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STATEMENT OF
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BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE
ON
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Introduction

Mr. Chairman and Military Personnel Subcommittee members, I am pleased to have this opportunity to discuss the Navy's Morale, Welfare, and Recreation (MWR) program with you. The Navy has continued to make significant strides in providing top quality MWR programs. Navy MWR and Child and Youth Program (CYP) teams enhanced existing programs and maintained a wide array of outstanding programs to meet the needs of our Sailors and their families, whether at home or deployed.

MWR remains financially sound, as evidenced by Nonappropriated Fund (NAF) operating results exceeding the breakeven point and by re-investing significant NAF assets in capital improvements. In Fiscal Year 2009, Navy MWR executed \$426.4 million in Appropriated Fund (APF) support. Navy exceeded the Department of Defense (DoD) minimum standard of 85 percent for APF support in Category A programs. APF support for MWR Category B programs was 61 percent, which is below the DoD minimum standard of 65 percent. FY 2009 was an anomaly and FY 2010 figures show Category A support at 88% and Category B at 65%.

Communicating with our Sailors about our programs is essential to MWR success. The latest tool developed by Navy MWR to reach out and tell our story to Sailors is our new "Navy Life" iPhone application. This latest tool is an important part of our communications strategy and uses the latest technology to present information on vital quality of life programs and services to the Navy family.

MWR programs provide Sailors with a firsthand demonstration of the Navy's commitment to their quality of life. From a wide array of support for our front line units in harm's way to state of the art fitness and recreation programs ashore, Sailors remain our top priority. But this focus does not, and should not, come at the expense of families. MWR offers some of the best family recreation programs and developmental outlets for our Sailors' family members. Whatever the need and wherever the locale, our patrons know that they can count on MWR to deliver on our promise of high quality facilities, services, and programs.

Overview

"Times of change" are "times of challenge," but they also result in great opportunity. FY 2009 was one such year for Navy

MWR. There were exciting developments on many fronts, but particularly among our cornerstone programs, including deployed support, child and youth programs, and fitness. All three have seen growth, major facility and program investment, and new programming that not only addresses current demand, but builds a foundation for providing even better MWR services in the future.

Some of the many key MWR developments in FY 2009 and some follow-on developments in FY 2010 are included in the following.

Support For Deployed Units - Our First Priority

The variety, quality, and scope of MWR opportunities that we have been able to develop and provide to our forward-deployed units who are often isolated, either at sea or on land, is truly impressive. In 2009, MWR planned, ordered and distributed 160,620 recreation and fitness items to nearly 300 ships, as well as to 100 forward-deployed Navy ground forces in the Fifth Fleet area of responsibility (AOR). This effort improved the quality of life for more than 190,000 deployed Sailors. These items included cardiovascular and strength training equipment, portable fitness kits, electronic gaming units, flat screen televisions, portable movie packages, paperback and audio books, portable basketball courts for large deck ships, pitching machines, fishing gear, and general sports equipment. Our worldwide network of deployed support personnel, at 13 homeports and various other locations throughout the world, ensured that the equipment was obtained and delivered where it was most needed.

To keep all of this equipment in good repair, MWR coordinates an extensive fitness equipment repair program for afloat and forward-deployed commands. MWR maintains a complete parts inventory at Fleet Concentration Areas (FCAs) for a timely response to shipboard equipment issues. MWR also routinely evaluates shipboard fitness equipment performance with the purpose of minimizing downtime while at sea.

In FY 2009, MWR support personnel worked directly with the Naval Sea Systems Command (NAVSEA) in building shipboard fitness centers on several new pre-commissioning vessels, including USS NEW YORK, USS MAKIN ISLAND, and USS GEORGE H.W. BUSH, as well as on hospital ships. They also tested ten different types of treadmills and other cardio gear for use on ships and submarines, and worked with the submarine community in developing a prototype treadmill for use aboard submarines.

