver of satisfaction. Finally, the American Customer Satisfaction Index survey of the MCX increased by a statistically significant three points in 2006, from 67 to 70. We know more work must be done, but are confident we will continue forward progress.

Price Survey. In cooperation with the Navy Exchange Command (NEXCOM), and the Army Air Force Exchange System (AAFES), the MCX participates in a yearly price survey to measure customer savings. The most recent survey was conducted from October 8 - 15, 2006 in 10 market locations. A product list consisting of 373 line items representing 36 merchandise categories was used to accumulate pricing data across the specified market locations. Survey findings revealed an MCX savings range from four percent on low margin merchandise, such as health and beauty and lawn and garden items, to a high of 60 percent on high margin merchandise, such as luggage and cameras. In aggregate, the MCX offers customers an average market basket savings of 16 percent before taxes. To increase potential awareness of savings from shopping the MCX and connection of the revenue generated to dividends for MWR facilities, programs, and services, we are planning several initiatives designed to alert customers.

New Business Ventures. MCX continues to enter into new business ventures with popular brands that Marines and their families prefer. For example, in Fiscal Year 2006,

sales of Brooks Brothers apparel were over $1 million; sales of Vera Bradley handbags and accessories were at $661 thousand; and we sold more than $351 thousand worth of Dell computers. We will continue to provide preferred name brands to our customers.

Armed Services Exchange Merchandise Restrictions (ASER). Enhancing the shopping experience and ensuring customer satisfaction, includes not only offering our patrons the brands they want, but also the best possible merchandise selections. We continue to maintain, however, that ASER restrictions no longer have a useful purpose, but rather force Servicemembers and their families to shop outside the gate, exposing them to higher prices and unfavorable credit terms. We look forward to working with the Congress to lift the remaining restrictions on diamonds and furniture at the earliest possible date.

Exchange Cooperative Efforts Board. As stated previously, Marines are not hesitant to leverage the best practices of Sister Services or commercial industries for the benefit of the Marine Corps. As we end 2006 and begin 2007, we believe a spirit of increased trust and openness exists among our sister Exchanges and the Department of Defense about the future and protection of the military exchange benefit that will be further developed through the Exchange Cooperative Efforts Board (ECEB). The ECEB specifically has tightened administrative procedures and established a formal process management system that will enable joint analysis of key cooperative initiatives that have the greatest potential for return on investment and/or improved operational efficiency of the military Exchanges in the areas of enterprise architecture, logistics, indirect procurement, and gift cards. We will continue to

jointly work on efforts that make sense for our patrons and provide value.

Nonappropriated (NAF) Fund Construction. Over the next five years, the focus of the NAF construction program will be placed on renovation/replacement of our Exchanges. By improving the shopping experience, we hope to attract more customers and increase sales. For Fiscal Year 2006 through Fiscal Year 2009, the MCCS Board of Directors has approved 11 Exchange renovation, expansion, or replacement projects at a cost of $91.4 million.

MCX Sales and Profits. This year, the MCX had an unprecedented year in earnings, which demonstrates that we are better adapting more to the ebbs and flows of deployments. Additionally, our payroll is declining due to the efficiency of centralized buying and centralized accounts payable and our product assortment and selection continues to improve.

In Fiscal Year 2006, Exchange sales were $764 million, an increase of one percent over the prior year. It is important to note that approximately $100 million in sales were realized by AAFES for Marine-operated forward exchanges in Iraq and that these sales are not included in MCX sales results. Our MCX profits for Fiscal Year 2006 were $47 million, an increase of 65 percent over last year. Although a portion of this increase is a result of corrected overhead allocation between the MCX and MWR program, the importance of this increase in profitability is that we are now realizing the benefits of the MCX centralized buying, centralized accounts payable, and branding efforts. Margins improved while payroll costs decreased. These profits resulted in a significant

increase in dividends to $33.4 million.

Morale, Welfare, and Recreation

MWR programs must be adaptive and evolve to meet the needs of those they serve. Marines and their families have key demographic differences when compared with Sister Services. For instance, the Marines are younger, more junior, and less married than the other Services. Additionally, Marine families, on average, are also considerably younger. We must be responsive to all demographic segments and mitigate the challenges and inherent risks of our force. We have found great success and help in evolving our programs with the use of Functionality Assessments (FA)s, which I will mention throughout this portion of my statement. To date, 14 FAs have been conducted encompassing more than half of our programs.

Deployment Support. Over the past four years, we have learned that we must be focused on providing support throughout the entire deployment cycle with programs and activities designed to address specific pre, during, and post-deployment issues and challenges. For Marines deployed to OIF/OEF, the focus is on providing refreshed services and support that help mitigate the risks of isolation and separation for a force that has endured many combat deployment cycles. On the home front, this new emphasis has resulted in the reinforcement of the roles and responsibilities of unit Commanders and highlighted the importance of educating Marines and their families about the realities of deployments and the programs available to mitigate negative behaviors.

In addition to deployment-specific MWR support, MCCS provides many of the spaces, places, and programs that promote social interaction, encourage active lifestyles, and maintain "livable communities" where our Marines and their families make their homes.

Fitness. Marines are warrior athletes and need a comprehensive fitness program to develop and sustain the physical skills necessary for combat, including core strength, endurance, speed and coordination. We offer numerous programs to help them attain healthy lifestyles and achieve their fitness goals. I am pleased to report that the overall state of our fitness program remains strong with MCCS fitness facilities at a 96 percent compliance rate with DoD fitness facility standards. Physical fitness, however, is about more than weight rooms and running tracks. In November 2006, the Marine Corps Combat Development Command announced a new approach to physical training that will focus on preparing Marines for the tough physical challenges they will face in combat and in peacetime training. This new concept, called "Functional Fitness," will result in a major change in the way Marines view exercise and how units build training programs to prepare their warriors for combat. Aerobic training is over-emphasized in current orders and doctrine and little attention is given to strength training, general physical preparedness, injury-proofing Marines, or on training around an injury during an active recovery. Semper Fit Program Managers are working with the concept proponent to determine how Commanders can best incorporate our MCCS well-equipped fitness facilities and qualified professionals into meaningful functional fitness regimens for Marines.

To remain current and accessible to our Marines, Semper Fit has been working with the Marine Corps Institute (MCI) and the National Strength and Conditioning Association to develop three non-resident courses. The Semper Fit Basic Fitness Course provides Marines and Marine leaders with a science-based curriculum on Fitness and Exercise Science Principles, Nutrition, Injury Prevention, and Exercise Programming. This science-based curriculum provides key fundamentals to understanding functional fitness. This course has been very popular with Marines. In the time it has been available, approximately 6,700 Marines have enrolled in the course, and about 2,000 of the 6,700 have completed the course. A Semper Fit Advanced Course is under development to include topics such as Biomechanics, Advanced Nutrition, Advanced Exercise Physiology, and Supplements. The final course, Stress Management, is nearing completion. These MCI courses will ensure quality fitness education is available to help Marines meet their fitness goals. They will also provide training credits for Marines that may benefit them at promotion time.

In partnership with the Training and Education Command's College of Continuing Education, Marines are now able to complete their annual classroom Semper Fit training requirements on Fitness, Nutrition, Injury Prevention, Tobacco Cessation, Sexual Health and Responsibility, Suicide Awareness, Alcohol and Substance Abuse Prevention, and Hypertension and High Cholesterol online using a new interactive approach. So far, Marines have had great things to say about the versatility and interactive nature of the courses. From a Commander and program manager perspective, the new system allows us to track the number

and ranks of Marines taking the courses and their completion of them as well as target education programs provided based on demographics and prevalence of health risks.

Community Recreation. MCCS also offers a wide variety of recreation programs and outdoor activities that provide Marines and their families opportunities for physical activities and a balance between work and life conflicts. These activities help build a sense of community by providing inexpensive, wholesome activities that encourage social interaction and an active lifestyle. One of these important activities is the Single Marine Program (SMP). Originally created in 1995, the SMP program has provided a forum for our young, predominately single Marines to elevate quality of life concerns while offering activities that develop life skills and encourage responsible citizenship. As the program celebrated its 10 year anniversary, we undertook a review involving both single Marines and senior enlisted leadership to identify the program's strengths, weaknesses, and opportunities to grow. East and West coast conferences were conducted to consolidate, clarify, and reach consensus on the future state of the program. A few of the key recommendations included the best ways to educate Marines about the program; the need to identify a "Home of the SMP" that is centrally located to single Marines and that will serve as a hub for meetings and other activities; and to focus the program on quality of life advocacy, recreation, and community involvement. SMP coordinators are now using the feedback from the conferences to develop a plan of action that will change the program to better meet the needs of this new generation of single Marines.

Another initiative underway in our recreation community is "Are You Listening." For most of our patrons, the staffs of our recreation programs are the most visible and accessible face of all the programs MCCS offers. The "Are You Listening" initiative builds on this relationship by training our recreation staff to actively and positively interact with our patrons to identify potential risks and behavioral warning signs (such as substance abuse, loneliness and boredom, behavior/lifestyle choices, and suicidal ideations). They are also trained on resources available to Marines and families and when appropriate, how to make a referral recommendation. In August 2006, we completed a pilot training program for 17 individuals representing 13 installations. Through formal and informal surveys, participants of varying disciplines within MCCS introduced to this "Are You Listening" initiative provided extremely positive and encouraging feedback. Due to the success of the pilot training, we are in the process of formalizing a training curriculum and are scheduled to begin offering the training at Marine Corps Base Hawaii in April and at Marine Corps Base Camp Lejeune North Carolina, in May.

Children, Youth and Teens. Taking care of our youngest family members calls for a broad spectrum of programs along with a caring professional staff. In terms of DoD standards, 20 (91 percent) of our 22 Child Development Centers (CDCs) eligible for accreditation have earned such accreditation through the National Association for the Education of Young Children. The remaining two of our centers are currently involved in the re-accreditation process with completion expected by October 2007. Additionally, our School Age Care programs are pursuing

their initial accreditation from the National After School Association. Currently, 11 programs, or 54 percent, are accredited with the remaining 13 programs expected to earn their initial accreditation by the end of this year. MCCS is also exceeding the current DoD potential childcare need standard of 65 percent. At 73 percent (13,041 spaces) today, we continue to strive toward the new DoD standard of 80 percent, which is to be effective later this year. To help us meet this standard, we use the DoD-sponsored Military Child Care in Your Neighborhood Project in association with the National Association of Child Care Resource and Referral Agencies to help Marines find, choose, and pay for quality civilian childcare in their local communities. For our parents who may be working extended or irregular hours due to deployments, we expanded hours of operation at some facilities and have established Family Child Care Homes that provide extended child care in emergency situations at no cost to the parent. By spring of this year, we will also open temporary modular CDC facilities at Camp Pendleton and Camp Lejeune, that were funded last year by DoD to meet emergency needs. Camp Pendleton will open two 100-child capacity modular facilities and Camp Lejeune will open two 74-child capacity modular facilities configured for younger children.

MCCS has several information technology upgrades underway that will save our customers time and remove some of the administrative burdens of using our MWR programs. One of those upgrades which will have an enormous impact on parents who depend on our Children, Youth and Teen Programs was implementation of an automated registration and usage tracking system called the Child and Youth Management System (CYMS). Currently, CYMS is being used at six

installations to manage the day-to-day business operations of our child care programs and our remaining installations are scheduled to implement CYMS by the end of Fiscal Year 2008. The system has allowed us to put in place a more standardized and efficient program model and will provide visibility of program costs, utilization, staffing, facilities, patron demographics and medical data.

Library Programs. Libraries are more than places to check out books or to read the latest edition of your favorite magazine. They are a quiet refuge that also builds a sense of community by offering a place for multicultural activities, children's programs, teen reading clubs, poetry groups, community education, and special educational and recreational events. Among the varied services found at an MCCS General Library are a well-stocked assortment of professional and leisure reading materials; college preparation and academic research materials; multimedia materials, such as movies, books-on-tape and music; study rooms; and computer labs providing free Internet access. The General Library program is also involved in supporting deployed units, Marine Security Guard Detachments at various embassies, ships, hospitals, and air terminals by providing paperbacks, popular magazines, professional Marine Corps magazines, Professional Reading List books, and online resources.

In 2004, an initiative resulting from an FA termed "Bricks and Clicks" was developed to encompass the clickable, online aspect of library services. At the center of the initiative is a website that incorporates access to the online General Library Card Catalog, and a Google-like multimedia search engine that provides access to databases like Proquest, eLibrary, and Heritagequest,

where patrons can find the latest editions of a hometown newspaper, television and radio transcripts, audio/video files, or even research their family genealogy. To make the virtual library even more useful to patrons and program mangers, an online Needs Assessment and Library 101 Course is being developed to offer a convenient way to help patrons learn how to use the library and online resources.

Golf Programs. The Marine Corps has golf courses located in some of the best locations in the country and in Okinawa and Iwakuni, Japan. On any give day, you will find varied groups of Marines and their families on the fairways and greens of our 11 golf courses relaxing, enjoying the outdoors, and the benefits of golf gained by individual and group play. In December 2006, Golf Program Managers gathered at NAS Coronado, California, to complete an FA of our Golf Programs. This meeting was a culmination of a nine-month process that involved rigorous documentation of the current program, analysis of Sister Services and industry standards, and gathering customer feedback, with the goal of developing a plan for streamlining and improving program activities. At the end of the process, we discovered that while most of our customers were happy with our golf programs, we were not meeting industry standards in all areas. To address these issues, the program managers developed a standard staffing model and financial goals and plan to improve the bottom line by focusing on marketing the sport as a fitness activity and learning opportunity. Two key areas of emphasis will be developing golfing packages for unit events and our retiree populations and engaging our junior Marines and their families on the virtues and benefits of a family outing spent "walking the fairways."

Clubs. The Marine Corps continues to offer membership clubs for our officers and staff noncommissioned officers (SNCOs) and remains firm in our belief that clubs are a valuable place for professional mentoring and bonding. The clubs are also valuable to the Marine Corps "Institution" as a meeting place for Command-sponsored events, mission-essential training, and official representation to the public. Lifestyle changes, alcohol de-glamorization, growth in on- and off-base food offerings, and off-base living have contributed to a decline in club membership and club patronage in general. Marine Corps Leadership believes, however, membership clubs provide an important setting where the unique values and traditions of the Corps are nurtured and encouraged. This premise is the basis for a renewed effort by Marine Corps leaders and club management to seek ways to encourage officers and SNCOs to become club members and actively support their clubs.

In September 2006, a Club FA was conducted to develop a plan to improve club efficiency and effectiveness. In conjunction with the FA, nearly 8,000 officers and SNCOs responded to a club membership survey. Fifty percent of the respondents agreed that membership clubs are valuable and 56 percent reported that elimination of membership clubs would affect their quality of life. Overall, club member respondents were generally satisfied with their club. Using survey data and industry benchmarks, the FA participants established a club financial goal for each club of breakeven status within three years and developed an action plan to achieve that goal. The plan includes achieving compliance with financial standards, developing alternative sources of revenue, planning unique special events, obtaining authorized appropriated funds, and

building on our current high customer satisfaction in food and service. It also includes building club membership by expanding the standard membership card program and engaging senior leaders in club activities and encouraging the new generation of Marines to become members of their club.

We will be developing an "image campaign" to let Marines know that we've heard what they have said about clubs and are taking action to increase the value of their membership and participation. The action plan is supported by the MCCS Board of Directors and other senior Marine Corps leaders. We are optimistic that clubs will continue to play an important part in the professional and social life of Marines and be a valued community resource.

