

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE ARMED
SERVICES COMMITTEE

STATEMENT OF
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BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE
ON
MILITARY PERSONNEL
MARCH 12, 2009

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Opening Remarks

Chairwoman Davis, Ranking Member Wilson, and Military Personnel Subcommittee members, I am pleased to report that the Navy continues to provide world-class Morale, Welfare and Recreation (MWR) programs to our Sailors and their families. Navy MWR and Child and Youth Programs (CYP) have developed and enhanced a wide array of outstanding programs in 2008 to meet the needs of our Sailors and their families.

MWR is everywhere Sailors and their families are stationed or deployed, providing a diverse array of programs vital to their morale and well being. To the people we serve, MWR could be a place to workout, enjoy some quiet time, read, watch a movie, enjoy world-class entertainment, or grab a bite to eat. It might be where they can leave their children while they are on duty, knowing that they are safe and in good hands, or where they know they can get a good deal on their leisure travel needs. Whatever the service they use, our patrons know that MWR is focused on taking good care of them.

Overview

During the past year, MWR has placed particular focus on family-oriented programs with significant growth in CYP and general recreation programs that appeal to family members. We have 78 family fitness areas operating in fitness centers at most of our major installations. A Navy-wide dynamic youth fitness program called "Fit Factor" has been implemented that encourages our youth to develop and apply good nutrition and exercise habits. Respite child care is now being offered to families of deployed Sailors and we continue to provide 24/7 child care for shift workers and watchstanders. We are also installing Mobile Learning Centers (MLCs) funded through the National Defense Authorization Act (NDAA) authority that you provided to the Services last year. This authority has enabled us to begin installing up to 60 MLCs over the next two years to help address current as well as emerging demands. This commitment will have a direct and positive bearing on the readiness of the Navy family.

We have continued to expand the Navy's "Fitness for Life" programs for all ages. MWR has taken on an essential training role in supporting the Navy's Physical Readiness Program and implemented a test program for personnel over age 40 in Norfolk, San Diego and Pearl Harbor. We continue to develop and

implement innovative support programs for our Sailors wherever they may be, as well as for our wounded warriors. MWR is proud to serve our Sailors and their families, and we are gratified that our efforts contribute in some way to their readiness and happiness.

MWR continues to operate on a solid financial footing, despite challenges. MWR appropriated funds (APF) are provided through the Base Operating Support (BOS) budget line in the Operations and Maintenance (O&M) account. The funding environment continues to challenge us to seek efficiencies while providing increasingly important MWR programs for the Navy family.

Wounded Warrior Initiatives

To address the needs of wounded warriors more effectively, MWR professionals at key locations are receiving valuable training from the National Institute for Recreation Inclusion at Pennsylvania State University to learn how to support these deserving service members' unique recreational needs. We are especially grateful to the Office of the Secretary of Defense (OSD) Personnel and Readiness programs for reaching out to organizations such as the National Recreation and Park Association, Armed Forces Recreation Society, and Penn State University in support of this important aspect of our program. Such effort on their part and communication at the Navy deck plate level ensures visibility of our community needs inside and outside the fence line.

MWR support is being provided for severely injured service members throughout the Navy. Innovations in this area were enhanced at 17 locations by the distribution of more than \$100,000 in grants for inclusive programs, such as fly fishing trips, golf clinics and specialized recreation gear.

The bowling program staff at several installations participated in training sessions on inclusive bowling to increase availability of programs for wounded warriors at National Naval Medical Center Bethesda and other locations. In addition, we participated with the Bowling Salutes America's Troops campaign sponsored by the Bowlers to Veterans Link organization, by delivering portable carpet bowling lane kits to ships and camps in Iraq and Afghanistan.

The Navy MWR Golf Program achieved 100 percent compliance with congressional legislation and OSD direction to provide specialized golf carts for disabled golfers to play at all Navy golf courses. Fifty-two single rider carts were delivered to Navy golf courses worldwide. To assist our wounded warriors, golf clinics were developed and hosted at several of our facilities. Wounded warriors are also being introduced to the game of golf. With support from the United States Golf Association, a new "Train the Trainer" program was initiated to enhance the abilities of all of our golf instructors when working with any disabled golfer, and this program was offered at Navy golf courses at Seal Beach, CA and San Diego, CA. Volunteers, in addition to the golf professional staffs, were used to provide one-on-one instruction. At Seal Beach, the clinic opened with a ceremonial color guard and a grand welcoming of the wounded warriors when they arrived at the course.