In FY 2010, the Afloat Civilian program continued to provide essential quality of life and readiness programs at sea. Our 33 Afloat Recreation and Fitness Specialists spent a combined 4,775 days at sea providing 5,231 Athletic/Leisure programs, 505 trips and tours, 12,480 one-on-one personal fitness training sessions, 1,240 large group exercise classes, 72 instructional seminars (e.g. nutrition classes). Over 94,000 Sailors and Marines (stationed on aircraft carriers, large deck amphibious ships and hospital ships) were recipients of these services.

In the Middle East, the deployed forces team planned and delivered holiday gift boxes for 10,000 Sailors in the Fifth Fleet AOR. They also coordinated "Operation Sand Trap," which provided Navy ground forces with thousands of units of golf equipment donated by corporate sponsors. Navy MWR also coordinated programs and support for other services in the AOR, including: shipping 10,000 audio playaway books to 80 sites; continuously supplying 8mm movies (monthly and early release tapes) to 60 sites; escorting Armed Forces Comedy Tour personnel to ships and oil platforms; and coordinating the renovation of laundry facilities in the United Arab Emirates in collaboration with the USO.

To help our Sailors stay mentally sharp, the Navy General Library Program (NGLP) upgraded 1,028 Library Multimedia Resource Center laptops for 195 warships. NGLP also provided 155,000 paperback books and 28,000 playaway audio books to fleet and forward-deployed shore units. Library outfitting for new ships totaled \$1 million in computers, small electronics and library materials. Use of contracted e-content databases and search engines totaled 2.6 million hits. Customers downloaded 675,000 audio books, e-books, articles and other various full-text items. Much of this activity occurred because access was provided through our deployed library program.

Movies remain the most readily available, consistent, and important entertainment program for our afloat and deployed forces. Last year, the Navy Motion Picture Service (NMPS) processed 313,000 videotapes while providing service to 818 Navy, Marine Corps, Military Sealift Command, and Coast Guard shore and afloat commands, generating more than 23 million fleet viewing hours. In addition, NMPS shipped 23 early tape releases and 4 Theater-in-a-Box units; replaced 116 players for forward-deployed forces; refit 25 ships with Cinema-At-Sea Initiative (CASI) systems; replaced 425 shipboard TVs with LCD flat screens; and shipped three CASIs to new ships. NMPS is also

partnering with the Defense Media Activity to develop a digital platform to be used to replace analog shipboard closed-circuit television systems. This will enable format conversion of shipboard movies from videotape to DVD.

MWR Programs Ashore

The variety and depth of MWR programs offered in our programs ashore is just as extensive as what we provide to afloat units. Examples include:

Fitness

Fitness continues to be a cornerstone program for MWR. In FY 2009 Navy operated 112 staffed fitness centers located on Navy installations; 98 percent of these programs are in full compliance with DoD standards.

Navy MWR made steady progress on the Military Construction (MILCON) front in FY 2009, with new fitness centers opening at Naval Construction Battalion Center Gulfport, Joint Reserve Base New Orleans, and Naval Air Station (NAS) Whiting Field. Additionally, projects are underway at Naval Station (NAVSTA) Guam/Joint Region Marianas, NAVSTA Pearl Harbor, NAVSTA Newport, NAS Meridian, NAS Kingsville, and NAVSTA Guantanamo Bay. The FY 2010 MILCON program will provide centers at NAS Fallon and NAVSTA Mayport. Navy also was able to make major improvements to ball fields, running tracks, swimming pools, and other highly visible fitness areas, with 39 new renovation and upgrade projects totaling \$25 million. These combined efforts have resulted in the most robust MILCON/Sustainment Restoration and Maintenance (SRM) fitness program in the history of Navy MWR.

Matching this success on the facility improvement front, the fitness program staff developed and successfully implemented several new initiatives to expand the reach of Navy fitness. This included a joint effort with the Navy's Physical Readiness team to develop and deliver a Command Fitness Leader (CFL) Certification Course enterprise-wide. The team accomplished the following: trained 140 instructors across the Navy; facilitated the scheduling of over 100 course offerings for Calendar Year 2009 and into 2010; screened over 1,500 applications; registered 1,339 personnel; and certified 1,250 Sailors as CFLs since January 2009.