Another initiative involving our club restaurants, snack bars, and health promotion programs is a healthy eating program we have named "Fueled to Fight." This program was developed in response to requests from our health-conscious customers for more fresh and nutritious offerings at our clubs, restaurants, and snack bars. Under the initiative, 20 of our club restaurants and snack bars are now offering an enhanced salad bar and at least one healthy entrée and side dish. These menu items comply with standards suggested in the Dietary Guidelines for Americans 2005, and in many instances are existing regional or ethnic favorites that have been modified to conform to the guidelines. We have also developed "Fueled to Fight" table tents, placemats, flyers and posters that have been distributed to our fitness and recreation centers to let our customers know about the healthier menu items and to help educate customers on how to make wise choices. Good eating habits are essential to maintaining an active, healthy lifestyle and continued mission readiness.

Facilities Modernization. We appreciate the Committee's interest in ensuring nonappropriated fund construction programs adequately maintain and replace MWR facilities at an appropriate level of frequency that is commensurate with the standards of our patrons. Providing attractive, modern, and high-quality MWR facilities supports the livable community concept and encourages pride of ownership and participation in events and programs offered at those facilities. The MCCS construction program is well structured and we continue to build and renovate needed resale, as mentioned previously, and MWR facilities. In FY06, there were three MWR projects completed at a cost of $10.7 million. The projects included a Macaroni Grill at Camp Butler, Okinawa, for $5.8 million; construction of an auto skills center at MCB Quantico, Virginia, for $3.1 million; and construction of a family fun park at Kaneohe Bay, Hawaii, for $1.8 million. Planned to start construction in Fiscal Year 2007 are a renovation of the Staff NCO Club for $2.2 million and construction of a new MWR Category C temporary lodging facility (TLF) for $11.9 million for Camp for Pendleton, California; renovation of the bowling center at MCLB Albany, Georgia, for $0.4 million; replacement of the auto skills center at MCAS New River, North Carolina, for $2.3 million; construction of a youth activities center for $5.2 million and a TLF expansion for $5.2 million at Kaneohe Bay, Hawaii; and construction of a youth activities center for $6.6 million and replacement of the golf course club house, snack bar, and pro shop for $6.3M at MCAS Miramar, California.

Fiscal Year 2006 Financial Results. From Fiscal Year 2001 through Fiscal Year 2006, budgeted appropriated funding (APF) for MWR increased $87 million from $117

million in Fiscal Year 2001 to $204 million in Fiscal Year 2006. Our financials continued on target to sustain achievement of the OSD MWR 85/65 standards for Categories A and B, respectively. For Fiscal Year 2006, the Marine Corps achieved APF support of 86 percent for Category A and 69 percent for Category B. MWR funding for Mission Sustaining and Community Support programs is anticipated to remain stable through Fiscal Year 2007, with our budgeted MWR total of $213 million.

Conclusion

The MCCS is well poised for the future and will continue to provide high quality MWR and MCX programs and services. We appreciate your support of Marines and their families and efforts to protect and enhance these important quality of life benefits.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE MILITARY PERSONNEL SUBCOMMITTEE
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: MORALE, WELFARE AND RECREATION (MWR) OVERVIEW

STATEMENT OF: MR. ARTHUR J. MYERS
DIRECTOR OF SERVICES
UNITED STATES AIR FORCE

MARCH 29, 2007

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

ARTHUR J. MYERS

Arthur J. Myers, a member of the Senior Executive Service, is Director of Air Force Services, Headquarters U.S. Air Force, Washington, D.C. His organization's mission is to increase combat capability and improve productivity through programs promoting readiness, esprit de corps and quality of life for Air Force people. Mr. Myers serves as the single focal point for the Survivor Assistance Program under the Air Force Chief of Staff. In this capacity, he brings together key staff agencies and field activities to provide immediate information and assistance to wounded Air Force members, the families of deceased personnel, field commanders, investigating boards and Air Force senior leadership. Mr. Myers provides policy, technical direction and oversight for the worldwide services program which includes physical fitness, peacetime and wartime troop feeding, mortuary affairs, Air Force protocol, lodging, libraries, Airman and family readiness, child development centers, youth centers and a wide spectrum of recreation activities. He manages Air Force-wide military pay and compensation policy, equal opportunity, and other commander-interest programs that contribute to military force sustainment. He also provides executive-level management and control for worldwide business operations such as officer and enlisted clubs, golf courses and bowling centers. In addition, Mr. Myers also serves as executive agent for the Department of Defense in managing the Armed Forces Entertainment Office and department-wide initiatives in support of military funeral honors programs.

Mr. Myers graduated from Arts High School in Newark, N.J. Shortly thereafter he enlisted in the Air Force, where he served 20 years on active duty. During his military career, Mr. Myers held several different positions in the morale, welfare and recreation, and comptroller fields. His assignments included Wheelus Air Base, Libya; five tours in Southeast Asia; Bitburg Air Base, West Germany; and several assignments in the United States. In 1982, Mr. Myers started his civilian career with the Air Force. Since that time he has held several positions at base and major command levels. He moved to Headquarters U.S. Air Force in February 1991 as the first deputy director of the organization, then known as Air Force Morale, Welfare and Recreation. Mr. Myers remained there through several reorganizations and assumed his position as Director in January 1998.

EDUCATION

1978 Bachelor of Science degree in business management, summa cum laude, Golden Gate University, San

Francisco
1980 Master of Science degree in business management, Troy State University
2006 Program for Senior Managers in Government, John F. Kennedy School of Government, Harvard University, Cambridge, Mass.

CAREER CHRONOLOGY

1. February 1982 - August 1982, club manager, 483rd Combat Support Group, McGuire Air Force Base, N.J.
2. August 1982 - December 1984, club manager, 317th Combat Support Group, Pope AFB, N.C.
3. December 1984 - September 1987, Deputy Chief of Morale, Welfare and Recreation, and Installation Club Manager, 18th Combat Support Wing, Kadena AB, Japan
4. September 1987 - March 1989, Director of Morale, Welfare and Recreation, Headquarters Air Force Logistics Command, Wright-Patterson AFB, Ohio
5. March 1989 - February 1991, Director of Morale, Welfare and Recreation, Headquarters Pacific Air Forces, Hickam AFB, Hawaii
6. February 1991 - February 1993, Deputy Director, Air Force Morale, Welfare, Recreation, Headquarters U.S. Air Force, Washington, D.C.
7. February 1993 - December 1997, Director of Resource Management and Deputy Director of Services, Headquarters U.S. Air Force, Washington, D.C.
8. January 1998 - present, Director of Air Force Services, Headquarters U.S. Air Force, Washington, D.C.

AWARDS AND HONORS

Bronze Star Medal
Meritorious Service Medal with two oak leaf clusters
Air Force Commendation Medal with four oak leaf clusters
1980 U.S. Air Force Club Manager of the Year
1984 and 1987 Meritorious Civilian Service Award
1989, 1991, 1998 and 2002 Decoration for Exceptional Civilian Service
1998 Morale, Welfare and Recreation Leadership Award, International Military Community Executives Association
1999 and 2004 Meritorious Executive Presidential Rank Award
2003 Department of Defense Distinguished Civilian Service Award
2004 Lifetime Achievement Award, American Logistics Association
2005 National Service to Youth Award, Boys & Girls Clubs of America
2005 Alumni Hall of Fame, Boys & Girls Clubs of America

(Current as of September 2006)

Thank you, Mr. Chairman and members of the Military Personnel Subcommittee, for the opportunity to appear before you today to talk about the status of Air Force MWR programs. Our mission is to build combat capability through programs promoting readiness, esprit de corps and quality of life for Air Force people. Now, with the high operations tempo the Air Force continues to sustain, our programs are as important as ever as we strive to meet mission requirements and reduce stress on our personnel and families, both at home and while deployed. Our success directly impacts the Air Force's ability to support the combatant commanders and future mission requirements our nation calls upon us to complete.

In our forward operating locations, our programs provide hot meals, lodging, fitness, laundry, entertainment and recreation to alleviate the daily stressors faced by our troops. Back home, we provide high quality meals, lodging, fitness, child care, youth programs, and a wide selection of recreation opportunities tailored to meet the needs of our base population. Strong MWR programs contribute directly to mission success, improve the quality of life for our base community, and enhance retention.

Our Air Force is transforming from a force designed to fight traditional threats prevalent during the Cold War, to one also able to address emerging irregular, catastrophic, and disruptive threats today. To do that we must continue to balance modernization of weapon systems with development of Airmen who are ready, willing, and able to employ them. To that end, Air Force Services is finding innovative ways to transform our community support services and programs while avoiding unnecessary impacts to services delivered. One way we are transforming is through the headquarters realignment of Air Force Services from the Deputy Chief of Staff for Logistics, Installations, and Mission Support to the Deputy Chief of Staff for Manpower and Personnel. This transition moved us from a more logistics-focused organization to an

organization that better complements our people-focused mission, opening the door to increased efficiencies and a more seamless approach to customer service. Our new organization will better support the Air Force's recapitalization program, enhance our Airmen's career development, and most importantly improve our service to our Airmen and their families.

The Air Force faces significant challenges with funding, manpower and base realignment and closure (BRAC) actions as it addresses the critical issue of weapon system modernization. We realize that the Air Force's mandate for recapitalization will put pressure on Services' manning and funding in the near future. I will deal with these issues in greater detail later in this statement. Nevertheless, we remain committed to providing quality service and programs for our Airmen and their families.

To ensure we achieve our objectives, Air Force Services is developing a new five-year strategic plan, employing private sector best practices to develop our initiatives and performance measures. Our new vision is to provide innovative programs and services to enhance combat capabilities and a sense of community. We are developing new tools and procedures to constantly evaluate the needs and preferences of our Airmen and their families, ensuring that our programs remain relevant in today's rapidly changing society. The Air Force has always been a leader in strategy and innovation and Air Force Services is a proud part of this tradition.

Readiness

Our Air Force Services troops provide combat support and community service across the spectrum of operations, from war to humanitarian missions, at home and away. They are the enabler of Airmen—the Airmen who project global power, the Airmen who need to be well-fed, well-rested, alert and focused—Airmen who are fit to fight. Services troops stand ready to do any mission asked of them.

As the Air Force continues to fight the Global War on Terror, our deployed Services warriors continue to be crucial joint force multipliers as they deliver life-sustaining and morale-building services. In 2006, approximately 1,400 active duty and 120 air reserve component Services warriors deployed to over 22 locations serving approximately 25,000 deployed troops around the world. Over 500 Services military personnel are deployed today to provide dining facilities, lodging and laundry operations, resale operations, fitness, recreation, and learning resource centers. In Operation Enduring Freedom they are delivering over 790,000 meals per month. In Operation Iraqi Freedom they are also keeping the troops well fed and morale high. For example, on Christmas Day our warriors at one of the Air Force's busiest expeditionary food service operations served a staggering 1,600 pounds of turkey, 3,000 pounds of steamship round, 750 pounds of ham, 6,250 servings of cornbread dressing, 5,600 servings of mashed potatoes and numerous other sides and desserts—not only meeting nutritional needs of roughly 7,000 troops, but also providing a taste of home to lift their spirits. I am truly proud of their hard work and dedication to making our war-time missions a success.

In addition to their traditional role of providing morale and life-sustaining services from rear-operating, fixed airfield locations, Services Airmen are also deployed to Afghanistan's Provincial Reconstruction Teams and Embedded Training Teams and to Iraq's Reconstruction Support Units. These Airmen are working side-by-side with their sister-service peers at forward operating locations like Qalat, Gardez, Jalalabar, Kabul, and Kirkush. Their performance in these non-traditional roles has been magnificent! They find themselves distributing humanitarian supplies alongside the local governor in Gardez; training Afghanistan soldiers on how to run food storage and feeding operations in Kabul; or overcoming hostile enemy attacks, like Senior Airman Huey Harris did, when his convoy was struck by an improvised explosive

device. Senior Airman Harris, who received multiple contusions to his body and a head wound, was not dissuaded by the enemy's actions; he was treated locally and returned to duty.

These Airmen are not only delivering important resources, training, and expertise to the local populace as part of a joint team, but also are ensuring the morale and well-being of the joint team itself. A salient example of this is Air Force Technical Sergeant Eric Caley, a member of Provincial Reconstruction Team Gardez in Afghanistan. Sergeant Caley led a project that established a small basic exchange with personal sundries and other popular items at his forward operating location. Prior to that, he and fellow members either went without or had to wait until they reached a main operating location for re-supply. The impact of Sergeant Caley's effort on unit morale was best summed up by a fellow Airman who was quoted in a local public affairs newsletter: "If you didn't get up to Bagram Air Field, you didn't have a chance to buy anything…we relied on the mail…we had to order toiletries and stuff over the Internet. This [field exchange] is probably the best thing for morale that has happened all year."

We continue to focus on the solemn duty to return our fallen comrades to their loved ones with honor and dignity. We deployed over 120 personnel in 2006 to augment the staff at the Charles C. Carson Center for Mortuary Affairs at Dover AFB, DE. This is truly a joint effort. Our Airmen work hand-in-hand with the Armed Forces Medical Examiner, the Federal Bureau of Investigations and our sister service liaisons to ensure the best care is provided. At the request of the Army, we recently deployed Services Airmen to the Joint Personal Effects Depot at Aberdeen Proving Grounds, MD to assist with this critically sensitive mortuary affairs mission.

In response to Section 562 of the John Warner National Defense Authorization Act (NDAA) for Fiscal Year 2007, the services must now utilize military or military-contracted aircraft rather than regularly scheduled commercial flights to transport our fallen comrades from

Dover to their final resting place. These smaller contracted aircraft can land at smaller airports, or be met off the main ramp when arriving at larger airports, easing access by the honor guard and family members. Even for those families who specifically request transportation of their loved one via a scheduled commercial flight, we are providing a higher level of support as airline and airport security requirements allow. I commend the commercial airport and airline personnel; across the board, they have been tremendously supportive. Since January 1, 2007 when these new procedures took effect, I have only heard high praise from our families, a sure sign we are doing the right thing.

In addition to our wartime contingencies, our Services Airmen also provide essential support for other known crises. Our Services Airmen provide essential support to a wide variety of humanitarian missions. During the short-notice evacuation of American citizens from Lebanon, our Airmen skillfully utilized a small contingency beddown site at Incirlik Air Base in Turkey to house 1,700 evacuees. They provided over 12,000 bednights, 16,000 meals, and 70,000 liters of bottled water and laundered almost 6,000 pounds of linen and personal garments. In addition, they created four development-focused safe havens plus a playground area for approximately 600 displaced children. With just two hours notice, our team at Ramstein Air Base in Germany rapidly produced and provided 4,000 meals to over 1,800 evacuees transiting from Lebanon. Despite this short-notice notification, the team recognized the ethnic differences and thoughtfully produced culturally-sensitive meals for the evacuees. I cannot express how proud I am of the Services men and women who successfully meet these challenges every day.

Military Funeral Honors

Our Air Force honor guard never loses sight of its motto: "To Honor with Dignity." Daily I hear accounts of how our honor guard units live these words and how they make a

difference in the lives of those who survive our lost heroes. I was recently reminded of this patriotism and unflagging devotion to duty from pictures of the Buckley Air Force Base Honor Guard performing a funeral detail in Colorado. Those photos captured our young men and women standing tall and proud in their ceremonial dress uniforms during a snow storm. The pictures captured a most impressive, but not surprising, glimpse into the understanding and appreciation our honor guard members have of the critical mission they perform. There was not one sign of physical discomfort—instead only stoic, solemn faces as they laid to rest a fellow comrade in arms with dignity, honor and respect. These Airmen are representative of all of our Air Force honor guard members whether active duty, Guard, or Reserve.