Commander Navy Installations Command (CNIC) and Navy Safe Harbor have established a working group to effectively identify resources and programs best suited to aid the seriously wounded, ill and injured. The Navy will continue to work closely with OSD to ensure we are providing a well-planned program that supports these heroes in every way possible.

Individual Augmentees (IA)

MWR continues to provide quality-of-life support to Navy IA personnel and their families prior to, during, and following deployments. For example, as a result of a team effort between CNIC and the Army, IAs have access to Internet and wireless connectivity at training facilities. Additionally, fitness equipment, recreation deployment kits, various electronic game systems (e.g., Xbox 360 and Wii), flat-screen televisions, satellite TV service and portable 8mm movie systems have been delivered. The type of support provided to IAs is similar to what is typically available to Navy personnel aboard ships and at almost every shore installation. The positive reception of this program by our IAs continues to be very gratifying.

Navy Entertainment Program

The Navy Entertainment Program continued its offerings of quality performances ashore and afloat. Musicians, comedians, and specialty performers such as the Harlem Globetrotters and various NFL cheerleaders were contracted to perform on 27 ships

at sea and at our forward deployed installations. MWR also organized a global talent competition for some of our musically inclined Navy personnel in a partnership with the National Broadcasting Company and its nationally televised "Nashville Star" program. Installations around the world, including Afghanistan, hosted local competitions which culminated in a DOD-wide talent search hosted aboard USS IWO JIMA in Norfolk, VA. Of the 1,500 contestants, one Sailor was selected for one of twelve finalist slots in the overall national competition televised in the summer of 2008. Our Sailor finished in sixth place overall. The program's debut featured a salute to the military that included footage of the Norfolk event.

Child and Youth Programs

Navy Child Development and Youth Programs help families balance the competing demands of mission readiness and family responsibilities. The Navy provides high-quality child care, youth development and school transition services for 120,780 children, from four weeks to 18 years of age. There are 103 Child Development and Youth Programs, 128 Child Development Centers, 3,000 Child Development Homes and 86 School Age Care Programs.

The Department of Defense (DoD) goal is to achieve capacity for 80 percent of the potential need, which is established by DoD and includes the following eligible users: active duty, DoD civilians and contractors. Potential need also takes into account the highest priorities for care - dual and single military and DoD civilians. Achieving this goal will enable Navy to place children from waiting lists within one to three months after care is requested. Our current capacity meets 72 percent of the potential need with three through six month placement, except in fleet concentration areas where placement can take longer.

The availability of child care remains a top issue among our dual-income families and single parents. To attain the DoD goal, the Navy's expansion plan is adding about 7,000 new child care spaces and 25,000 additional hours of respite child care and youth services for families of deployed Sailors. In addition to the new spaces, the Navy is converting 3,000 existing 3 to 5-year-old spaces into infant to 2-year-old spaces to meet the greatest demand for care for children under the age of 3. Combined, these initiatives will reduce the waiting time for

child care to less than three months Navy wide, with first priority given to single military parents.

Support to our children of deployed members continues and includes the use of Child and Youth Behavior-Military Family Life Consultants embedded in our programs. The consultants provide a resource to observe and train our providers on interventions to assist children and their families having challenges during deployments.

Navy has launched a new School Liaison Officer Program, which is designed to help Navy families address dependent education issues that arise from frequent moves and deployments. This initiative has recently been expanded to reach most major installations within the coming year.

During the coming year, we will also initiate a program to install Mobile Learning Centers (MLCs) funded through the 2008 NDAA authority provided by Congress. This authority is timely and will enable us to install up to 60 MLCs over the next two years. Our learning centers will address unmet capacity and be located adjacent to child development centers and before-and-after school facilities. In most instances, MLCs are necessary to meet demand until a MILCON facility is completed or another method of supporting unmet need is available. The modular facilities will meet all compliance standards and codes.

We anticipate that this aggressive approach to meeting the child care and youth program needs of Navy families will significantly enhance their ability to cope with the many demands of military life.

Fitness

The goal of the Navy Fitness Program is to create a total fitness regimen for all members of the Navy community in accordance with Department of Defense and Navy instructions, which acknowledge fitness as essential to the general health and well-being of all personnel.