The Senior Health Assessment Program Enterprise (SHAPE) is an age-specific fitness pilot program provided under a contract

with Indiana University. SHAPE is oriented toward the health, nutrition, and fitness needs of the Navy's forty and over population. The program completed its second year in FY2009 at three pilot sites (NAVSTA Pearl Harbor, NAVSTA San Diego, and Joint Forces Staff College), and the metrics are showing very positive results. Outcomes were tracked and participants demonstrated significant improvement in all areas measured, thus reducing the risks for preventable disease and lost time due to illness or injury. Some of the most encouraging results included a 13 percent improvement in cardio-respiratory fitness; 10 percent increase in muscular strength; 16 percent improvement in flexibility; and a 7.5 percent decrease in body fat. Additionally, SHAPE staff delivered 11,000 one-on-one and group fitness training sessions.

Last year, the Navy fitness team increased its focus on educating Sailors and family members on nutritional issues by developing multiple educational items for distribution and use. Some prime examples include *"Nutrition For Your Child: A Guide For Parents To Optimize Their Children's Nutrition In All Phases Of Life."* The guide is pending production and distribution this year. The fitness group partnered with our Galley staff to successfully create and implement the curriculum for the first Mission Nutrition Facilitator Course in June 2009. Two more courses were conducted in 2010.

The Navy fitness team is dedicated to improving the fitness and health of all our Sailors and their families, and will continue to develop important new initiatives to continue on the path to "Fitness for Life."

Wounded Warrior Initiatives

Navy MWR remains committed to supporting the needs of our wounded warrior population, as well as other segments of our population with special needs. Through Navy MWR's participation in Penn State University's Inclusive Recreation for Wounded Warriors course, we have exposed 20 Navy MWR professionals annually to ideas of injured service members, as well as exceptional family members, retirees and others with either temporary or permanent disabilities. In addition to this managerial level training, Navy MWR piloted an introductory half-day course targeted at front-line employees to better equip them for serving customers with disabilities in existing Navy MWR programs and facilities.

Navy MWR Inclusive Recreation grants provided \$150,000 to 17 local and regional activities. Projects have included wounded warrior bowling instructor training, the purchase of remote controlled bowling balls at the San Diego bowling center, and improved access to the lanes at numerous centers. Other projects included the purchase of inclusive recreation gear and equipment for outdoor recreation and aquatics, and programmed events and trips. Navy Region Southwest continues to work with the Navy Medical Center in San Diego to offer recreational activities such as the Wounded Athlete Program, which provides ambulatory sports and fitness activities. Navy MWR continues to work with the National Amputee Golf Association to offer clinics for disabled golfers.

We have been actively retrofitting many MWR facilities to ensure access and usability for disabled persons. Thanks to funding assistance from OSD, most installation MWR programs now have pool lift chairs to improve access for our wounded warriors and other physically challenged patrons.

Warfighter and Family Services

In 2009, DoD implemented a policy change to add Warfighter and Family Services (WFS) as a Category A MWR activity, which greatly expanded our ability to support family members. The Navy's Fleet and Family Support Programs (FFSP) assist Navy leadership in achieving mission readiness by providing Sailors and their families with a wide range of support services. FFSP focuses on deployment support, crisis response, career support, and counseling for individuals, families and commands.

Deployment Support: Includes tailored consultation and educational workshops in Mobilization/Repatriation, Ombudsman Coordination/Support, Relocation Assistance, and Life Skills Education.

Crisis Response: Provides consultation and prevention education in Emergency Preparedness/Response, Critical Incident Intervention, Clinical Counseling, Family Advocacy case management and intervention, Domestic Abuse Victim Advocacy, Sexual Assault Prevention and Response, and New Parent Support Home Visitation.

Career Support & Retention: Includes educational workshops in Transition Assistance, Family Employment Readiness, Exceptional Family Member Program and Personal Financial Management program areas.

