

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE MILITARY PERSONNEL SUBCOMMITTEE

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: MORALE, WELFARE AND RECREATION (MWR) OVERVIEW

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MARCH 12, 2009

**NOT FOR PUBLICATION UNTIL RELEASED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

Thank you, Madam Chair and members of the Military Personnel Subcommittee, for the opportunity to appear before you today to talk about the status of Air Force MWR programs. Our Airmen truly appreciate the leadership and support this Subcommittee has historically provided for matters affecting their readiness and quality of life.

Through all the changes in leadership over the past year, one thing has remained the same: the outstanding men and women providing world-class Morale, Welfare, and Recreation programs for Airmen and their families. Without their efforts, our programs would not continue to grow and improve to meet the ever-changing needs of our customers: in garrison, in support of natural disasters, and at forward-deployed locations.

Our Airmen are deployed and in-garrison supporting Combatant Commander operations across the globe. These operations not only include contingency operations, but numerous humanitarian missions as well to help military installations in the Southeastern United States prepare for and recover from Hurricanes Fay, Gustav, Hanna, and Ike. While our Airmen have experienced an increase in personnel/operations tempo, our organizations have continued to encounter ever-increasing operating costs as well, from supplies and equipment, to travel costs, and utility prices. The current state of the economy has compounded the stress that our Airmen and their families are experiencing.

Air Force Services continues to deliver combat support and community service programs that are the cornerstone of regenerating, sustaining, and retaining the human weapon system. Our Airmen are only as strong as the network of family and friends around them. We recognize the importance of taking care of families so our Airmen can focus on the mission. A strong and viable Morale, Welfare, and Recreation program must maintain this delicate balance of warfighting and family member support. I appreciate the opportunity to show you where we are,

and what we've done in the past year. I will close with a short peek at our strategic vision for the future.

COMBAT SUPPORT

The Air Force Services organization is a critical part of the Air Force expeditionary mission. At any given time during 2008, approximately 500 Services Airmen were deployed around the globe providing hot meals, lodging, fitness, protocol, and recreation programs in traditional roles as well as filling Joint Expeditionary Taskings in support of United States and coalition forces. The training and preparation of each team directly impacts the quality of service of deployed Airmen. Each Services Airman is a leader in the unit and has a significant impact on mission capability. However, readiness does not just mean getting ready to deploy. It means taking care of those back home, a piece of the puzzle that we cannot afford to overlook.

Fitness

Our emphasis on lifestyle changes that keep our force "Fit to Fight" has significantly increased Fitness Center usage and has resulted in increased focus on infrastructure, equipment, manpower and programming. Our fitness center operating standards support the Air Force Chief of Staff's Fit-to-Fight initiative by providing a variety of exercise programs; from self-directed individual workouts to large unit formations, we have something for everyone. For Airmen needing special attention to improve their fitness scores, we partner with the Health and Wellness Center to provide numerous fitness improvement classes. Popular group exercise classes such as cardio-kickboxing, cross fit, and Pilates can be found at nearly every fitness center. Outside the fitness center itself, fitness trails and running tracks are in high demand as calibrated space for official 1.5 mile testing is generally limited. The base fitness center is often the start and finish line for wing-wide commander-led runs and base 10K races. Fitness testing

is always a higher priority than individual or group workouts, so those members are often forced to find alternative locations to exercise.

The 5-Star Recognition Program is an annual assessment recognizing superior achievement and excellence in the areas of operations, programs, training, facilities, and customer service. Unlike a checklist or inspection, we use this as an incentive to exceed minimum standards and achieve excellence. Programs must achieve 90 percent of the total point value for each category to earn 5-Star recognition. Results for FY08 indicate that eighty percent of the Air Force bases met the Chief of Staff's standard of at least 4 stars, up from 67% last year. Significant improvements were noted in all five areas, consistent with the results for each year of the program's existence. Training and facilities remain the categories of greatest need due to the cost of needed improvements.

While demand is up, the fitness center construction and renovation program has drawn down over the past few fiscal years as funds have become limited. However, we have a very active agenda to renovate or rebuild fitness centers at thirteen locations through FY13, to make some improvement in the quality of life for Airmen, their families, wounded warriors, retirees, and other authorized customers.

Food Service

Last year, our Services team served over 67 million meals from 276 dining facilities worldwide. Military members provide the deployable core of our food service capability, maintaining the skills to deploy at a moment's notice to feed the force at an austere bare-base location or a fully-functional forward operating base. In addition to home-station feeding, Air Force spent \$76.5 million for contingency support for Operations IRAQI FREEDOM, ENDURING FREEDOM, and NOBLE EAGLE.