Fitness is an essential component of the readiness for Sailors and maintaining good health for their families. MWR programs continue to promote a "culture of fitness" agenda for all members of the Navy Total Force. The primary goal is to promote healthy lifestyle changes by building programs, services and activities that assist all ages in practicing good physical

fitness. The campaign slogan for this initiative is "Exercise Your Options."

Fitness Ashore

In January 2009, the Navy MWR team began delivering, training and certifying the Navy Command Fitness Leaders. As a result, this vital fitness training has improved from 12 classes at 12 locations, to 105 classes at 50 installations. These programs simplify travel requirements and allow better engagement with our fitness professionals. Additionally, Navy has opened 78 family member fitness areas within our fitness centers so parents can set the example of healthy lifestyles for their children. The Senior Health Assessment Program Enterprise (SHAPE) rounded out our commitment to creating a culture of fitness by offering a program designed for more mature individuals, in senior level positions, who need to be in good health to execute their rigorous responsibilities. While our Navy Fitness professionals designed the program, we partnered with Indiana University to deliver it. In the program's first three months, we provided 247 fitness assessments and 191 personal fitness plans to participants. Results included increased aerobic capacity, increased strength, decreased weight, and body fat loss.

Additionally, Navy Fitness Centers continued to maintain very high-quality standards in 2008, with 97 percent compliance with DoD core Physical Fitness Standards. In looking to the future, our MWR Fitness Centers continues to compete for MILCON funding for 28 fitness complexes that will enhance fitness opportunities for the Navy community. We appreciate your support in approving six fitness MILCON projects since 2006.

Deployed Fitness - Recreation Support

The long arm of MWR support extends around the world. The Navy's Deployed Forces Support continues to provide quality-of-life programs for personnel assigned to ships and forward-deployed Navy ground forces, especially in areas where base infrastructure support does not exist. Examples include the procurement and delivery of fitness and recreation equipment, optimizing shipboard spaces for fitness areas, management of the Afloat Fitness and Recreation Civilian Program and oversight of MWR funds and programs on Navy ships.

Last year, 180,000 shipboard Sailors and Marines and more than 15,000 forward-deployed Navy ground forces were supplied with equipment and programs that provided stress relief, improved physical conditioning, and helped maintain mission readiness. We are excited about the current and future challenges this vital program faces, as we continue to explore ever-changing avenues of support for our deployed forces.

In Fiscal Year 2008, more than 60,000 fitness and recreation items were provided to ships and forward-deployed sites, doubling the previous year's total due in part to increased supplemental funding. This equipment provides a means to reduce stress, stay healthy and meet Physical Readiness Program requirements and, thus, helps maintain mission readiness while forward deployed. The maintenance of this equipment is a high priority, with parts depots being maintained in all fleet concentration areas and in the Middle East. Additionally, the Navy is involved with fitness equipment research and development projects. The most recent success story involved the development of a treadmill designed specifically for use on board fast attack submarines.

Our Afloat Fitness and Recreation civilian team continues to deploy with large deck ships such as aircraft carriers and amphibious ships. Thirty-six specialists, an increase of nine from the previous year, assist Sailors and Marines with maintaining or improving healthy life styles, fitness regimens, and social, cultural and recreation programs.

Our Waterfront Fitness Program continues to win praise from the fleet. The purpose of the program is to educate Sailors on developing and maintaining healthy lifestyles and using those skills when they deploy. During the past year, we have provided fitness activities for Sailors who are stationed on board smaller ships at pier side in Norfolk, VA.

Motion Pictures

The Navy Movie Program remains one of the most popular MWR activities for Sailors and their families. The program is flexible and adaptable, offering consistent quality at several venues, including commercial-style base theaters, Liberty Centers, Recreation Centers, Youth and Teen Centers, aboard ship and at isolated and remote shore stations.

This past year, the Navy Motion Picture Service licensed and distributed 198 movie titles, processed 300,000 videotapes and 6,321 35mm prints to 807 Navy, Marine Corps and Coast Guard shore and afloat commands, while generating more than 23 million fleet viewing hours for 4.65 million ashore program attendees.