Child and Youth Programs

Navy Child and Youth Programs (CYP) 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 2009, Navy programs cared for more than 120,000 children, ages 6 weeks to 18 years, in 128 CDCs, 103 youth centers, and 3,115 on-base and off-base licensed CDHs. These services achieved 69 percent of DoD potential need criteria, and attained a 100 percent DoD certification rate for operational excellence. In FY 2010, Navy programs also cared for more than 120,000 children in 132 CDCs, 103 youth centers, and 2,623 on-base and off-base licensed CDHs. These services achieved 74 percent of DoD potential need criteria, and attained a 100 percent DoD certification rate for operational excellence. The 100 percent DoD certification rate demonstrates to our Navy families that their children are receiving top-quality care that equals or exceeds the highest national standards.

Quality, affordability, and access have been the three major goals that Navy CYP has always strived to achieve. While CYP has been very successful in achieving the first two goals, as consistently validated by parents and outside organizations, reaching the third DoD goal of providing access to meet 80 percent of the potential need, has been more elusive. With strong financial support from the President, Congress, OSD and Navy, we have put in place an aggressive expansion plan that will allow us to meet our space requirements.

Navy has funded more than 33 new CDCs that will eventually increase capacity by over 7,000 spaces. This will reduce waiting time to three months or less, and allow us to meet DoD requirements to have room available for at least 80 percent of the potential need.

CYP also continues to provide for family members of our deployed forces with 25,000 hours of respite child care, as well as respite care for families with children with special needs as part of the Exceptional Family Member Program. This type of care is critical to our families, as those who may not have found appropriate child care support in the past now rely on this interim support.

CYP programs in high deployment locations continue to offer the Child and Youth Behavioral Program, including consultants who support children, youth, and their families with a broad range of support programs focused on school adjustment; deployment and separation, reunion adjustment; and fear, grief and loss.

To ensure that our employees keep their skills up to date, CYP initiated a centrally funded tuition assistance program. This new program strongly encourages CYP staff members to pursue courses that will allow them to move ahead in their careers.

The School Liaison Officer Program is now offered in all Navy regions and at major installations, and has grown into a powerful source of support for our families. This program is a valuable asset in helping Navy families address dependent education issues that arise from frequent moves and deployments.

Our Navy "Fit Factor" program is right on target in addressing the President's concerns about combating youth obesity. This program has been very successful in increasing youth interest, parent engagement, and family awareness in the importance of making healthy lifestyle choices. We are seeing positive results in the performance of Navy youth in their fitness measurement results.

Movies

The Navy Movie Program ashore is extremely popular with Sailors and their families. Like its counterpart in the Fleet, the ashore program is flexible and adaptable, offering consistent high quality movies at venues such as commercial-style base theaters, Liberty Centers, Recreation Centers, Youth and Teen Centers.

Navy Motion Picture Service (NMPS) processed 320,000 videotapes and 6,200 35mm prints that were viewed by more than 4.1 million ashore program attendees. In addition, overseas bases were provided 47 first-run features just one-week after U.S. release. Moreover, CONUS base theaters treated 43,000 customers to 11 free sneak previews one-week before those movies opened at commercial cinemas.

Entertainment

The Navy Entertainment Program provides a much needed touch of home for our Sailors and families, both ashore and afloat.

Performances during the past year included comedians, specialty performers such as the Harlem Globetrotters and various professional athletes, Hollywood personalities including James Cameron and Avatar cast members, and celebrity bands and chefs to perform at more than 20 ship visits in forward deployed areas.

The program also awarded over \$250,000 in grants to help support bases in procuring and funding stateside entertainment acts for their special events and family programs.

Library Program

It was also a year of growth and innovation for the shore library program, which saw usage increase to more than two million patrons.

Navy MWR libraries achieved 88 percent compliance with DoD core program standards, with six locations meeting 100 percent compliance. Two Navy libraries, NAS Sigonella and FLEACT Yokosuka attained DoD premier library status, the highest status attainable under DoD guidelines.

Navy participated in OSD's Joint Library Initiative, providing expanded and enhanced program services to all Sailors and their families. These services included educational resources, children and young adult reading programs, as well as popular gaming systems and management software for libraries at joint bases.

General Recreation Programs

General recreation programs are geared to the wide variety of popular leisure pursuits that are of interest to our Sailors and families. They range from family-oriented community recreation to programs for single Sailors in the 18 to 25 year-old age group, and include programs such as entertainment shows, discount tickets and vacation options, bowling, marinas, golf, auto skills shops, and outdoor recreation.