In 2006, the Air Force honor guard performed over 31,000 funeral honors. This represents an all-time high and an increase of eleven percent over 2005. Although there was less than one percent increase in the number of veteran deaths from 2005 to 2006, there was a 23 percent increase in the number of veteran and retiree funeral requests. Funeral directors, as well as veterans and their families, are becoming more aware of the funeral honors benefit, increasing the number of requests for this entitlement. We expect this trend to continue and peak at 55,700 funeral honors requests by 2013.

This increased workload challenge is compounded by a reduced manpower pool and reduced financial resources. Some of our bases are responsible for covering military funerals over an area of up to 250,000 square miles, and some funeral honors teams must drive 600 miles each way to perform a single detail. Adding to this challenge are shifts in personnel related to base realignment and closure actions, eliminating some bases' ability to support military funeral honors. This shifts the workload to other bases, and increases the average distance funeral

honors teams must travel to complete their duty. With fewer military members at fewer bases, it will become increasingly more difficult to satisfy the increased demand for funeral honors.

We are addressing this problem using a total force solution. In 2006, the Air Reserve Component supported nearly 13 percent of our details. Without their assistance, we would not have been able to support all requirements. We will continue to rely heavily on them in the future.

Our partnership efforts with several state-run National Guard honors programs continue to help us meet the ever-increasing workload. We are working to integrate the federal and state aspects of our honors programs more fully. Among the success stories are the Missouri, Maryland, and New Hampshire state honor guard programs where their uniformed Guardsmen have performed an average of 75 percent of all Air Force details in those states. Several other states have begun the initial steps toward similar programs. We are looking forward to the assistance they will provide in the future.

Another success story that has strengthened our ties with our sister services is the joint honor guard supporting military funeral honors at the Dallas-Fort Worth National Cemetery. This joint team completed over 2,200 funeral honors in 2006. As more national cemeteries open, we will pursue similar joint ventures, so we can continue to successfully provide this important entitlement.

Recent legislation has increased workload on our honor guards. In response to Section 562 of the 2007 NDAA, a six-person honor guard now meets aircraft from Dover AFB carrying our Air Force members killed in the combat theater to their final resting place. That honors detail carries the flag-draped casket from the aircraft to the ground transportation for travel to a funeral home providing the appropriate honors these fallen heroes deserve.

Air Force Survivor Assistance Program

We continue to expand the Air Force Survivor Assistance Program in an effort to provide the best possible individual service to Airmen who are seriously wounded, injured, or ill and families who have lost a loved one. The heart of this program is the family liaison officer (FLO) who is assigned to each patient for the duration of their need. The FLO serves as a single point of contact between the family and the numerous helping agencies. Our FLOs assist the family arranging in transportation, child care, or even care for a family pet. They do whatever is needed for as long as needed to help reduce the stress on the Airmen and families during this difficult time.

When an Airman is wounded, ill, or injured in the war zone the Survivor Assistance Program swings into action. Within hours, we begin tracking medical status and evacuation plans to regional medical facilities or back to the United States for treatment. At each stop along the way we ensure a FLO is there to meet the Airman and assist with any needs he or she may have. This often includes arranging local transportation and accommodations for family members, working through required paperwork, as well as being a friendly face for the Airman. When families travel to visit their seriously wounded or injured relative in a strange town, the FLO is there to provide needed assistance. The FLO is not expected to be the expert in each area, but is trained to find the right answers for the families he or she is working for. Our FLOs provide a critical resource to deal with the unfamiliar routine of the recovery process and prevent the Airman from being lost in the bureaucracy.

Last year I shared with you the great lengths a FLO went to assist the family of a seriously injured Airman who was receiving treatment at Walter Reed Medical Center. I described how this FLO was central to helping this Airman's family locate missing relatives and

recover from the loss of their home and possessions in the aftermath of Hurricane Katrina. We continue to monitor this Airman's long road to recovery and assist him as needed. We are pleased to report that he and his family are doing well. His mother returned to work and has a new place to live in New Orleans.

We do not just confine our attention to Walter Reed and other local hospitals. Our service reaches worldwide to ensure all of our wounded, injured and ill members are equally well cared for. For example, another Airman, then Staff Sergeant Israel Del Toro, was badly burned as the result of an IED attack in Afghanistan. He was in intensive care and in a coma at Brooke Army Medical Center in San Antonio, TX, and remained in that condition for four months. In the meantime, his wife and family needed to be relocated from Italy, where Sergeant Del Toro was stationed. His wife was not a US citizen and her application for registration, which had been filed at the US Embassy in Italy, could not be located. In keeping with the motto of "whatever the family needs," the FLO worked with the State Department to locate immigration paperwork for the spouse, worked to process her application, made housing arrangements for the family, and provided temporary lodging for other relatives. The FLO also secured permanent housing for the family on Randolph AFB, arranged the shipment of their household goods, organized a crew to assist placing their furniture in their new home, and picked up their car from the port. In addition, the FLO retrieved the family dog from the airport, enrolled the spouse in driver education and English classes, and arranged transportation for hospital visits, shopping trips and many other needs. Sergeant Del Toro's story illustrates how important the Family Liaison Officer can be to a family and is typical of the dedication and devotion our Air Force FLOs exhibit when they are taking care of one of their own.

As we devote more time to Airmen wounded in action, we have not lost focus on our service to the families of our deceased Airmen. In that respect, we now provide copies of *Military Widow—A Survival Guide* to Air Force widows. Written by military widows and reviewed and recommended by several Air Force widows, this book provides both assistance through the pain of losing a loved one and references to available resources and benefits. We mail this guide approximately sixty days after the widow suffers their loss. In addition, we worked with DoD to produce a standard organizing notebook for each military family who suffers a loss. This notebook is a single, handy tool that the families, with the assistance of the FLO, can use to keep valuable papers and information organized during this very stressful time.

Our Survivor Assistance Program provides an extremely valuable service for active duty members who are seriously wounded, ill, or injured and Air Force families who suffered a loss. Although we have not sustained as many casualties as other services, our program is set up to deal with any number of Airmen needing assistance. This program is an excellent example of Airmen helping their fellow Airmen and families.

Armed Forces Entertainment

Armed Forces Entertainment (AFE) is the single point of contact for the Department of Defense for providing free, quality entertainment to our troops serving overseas with priority to remote and isolated locations, ships at sea, and contingency operations. Entertainment is provided to the Army, Navy, Air Force, Marine Corps and Coast Guard.

The Air Force remains the Executive Agent for providing this important morale building program to our forces. Although the AFE office is jointly manned with a nine person staff, the powerhouse behind this program's success is the numerous site and country coordinators and their volunteer force of men and women who host the tours.

In 2006, Armed Forces Entertainment conducted 118 tours that totaled 1,433 performances, reaching more than 500,000 military personnel at over 378 US military installations worldwide. Performers included Kid Rock, Drowning Pool, the Indianapolis Colt Cheerleaders, NFL Alumni, Harlem Globetrotters, and the fourth World Wrestling Entertainment holiday program in Iraq, which was broadcast on network television on Christmas night.

As a result of strong support from Air Force leadership, AFE provided $8.1 million in quality entertainment in fiscal year 2006 including $646 thousand in global war on terrorism funding. We expect funding up to $7.7 million for fiscal year 2007, which will only support 83 percent of the combatant commanders' requests for tours.

As the lead agency for bringing entertainment to troops overseas, AFE provides transportation and logistical support for the United Services Organization (USO) in bringing additional celebrity entertainers to the troops. As of March 2, 2007, AFE has sent out 55 tours of its own, and 13 more tours in partnership with the USO, for a total of 68 tours and 536 performances so far this fiscal year. We have sent performances to contingency locations including Iraq, Djibouti, Bahrain, Kyrgyzstan, United Arab Emirates, Qatar, Kuwait, Afghanistan and locations in the Balkans.

The AFE mission remains the same: to provide a program of live, professional entertainment to enhance the quality of life and increase morale for US troops and family members stationed overseas. We are proud to serve our fellow service members across all the military branches. We greatly appreciate the committee's continued support for this program, our troops and their families stationed around the world.

Fitness

Good physical fitness is the cornerstone of combat capability. Airmen who are physically fit are healthier, think more clearly, handle more stress, and are more able to complete the mission despite reduced sleep and extended hours. This translates directly to increased combat capability from our most important weapon system—our people. The Air Force Fit to Fight initiative charges our commanders to ensure their Airmen not only meet fitness standards, but also are fully prepared to handle the rigors of a deployed environment.

Our success is reflected in increased participation and improved fitness assessment scores. Since program inception fitness center usage increased 23 percent, the number of Airmen passing their fitness assessments has increased from 90 to 98 percent, and the number of Airmen who scored in the "excellent" category increased from 16 to 28 percent.

Throughout this program, Services has led the way. Our 5-Star Fitness Recognition Program continues to drive high quality facilities and programs by rewarding centers that achieve excellence in operations, programs, training, customer service and facilities. In 2006, nine additional bases achieved 5-Star recognition bringing the total to 30. This reflects the commitment and support of our leadership and fitness teams to a "Fit to Fight" Air Force.

Facility quality is a key part of our fitness program and your support has helped us improve our centers. From fiscal year 2000 through fiscal year 2006, we completed 35 major fitness construction projects at a cost of $345 million. One major project is planned in fiscal year 2007, and one in fiscal year 2008, for a total cost of $38 million. We continue to work within the Air Force to include nineteen additional facilities in the out years. These new facilities, combined with our sound fitness programs, staunch leadership, and your continued strong

support will ensure our Airmen are combat ready for whatever mission our nation calls upon them to do.

Child Care and Youth Programs

We recognize that readily available, high quality and affordable child care and youth programs are a workforce issue with direct impact on mission readiness. Airmen must balance the competing demands of parenting and military service, particularly challenging in today's environment of higher operations tempo, increased mobilization, and longer periods of time away from home. We are committed to serving these Airmen and their families by redoubling our efforts to reach out and assist all members of the total force through robust child and youth programs wherever the member resides.

Our Air Force Home Community Care program reduces out-of-pocket expenses for Air Reserve Component members by providing free in-home quality child care during their scheduled drill weekends. This program provides the same quality child care available to Airmen assigned to or living on a military installation. This past year, the Home Community Care program provided more than 10,000 child care hours, enabling our Air Reserve and Air Guard's mission readiness. As one Air Guard member concluded, "This is an invaluable asset to a dual military couple! Drills have always been a headache for child care and it is great to have someone to count on for these times! Thank you, Thank you, Thank you!" Another Air Guard member shared, "The Air Force's Home Community Care program is greatly appreciated. If not for this program, I would have to consider leaving the Air National Guard."

Similarly, the Air Force Expanded Child Care programs provides 18,000 hours each month of child care during non-traditional hours at no cost to the military member. These programs enable Airmen to obtain high quality child care even when the mission requires duty

hours at night or on weekends. The Air Force Family Child Care Subsidy program saves families an average of $125 per child per month by subsidizing the care received in an Air Force home when a slot is unavailable at the child development center. This program is of particular help to those Airmen with children under the age of three or children with special needs, and to those Airmen who work shifts outside of a normal duty day.

Our youth programs focus on children elementary age through teens. They are a key component of our strategy to support the quality of life of Airmen and their families. Our two ongoing partnerships with Boys & Girls Clubs of America and the US Department of Agriculture's 4-H program provide additional means to reach families living both in communities and on active installations. The *Mission: Youth Outreach* program provides a one-year free membership in a local Boys & Girls Club. Through this important program, active duty, Guard and Reserve families who do not live near a military installation still have a safe and positive place for their youth to spend their out-of-school time. Our partnership with 4-H fosters the development of 4-H clubs on Air Force bases, and specially appointed State Military Liaisons reach Air Guard and Reserve families with these quality youth programs.

We offer a variety of summer camp opportunities including residential camps, specialty camps and other base specific camp programs. For the Guard and Reserve youth, our base youth programs have partnered with the National Military Family Association to provide residential youth camps during the summer. Over 5,000 Air Force youth participated in camps last year designed to help them achieve their potential, develop their self-esteem and build their resistance to negative pressures.

Our Stay Connected deployment kits provide children and parents with a way to maintain a solid connection while they are separated during deployments. To date, over 13,000 of these

kits have been provided to Airmen and their families. In the words of one reserve spouse, "Thanks again from all of us who are trying to make their deployment over there easier. I know my husband enjoyed the message I made him on the recorder pen, and I play the one from him almost everyday."

A recent national study highlighted the DoD child care program as leading the nation in quality standards and effective oversight. We are proud of this honor and believe that our child care is extremely important to our single and dual military parents, enabling them to focus on the mission. Unfortunately, we still have approximately 5,000 children on our waiting lists. To reduce this shortfall for our Airmen, we are adding 2,176 child care spaces using emergency intervention funding from OSD. The military construction program has changed funding for child development centers, dropping the number of facilities from 12 projects in the out-year program to eight. Child and youth programs are vital to our readiness and we ask for your continued support.

Lodging

Air Force Inns is committed to delivering quality facilities and service, and maximizing room occupancy rates while minimizing operating costs. As our Air Force transforms, Air Force Inns must do likewise to maintain its contributions to readiness and quality of life. To this end, we have begun centralizing management of our 94 lodging operations into a single headquarters in San Antonio, Texas. This transformation, modeled on lodging industry trends, will maximize efficiencies and increase purchasing power. We have benchmarked our standards to align with quality commercial mid-priced hotels chains. Lodging managers will be measured by their ability to meet these standards rather than exceed them. This approach will promote consistency

while keeping costs to the official travel line low. Centralized management of our recapitalization funds will ensure guest rooms are updated systematically to maintain quality.

To improve our service further, we have joined forces with Navy Lodge to field a web-based reservations system that links into the Defense Travel System. Now we will now be able to provide DoD travelers with one-stop shopping for airfare, lodging, and rental cars.

Fundamental to our improvement efforts is addressing facility quality. We are replacing previously substandard facilities through our Visiting Quarter (VQ) construction program. This past summer we opened a 96-room MILCON-funded VQ at Kirtland AFB, NM. We currently have several new VQs under construction, to include a 175-room VQ at McGuire AFB, NJ, a 152-room VQ at Kunsan AB, Korea, a 265-room VQ at Andrews AFB, MD, and a 120-room VQ at Hurlburt Field, FL. These projects, coupled with recently completed projects at Nellis AFB, NV and Travis AFB, CA, will cost $231 million and are projected to save the Air Force $43 million per year in higher off-base lodging costs, thereby recouping our investment in less than six years.

Our Temporary Lodging Facilities (TLFs) provide an important quality of life benefit for our Air Force families by keeping out-of-pocket moving expenses to a minimum. Our current inventory of TLFs is insufficient to meet our transient families' needs. To help reduce this shortfall, in 2007 we will open a new 50-unit TLF at McGuire AFB, NJ, a 20-unit TLF at Dover AFB, DE, and begin construction on a 39-unit TLF at Mountain Home AFB, ID.

Food Service

Our food service professionals provide more than 89 million meals in 277 facilities, ensuring our Airmen are well-fed and mission ready. Many of the past year's initiatives focused on support for contingency operations. We now use automated commercial food service systems

in all contingency operations, and we installed them at our Services Combat Training sites. We continue to develop a single all-electric kitchen with multi-ration preparation capability.