Special programming and equipment packages for forward-deployed forces included shipment of 21 video tapes that were released earlier than those provided commercially, distribution of 10 additional Theater in a Box (TIB) units to remote deployed shore units, refit of six ships with Cinema At Sea Initiative (CASI) systems, and provision of CASI systems to three new ships.

Personnel assigned to OCONUS bases enjoyed 38 first-run features on the same day or just one week after their release to U.S. first-run theaters, in addition to the standard movie programming. About 66,000 customers at CONUS base theaters were treated to eight free "sneak previews" for Sailors and family members.

Navy hosted six Sailors at the world premiere of "National Treasure 2" and four Sailors at the world premiere of "The Chronicles of Narnia: Prince Caspian" in New York City, in July and August respectively. The Sailors were treated as honored guests, walked the red carpet with other celebrities, and attended post-screening social events. We also arranged for 50 Sailors and their families to attend the premiere of "Wall-E" in Los Angeles, and partnered with the Marine Corps and USO to present the world premiere of Paramount Pictures' feature film, "Tropic Thunder," at Camp Pendleton in August, which included attendance by the cast of the film.

Library Program

Navy libraries are a vibrant part of Navy life and MWR will continue to introduce new innovations in service delivery. To help our Sailors stay mentally sharp, the Navy Library Program delivers hard copy and electronic leisure and educational resources to our Sailors and their families. During this past year, 2.1 million customers used our library shore facilities. Contracted e-content database and search engine usage data disclosed more than two million online visits.

In 2008, Navy libraries attained an overall 89 percent compliance with DoD program standards, which included eight sites scoring 100 percent. Navy's goal is for all 23 sites to be

100 percent compliant. To encourage them to meet this objective, regional commands were provided grants to upgrade computers, resource material, gaming opportunities, furniture, software and capability to offer free Wi-Fi service to patrons.

Library program support to the fleet and forward-deployed forces included more than 500 new laptops for shipboard Library Multimedia Resource Centers (LMRC), as part of a refit to replace the 3,000 LMRC computers currently on board. Navy also provided 175,000 paperback books and distributed 50,000 Playaway digital audio books to forward-deployed forces afloat and ashore.

24/7 Access

E-content services are available on Navy Knowledge Online (NKO). Existing databases provide opportunities for professional development, access to the Navy Professional Reading Program, personal financial management, news and current events, health and wellness, and foreign language tutorials. In 2008, e-content services were expanded with increased access to online educational resources, such as College Level Examination Proficiency (CLEP) tests, DANTES Subject Standardized Tests (DSSTs), and Armed Forces Vocational Aptitude Battery Tests (ASVAB). Additional recreational options were made available with more audio book titles, e-books and downloadable music.

To ensure the ongoing professional development of library staff, Navy continues to participate in the annual Joint Services Library Conference, a cooperative effort with Air Force that combines training and library skills development.

Finally, we are pleased to announce that two new libraries will open in Rota, Spain and Yokosuka, Japan in 2009 to provide leisure, education, and Wi-Fi services to the Navy communities.

General Recreation Programs

Sailors and their families have a wide variety of leisure interests. General recreation programs are geared to a variety of popular leisure pursuits, ranging from family-oriented community recreation to programs for single Sailors in the 18 to 25-year-old age group. This includes programs such as entertainment shows, discount tickets and vacation options, bowling, marinas, golf, auto skills shops and outdoor recreation.

Integrated Efforts

While a foundation of well rounded services continues in these areas, we have been creating partnerships within our total Fleet and Family Services organization. Recreational programs, by the nature of their activity, contribute significantly to morale. But because of heavy traffic and diversity of clientele in some areas, we are finding that we can reach our patrons with other important aspects of military life. For example, we promoted the Navy Voting Assistance Program to our single Sailors by incorporating computer screen savers in our LIBERTY centers that included hot links to home state of record for one-stop access to absentee registration and ballots. LIBERTY Center professionals also worked with Navy financial counselors to promote the "Military Saves" campaign with fun and educational events. This partnership created meaningful presentations that encouraged wise financial decision making from our more junior Sailors. Finally, the Information, Tickets and Travel Program was the beneficiary of the expertise of the Navy Exchange Service Command (NEXCOM) Internal Audit Services team which assisted us with a review of the entertainment ticket program at five locations. The growth of these and other partnerships enhances our ability to deliver economical programs to service members and their families.