- Liberty Programs

Liberty programs provide recreation programming for junior-ranking Sailors at 76 Navy installations around the globe. Liberty offers affordable, productive, off-duty recreational alternatives to tobacco and alcohol usage. Liberty helps young

Sailors meet others with similar interests, discover the local area and develop healthy lifestyle habits through targeted recreational programming and Liberty recreation centers. This continues to be one of MWR's most active initiatives and every Liberty Program has received significant funding to upgrade equipment and facilities.

Staying in touch with this 18-25 year old population is always challenging, however, Liberty continues to reach out in ways that single Sailors communicate. In addition to being highly visible and approachable onboard installations, Liberty Programs have begun to engage with their target populations via social media outlets, most commonly via Facebook.

- Marinas/Sailing:

These programs offer opportunities to our patrons who are active in sailing and other nautical interests. Navy marina programs have a direct influence on those interests. Marina and sailing services include private berthing, pump-out stations, resale activities, rentals of various types of boats, and personal watercraft. The reduction of 3 facilities as a result of BRAC closures was offset with a gain of 2 facilities at Joint Bases. With more than 2,200 slips at 32 marinas, Navy marinas generated \$8.8 million in revenue in FY 2010, up 11% over FY 2009.

Navy marinas have implemented best management practices by engaging in environmentally sound operating and maintenance procedures as part of the "Clean Marina Initiative" certification program. Certification is achieved through each state based on the National Oceanic and Atmospheric Administration (NOAA) program. To date, 26 Navy marinas are certified, with the remaining five awaiting only their state inspection results.

- Bowling

Navy MWR is providing modern and quality bowling programs as entertainment centers for Sailors and their families. In FY 2010, patrons bowled 4.5 million games at 60 bowling centers, an increase of 4% over FY 2009, and produced \$5.7 million in cash flow. As a result of BRAC actions, three centers were transferred and two were gained by Navy. .

MWR has successfully increased patronage by offering league, open and tournament bowling, cost-saving family bowling packages, skills development, and programs for youth day camps,

branded food and beverage concepts, pro-shop, electronic video games and amusement center, cyber-café, and state-of-the-art sound-lighting-video systems. Several Navy bowling centers have also been programming recreational events in support of wounded warriors.

- Golf

Golf remains one of our most popular recreational offerings ashore. In FY 2009, Navy MWR delivered 1.1 million rounds of golf to players at 34 Navy golf courses, and in FY 2010 Navy MWR delivered nearly 1 million rounds of golf. Navy golf program revenue remained constant at \$46.8 million in FY 2010, with an increase of cash flow by .6%.

To maintain our golf program at a competitive level, in FY 2009 we constructed a new clubhouse facility at SUBASE Kings Bay and constructed golf cart paths at CBC Port Hueneme.

The Navy golf program remained active in achieving energy conservation and developing several initiatives, including charging electric golf carts in off-peak energy times, pursuing Audubon Sanctuary certification, and developing projects to conserve water in the maintenance of Navy golf courses.

- Information, Ticket and Travel (ITT)

MWR ITT offers the Navy family a variety of travel and recreation opportunities at great value. The program generated over \$7.7 million in revenue for MWR in FY 2009, and \$7.4 million in FY 2010. Access to ITT tickets for attractions and special events, hotels and resorts, and travel services provides Sailors and their families with many budget-savvy options for enjoying their off-duty hours.

ITT is another program area where we have been exploring a variety of new delivery vehicles, completing various online and print-on-demand ticket testing and implementation for big attractions such as Disneyland and all SeaWorld and Busch Garden locations in multiple ITT offices to include San Diego, Norfolk and Jacksonville metro areas.

MWR also established a Navy ITT Board comprised of regional ITT representatives from Hawaii, the Northwest, Southwest, Midwest, Naval District Washington, Mid-Atlantic, and Southeast regions, and headquarters ITT managers. The Navy ITT Board focuses on the future and how Navy can best align its 93 ITT

programs with industry standards and trends, emerging technology, new products, and improved internal and customer processes.