Our food service training program is extremely important to develop our food service Airmen so they are ready to meet the mission at home and on deployment. For over five decades, we have enhanced our training through partnerships with companies and organizations like the National Restaurant Association (NRA). Our affiliation with the NRA has been a win-win opportunity for industry and the Air Force. Each year, NRA Board members travel with Air Force evaluation teams to select the best food service operations in the Air Force. In doing so, our industry partners get a better appreciation for what the Air Force does for our country and we gain insight into the latest innovations, trends, and technological advances in industry. In February this year, the National Restaurant Association Educational Foundation, Hennessey Travelers Association and a number of other hospitality-related organizations co-sponsored a week of culinary training for 50 of our military food service members at the Greystone Campus of the Culinary Institute of America, St Helena, California. Our Airmen gained valuable knowledge and experience with the latest food production techniques and regional product evaluations. Certified Master Chef Adam Busby, Director of Continuing Education at Greystone passed on to us that "the Air Force had the most disciplined, fundamentally sound, and eager students he has ever had at Greystone." I am extremely proud of our Airmen and how well they represented the Air Force. Working together with our industry partners on events like this strengthens the union between our nation and our military, and we look forward to another five decades of successful partnerships.

Clubs

Our clubs play a strategic role in support of the Air Force mission supporting Air Force traditions, protocol events, and commanders' military functions. To adapt to the changing needs of our Airmen and their families, we are pursuing new approaches to club services. We have several working groups building a strategic plan for better integration of all our food and beverage operations across Services.

Club membership has continued to decline for several years and represents one of our primary challenges. As the size of the active duty force gets smaller, our new club member recruitment initiatives become even more important. Both our "UBU" (You Be You) and "Take It To The MAX" initiatives introduced our newest Air Force members to Services and clubs. Although these programs are only in their third and second years respectively, they have reached a combined 89,000 new Lieutenants and Airmen Basic personnel. As a result, we have recruited over 12,000 new club members.

The Military Free Cash Rewards program is one-of-a-kind, designed specifically for our club members. Due to its popularity, it has become the standard offer now made to all new members. For all purchases made with their club membership card, each member earns double "cash back" points in Services activities, the Base Exchange (except for gas) and the commissary. Points can then be redeemed for cash or gift cards with major merchants.

Our partnering initiatives with industry, AAFES, and other Services activities are paying dividends to both Airmen and the Air Force. Our restaurant portfolio includes both name-brand and proprietary Air Force Signature Brands, casual-themed and quick-service restaurants. We currently have 18 name-brand fast food operations on ten Air Force bases. Additionally, we have 19 Starbucks "We Proudly Brew" Services locations. Our three Chili's restaurants in

Germany, Japan and Korea are three of the top-selling Chili's restaurants in the world. We will open another Chili's in Japan and a Romano's Macaroni Grill in Germany and we plan to add a third Chili's in Japan next year. Discussions are underway at five bases for additional name-brand restaurants. We also have 21 Air Force Signature Brand operations at 18 bases. Our clubs are partnering with Air Force Inns to incorporate our Rickenbacker's coffee shops into our new visitor quarters. These themed food and beverage operations provide quality leisure opportunities for our Airmen worldwide.

Outdoor Recreation

Our outdoor recreation programs provide a wide range of activities and facilities that directly support our Airmen, their families, and the larger Air Force community. Our diverse offerings include instructional classes, single and multi-day trips, outdoor adventure activities, aquatics programs, parks, and family campgrounds. Outdoor recreation is very popular with our customers, and national participation trends point toward continued strong growth and interest in these activities.

Outdoor recreation supports Air Force fitness through lap swimming, cycling, hiking, and other fitness activities. On many bases, outdoor recreation partners with fitness centers to host fun runs, triathlons, adventure races, and other events to promote fitness and esprit de corps. Our activities and facilities allow couples and families to spend time together building the bonds that sustain our military families in challenging times. To promote family well-being, we launched the Four Season Family Program this year. This program offers year-around opportunities tailored to each season for families to enjoy outdoor recreation activities together.

We established a 5-Star Award program to encourage outdoor recreation programs and facilities to reach new heights in serving our customers. Since inception in 2004, the number of

bases achieving the 5-Star Award has increased from five to eighteen. We continually evaluate the award criteria to ensure we are focused on the needs of the Airmen and their families.

Golf

Our golf program achieved over 2.1 million rounds of golf in 2006, providing a valuable recreational program to our base communities. We are focused on introducing golf to more Airmen and their families, and upgrading our facilities and programs to golf industry standards. Player development programs, designed to remove the intimidations of learning golf, have been a key factor in the success of our learn-to-golf programs. We plan to expand these learn-to-golf programs to encourage more women and seniors to play. To facilitate program improvement, we have also instituted a 5-Star Award program for our golf program. Since inception in 2004, eight of our courses have achieved 5-Stars, and our courses increased ten percent in overall stars.

Aero Clubs

Our aero clubs achieved over 70,000 flying hours while providing a benchmark for general aviation safety in the United States. These clubs offer Airmen and their families a safe opportunity to learn and sharpen aviation skills and gain Federal Aviation Administration certifications. They also offer a link to Air Force heritage through social interaction and the passing of experience from retirees to the younger Airmen. Many of our members use the life skills they developed through the aero club to enhance their careers during and after service in the Air Force. One great example is Senior Master Sergeant Robert Tess, USAF Retired, grand prize winner of our "Driven to Fly" promotion. Sergeant Tess works as a flight engineer on a Boeing 747 under government contract to deliver support to our troops in Iraq. He credits the aero club as the primary reason he was hired for this good job. As a young Airman, he joined an aero club and achieved his childhood dream of flying. He then used his new found knowledge

and skills to cross-train as an Air Force Flight Engineer. When he is at home in Nebraska, he still supports the Offutt AFB Aero Club as a member, honing his aviation skills and mentoring young Airmen following in his path.

Other Programs

Our libraries, art and crafts centers and bowling centers provide education and recreation opportunities for our Air Force communities. Library programs provide information access to our Airmen around the world. We support our deployed warfighters with reading materials as well as virtual resources at eight Learning Resource Centers in Southwest Asia. Each month, over 250 remote sites and contingency operations receive a variety of books and magazines centrally purchased by the library program. Our base general libraries served over 200,000 voluntary education and professional military education students with research and reference resources in 2006. Our libraries also provide Internet and e-mail access, online databases for newspapers, full-text journals, languages and country studies, as well as books, CDs, and DVDs. Fifty percent of our libraries now have wireless Internet capability. In 2006, 98 percent of our eighty-one general libraries met or exceeded DoD MWR library standards. In a 2006 Air Force library customer survey, nearly all customers surveyed stated our libraries had a positive impact on their career (92 percent), their education (95 percent) and their family (97 percent).

Similarly, our arts and crafts centers provide self-enrichment and recreational programs for the base community. Our numerous craft activities include framing, engraving, ceramics, woodworking, pottery and photography. Our instructional courses improve customer proficiency and develop life skills. Our auto hobby centers provide car care instruction and assistance for Airmen in a safe and affordable facility. These centers help Airmen build skills, improve self-confidence, and relieve stress by learning, accomplishing, and saving. Our Airmen also rely on

our bowling centers for unit camaraderie and for a safe recreational haven for their families. Over 7.4 million games were bowled in our centers last year, highlighting the important recreational service these centers bring to our base communities.

New to Services is the Force Sustainment Division, which integrated into the Directorate of Services as a part of our realignment under Manpower and Personnel. Our Force Sustainment professionals are charged with four overarching missions. The first is to meet our Airmen's basic needs through policies relating to compensation, allowances and entitlements. Second, our Airman and Family Readiness experts help Airmen adapt to the realities of life in an Expeditionary Air Force, providing personal and family readiness counseling, personal financial management, and Air Force Aid assistance. They also provide spouse career planning, and transition and relocation assistance. Third, our Human Relations Team consisting of experts in the Equal Opportunity and Sexual Assault Prevention and Response arenas, run programs ensuring Airmen exercise positive and productive relationships, both professional and personal. And fourth, we ensure Airmen exhibit positive and productive institutional behaviors consistent with Air Force Core Values. To date, we have only integrated these functions at the headquarters level. We are anticipating a future integration at base level, where it will improve efficiency and service to our customers.

Funding

We continue to follow Congressional direction regarding the proper source of funds for our categories of activities. However, resources are becoming tight, especially given the need to recapitalize aging Air Force weapon systems. We and our leadership recognize the critical impact of quality of life programs and we are committed to preserve essential programs.

Commanders throughout the Air Force provided their Services activities with $12 million less appropriated funds in fiscal year 2006 than in fiscal year 2005, a decrease of two percent. The Global War on Terror drives dual missions for Services; we provide wartime capability in war zones, while maintaining full peacetime capabilities on the home-front. We have met the funding challenges of increased military operations while maintaining all DoD standards for funding in fiscal year 2006, with Category A programs receiving 96 percent appropriated fund support, and Category B programs receiving 65 percent support.

We appreciate the support the committee has provided to help reduce the burden of utility expenses to our Category C programs like our clubs and bowling centers. Your action in the fiscal year 2005 NDAA, confirming appropriated funds for most utility expenses in Category C activities, would have allowed us to put $8.5 million in nonappropriated funds toward quality of life programs rather than the cost of keeping government buildings open. Due to funding constraints, we have only been able to move about $500 thousand this past year into improved programs for our troops and their families.

One innovative way we are transforming our community support services is our Nonappropriated Fund Transformation (NAF-T) project which successfully met initial operational capability on June 1, 2006. To date, we have installed the new Air Force Services Financial Management System at 17 bases, and we project installation at 23 more bases by the end of this fiscal year. This new commercial-off-the-shelf business solution provides centralized accounting and payroll service to base-level activities and, when fully deployed, will save approximately $12 million per year in taxpayer and Airmen dollars. Phase two of our NAF-T effort includes a variety of new initiatives to move our business systems into an e-commerce environment modeled after benchmark organizations like the Marriott Corporation, which

operate similar hospitality and recreation properties. Our focus is on eliminating manual and no-value-added processes, improving management information flow, and saving dollars through efficiencies and better decision-making.

However, for all of our actions, the funding outlook for the next couple of years will remain challenging. The Air Force has wisely redirected a portion of funding from manpower and base operating support to address its recapitalization need. This will require us to change the way we do business in many of our activities. For example, although our libraries remain open, our centralized programs such as on-line databases and full-text journals and newspapers have been significantly reduced. Another example is our food service. We continue to provide the Airmen high quality meal options, but where appropriate we have closed underutilized facilities and reduced some hours of operation. Commanders in the field have made business-based decisions, taking into account the availability of other service options mitigating the adverse impact on the largest number of people. But, in the end, resource reductions drive us to economize services. We and our leaders are committed to ensure the needs of our Airmen and their families are met.

We are equally concerned for the financial outlook for nonappropriated funds, especially from the Army and Air Force Exchange Service (AAFES). Five years ago, AAFES dividends to Air Force were averaging nearly $90 million per year. They dropped to $73 million last year and are expected to be less than $57 million in the current AAFES fiscal year--$100 thousand below our previous low in fiscal year 1995. As a result of this extreme drop in AAFES dividends, we will have to cancel our construction program again, curtail centrally-funded programs and staff, and risk cutting into base-level dividend flows. This will have a huge negative impact on the quality of life programs for the troops and their families, especially in a time of war.

Construction

Air Force leadership places a high priority on quality facilities. The goal of our construction program is to provide validated and up-to-date facilities for our Air Force members and their families. While replacement of older facilities and elimination of substandard facilities is the long term intent of the program, the recapitalization processes address the most urgent needs first. Our Services construction program combines nonappropriated fund construction and military construction (MILCON) to optimize plans for the future of our Airmen.

Increased costs and continued declining AAFES dividends in 2006 constrained our nonappropriated fund capital improvement construction program. We were able to fund eight projects for a total of $45.3 million compared to seventeen projects totaling $60.3 million in 2005. Rising fuel and construction material costs exacerbated by effects of Hurricane Katrina had significant impacts on the program. NAF facilities are funded primarily with the Air Force's share of AAFES dividends which have been declining steadily and are approaching new lows. This reduced funding coupled with the increase in construction costs will likely cut this summer's program submission to only three projects. Our NAF construction program will reduce even more in future years if AAFES dividends continue to decline, as currently reflected in their approved financial plan.

Our 2006 MILCON program included construction of a new fitness center at Vandenberg AFB, CA, and the upgrades to the fitness centers at Charleston AFB, SC and Malmstrom AFB, MT. These new facilities provide optimal environments for our members to stay Fit to Fight for their wartime missions. In addition, we built a new Airmen's dining facility at Little Rock AFB, AR, a Child Development Center at Offutt AFB, NE, and a Family Support Center at Aviano AB, Italy. We appreciate the committee's continued support for these facilities, as is evidenced

through the congressional insertion of the projects at Little Rock, Malmstrom and Offutt AFBs. It is imperative we provide the men and women of our Air Force the required facilities they need to support and defend our nation.

Personnel

Our Services civilian workforce is an important piece to the success of our programs, especially as many of them fill-in behind our Airmen on deployment. We are focused on ensuring they have the best possible personnel system to serve their needs while enabling our supervisors at all levels to accomplish the daily mission. We are pleased with the implementation of the National Security Personnel System (NSPS). The NSPS has adjusted the appropriated fund personnel system to mirror many of the valuable features of our nonappropriated fund (NAF) personnel system such as flexibility of hiring and ease of use.

Base Realignment and Closure

Air Force Services is actively engaged in preparing for the base changes effected by the 2005 BRAC legislation. We are developing plans to adapt our programs to ensure our Airmen continue to receive high quality programs and service appropriate to the realignment or closure action. We are counting on the support for the operational costs and investment funds to make this happen and have identified $136.5 million in requirements to the Air Force.

The Air Force and Air Force Services fully support the concept of Joint Basing, but we cannot allow Joint Basing to compromise our mission readiness or the well-being of our Airmen. We remain concerned with the negative impacts Joint Basing could have on our civilian personnel and combat readiness. The appropriated personnel career programs and job consideration procedures differ between branches of service. Nonappropriated personnel systems also differ between the services in terms of retirement programs, severance benefits, and

portability between NAF and APF. In addition, they differ on eligibility of NAF flexible schedule employees for transfer and NAF guidance regarding business-based actions, the NAF equivalent to a reduction in force. We are also concerned about the significant differences between component services on prioritization and funding of warfighter and family services, and the negative impact component service facility conditions may have on future NAF construction requirements.

The Joint Basing initiative gives all services the opportunity to establish the highest standards at each Joint Base. We are working closely with our sister services to develop common procedures and practices taking into account our unique missions, demographics and geographies; however this task has proven to be extremely difficult. We are committed to providing quality installation support as efficiently as possible that retains full mission capability and the highest standards as we work towards a better joint fighting force.

Conclusion

I am extremely proud of the hard work and dedication our Services personnel put forth daily to accomplish their mission. They provide life-sustaining support to our troops in the field and essential community programs to our Airmen and their families back home. The stories and insights I've shared with you today demonstrate that our professionals never forget the importance of what we are charged with accomplishing. Through innovative systems and programs, the hard work of our dedicated personnel, and the support of the community, we continue to provide critical mission capability for our commanders and vital support for our members and their families. The entire Air Force Services team makes our mission, and therefore the Air Force mission, happen every day all over the world. We recognize this would not be possible without tremendous support from the Military Personnel Subcommittee. We

thank you and look forward to working with you as we press forward in helping to sustain America's Air Force.

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

MARCH 29, 2007

QUESTIONS SUBMITTED BY DR. SNYDER

Dr. SNYDER. I need each one of you from the services to explain, you know, how you think we are doing as far as being upbeat as you are about the programming. Give me some reassurance. I need to understand that number better. And there are pretty dramatic differences between the services.