Marinas-Sailing

Navy marinas provide affordable berthing and recreational sailing opportunities for our Sailors while setting an example of Navy environmental management in the community. In 2008, six Navy marinas, joining 11 others, were designated "Clean Marinas," as certified by their host states. Achieving certification in this National Oceanic and Atmospheric Administration (NOAA) program has been an important MWR goal since 2006. To date, 17 of our 23 Navy marinas located in states that participate in the Clean Marina program are certified, while six await state inspection. Of 33 total Navy marinas, the remaining 10 are located in states that do not participate in the NOAA program.

Bowling

Navy MWR bowling centers offer a mix of adult and youth-themed recreation activities, including cost-saving family bowling packages, glow-in-the-dark bowling, skills development, and programs for youth day camps. The popularity of this program is evidenced by the increase in lines bowled of 88,130 over last year.

Six Navy bowling centers upgraded their scoring systems, front and back office scoring and accounting systems, and lanes to enhance the appeal and convenience of the facilities for Sailors and their families. Navy bowling center managers also took advantage of professional training courses with their Service counterparts to earn certifications and new skill sets, enabling better bowling programs for Navy families.

Golf

The Navy Golf program provided services to 1.7 million patrons this year, including new players to the game and those that continue to visit our golf courses regularly. Youth clinics and beginner adult golf programs are well attended and regularly scheduled at all Navy courses. Those with driving ranges typically offer no charge weekly instruction for active duty personnel. Junior clinics are also offered and coordinated with base Youth Programs, with clubs and balls provided most often at no charge to dependent children.

To maintain our courses, we renovated or constructed six golf related facilities this year. These projects met selection criteria, including prior Congressional review and approval. Completed improvements included a new golf clubhouse at NTC Great Lakes and a renovation of the Naval Base Coronado, CA course. At the Monterey Naval Post Graduate School, an entire golf course renovation is underway. New clubhouses are also being constructed at Naval Submarine Base Kings Bay, GA and Naval Air Station Atsugi, Japan. A new golf maintenance facility is in the initial stage of construction at Naval Air Station Whidbey Island, WA.

In the area of energy conservation, the Navy Golf Program explored several important initiatives, including charging golf carts in off-peak energy times and use of water-borne sealants to conserve water in retaining ponds. We will work to incorporate successful energy initiatives in future projects throughout the Navy Golf Program.

Information, Ticket and Tours (ITT)

MWR ITT continues to offer the Navy Family a variety of travel and recreation opportunities at great value. Access to these attraction tickets, hotels and travel services provides Sailors and their families with many budget options for enjoying their off-duty hours. This year, Navy has continued to work with the other service branches in developing best practices and leveraging each other's expertise, resulting in the use of print-on-demand vouchers that allow turnstile-ready admission at great convenience to customers, online purchasing, standardized pricing and greater choice in ticket selection and availability. This collaboration resulted in savings of an estimated 636 labor hours per quarter in the use of print-on-demand and on-line ticketing partnerships. The ITT program also advertised special military promotions from several major theme parks, offering free admission and deeper discounts for Sailors and their families, to include Disneyland, Disney World, Universal Orlando and Worlds of Discovery.

Recreational Lodging

Navy recreational lodging programs continue to improve customer service and facilities. While gas prices surged during peak vacation months, MWR facilities provided local value for active duty and retiree vacationers and their families. The alignment of the recreational lodging inventory into our transient lodging program has begun to show cost effective benefits as our lodging subject matter experts collaborate on the use of standardized amenity products, furnishings and other equipment. A global recreational lodging assessment identified inconsistencies in providing quality and consistent service across the MWR enterprise. A Recreational Lodging Working Group has been established to address the future trends and need for recreational lodging.

As economic pressures present challenges to Sailors and their families, we continue to provide a lower-cost alternative for meeting the recreational needs of Navy families. In fact, our recent market basket study found savings of almost 25 percent as compared to similar recreational outlets off base.

Navy MWR Food and Beverage

Navy MWR food and beverage programs include a variety of service concepts ranging from full-service restaurants to quick-service snack bars.

There are more than 400 MWR food and beverage operations worldwide serving our Sailors and Navy community. MWR food and beverage outlets include full-service restaurants, catering and conference centers, snack bars, casual dining pubs, deli's, coffee shops, nightclubs, which can be found in clubs, recreation centers, golf clubhouses, and bowling centers. Many of these facilities offer no-cost internet access typically found in off-base operations. Revenue from MWR food and beverage operations accounts for more than 45 percent of our total Category C business activity revenue.