- Recreational Lodging

Navy recreational lodging programs continue to offer a myriad of enhanced facilities, services and amenities to the DOD community. Current goals of improving program and worldwide identity created the official brand name "Navy Getaways-Stay, Play & Relax...". The program focal point is to shift from decentralization to program centric leveraging of global concepts and initiatives. This core approach will improve facilities, enhance services, and increase utilization while minimizing program expenses. Planned initiatives include the delivery of a web-based property management system, beginning in the spring of 2011. This single initiative will allow us to fulfill the number one request from our customers, and provide immediate increases in availability and projected program revenues that will further support future redevelopment and recapitalization.

Additionally, in 2010 we shared successes in delivering the Navy's only cottages in the fleet concentration area of San Diego, California, located at NAS North Island, completed major renovations at Pacific Beach Resort, Pacific Beach, Washington, and completed final touches on a new construction project at Oak Grove RV Park and Campgrounds in Pensacola, Florida.

Navy MWR Food and Beverage

MWR food and beverage programs remain an essential support element for our Sailors and their families by providing high quality service at reduced prices and by generating funds that help support other MWR programs. MWR food and beverage operations include ashore galleys, MWR Category C food and beverage activities, flag messes, and auxiliary resale outlets. By way of comparison, the ashore galley program is made up of 77 galleys that serve over 30.5 million meals annually, while MWR foodservice is made up of 440 outlets, including 99 branded concepts.

Our partnership with the Navy Exchange Service Command (NEXCOM) remains very strong. Navy MWR uses NEXCOM's contracting services to provide national branded concepts from their portfolio to expand our foodservice offerings.

Avoiding market saturation and duplication continues to be very important. Using industry best practices and the Navy's Food Service - Regional Operational Advisory Group (FS-ROAG), we quantify the number and type of foodservice outlets at each installation in order to optimize the number that can be supported by our customers.

Overall Financial Condition of MWR

MWR remains financially sound, as evidenced by NAF operating results surpassing breakeven and by being able to re-invest significant NAF assets in capital improvements. MWR appropriated funds (APF) 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 at the same time the importance of providing programs for Navy families remains critical.

Navy MWR financial operations totaled approximately \$920 million in FY 2009. This amount, which included APF (direct and indirect), internally-generated NAF revenue, and Navy Exchange dividend distributions, represented an increase of approximately \$3 million from FY 2008.

For FY 2009, total NAF generated internally and through Navy Exchange dividends totaled \$494 million, while net NAF expenses totaled \$477 million, producing net income of \$17 million.

For FY 2009, Navy MWR executed \$350 million in direct APF, \$71 million in indirect APF, and about \$6 million in Overseas Contingency Operations (OCO) funding; totaling approximately \$427 million in overall APF support.

In FY 2009, Navy exceeded the DoD minimum standard of 85 percent for APF support in Category A Mission Essential Programs by achieving 88 percent. For Category B Community Support Programs, the Navy's overall APF support was 61 percent, slightly below the DoD 65 percent minimum standard. In FY 2010, Navy exceeded the DoD minimum standard with an 88 percent metric for APF support in Category A Mission Essential Programs. For Category B Community Support Programs, Navy was able to meet the DoD minimum standard of 65 percent.

Navy was able to meet the minimum support metric in 2010 by aggressively realigning resources to support Category B programs. Navy's funding strategy continues to be programming

APF to MWR Category A core programs first. With the exception of Child and Youth Programs and Information, Tickets and Tours, Category B programs are considered non-core programs. Non-core programs are more heavily dependent on internally-generated NAF for funding. The strategy of supplementing APF with NAF in Category B programs allows MWR to be responsive to Sailor needs by maximizing the number of available program choices.

In FY 2009, Navy MWR continued its implementation of a capital funding strategy designed to leverage system assets to significantly increase the amount of NAF capital funding available. Under this strategy, existing cash balances from the central capital fund are used for capital investment. For FY 2009, cashflow dollars spent in support of the MWR capital program for facility enhancement and information technology, totaled \$69 million.