Ms. ARSHT. The Department of Defense does not wish to add additional comments.

Dr. SNYDER. I need each one of you from the services to explain, you know, how you think we are doing as far as being upbeat as you are about the programming. Give me some reassurance. I need to understand that number better. And there are pretty dramatic differences between the services.

General PINCKNEY. The Army has nothing else to add.

Dr. SNYDER. I need each one of you from the services to explain, you know, how you think we are doing as far as being upbeat as you are about the programming. Give me some reassurance. I need to understand that number better. And there are pretty dramatic differences between the services.

Admiral HANDLEY. Navy has no additional information to add or correct.

Dr. SNYDER. I need each one of you from the services to explain, you know, how you think we are doing as far as being upbeat as you are about the programming. Give me some reassurance. I need to understand that number better. And there are pretty dramatic differences between the services.

Mr. MYERS. We appreciate the committee's continued support for Air Force MWR and quality of life programs. As we transform our forces to meet the warfighting needs of the future, competition intensifies for scarce resources. The efforts of the Military Personnel Subcommittee has been and will continue to be instrumental in helping us provide for our Airmen and their families' needs.

Dr. SNYDER. I need each one of you from the services to explain, you know, how you think we are doing as far as being upbeat as you are about the programming. Give me some reassurance. I need to understand that number better. And there are pretty dramatic differences between the services.

Mr. DOWNS. The Marine Corps is not projecting to spend less on MWR programs. The following display depicts a Marine Corps MWR budget increase of 34 percent between FY03 and FY07 (the period of interest to the Subcommittee). This stable budget profile sustains existing operations and programs. The FY03 and FY06 actual data totals include additional funds allocated during the year of execution (e.g., supplemental). It is important to note that budgeted numbers differ from actual spending. Comparisons (between budgeted figures and actual figures/two different data points) yield inaccurate spending projections.

	FY03 Budget	FY03 Actual	FY06 Budget	FY06 Actual	FY07
Total MWR Direct	120,275	131,699	130,920	162,551	138,359
MWR Indirect	38,152	57,273	73,442	79,176	74,629
Total MWR	158,427	188,972	204,362	241,727	212,988

MWR programs are of significant value to the Marine Corps and these programs have successfully sustained rigorous budget prioritization sessions. For the third consecutive year, the Marine Corps has met or exceeded the 85/65 minimum APF funding metric for Categories A and B activities established by DoD. Our Installation Commanders actively monitor program delivery, and at the Headquarters level, we work to ensure continued compliance with DoD standards.

The Marine Corps is not anticipating a reduction in the level of MWR operations and programs. Specific MWR priorities are established by the respective Installation Commanders responsible for the provision of installation support services, to include MWR. This decentralized execution of support services optimizes Commander flexi-

bilities to quickly adapt operations to meet current and future needs within available resources.

Future MWR trends for the Marine Corps Exchange dividends are positive. The Marine Corps dividend is up 34 percent from 2005 to 2006. Irrespective of a slight decline in 2007, our dividend remains 28.5 percent higher than in 2005.

Dr. SNYDER. While it is important to measure the services' commitment in terms of the percentage of appropriated fund support for a program, I would think you must also review the total amount of spending on MWR. For example, if you looked at the percentage of appropriated fund support in isolation of total spending, you could maintain that percentage by simply decreasing the total spending on MWR programs. Ms. Arsht, do you consider the relationship between the percentage of appropriated fund support and total MWR spending when evaluating service MWR programs? Service MWR chiefs, can the success of the services in meeting appropriated fund guidelines be attributed to some degree to cutting back on MWR program access and quality? Admiral Handley, why has the Navy's funding of MWR programs fallen so consistently since fiscal year 2003 and does the Navy plan to reverse the trend? General Pinckney, what prompted the dramatic increase in Army appropriated funding for MWR programs in fiscal year 2006 and what is the affect of large swings in appropriated funding on the programs?

Ms. ARSHT. This is a good point. The continued vitality of military MWR programs depends on consistent APF support. We also review whether or not the overall MWR funding goes up or down significantly and for what purposes. Funding must be reviewed from several angles. The current APT support metric serves a good purpose to monitor the degree of appropriated funding of MWR programs by category, and to measure compliance with established funding standards. The metric is not very useful when viewed in isolation, and it must be considered in context with total APF support to be meaningful. However, the metric fails to highlight significant disparities between the Military Services' APF support. The metric could be improved by excluding APF indirect support, which is already included in the public works budget, and standardizing the formula for apportionment of APF direct overhead and non-appropriated fund common support between Categories A, B, and C. I have been working with the Services to determine recommendations for improving the metric and would like to brief the Committee staff on the proposed changes before they are implemented.

Dr. SNYDER. While it is important to measure the services' commitment in terms of the percentage of appropriated fund support for a program, I would think you must also review the total amount of spending on MWR. For example, if you looked at the percentage of appropriated fund support in isolation of total spending, you could maintain that percentage by simply decreasing the total spending on MWR programs. Ms. Arsht, do you consider the relationship between the percentage of appropriated fund support and total MWR spending when evaluating service MWR programs? Service MWR chiefs, can the success of the services in meeting appropriated fund guidelines be attributed to some degree to cutting back on MWR program access and quality? Admiral Handley, why has the Navy's funding of MWR programs fallen so consistently since fiscal year 2003 and does the Navy plan to reverse the trend? General Pinckney, what prompted the dramatic increase in Army appropriated funding for MWR programs in fiscal year 2006 and what is the affect of large swings in appropriated funding on the programs?

General PINCKNEY. MWR program access and quality have not been diminished or reduced due to lack of appropriated funds. Soldiers and Families consistently rank MWR programs very high in both importance and use. Garrison commanders typically use non-appropriated funds when appropriated funds are insufficient.

The increased Army appropriated funding for MWR programs in fiscal year 2006 is a result of the increased worldwide commitments and the high priority Army commanders place on MWR programs for Soldiers and Families. Large swings in appropriated funding may result in inconsistent and unpredictable delivery of services. For example, upward swings may reduce the shortfall of child care spaces, and downward swings may result in the permanent loss of MWR programs at some installations.

Dr. SNYDER. While it is important to measure the services' commitment in terms of the percentage of appropriated fund support for a program, I would think you must also review the total amount of spending on MWR. For example, if you looked at the percentage of appropriated fund support in isolation of total spending, you could maintain that percentage by simply decreasing the total spending on MWR programs. Ms. Arsht, do you consider the relationship between the percentage of appropriated fund support and total MWR spending when evaluating service MWR programs? Service MWR chiefs, can the success of the services in meeting appropriated fund guidelines be attributed to some degree to cutting back on MWR pro-

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Admiral HANDLEY. The Navy's overall budget for base operating support has been and remains tight and that has placed increasing pressure on our ability to fund MWR at pre-2004 levels. Thus, we have focused our efforts on continuing to find overhead and operational efficiencies and carefully prioritizing programs so that we ensure adequate funding for essential mission support MWR programs that are strongly supported by Sailors and their families. This has resulted in curtailment or elimination of some programs that could not reasonably be sustained with increased user fees or were not widely supported by users but undoubtedly had a positive impact on our ability to meet the appropriated fund percentage guidelines.

Total Navy MWR, which includes MWR and Child and Youth Programs appropriated funding is budgeted to decline through FY07 as compared to FY03, but trends upward at the same rate as expected inflation across the Future Years Defense Program.

With Congressional support, we will continue to fund our core MWR programs to the fullest extent possible. Core MWR programs include: fitness; afloat recreation and movies; Single Sailor (Liberty) programs; child and youth programs; Information, Tickets, and Tours (ITT); and libraries.

Dr. SNYDER. While it is important to measure the services' commitment in terms of the percentage of appropriated fund support for a program, I would think you must also review the total amount of spending on MWR. For example, if you looked at the percentage of appropriated fund support in isolation of total spending, you could maintain that percentage by simply decreasing the total spending on MWR programs. Ms. Arsht, do you consider the relationship between the percentage of appropriated fund support and total MWR spending when evaluating service MWR programs? Service MWR chiefs, can the success of the services in meeting appropriated fund guidelines be attributed to some degree to cutting back on MWR program access and quality? Admiral Handley, why has the Navy's funding of MWR programs fallen so consistently since fiscal year 2003 and does the Navy plan to reverse the trend? General Pinckney, what prompted the dramatic increase in Army appropriated funding for MWR programs in fiscal year 2006 and what is the affect of large swings in appropriated funding on the programs?

Mr. MYERS. Cutting back on appropriated fund (APF) MWR program funding can skew the figures representing the percentage of APF support provided. However, the Air Force places a high value on Quality of Life programs and tracks APF support carefully at each installation. Each Wing Commander is attuned to supporting the MWR needs of the Airmen and their families and ensures programs are well funded, but more importantly are meeting the needs of the base population. The Air Force is continually looking for ways to provide the same high quality service more efficiently thereby reducing overall APF requirements. For example, the Air Force has significantly reduced APF expenditures by using non-appropriated fund (NAF) memorandums of agreement (MOAs) to provide services in activities such as libraries and outdoor recreation. The Air Force then pays the NAF account for the costs of providing these services. The NAF programs are able to provide the same high quality service while reducing the APF bill by 10 to 15 percent, without impacting quality of life. Since 2003, our use of MOAs has grown from $14 million to nearly $37 million. While these are still APF expenditures, cost savings are realized in the form of reduced civilian pay and other associated costs.

Dr. SNYDER. While it is important to measure the services' commitment in terms of the percentage of appropriated fund support for a program, I would think you must also review the total amount of spending on MWR. For example, if you looked at the percentage of appropriated fund support in isolation of total spending, you could maintain that percentage by simply decreasing the total spending on MWR programs. Ms. Arsht, do you consider the relationship between the percentage of appropriated fund support and total MWR spending when evaluating service MWR programs? Service MWR chiefs, can the success of the services in meeting appropriated fund guidelines be attributed to some degree to cutting back on MWR program access and quality? Admiral Handley, why has the Navy's funding of MWR programs fallen so consistently since fiscal year 2003 and does the Navy plan to reverse the trend? General Pinckney, what prompted the dramatic increase in Army appropriated funding for MWR programs in fiscal year 2006 and what is the affect of large swings in appropriated funding on the programs?

Mr. DOWNS. The Marine Corps MWR appropriated fund budget increased 34 percent between FY03 and FY07. This stable budget profile sustains existing operations and programs to include access and quality.

Dr. SNYDER.

MWR Funding Compared to Inflation Fiscal Years 2003 Compared to Fiscal Year 2007
[Dollars in Millions]

Service	FY 2003 Actual	FY 2007 Programmed	FY 2003 Inflated to 2007	Difference
Army	460.5	471.5	509.3	(−37.8)—7%
Navy	369.7	300.6	408.8	(−108.2)—27%
Air Force	539.4	545.6	596.6	(−51.0)—9%
Marine Corps	131.7	138.4	145.7	(−7.3)—5%
Total DOD	1,501.3	1,456.1	1,660.4	(−204.3)—12%

Ms. Arsht, given that each of the services is projecting to spend less on MWR programs during fiscal year 2007 then they did in fiscal year 2003 when inflation is considered, what should be the Subcommittee's view of the future of MWR programs in the military community?

Ms. ARSHT. MWR programs have a profound impact on the quality of life of our Service members and their families. The continued vitality of military MWR programs depends on consistent APF support to non-revenue generating programs. The chart below is MWR direct support only (no indirect support) and as noted does not include global war on terror (GWOT) supplemental funds for FY 2004–2006.

There is concern about the funding trend for the MWR program, because the FY 2007 budget indicates the Army is budgeted to lose $93.7 million and the Marine Corps is budgeted to lose $16.3 million from actual FY 2006 expenditures. Looking historically, the Navy MWR program is budgeted to receive $69.2 million less than in FY 2003. Typically, the Services offset any decline in APF funding with a combination of cost reduction, program cutbacks (usually in Category B programs), or increasing non-appropriated fund support. Some Services are able to get additional funding due to reprogramming actions during the year of execution, but often the additional money comes late in the year. When funding is inconsistent, programs and facilities are usually degraded and the quality of life for Service members and their families is negatively impacted.

Based on growth by inflation, in FY 2008 Army funding is on track while Navy, Air Force and Marine Corps funding continue to lag behind minimal inflation rates since FY 2003 (Difference between FY08 inflated funding and FY08 budget—Navy: −$102.8, Air Force: −$53, and Marine Corps: −$12).

Fiscal Years 2003 to Fiscal Year 2007
[Dollars in Millions]

MWR Direct Support Only without GWOT for FY 2004–2006*

Service	**2003 Actual**	**2004* Actual**	**2005* Actual**	**2006* Actual**	**2007* Budget**	**Difference between FY03 & FY07**	*2008 Budget*
Army Total	460.5	426.5	445.5	565.3	471.5	11.0	553.8
Difference from prior year		−34.0	19.0	119.7	−93.7		82.3
Navy Total	369.7	325.5	303.0	291.9	300.6	−69.2	316.3
Difference from prior year		−44.2	−22.6	−11.1	8.7		15.7
Air Force Total	539.4	543.6	537.6	511.7	545.6	6.2	558.5
Difference from prior year		4.2	−6.0	−25.8	33.8		12.9
USMC Total	131.7	133.5	149.1	154.7	138.4	6.7	137.3
Difference from prior year		1.8	15.6	5.6	−16.3		−1.1
Total	1,501.3	1,429.1	1,435.2	1,523.6	1,456.0	−45.2	1,565.9
		−72.1	6.1	88.4	−67.6		109.9

Source: OP–34; President's Budget—Direct Support
*Does not include GWOT Supplemental expenditures

Dr. SNYDER.

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[Dollars in Millions]

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Ms. Arsht, given that each of the services is projecting to spend less on MWR programs during fiscal year 2007 then they did in fiscal year 2003 when inflation is considered, what should be the Subcommittee's view of the future of MWR programs in the military community? Service MWR chiefs, should the Congress be concerned about the inevitable degradation of programs and facilities? Is it necessary for the Congress to step in to protect these programs?

General PINCKNEY. Soldier Family Programs continue to remain a priority at all leadership levels. Army continues to offer robust MWR programs within available resources to best meet the needs of Soldiers and Families. The Army executed $565M on MWR and Child and Youth Services (CYS) activities for FY06. This expenditure represents a 23% increase from FY03 actual, which exceeds the 10% inflation experienced over the same period of time. First priority for appropriated funding goes to MWR programs and services that support deployed Soldiers and their Family members. These programs include sports, fitness, recreation center, library, outdoor recreation, and auto skills programs, and child and youth services programs. It is important to note that not all of the Army's MWR funding is in the base budget. MWR programs that directly support the global war on terror are funded in the Supplemental. In FY07, the Army again plans to increase Family program funding above the level in the FY07 budget providing additional MWR funding during the rest of the year of execution as we have in previous years as shown in the table below. The Army appreciates Congressional support of Army MWR programs.

	FY03		**FY06**		**FY07**
($M)	**(Budget)**	**(Actual)**	**(Budget)**	**(Actual)**	**(Budget)**
MWR Direct	217.1	237.2	220.0	306.5	214.6
CYS Direct	194.0	221.4	237.7	258.5	239.3
Total MWR Direct	**411.1**	**458.6**	**457.7**	**565.0**	**453.9**

Dr. SNYDER.