More than 100 food and beverage "branded concepts" are located throughout all Navy regions in response to consumer interest. Some of our more popular brands include: Chili's Grill & Bar, A&W Root Beer, Kentucky Fried Chicken, Pizza Hut, Mean Gene's Burgers, Starbucks "We Proudly Brew", Smash Hit Deli's and Guinness Irish Pubs. MWR has also partnered with NEXCOM by using its contracting capabilities to source national brands from their portfolio. Examples of these efforts include a full-service Starbucks in Pensacola, FL, a Taco Bell in Bangor, WA, and a Subway sandwich facility in Singapore.

We recently completed a joint Navy-wide assessment of MWR, Navy Exchange, and Navy Supply Systems Command food and beverage service offerings. This assessment quantified the number and types of food service available at every installation, including galleys and auxiliary resale outlets. We are using this data to optimize the number and type of outlets on installations that can be supported by our customer, leverage each provider's expertise, and avoid duplication and market saturation.

To round out our emphasis on healthy habits, a nutritionist has been added to our team of professionals and our Regions have formed advisory groups on nutrition-related issues. We are very close to declaring victory by offering trans fat-free foods at 98 percent of all installation food service operations. At our annual food and beverage conference hosted at Naval Station, San Diego, CA, we offered Navy food professionals an opportunity to demonstrate their cooking prowess by sponsoring an "Iron Chef" competition. A total of 36 participants competed, representing 9 afloat and shore commands.

Overall Financial Condition of MWR

Worldwide Navy MWR financial operations totaled about \$917 million in Fiscal Year 2008, which includes appropriated funding (APF) (direct and indirect), internally-generated nonappropriated fund (NAF) revenue and Navy Exchange dividend distributions. This amount represents a slight decrease of about \$5 million from the previous year. This decrease is due primarily to reduced levels of Cost-of-War funding being executed in Fiscal Year 2008 relative to Fiscal Year 2007. In Fiscal Year 2008, we exceeded the OSD minimum funding metric of 85 percent for APF support in Category A Mission Essential Programs by achieving 90.8 percent. Robust resourcing of Child and Youth Programs helped Category B Community Support Programs to also exceed the OSD funding metric of 65 percent minimum APF funding with 65.3 percent.

As requested by the Committee, the table below provides historical and currently programmed direct APF support from Fiscal Year 2004 through Fiscal Year 2009.

**DIRECT APF SUPPORT FOR MWR
FY 2004 - FY 2009 (IN MILLIONS)**

	FY04	FY05	FY06	FY07	FY08	FY09
MW	\$238.3	\$210.4	\$215.2	\$254.6	\$230.7	\$230.9
CYP	\$ 89.2	\$ 86.5	\$ 97.2	\$113.4	\$124.1	\$131.4
TOTAL	\$327.5	\$296.9	\$312.3	\$368.0	\$354.8	\$362.3
PERCENT CHANGE		-7.5%	-3.6%	+26.1%	-3.5%	-0.4%

By far, the biggest NAF funding challenge for Fiscal Year 2008 was the remedy of NAF post allowance payment errors going back to December 1, 2001 (consistent with statute of limitations requirements). Retroactive post allowance payments to eligible locally-hired, full-time, U.S. citizen, NAF employees working OCONUS is expected to generate an unbudgeted retroactive claim expense. Funding this liability reduces net income for the overall NAF fund.

For Fiscal Year 2008, Navy MWR continued its implementation of a capital funding strategy designed to leverage system assets and significantly increase the amount of NAF capital funding available for Fiscal Year 2007 through Fiscal Year 2010. This strategy allowed the central capital fund to use existing cash balances for capital investment. The Navy MWR/NEX Board of Directors 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. For Fiscal Year 2008, the MWR Central Capital Program contained about \$60 million in projects and Information Technology (IT) spending. In addition, local capital investment amounted to about \$20 million. The combined projected investment total of \$80 million exceeded our recapitalization goal of \$77 million.

Facilities

MWR facilities capital support evolves from both APF and NAF sources.