Nonappropriated Fund Construction (NAFCON) Program

We greatly appreciate the congressional support we received with approval of the Navy's FY 2009 NAF Construction (NAFCON) Program. This program included seven new major quality of life construction initiatives, representing a capital investment of nearly \$30 million. Seven minor construction and/or renovation projects increased our total NAFCON investment to \$34.2 million.

Our FY 2009 program focus reflected additional investment in business-based operations and community support facilities. Specific projects included a golf clubhouse, recreational vehicle parks, All Hands consolidated clubs, youth centers, and car wash and bowling equipment replacement projects. The need to dedicate a significant portion of available resources to capitalization will continue into the future as we address our aging NAF facilities, which average nearly 60 years.

We also appreciate the congressional support we received for the Navy's FY 2010 NAFCON Program. This program included 12 new major quality of life construction initiatives, representing a capital investment of over \$45 million. An additional programmed renovation project increased our total NAFCON investment to \$46 million.

Marketing

Providing information about Morale, Welfare, and Recreation (MWR) and Child and Youth Programs (CYP) is critical to supporting our Sailors and their families. Accordingly, we are

aggressively communicating with customers by soliciting their input on areas that need improvement, employing the most advanced communications options available, and including feedback options to measure the effectiveness of our efforts.

The CNIC MWR marketing team continues to use the power of social networking by communicating with our extended Navy family through our Fleet and Family Readiness (FFR) programs' Facebook page, which features articles on quality of life programs, photos and videos. To date, the FFR Facebook page has more than 21,500 fans.

The CNIC Fleet and Family Readiness "Navy Life" iPhone application is available for download from Apple's app store or via iTunes. This tool is an important part of our communications strategy and uses the latest technology to present information on vital quality of life programs and services to the Navy family. Active links direct visitors to the Navy Gateway Inns and Suites reservations Web site, Navy Housing One-Stop, Military OneSource, Navy Exchange, and more.

The marketing team is also employing text messaging to communicate information about quality of life programs directly to Sailors, retirees and their family members, with more than 7,600 customers signed up across all regions.

Obtaining feedback on MWR programs and services remained an important marketing tool. Navy-wide assessments were administered in 2010 to measure patron satisfaction with various MWR programs and to measure employee job satisfaction. The MWR customer satisfaction assessment was 78 on a scale of 100, which is considered excellent according to the Claes Fornell International (CFI) Group, an independent expert in the customer satisfaction measurement industry, which conducted the survey. The MWR employee satisfaction assessment, also conducted by the CFI Group, resulted in a score of 74, which is above the industry standard.

In short, great programs deserve great marketing and we are taking aggressive steps to make that happen by improving communications with customers. We are soliciting input on areas that need improvement, employing the most advanced communication options available, and including feedback options to measure the effectiveness of our efforts.

Building Future Leaders in MWR

The Fleet and Family Readiness (FFR) Training Branch, which provides support to the MWR and CYP programs, continues to evolve from the traditional classroom-based training program into a blended, performance-based learning culture that responds to leadership identified business based issues and delivers performance-based learning solutions via classroom, asynchronous and synchronous online learning experiences, on-the-job learning tools, and employee mentoring that support the readiness of today's Sailor.

The focus is on developing MWR professionals into mentors who guide the career path of novice leaders within the organization. This new development will help support the development of existing star performers.

Collectively the FFR Training Branch is partnering with MWR to deliver valued learning experiences that deliver measurable performance improvement in all areas of the organization. This will help ensure that we provide service experiences for our Sailors, their family members and other eligible patrons that exceed their expectations at every installation around the globe.

Summary and Outlook

Every year brings new challenges and new opportunities. Navy MWR continues to do an outstanding job of taking care of our Sailors and their families in a wide variety of programs and venues. We continue to improve the key facilities in which MWR provides programs, and we are greatly expanding Child and Youth programs to meet ongoing demand. We are looking for innovative methods to reach out to our wounded warriors and provide them with quality MWR services. Our fitness programs operate at high standards and we aspire to achieve greater results. We are continually engaged with our patrons to ensure we are providing the services they require, at a quality level equal to or exceeding the best in the industry. As a result, MWR continues to be a key tool for enhancing the ongoing readiness and retention of Sailors throughout the Navy.

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