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Admiral HANDLEY. 1. In PB08 budget submission, Navy programmed to execute MWR at Common Output Level 2 (COL 2) on Naval installations outside the continental US (OCONUS) and COL 3 for installations within the continental US (CONUS). This is an increase in service level provided at COL 3 and addresses both MWR programs and equipment. In PB08 budget submission, Navy programmed to execute CD at COL 3 for both CONUS and OCONUS installations.

2. An extensive review of alternative program delivery models determined that more efficient delivery systems such as greater partnering with outside organizations would streamline operations and maintain program delivery levels despite reduced funding. Some examples of successful partnering efforts are the "Boys and Girls Club" certified affiliation for all Navy youth centers, mutually supporting

Memorandums of Agreement with the Navy Exchange Food Service and Vending programs and the "First Five Commission" in San Diego area child development centers.

3. The effect of global war on terror—GWOT places additional demands on MWR program quality and capacity for programs outside the core program group. These requirements are addressed in GWOT appropriations and Congress has supported these requests in the past.

4. Included in FY03 reporting figures is $5.2M MPN working within MWR at various activities. MPN dollars are not reported in FY 2007 figures.

5. Congressional support, other than fully supporting all Base Operating functions is not required to protect the Navy MWR program.

Dr. SNYDER.

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Ms. Arsht, given that each of the services is projecting to spend less on MWR programs during fiscal year 2007 then they did in fiscal year 2003 when inflation is considered, what should be the Subcommittee's view of the future of MWR programs in the military community?

Service MWR chiefs, should the Congress be concerned about the inevitable degradation of programs and facilities? Is it necessary for the Congress to step in to protect these programs?

Mr. MYERS. The table above takes actual spending from FY 2003, projects it forward with inflation, and compares that to the amount shown in the FY 2007 budget. A budget-to-budget comparison would show Air Force with $543.9M in the FY 2003 budget, which would be inflated to $601.6M and reflect an apparent reduction of $56M. Regardless of whether the number is $51M or $55M, there is always concern when funding appears to decrease. Congress should be concerned about any degradation, or potential for degradation, in support for the service member. However, this is not inevitable. As part of our efforts to transform and deal with reduced resources, Air Force Services has and will continue to develop new tools and procedures to evaluate the needs and preferences of our Airmen and their families to ensure our programs remain relevant. Congress has always expressed its will regarding MWR programs, and our commanders have struggled to provide the needed resources. We do foresee potential problems with base realignment and closure (BRAC). Appropriated funds are supposed to pay for BRAC impacts, to include expanding MWR and exchange facilities and programs at gaining bases. We have identified over $136 million in lodging and MWR requirements at these locations and will continue to pursue funding.

Dr. SNYDER.

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Service MWR chiefs, should the Congress be concerned about the inevitable degradation of programs and facilities? Is it necessary for the Congress to step in to protect these programs?

Mr. DOWNS. The Marine Corps is not projecting to spend less on MWR programs. The following display depicts a Marine Corps MWR budget increase of 34 percent between FY03 and FY07. This stable budget profile sustains existing operations and

programs. The FY03 and FY06 actual data totals include additional funds allocated during the year of execution, (e.g., supplemental). It is important to note that budgeted numbers differ from actual spending. Comparisons (between budgeted figures and actual figures/two different data points) yield inaccurate spending projections.

	FY03 (Budget)	FY03 (Actual)	FY06 (Budget)	FY06 (Actual)	FY07 (Budget)
MW Direct	98,665	114,778	107,344	127,287	111,855
CD Direct	21,610	16,921	23,576	35,264	26,504
Total MWR Direct	**120,275**	**131,699**	**130,920**	**162,551**	**138,359**
MWR Indirect	38,152	57,273	73,442	79,176	74,629
Total MWR	**158,427**	**188,972**	**204,362**	**241,727**	**212,988**

Dr. SNYDER. One recent estimate suggests that the services remain approximately 27,000 child care spaces short of the total requirement. Ms. Arsht, what is the current shortage in available child care spaces as calculated by DOD and how is that number calculated?

Ms. ARSHT. We calculate the shortage of care at approximately 30,000 spaces. The number of spaces DoD provides fluctuates as a result of several factors, including the loss of in-home care spaces offered by military spouses with a deployed member; families who relocate during deployment to be closer to their extended family; changing facility capacity due to shifts in age groups; population shifts due to rebasing; and personal decisions to change child care requirements as a result of stresses tied with spouse's deployment.

The Department developed a formula to project the macro child care need. This formula utilizes Defense Manpower and Data Center demographic data, the total number of children ages 0–12 years assigned to an installation, and an analysis of potential demand (number of single parents, number of military couples, and number of children of military members whose spouses work outside the home, etc.). The Service components adjust the formula to meet the particular nuances of their personnel and mission for a Service-wide perspective and then work with local installations to determine how much care is needed at specific installations. This check and balance allows for unique adjustments based on local on and off installation capability, employment opportunities, mission requirements, and Service member demographics from additional sources such as stationing data.

Dr. SNYDER. A recent Rand report found that child care programs are important to retention of families and that 20 percent of military families are not satisfied with their current child care. The study also concluded that improved child care options for dual-military and single parent families were needed. Ms. Arsht, are you aware of this Rand study and what is DOD doing to deliver the child care options that military members desire? Service MWR chiefs, what special effort is being applied to providing improved child care options for dual-military and single parent families?

Ms. ARSHT. Yes, I am aware of the Rand study and am pleased that the survey reinforced the Department's position that child care is a retention issue for our families. It is important to note that 80 percent of the families were satisfied with their current child care arrangement. The Department monitors parent satisfaction through additional data sources such as the Services customer service surveys and the DoD 2006 Survey of Active Duty spouses.

DoD supports the child care needs of families through a multifaceted approach based on the principles of quality, accessibility, and affordability. While an existing DoD child care arrangement may not be the parent's first choice, DoD considers care provided within the Child Development Program (CDP) system to be equivalent in quality, and encourages the military Services to intervene until the family's child care needs are met. Subsidies available to home-based care providers equalize the cost between center and home-based care. In order to better meet the needs of families who live off-installation, the Services have broadened child care options within the community through their partnership with the National Association of Child Care Resource and Referral Agencies. The 2006 DoD CDP annual Survey of Operations demonstrates that more than 20,000 subsidized outreach child care spaces were utilized.

Military child care continues to be one of our most important programs for supporting families, especially during deployment. The Department acknowledges that it is challenging to meet the child care needs of all military families. Many initia-

tives have been implemented that will help families find quality and affordable child care. For example; through the emergency intervention plan, we have accelerated program availability through construction of both temporary child development centers and permanent renovations which are resulting in 7,000 spaces. Thank you for your strong support of these programs.

Dr. SNYDER. A recent Rand report found that child care programs are important to retention of families and that 20 percent of military families are not satisfied with their current child care. The study also concluded that improved child care options for dual-military and single parent families were needed. Ms. Arsht, are you aware of this Rand study and what is DOD doing to deliver the child care options that military members desire? Service MWR chiefs, what special effort is being applied to providing improved child care options for dual-military and single parent families?

General PINCKNEY. Single and dual Army personnel receive priority for child care in Child Development Centers, School-Age Programs, and Family Child Care Homes. The Army requires that installations charge the lowest authorized fee for single parent Families who fall under lower income categories.

Single and dual military Families are primary beneficiaries of the Army's extended duty day subsidy, which includes evening, weekend, and long-term care in Child and Youth Services Programs. Additional care hours needed (beyond the normal duty day in direct support of the mission) are provided at no additional cost to these Families.

Dr. SNYDER. A recent Rand report found that child care programs are important to retention of families and that 20 percent of military families are not satisfied with their current child care. The study also concluded that improved child care options for dual-military and single parent families were needed. Ms. Arsht, are you aware of this Rand study and what is DOD doing to deliver the child care options that military members desire? Service MWR chiefs, what special effort is being applied to providing improved child care options for dual-military and single parent families?

Admiral HANDLEY. Navy continues to give single and dual military families highest priority for placement into our child care programs. Navy is adding 1,000 additional child care spaces over the next year that will support our single and dual military families. Additionally, we offer extended hours programs in our military home care program to support their unique situations.

Dr. SNYDER. A recent Rand report found that child care programs are important to retention of families and that 20 percent of military families are not satisfied with their current child care. The study also concluded that improved child care options for dual-military and single parent families were needed. Ms. Arsht, are you aware of this Rand study and what is DOD doing to deliver the child care options that military members desire? Service MWR chiefs, what special effort is being applied to providing improved child care options for dual-military and single parent families?

Mr. MEYERS. The Air Force remains steadfast in our commitment to provide Quality of Life initiatives including affordable and available child care through our Expanded Child Care programs. We also use the adjustment to the Department of Defense (DOD) formula for unmet need to ensure we more closely support the needs of single and dual military families. Through partnerships with the National Association of Child Care Resource and Referral Agencies (NACCRRA), the Air Force offers additional child care placement opportunities through its Quality Family Child Care program as well as other DOD-wide initiatives such as Military Child Care in Your Neighborhood.

In addition, the Air Force offers a subsidy for those families unable to access care in on-base facilities and those whose needs are better suited to Family Child Care homes. The Air Force Subsidy program reduces out-of-pocket expenses by allowing parents to pay the same fee they would if they were in a center-based facility. It also provides increased child care options for children under two years of age, children with special needs and parents who must work non-standard shifts such as swings, evenings and weekends. Unique outreach programs such as our Missile Care program provide additional support to single and dual-military members assigned to missile sites by providing child care during consecutive 24-hour shifts when center-based care is unavailable. Another support mechanism for single and dual-military parents is provided via the Air Force Give Parents a Break program, funded by the Air Force Aid Society, to help support those parents needing relief from the demands of parenting.

Dr. SNYDER. A recent Rand report found that child care programs are important to retention of families and that 20 percent of military families are not satisfied with their current child care. The study also concluded that improved child care op-

tions for dual-military and single parent families were needed. Ms. Arsht, are you aware of this Rand study and what is DOD doing to deliver the child care options that military members desire? Service MWR chiefs, what special effort is being applied to providing improved child care options for dual-military and single parent families?

Mr. DOWNS. Our dual military and single parent families receive first priority on Marine Corps child care waiting lists. Additionally, we provide Enhanced Extended Child Care to families in emergency situations, when regular child care is unavailable. This care is available 24 hours a day, 7 days a week as needed in Family Child Care homes at no cost to the parents. We also provide respite care and child care during deployment briefs.

Dr. SNYDER. Admiral Handley, your written statement addressed the three-year implementation plan for a Navy-wide uniform child care fee structure that will ultimately allow Navy service members to pay the same child care fees at Navy Child Development Centers and other child care programs. Admiral, would such a plan call for higher fees at some locations where local child care rates are lower than the military rate? If that is true, would this plan result in service members seeking child care in off-base commercial facilities that are perhaps of lower quality? Does this policy result in the fees from low cost areas subsidizing the fees in high cost areas?

Admiral HANDLEY. Navy child care rates on average are about 60% of fees charged at equivalent off-base centers. Standardizing fees has resulted in minimal fee increases in some areas and decreases in others. The standardization has resulted in Service members paying the same fees for the same quality of care from installation to installation and because fees are still based on total family income variables. Spouse employment wages are also taken into consideration. After two years of the changeover process to standardized rates, we have no evidence that this has caused any loss in patronage. In fact, our problem remains that we have more demand for our spaces than we have capacity. Thus, it is unlikely that this effort will result in migration to off-base care. All fees remain within the region where they are generated so there will be no subsidization between low and high cost areas.

Dr. SNYDER. Ms. Arsht, how has Operation Military Child Care been progressing and what is the annual cost to DOD? How many families benefit from the program and how many of the total are reserve component families?

Ms. ARSHT. OMCC addresses the temporary need for child care availability and affordability for the Total Force during times of increased OPSTEMPO. OMCC is a DoD-funded child care subsidy program designed to assist all activated members with child care costs in their local communities, in state-licensed, off-installation Family Child Care Homes and Child Development Centers. Military members such as recruiters, those who are geographically dispersed, on special duty assignments and all military members in active duty status not assigned near a support installation are eligible for subsidized child care.

Over 5,600 children of deployed Service members have received fee assistance through OMCC. Reserve Component families comprise 44% of the total population served. Fees are generally discounted 15–25% from the local rate. This program is funded through Emergency Supplemental as money becomes available.

Dr. SNYDER. The ongoing global repositioning of forces would seem to demand that some appropriated funding be provided to support construction of expanded MWR facilities. Ms. Arsht, will appropriated funds be available to reduce the pressure on non-appropriated accounts?

Ms. ARSHT. MWR is committed to providing adequate facilities to support quality of life for Service members and their families. Under Department policy, appropriations may fund requirements for those installations receiving over a 25 percent increase in personnel within a two-year period. The Military Services prioritize all Service military construction (MILCON) projects, to include MWR facilities where Service members are being repositioned. Projects are funded in priority order until MILCON appropriated funding is no longer available. Those requirements that do not receive appropriated funding during a budget cycle are strongly advocated for in future budget submissions.

Dr. SNYDER. Service MWR chiefs, as we see increasing numbers of overseas base closures, are the MWR activities being reimbursed for the facilities being returned to use by the foreign government?

General PINCKNEY. No. Public Law 101–510, as amended, only allows for the reimbursement of the undepreciated value of non-appropriated fund (NAF) investments in facilities constructed or improved with NAT at Base Realignment and Closure locations in the United States. Status of Forces Agreements govern the transfer and disposal of facilities constructed or improved with NAF overseas.

Dr. SNYDER. Service MWR chiefs, as we see increasing numbers of overseas base closures, are the MWR activities being reimbursed for the facilities being returned to use by the foreign government?

Admiral HANDLEY. To date, Navy has not received, nor do we expect to receive, any reimbursement for facilities being returned for use by foreign governments.

Dr. SNYDER. Service MWR chiefs, as we see increasing numbers of overseas base closures, are the MWR activities being reimbursed for the facilities being returned to use by the foreign government?

Mr. MYERS. The Air Force is not heavily impacted by the current overseas base closures as most of our base closures occurred in the 1990's. However, in 2005, we turned Rhein Main Air Base over to the German government. Our investment of $10 million in non-appropriated fund facilities was not reimbursed.

Dr. SNYDER. Service MWR chiefs, as we see increasing numbers of overseas base closures, are the MWR activities being reimbursed for the facilities being returned to use by the foreign government?

Mr. DOWNS. As the Marine Corps has not yet experienced an overseas base closure, the question is not applicable to our organization.

QUESTIONS SUBMITTED BY MR. MCHUGH

Mr. MCHUGH. I am concerned about the effects of reduced exchange dividends and in the reduced level of appropriated fund support, when that appropriated fund support is measured in constant dollars. I believe that your statements submitted for the hearing reflect a sense of optimism about the future of MWR programs that I do not necessarily share. For example, none of your statements mentioned any of the reductions in hours and services, as well as outright closures of programs that we all heard about last year from our constituents as the military services struggled to find the cash to fund operations and maintenance of deployed forces. Given what you know about future trends in exchange dividends and appropriated fund support levels, what MWR programs and services are most at risk for curtailment, reduction, or outright elimination?

Ms. ARSHT. The Department of Defense does not support reducing or eliminating MWR programs. MWR programs have a profound impact on the quality of life of our Service members and their families. However, if appropriated funding were limited, the MWR programs and services at most risk for reduction or closure are Category B programs, with the exception of child care. If exchange dividends should fall short, the most significant impact is reduced funding for non-appropriated major construction projects.