APF supports those facilities which directly influence mission readiness, including fitness centers, athletic complexes, fields and courts, and Single Sailor activity centers. Our annual surveys confirm the exceptional value Navy personnel place on the availability of quality fitness facilities by assigning them their highest priority. Utilization remains above the 90th percentile. Thanks to your support, Naval Station, Guam, Marianas and Naval Air Station, Whiting Field, FL Fitness Centers are under construction. An assessment of single Sailor facilities was completed during 2008 to assist us with identifying and prioritizing future requirements. These facilities provide alcohol-free respites with individual and team-building activities, no-cost internet and integrated educational opportunities.

We recently received congressional approval for the Fiscal Year 2009 NAF construction program, which includes 14 new construction, renovation and minor repair projects inclusive of capital equipment approaching \$42 million. This program reflects the continuing need for investment in business-based operations and community support facilities. These initiatives span a broad spectrum of customer services, including a golf clubhouse and cart paths, recreational vehicle parks and cottages, clubs, youth centers, a car wash and bowling center equipment replacement. Our capital enterprise strategies focus on customer-driven services, while striking a balance between revenue generation and community service opportunities. The support we received from your review and approval of this program is greatly appreciated.

Through our Nonappropriated Fund Capitalization Program, we continue to sponsor an ambitious and aggressive commitment to meeting the needs of our total force structure. The program is designed to meet the ongoing recapitalization needs of the MWR

system. As requested by the Committee, the table below contains our programmed expenditures for recapitalization from Fiscal Year 2004 through Fiscal Year 2013:

FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
\$66.6M	\$52.9M	\$50.2M	\$84.9M	\$79.8M	\$77M	\$77M	\$77M	\$80M	\$83M

To help ensure that our facilities effectively support the mission of our Sailors and their family members, we actively participate in the development of DoD Unified Facility Criteria (UFC). The UFC system provides consistency in planning, design, construction, sustainment, restoration and modernization criteria across all military departments. UFCs are living documents and are periodically reviewed, updated and followed in providing the construction criteria for our facilities. UFCs have been completed for Libraries, Fitness Centers, Child Development Centers, Fleet and Family Support Centers, Military Recreation Centers, Youth Centers, Bowling Centers, Children's Outdoor Play Areas, Outdoor Adventure and Rental Centers, and Golf Clubhouses. For other facilities, design guides have been completed that function in a similar fashion as UFCs. Current design guides include: Auto Skills, Arts and Crafts and Community Recreation Centers, and Outdoor Recreation Facility Planning, inclusive of other supporting UFCs addressing antiterrorism, pricing and sustainment guides. Department of Defense QOL UFCs and design guides are focused toward excellence in operational effectiveness and the provision of superior customer service.

We are also following sustainable policy standards through application of Leadership in Energy and Environmental Design (LEED) criteria to all new construction initiatives to the fullest extent possible. The rating system provides a metric to measure the level of sustainability achieved through the planning, design and construction processes. Our Fiscal Year 2009 projects will meet the LEED's "Silver" requirements for certification. Our construction practices supporting LEED certification also include the application of increased insulation values, installation of ground source pumps, fluorescent lighting and motion detectors, higher Seasonal Energy Efficiency Ratio levels in heat pumps, use of "Energy Star" appliances such as on-demand water heaters, higher quality windows and doors, and recycled materials. We have made great strides in reducing our carbon footprint and anticipate significant improvement in the future.

Other energy focused initiatives include the acquisition and testing of electric vehicles as an offset to traditional carbon fuel units, small wind application on cottages and cabins, and solar energy cells for golf carts and small moving vehicles. We believe the innovations occurring in the auto industry will provide great potential for sustainable cost savings in the future.

Marketing

The MWR Marketing Program provides consistent, accurate and aligned information on MWR and Child and Youth Programs and services to all customers. The marketing team uses a comprehensive approach to promote MWR and CYP through news articles, internal publications, brochures, posters, public service announcements, videos, interactive CD-ROMs and DVDs. Recently, movie "trailers" have been incorporated with our movie viewing material and are being further incorporated for Navy-wide MWR promotional efforts.

