

WRITTEN STATEMENT

BY

LESLYE A. ARSHT

DEPUTY UNDER SECRETARY OF DEFENSE

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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 an 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.