Mr. MCHUGH. I am concerned about the effects of reduced exchange dividends and in the reduced level of appropriated fund support—when that appropriated fund support is measured in constant dollars. I believe that your statements submitted for the hearing reflect a sense of optimism about the future of MWR programs that I do not necessarily share. For example, none of your statements mentioned any of the reductions in hours and services, as well as outright closures of programs that we all heard about last year from our constituents as the military services struggled to find the cash to fund operations and maintenance of deployed forces. Given what you know about future trends in exchange dividends and appropriated fund support levels, what MWR programs and services are most at risk for curtailment, reduction, or outright elimination?

General PINCKNEY. Given the trend in exchange dividends, the Army's most significant funding category at risk is non-appropriated fund major construction (NAFMC). The Army splits exchange dividends between garrisons and the Army MWR Fund, with the majority going to garrisons. The Army MWR Fund uses available dividend receipts to finance NAFMC projects. As exchange dividends diminish, the Army forecasts losing the ability to fund approximately three NAFMC projects a year. Currently, there is no alternative source of funds to offset this forecasted loss. The ability to keep pace with the backlog of NAFMC requirements, much less reduce the backlog, is severely at risk. The majority of the dividend going to garrisons is allocated based on the revenue generated by Army and Air Force Exchange Service programs at the exchanges on garrisons. The garrisons' share of the exchange dividend will decline only if sales in exchanges decline.

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Admiral HANDLEY. MWR programs most likely at risk of closure or curtailment are primarily programs that cannot reasonably be sustained with increased user fees, or have been underused by patrons. The majority of these activities fall into the Category B and C program areas because APF funding is being re-directed from these programs to core programs. Examples of programs at risk are Category B bowling, auto skills, outdoor recreation, and arts and crafts programs.

Mr. MCHUGH. I am concerned about the effects of reduced exchange dividends and in the reduced level of appropriated fund support when that appropriated fund support is measured in constant dollars. I believe that your statements submitted for the hearing reflect a sense of optimism about the future of MWR programs that I do not necessarily share. For example, none of your statements mentioned any of the reductions in hours and services, as well as outright closures of programs that we all heard about last year from our constituents as the military services struggled to find the cash to fund operations and maintenance of deployed forces. Given what you know about future trends in exchange dividends and appropriated fund support levels, what MWR programs and services are most at risk for curtailment, reduction, or outright elimination?

Mr. MYERS. The decrease in appropriated funds has disrupted some programs at base-level. However, so far, we have been successful in insulating our bases from the direct effect of reduced exchange dividends. The Air Force distributes Army and Air Force Exchange Service (AAFES) dividends to its installations based on a percent of AAFES sales, rather than earnings. This has helped shield the bases from the downturn in exchange profits; as long as AAFES sales remain at their current level, bases will continue to receive the same level of support. However, with AAFES earnings down, the pot from which we make these payments is shrinking. We feel the greatest impact in the centrally-funded Air Force non-appropriated fund (NAF) construction program. Since the majority of the over $32 million in annual NAF facility expenditures are centrally funded, many facility projects will be deferred and we will not be able to consider any new requirements for several years. As exchange dividends drop further, the shortfall is likely to spread to other centrally-funded programs that can only be supported with NAFs. We hope to avoid disrupting the payments that support day-to-day base programs, as this would have the most immediate impact on quality of life.

Mr. MCHUGH. I am concerned about the effects of reduced exchange dividends and in the reduced level of appropriated fund support when that appropriated fund support is measured in constant dollars. I believe that your statements submitted for the hearing reflect a sense of optimism about the future of MWR programs that I do not necessarily share. For example, none of your statements mentioned any of the reductions in hours and services, as well as outright closures of programs that we all heard about last year from our constituents as the military services struggled to find the cash to fund operations and maintenance of deployed forces. Given what you know about future trends in exchange dividends and appropriated fund support levels, what MWR programs and services are most at risk for curtailment, reduction, or outright elimination?

Mr. DOWNS. Future MWR trends for the Marine Corps Exchange dividends are positive. The Marine Corps dividend is up 34 percent from 2005 to 2006. Irrespective of a slight decline in 2007, our dividend remains 28.5 percent higher than in 2005. Although the funding environment is constrained, MWR programs are of significant value to the Marine Corps and these programs have successfully sustained rigorous budget prioritization sessions. For the third consecutive year, the Marine Corps has met or exceeded the 85/65 minimum APF funding metric for Categories A and B activities established by DoD. Our Installation Commanders actively monitor program delivery and at the Headquarters level, we work to ensure continued compliance with DoD standards.

Mr. MCHUGH. Let me ask you to assess the funding challenges you all face in another way. Describe what MWR programs and services will not likely be offered in two years and in five years due to funding challenges? Where will the MWR funding priorities for programs and services be in two years? In five years?

Ms. ARSHT. The Department of Defense does not support reducing or eliminating MWR programs. If appropriated funding were curtailed, the MWR programs and services at most risk for reduction or closure are Category B programs, with the exception of child care. Funding priority would most likely be given to MWR programs such as sports and fitness, child and youth programs, and libraries.

Mr. MCHUGH. Let me ask you to assess the funding challenges you all face in another way. Describe what MWR programs and services will not likely be offered in two years and in five years due to funding challenges? Where will the MWR funding priorities for programs and services be in two years? In five years?

General PINCKNEY. The Army has no plans to eliminate MWR programs and services in the next five years. The priority for funding in the next two years and five years will continue to be the programs that support deployed Soldiers and their Families, as well as those programs identified as "most important" by our customers. These programs include sports, fitness, recreation center, library, outdoor recreation, and auto skills programs, and child and youth services programs. The Army has implemented a resource prioritization and allocation process—Common Levels of Support (CLS). Garrisons participate in the development of the future years' CLS and request adjustments to priorities, capability levels, and performance measures. Annually IMCOM convenes a senior executive leadership (SEL) meeting to review garrison recommendations and balance priorities within available funding. The Commanding General, Family and MWR Command, is a member of the SEL.

Mr. MCHUGH. Let me ask you to assess the funding challenges you all face in another way. Describe what MWR programs and services will not likely be offered in two years and in five years due to funding challenges? Where will the MWR funding priorities for programs and services be in two years? In five years?

Admiral HANDLEY. Over the next two to five years, MWR programs most likely at risk of closure or curtailment are non-core programs. The majority of these activities fall into the Category B and C program areas. Examples of programs at risk are Cat B bowling, auto skills, outdoor recreation, and arts and crafts programs. Realistically, only those non-core Category B programs with sufficient revenue generating capability will likely be retained in the long run.

Mr. MCHUGH. Let me ask you to assess the funding challenges you all face in another way. Describe what MWR programs and services will not likely be offered in two years and in five years due to funding challenges? Where will the MWR funding priorities for programs and services be in two years? In five years?

Mr. MYERS. In the next two to five years, the Air Force intends to preserve our current functions; however, the delivery methods may change to make the best use of the available resources in meeting the need. We do not intend to react precipitously. Our approach will be determined through a deliberate strategic planning process. Using industry best practices, this approach will help us develop efficiencies in providing needed programs and services.

Our priorities in the next two to five years will be defined by this strategic planning process, but we are committed to the following:

- Supporting the warfighting commanders, their troops and families
- Core programs such as fitness, libraries, and child development
- Community services that, in your words, Congressman McHugh, "provide military personnel the same quality of life as is afforded the society they have pledged to defend."

Mr. MCHUGH. Let me ask you to assess the funding challenges you all face in another way. Describe what MWR programs and services will not likely be offered in two years and in five years due to funding challenges? Where will the MWR funding priorities for programs and services be in two years? In five years?

Mr. DOWNS. The Marine Corps is not anticipating a reduction in the level of MWR operations and programs. Specific MWR priorities are established by the respective Installations Commanders responsible for the provision of installation support services, to include MWR. This decentralized execution of support services optimizes Commander flexibilities to quickly adapt operations to meet current and future needs within available resources.

Mr. MCHUGH. To what degree do you as the MWR leaders in each of your services influence decisions about the curtailment, reduction, and/or outright closure of MWR programs at the installation level when appropriated funding levels are reduced or reallocated?

Ms. ARSHT. The Military Services decide appropriated funding levels for MWR and the level of service offered when appropriated funding is reduced.

Mr. MCHUGH. To what degree do you as the MWR leaders in each of your services influence decisions about the curtailment, reduction, and/or outright closure of MWR programs at the installation level when appropriated funding levels are reduced or reallocated?

General PINCKNEY. The Army provides corporate governance for Morale, Welfare and Recreation programs through a Board of Directors. The Board's mission is to develop program, resource, and finance strategies; develop short- and long term goals and objectives; establish implementing plans and performance measures; and

maintain corporate MWR oversight including fiduciary responsibility. The Board is comprised of Army 4-star commanders. The Morale, Welfare and Recreation Board of Directors has an Executive Committee comprised of Army 3-stars. The Commanding General, Family and MWR Command presents and addresses operational and funding matters that include curtailment, reduction, and closure of MWR programs.

Mr. MCHUGH. To what degree do you as the MWR leaders in each of your services influence decisions about the curtailment, reduction, and/or outright closure of MWR programs at the installation level when appropriated funding levels are reduced or reallocated?

Admiral HANDLEY. Commander, Navy Installations Command (CNIC) makes the final decisions on resource allocations within the shore command community based on available funding. These funding allocations are based on well defined standards and program requirements. Guidelines from CNIC have been provided to regions and installations as to the priority of maintaining core programs. Specific decisions to curtail or close operations are made at the regional or installation level after consultation with CNIC program leadership.

Mr. MCHUGH. To what degree do you as the MWR leaders in each of your services influence decisions about the curtailment, reduction, and/or outright closure of MWR programs at the installation level when appropriated funding levels are reduced or reallocated?

Mr. MYERS. Air Force Installation Commanders are responsible for setting facility hours and determining the right mix of programs to meet the needs of the base population. Changes in demographics and Airmen's needs will often drive redirecting of resources from underutilized programs to programs with increased demands. When making decisions that will reduce service, Installation Commanders make careful business-based decisions to ensure any negative impacts are minimized and that resources are maximized. In the unusual instance where a program is no longer viable, the installation commander can recommend closure. However, to ensure closure is the appropriate course of action, approval from the Air Force Director of Services is required before closing any Air Force Services activity other than at a location involved in Base Realignment and Closure.

Mr. MCHUGH. To what degree do you as the MWR leaders in each of your services influence decisions about the curtailment, reduction, and/or outright closure of MWR programs at the installation level when appropriated funding levels are reduced or reallocated?

Mr. DOWNS. As Installation Commanders are responsible for the provision of installation support services, they have full decision-making authority. From an oversight perspective, the Commandant of the Marine Corps chartered the Marine Corps Community Services (MCCS) Board of Directors (BOD), which acts on issues that cross installation boundaries. The BOD reviews quarterly appropriated fund execution reports and takes action when necessary to ensure execution is appropriate and consistent with requirements. Additionally, when deemed appropriate by the Installation, Region, or Marine Forces Commander, issues are elevated to the MCCS BOD for enterprise-wide support and solution. This construct maintains Marine Corps leadership awareness of Corps-wide issues and helps sustain, to the degree possible, support services to Marines and their families, regardless of duty assignment.

Mr. MCHUGH. What will be the impact on MWR programs if the FY07 Emergency Supplemental is not quickly enacted?

Ms. ARSHT. Sustaining morale and readiness during deployed operations is the essence of MWR programs. Supplemental appropriated funds are required to continue providing Service members with a full spectrum of MWR activities, specifically implemented for forces deployed to fight the global war on terror. Recreation and social activities include cardiovascular and weight equipment, sports, recreation, motion pictures, reading materials and continuing education support, games, large screen televisions, DVD/CD players, up-to-date video games and game CDs, first-run movies, free Internet access, e-mail, and voice over Internet phone capability, and celebrity and professional entertainment provided by Armed Forces Entertainment.

Continued supplemental funding is also required to maintain the expanded capability of MWR programs on military installations to meet the recreational and support needs of family members left behind. Supplemental funding has been critical to provide activities and services for family members, while spouses deploy.

Mr. MCHUGH. What will be the impact on MWR programs if the FY07 Emergency Supplemental is not quickly enacted?

General PINCKNEY. The Army plans to minimize the effects of a lack of Supplemental funding by using financial management techniques rather than cancelling, delaying, or deferring projects and programs. Examples include recording obligations and making payments as late as possible without breaking government accounting rules, and obligating contracts in 30-day increments. Should this strategy

prove inadequate, the most significant consequence to Family and MWR programs will be reduced support resulting from hiring restrictions. Additionally, late receipt of the BRAC funds in the Supplemental will defer construction of child development centers at Fort Bliss, Texas, and Fort Riley, Kansas, and youth centers at Fort Bliss and Fort Sam Houston, Texas.

Mr. MCHUGH. What will be the impact on MWR programs if the FY07 Emergency Supplemental is not quickly enacted?

Admiral HANDLEY. Because MWR mission requirements have grown due to the demands of the global war on terror, Navy MWR needs supplemental appropriations in order to continue providing needed MWR programs. Navy has greatly expanded fleet support to provide fitness, recreation equipment, and movies to forward deployed forces in recent years. Currently, Navy supports over 110 forward deployed, ground units in Afghanistan, Iraq, and Kuwait. Without supplemental funding, these programs will be jeopardized.

Additionally, continued supplemental support is needed to maintain programs for families left behind while spouses deploy. Supplemental funding has provided expanded capability for deployed Sailors to connect with loved ones at home and increased programming to meet the recreational and support needs of family members at home. Supplemental funding has been a critical element in Navy's efforts to provide the correct level of support for family members.

Mr. MCHUGH. What will be the impact on MWR programs if the FY07 Emergency Supplemental is not quickly enacted?

Mr. MYERS. This will impact the MWR program at every level as the Services try to cover these costs within existing resources. First and foremost, it impacts our capability to support our troops in the field: inability to pay contract costs, transportation of rations and equipment replacement and repair. Next, it impacts our programs at base level: reduces levels of manning and hours of operation, stops service and maintenance contracts and facility restorations, reduces scheduled equipment replacement purchases, and cancels technical subscription renewals. Last, it impacts many Air Force centrally-sponsored and funded programs and initiatives: availability and cost to the patron for child development and related activities; on-site visits for training, oversight and control; and projected savings from initiatives like the Non-appropriated Fund Transformation project. Even more drastic reductions will be likely if Air Force funding is pulled to cover shortfalls in other areas.

Mr. MCHUGH. What will be the impact on MWR programs if the FY07 Emergency Supplemental is not quickly enacted?

Mr. DOWNS. Delays in the FY 2007 Emergency Supplemental may require an initial re-balancing of MWR baseline execution plans, as deemed appropriate by the respective Installation Commander. Due to uncertainties of future Emergency Supplementals and the sustained impacts associated with the Long War, the Marine Corps is assessing baseline requirements to not only ensure sufficiency and relevance, but to also ensure programs are transitioning to an appropriate wartime footing. These actions will help establish an appropriate balance in Marine and family support, whether forward deployed or in a garrison environment.

Mr. MCHUGH. In your written statement (p. 9), you indicate that the Department continues to work with the United States Paralympics Committee to provide severely injured service members have opportunities to participate in adaptive sports programs. You also state that the USOC Paralympics organization is also coordinating with key Military Treatment Facilities to see how severely injured sports and recreational opportunities can be expanded and incorporated into all aspects of the recovery, rehabilitation and reintegration process. You also indicate that the Department is coordinating with organizations such as the Armed Forces Recreation Society to provide similar opportunities for severely injured veterans—that is persons who are no longer in the military—on the municipal and local levels. How extensive is the Department's support to the USOC Paralympics Military Program and to what extent is additional legislation required to expand the opportunities for severely injured military personnel to participate in the USOC Paralympics Military Program?