We obtain customer feedback using several techniques. We find quantifiable survey data most useful in understanding our total customer base levels of satisfaction and how or whether value is offered for services rendered. Patron satisfaction levels, determined through survey instruments conducted by the prominent commercial survey firm, Claes Fornell International (CFI), are an indication of our responsiveness to customer input. In Fiscal Year 2008, our survey index showed a satisfaction index of 76.5, which is somewhat higher than the national industry average of 74. CFI also tests our pricing, compared to the civilian community, in a variety of MWR functional areas. A recent survey showed that MWR saved patrons an average of 24 percent, compared to equivalent recreation services in the private sector.

Key marketing projects in 2008 included the Military Saves campaign, the "Exercise your Options" fitness campaign, Navy Voting Assistance Program, Child and Youth Programs, Liberty Program and Food Service Customer Satisfaction Assessment.

Building Customer Relationships

MWR is committed to building and sustaining a Customer Oriented Enterprise (COE). A COE business strategy was designed

to engage and empower MWR employees from the deck plate and above to: always keep the customer in mind; improve employee service behavior and performance that promotes a customer orientation; and apply customer input to continuously improve all aspects of MWR to consistently deliver results that create positive, memorable experiences.

To achieve the vision of developing a world-class, customer-oriented workforce to serve Sailors and their families, MWR continually develops ways to improve MWR workforce performance through individual and organizational development.

In 2008, MWR deployed an updated version of our customer service training - "Creating Stellar Customer Relations". This training is available in English, Tagalog, Spanish, Japanese and Italian, to ensure employees who speak English as a second language conceptually understand MWR's standard to create positive, memorable customer experiences for Sailors and their families. MWR also certified regional Master Star Service Facilitators to ensure field MWR professionals could provide "just in time" customer service training for those who serve Sailors and their families. MWR chartered dozens of multiple cross-functional Customer Oriented Service Improvement Teams to use "transactional" customer feedback to improve programs, products and services for Sailors and their families.

Collectively, the entire MWR enterprise is focused on connecting with our patrons to ensure delivery of the highest quality programs that they want and deserve.

Strategy for Our People

The goal of our MWR human resource strategy is to develop an efficient and effective world-class workforce, prepared to deliver the best possible customer experience, every time, everywhere.

We have developed and distributed a standardized new-hire orientation process; an improved and expanded student intern program; application of additional performance-based and participant-centered training methodologies; endorsement and support of life-long learning; availability of cross-program training and cross-career competition; and execution of blended learning solutions that assure just-in-time, just-right, just-enough training.

Our Fleet and Family Readiness Training Branch is consolidating and centralizing training management and support for all of the quality-of-life communities, including: MWR, CYP, Family and Bachelor Housing, Galleys and Food, Beverage and Entertainment, Navy Gateway Inns and Suites (NGIS), and Fleet and Family Support Programs.

Summary and Outlook

The challenges presented during Fiscal Year 2008 did not inhibit the enthusiasm of our global delivery team from providing exciting and quality MWR and CYP programs. Innovations in providing fitness training and programs for all ages, health awareness, entertainment services, standardization of processes, facility improvements and increased child care availability are a tribute to our team and the support of leadership throughout the chain of command.

As we move forward, we will continue to provide our team with the tools to achieve Navy requirements within the resources received through appropriations and ability to generate NAF revenues as a result of customer satisfaction and demand for those services. Additionally, wounded warriors and IA personnel will remain high priority to our programs.

We anticipate greater demand for internet connectivity, especially in combat areas, so that our Sailors can better connect with family members. Additionally, during down time, service members can take the opportunity to educate, recreate or communicate on Navy and commercially popular global sites. As the nation shifts gears to healthier lifestyles, we intend to continue being in the forefront of providing fitness services and recreational opportunities for Sailors and Family members. The growth in fitness interest is deserving of our continued efforts to secure replacement of aging fitness center infrastructure. As demand for center-based Child Care continues, we believe we are positioned to conduct operations successfully and in full compliance with legislation and defense policy. We will also continue programming efforts for those who are unable to access center-based care in the community. General recreation programs play a vital role in reducing stress, especially for family members returning after deployment separations. We are encouraged that these programs will remain an important component of the Navy MWR portfolio.

In closing, MWR continues to be a vital component of operational readiness and a valuable retention tool for the Navy. We appreciate the focus and attention that Congress places on MWR and Child and Youth Programs. We will continue to maintain and strengthen our commitment to meet your expectations, and the expectations of our Nation in taking care of the Navy Total Force. Thank you for your continued support.