Ms. ARSHT. The Department of Defense (DoD) continues to support the United States Paralympics Committee. Currently there are 37 Service members scheduled to attend the May 2007, Military Sports Camp in Colorado. This number is up slightly from previous camps. The USOC is hopeful to double participation for the remaining three camps this year. The DoD remains a strong proponent of this effort. The USOC proposal to conduct a 20-month pilot program at Walter Reed Army Medical Center, Brooke Army Medical Center, and San Diego Naval Medical Center has been vetted at each of the Military Treatment Facilities.

Our effort to engage organizations such as the AFRS continues to evolve. A clearer mission has been realized to the extent that a DoD/AFRS partnership initiative will be discussed at the AFRS June board of director's meeting.

Additional legislation is not needed at this time; however as our cooperative efforts continue, we will continue to review this possibility.

Mr. MCHUGH. Explain the extent to which the Defense Health Program, through the MTFs, provides severely injured military personnel with sports and recreational opportunities to aid in their recovery, rehabilitation and reintegration process.

Ms. ARSHT. There are a multitude of different sports and recreation offerings at the MTFs. From the new Intrepid Center at Brook Army Medical Center to the host of outdoor trips and sporting events at Walter Reed, Bethesda, and other MTFs, the Office of the Secretary of Defense (OSD) works closely with the Wounded Warrior Disabled Sports Project to recruit participants directly from the MTF's. OSD has ongoing coordination with the National Basketball Association and the National Football League and is coordinating with numerous non-profit organizations to identify severely injured for activities ranging from skiing and biking to kayaking and hunting.

Mr. MCHUGH. To what degree and under what conditions should DOD support and assistance be provided to sports and recreational programs at the national, regional, local and municipal levels which assist severely injured veterans who are no longer in military service? To what degree are the Veterans Administration and the Department of Defense coordinating in such support?

Ms. ARSHT. The DoD as a whole and through each Service continues to support severely injured veterans even after they have left the service. Ensuring that these veterans have opportunities to participate in sports and recreation as part of their everyday lives is of the utmost importance to ensure their physical and psychological health. Supporting local, regional, and national organization and competition targeted at severely injured veterans will create the structure and motivation for their ongoing participation in sports. Such support of competition should be coupled with local and municipal organization, education, and encouragement to yield high participation in sport activities and these recreational/regional competitions.

Furthermore, the Army is actively pursing Paralympic-eligible soldiers to participate in the World Class Athlete Program and the Navy already has an active-duty, Paralympic gold medal winning sailor. DoD support of these athletes, and of severely injured veterans competing for the United States in international Paralympic competition, is of high value to raise awareness and motivation among other veterans who have sustained similar injuries.

The DoD and VA cooperation should ensure that injured service members of both active duty and veteran status can immediately take advantage of such opportunities as part of their recovery and re-integration process.

Mr. MCHUGH. In November 2006, I wrote the Department supporting the creation of a DOD-wide standard for base access credentials for employees of companies that deliver goods and services for the military resale system. Last month, Dr. Chu, the Under Secretary of Defense for Personnel and Readiness, responded to Chairman Snyder and me, saying that the Department would defer action on establishing such a common access process until the General Accounting Office completed an audit of base access issues, possibly as late as September 2007, and DOD organizations involved could update policy to address the GAO recommendations. Why must DOD wait to establish of a common access card for exchange and commissary retail vendors until the GAO finishes its work? Isn't such a common access card already coming into use in many areas of the Department?

Ms. ARSHT. The Department of Defense is awaiting completion of the Government Accountability Office audit to implement common access policy for retail vendors to allow the Department to benefit from the information expected in the final report. The Department anticipates that the comprehensive study on the standards, protocols, and rules for interoperability will contain recommendations on the establishment of common base access policy. Awaiting these recommendations and aligning Department-wide policy will help ensure that the installations commanders, who are ultimately responsible for security, can make appropriate physical access system investments in accordance with a common implementation strategy.

The Department is currently using the Common Access Card (CAC) to comply with Homeland Security Presidential Directive-12 (HSPD–12), which requires Federal agencies to issue interoperable credentials to employees and contractors. However, the CAC is not intended to serve as a common credential for retail vendors. The CAC supports both physical and logical access and is subject to HSPD–12 requirements in areas such as identity proofing, background checks, and personal data retention, making it an inappropriate choice as a common card for retail vendors.

Mr. MCHUGH. No one wants to jeopardize installation security, but surely there is a way to expeditiously standardize some aspects of the clearance process and eliminate unnecessary duplication of administrative processing and cost?

Ms. ARSHT. The Department has started to implement systems and procedures that support standardized clearance processes and can help eliminate duplicative costs related to installation access. The Defense Biometric Identity System (DBIDS) is a standardized, vetted, proven, system that has been implemented at approximately 300 gates on over 160 bases across the Department of Defense (DoD). DBIDS supports installation access for companies that deliver goods and services to the military resale system and has the capability to reduce a portion of the redundant administrative processes that currently exist in today's environment. DoD policy states that DBIDS will serve as the enterprise system for physical access, however, the system is currently not mandated for implementation throughout the Department. Installation commanders continue to have the authority over base access and the technology migration of base physical access control systems.

Mr. MCHUGH. In your statement (p. 7), you state that the Army is working with both the Department of Defense and the Department of Education to address issues of dependent schools related to the return to the U.S. from overseas of significant numbers of military personnel and their dependents. Please explain what specific measures are being developed to address the increased demands on DOD and civilian dependent schools.

General PINCKNEY. The Army is developing relationships and informing local education agencies and Department of Defense schools on the number of school-age students that are expected to be gained between 2004 and 2011. Representatives from 25 Army locations with gains of 250 or more school-age students attended the 2005 Army Education Summit. Community teams consisting of school liaison officers, garrison commanders, and school superintendents developed local action plans, coordinated systems for information sharing, and utilized the Army School Transition Plan to establish processes for successful transition of school-age children into local schools.

The Army School Transition Plan develops and implements strategies that prepare Army Families and supporting school districts for successful transition from one school to another. This plan deploys a variety of transition support mechanisms such as: School Liaison Officers, School Transition Specialists, Transition Counselor Institutes, Special Education Leadership Institutes, Student2Student Transition Programs, and Parent to Parent Cadre teams. The plan facilitates over 270 reciprocal agreements among military-affiliated school districts.

Mr. MCHUGH. Please describe the major initiatives that the Army is supporting and the extent to which DOD and the Department of Education are moving ahead in cooperation with the Army.

General PINCKNEY. Strong collaborative relationships are established between the Army, Department of Defense, Department of Education, and local communities and garrisons. The Army participated in the DOD Conference on Education for Military-Connected Communities held in November 2006 that provided BRAC and rebasing communities and installations alternative approaches to consider when communities are looking to build or expand current facilities.

The Army provides information about the Office of Economic Adjustment to garrisons as a major Department of Defense resource for assisting communities that are significantly impacted by stationing changes, such as base closures and realignments. The Army also submitted input for the DoD Report to Congress, November 2006, which addressed the number of students that have been gained or expected to be gained at BRAC/transforming installations; a plan for how DoD and Army will work with federal, state, and local education agencies; and a list of possible funding resources, including federal grants available to local education agencies to assist in financing construction, expansion, and addition of teachers to accommodate significant students increases.

In addition, the Army supplies data regarding the requirement to provide information to the Department of Defense to be able to utilize the Department of Education NDAA 2006 and 2007 retroactive Impact Aid payments ($7 million and $8 million) to school districts affected in school years beginning 2003/2004 and 2004/2005 where local education agencies were impacted by growth of 250 or more military-affiliated students.

Mr. MCHUGH. For more than a decade, as part of each National Defense Authorization Act, Congress steps up and authorizes additional funding for what I call "DOD Supplementary Impact Aid." This funding is in addition to whatever Impact Aid is provided by the Department of Education. Last year the HASC authorized a total of $65 million for DOD Supplementary Impact Aid. DOD has never formally embraced this idea of DOD Supplementary Impact Aid by incorporating such fund-

ing in its budget request. How important is this "DOD Supplementary Impact Aid" to the Department's ability to ensure adequate support to military dependents by local educational agencies?

Ms. ARSHT. Funding and financing for local education agencies (LEA) is the responsibility of the local or state governments. The Department does not develop, oversee, or have authority over an LEA's budget or financial requirements and cannot comment on the DoD Supplementary Impact Aid.

However, the Department has been given authority to assist LEAs to help ensure quality educational opportunities for military children. Therefore, the Department has offered assistance by sharing expert information about financing, funding, building, and ensuring quality education with LEAs and impacted communities.

Funding for this new support is now included in the Department of Defense Education Activity budget in 2008 ($2.4M).

Mr. MCHUGH. Given the significant challenges facing many local educational agencies due to the return to the US of military members and their families, should the Congress consider authorizing more than the $65 million?

Ms. ARSHT. Funding and financing for local education agencies (LEA) is the responsibility of the local or state governments. The Department does not develop, oversee, or have authority over an LEA's budget or financial requirements and cannot comment on the amount of Department of Defense (DoD) Supplementary Impact Aid or the assistance that it may or may not provide. The new budgeted support to partner with LEAs is a more appropriate DoD mission.

Mr. MCHUGH. Internet access, recreational on-line gaming and E-mail are in great demand by our military personnel around the world, particularly those serving in combat zones. The activities provide relaxation and allow Service members to stay in touch with family and friends. How are you currently meeting the demand for these services within the MWR system? Are these services provided exclusively through MWR activities and programs? To what extent are these activities revenue generating entities for the MWR program?

Ms. ARSHT. Military spouses indicate that communication with their Service member is the number one factor in being able to cope with deployments. At home, computer and Internet service is located in libraries and recreation, community, and youth centers.

MWR programs operate 145 free Internet cafes in Iraq with 4,435 computers and 1,829 phones. Iraq/Kuwait totals are expected to increase by 615 computers and 323 telephones by May. There are 30 MWR-operated Internet cafes in Afghanistan with 246 computers and 142 phones. Afghanistan totals will increase by 9 locations, 488 computers, and 212 phones by May. Voice over Internet protocol phone service at Internet cafes is less than $.04 per minute.

Because of communication resources, families are connected to their Service members in near real-time, which has a dramatic effect on morale both at home and overseas. This communication is essential to morale and our ability to sustain deployments.

Mr. MCHUGH. Internet access, recreational on-line gaming and E-mail are in great demand by our military personnel around the world, particularly those serving in combat zones. The activities provide relaxation and allow Service members to stay in touch with family and friends. How are you currently meeting the demand for these services within the MWR system? Are these services provided exclusively through MWR activities and programs? To what extent are these activities revenue generating entities for the MWR program?

General PINCKNEY. MWR provides no-charge, recreational Internet access through community programs in libraries and Youth Technology Labs. Army communications infrastructure is the primary provider of no-charge services. No-charge services allow families to maintain contact with deployed Soldiers but afford patrons limited gaming and recreational use. Fee-based Internet services are being consolidated through the Family and MWR Command (FMWRC) and utilize commercial and MWR-owned assets to provide services. FMWRC offers garrisons fee-based, high speed services to barracks and MWR facilities. Garrisons also contract locally to provide Internet access to housing areas via multiple commercial venues. These services are the same as those generally available to off-post residents and are paid for by the individual subscribers. Patrons can employ these services for on-line gaming and other personal uses. MWR generates revenue from direct customer payments when patrons use FMWRC offerings, from ancillary purchases made by patrons in the MWR facilities offering Internet service, and from access franchise fees charged to commercial providers.

Mr. MCHUGH. Internet access, recreational on-line gaming and E-mail are in great demand by our military personnel around the world, particularly those serving in combat zones. The activities provide relaxation and allow Service members to

stay in touch with family and friends. How are you currently meeting the demand for these services within the MWR system? Are these services provided exclusively through MWR activities and programs? To what extent are these activities revenue generating entities for the MWR program?

Admiral HANDLEY. Navy currently provides internet and e-mail capability at no-cost to Sailors at all MWR libraries and Single Sailor Liberty Centers. Additionally, this service is also provided at no-cost to some forward deployed, ground units. This service provides a vital link between Sailors and loved ones at home.

Navy is also greatly expanding Wireless Fidelity (WI–FI) internet capabilities at libraries and Liberty Centers. Currently over 50% of Navy MWR libraries and Liberty Centers have WI–FI capability. Full implementation is expected during FY07. This service is provided at no-cost to Sailors. Additionally, Navy MWR is partnering with the Navy Exchange Service Command (NEXCOM) to provide no-cost WI–FI at all NEX food courts. This effort is on-going with completion later this year.

Expanded on-line gaming capability is also provided either free, or in some cases on a fee-for-service basis, at Liberty Centers.

Since most of these services are provided at no cost, there is minimal revenue generated from these activities.

Mr. MCHUGH. Internet access, recreational on-line gaming and E-mail are in great demand by our military personnel around the world, particularly those serving in combat zones. The activities provide relaxation and allow Service members to stay in touch with family and friends. How are you currently meeting the demand for these services within the MWR system? Are these services provided exclusively through MWR activities and programs? To what extent are these activities revenue generating entities for the MWR program?

Mr. MYERS. We do not consider Internet access programs as revenue generating activities. We currently provide internet access in our Services activities through a variety of activities such as Libraries, Youth Centers and Community Centers free of charge. Many of our Lodging operations also provide a business center that connects the user to the Internet for free. Internet gaming such as "X-Box," Internet Trivial Pursuit and sports trivia packages are also offered free of charge through many Air Force Clubs and Community Centers.

Mr. MCHUGH. Internet access, recreational on-line gaming and E-mail are in great demand by our military personnel around the world, particularly those serving in combat zones. The activities provide relaxation and allow Service members to stay in touch with family and friends. How are you currently meeting the demand for these services within the MWR system? Are these services provided exclusively through MWR activities and programs? To what extent are these activities revenue generating entities for the MWR program?

Mr. DOWNS. In today's technologically-advanced society, customer demand for continued improved levels of Internet access requires innovative access strategies to satisfy changing demand. Some Internet access requirements are a feature or activity of MWR Category A or B recreational or leisure programs. In those cases, access is free or for a nominal fee. We additionally offer Category C, revenue-generating fee-for-service or a pay-as-you-go basis for more extensive electronic services via Marine Corps Exchange concessionaire contracts.

Mr. MCHUGH. The Department of Defense regulations provide guidance for Exchanges and Service MWR operations. Do these regulations clearly address the responsibility and guidance for providing Internet and on-line gaming functions, including both those that are provided at no cost and those that generate revenue?

Ms. ARSHT. MWR provides no cost Internet access, recreational on-line gaming, and e-mail in libraries and recreation, community, and youth centers, as well as to forward deployed, ground units. There is a nominal fee for voice over Internet protocol phone service. The Exchanges have primacy in the operation of "fee for service" personal telecommunications, including personal Internet access (e-mail accounts, high-speed internet service provider accounts, etc.).

QUESTIONS SUBMITTED BY MRS. DRAKE

Mrs. DRAKE. Do you have any update on that General Accounting Office (GAO) study that is being done?

Ms. ARSHT. The Government Accountability Office (GAO) is currently conducting a comprehensive study of standards, protocols and rules for interoperability in physical access in the Department of Defense. The Department expects the GAO report

will contain useful information that can be used to establish efficient and effective procedures for credentialing retail vendors. We have been testing technology that will enable the Department to provide uniform validation and authentication procedures which in turn will enable vendors to obtain the access their employees need. It is not being delayed by the GAO review.

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