For holidays, our teams go above and beyond to ensure Airmen and their families throughout the world receive a great meal and outstanding service. Even though many of our Airmen were away from family and friends for Thanksgiving Day 2008, our food service team brought a “taste of home” to the deployed forces. Worldwide, we served over 75,000 pounds of turkey, 15,000 pounds of ham, and 35,000 pounds of beef, plus all the trimmings.

Our Airmen tackle every challenge head-on to support the deployed mission. At Sather Air Base in Iraq, Air Force Services Airmen overcame the long-standing problem of providing food other than MREs to members waiting at the base passenger terminal. They started a grab-n-go operation, initially out of the back of a utility vehicle, to fill the void for those passengers waiting between the hours of 0100-0500. While the grab-n-go program is taken for granted back home, nobody had ever thought of applying the concept to a situation like this. Our Airmen applied their creativity and determination to hone in on the proper solution to this lingering problem and meet the needs of their combat customers.

Our new expeditionary kitchen initiative will allow our deployed personnel to provide initial hot food capability at austere locations from an entirely electric-based platform, completely eliminating the need for hazardous fuel-fired equipment. This kitchen is designed to support populations up to 550 personnel, initially with heat-and-serve Unitized Group Rations and enhancing the rations with some fresh foods as additional refrigeration equipment can be deployed. This Electric Single-Pallet Expeditionary Kitchen (ESPEK) will be air transportable in C-130 aircraft or larger aircraft and capable of being transported by military or commercial flatbed trucks. We expect to deploy this new feeding platform as soon as fiscal year 2012.

Lodging

Air Force Inns provide high quality, cost-effective lodging to official Department of Defense travelers at 95 locations. We completed the centralization of our lodging funds this

year, eliminating the separate major command lodging funds and reengineering our worldwide operations into a centralized corporate model similar to the hospitality industry's best practices. We awarded a \$20 million centralized distribution contract for standardized lodging supply items this last year, driving down costs dramatically for projected savings of \$1 million for the next two years. Centralization also allowed us to set low Air Force-wide standard rates for each room type, rather than separate rate packages for each major command. These rates will allow us to continue an aggressive program of guest-room renovations, which totaled \$54 million during this past year. All base lodging renovation projects are now designed, procured, and paid at the headquarters level, driving standardization and efficiencies.

Central management oversight for the Air Force Lodging Standards Accreditation Program has proven essential to ensure our military and civilian guests receive the highest level of service. A team of three evaluators visited 49 of the 95 lodging operations last year, reviewing each operation using an in-depth checklist of standards. Evaluators assessed guest contact, housekeeping services, guest room furnishings and equipment adequacies, management functions, as well as the financial, personnel, and logistics functions of our operations.

Technology remains at the forefront of our program. In a joint effort with the United States Navy, Air Force Inns has established a state-of-the-art central online lodging reservation system at Randolph Air Force Base, Texas for our official duty and space-available travelers. We are currently developing an interface with the Defense Travel System to provide a seamless booking capability for all on-base government lodging during calendar year 2010. We installed high-speed internet service in 16,905 rooms in 2008 and expect to complete this initiative at all Inns by end of 2009. We also continued to improve our communication infrastructure by replacing seven phone switches in 2008, and plan to replace an additional twenty phone switches in 2009.

Air Force Lodging continues to pave new ground in the Department of Defense, creating a corporate-like operation while still maintaining mission readiness capability on a global basis. We can provide a great night's stay comparable to commercial properties at a fraction of the cost and ultimately produce a savings to the Department of Defense travel-line.

Library

The Department of Defense library standards, first developed in 1999, consist of core standards in the areas of customer services and programs, technologies, facilities, staff, and operational plans. Air Force libraries scored 97.78% in compliance with all of the 82 elements. The standards, revised every three years, serve as a tool for continued improvements in general library service, operations, and resources.

The Air Force library program centrally procures and ships over 250 paperback and periodical kits each month to over 200 contingency operations and remote sites around the world. The Library Service Center at Ramstein Air Base, Germany, supplements the kits with additional recreational items such as DVDs and Stars and Stripes newspapers. Nine Learning Resource Centers in Southwest Asia provide educational resources and college-level practice tests, online databases, and research materials for troops enrolled in voluntary education programs. Additionally, the Air Force library office centrally procured two 23-volume book kits for each Air Force general library to support families at home station. In addition, we have made wireless Internet available in 78 out of 79 Air Force general libraries, so customers can bring in their own laptops and obtain Internet services free of charge.

Last March, the Defense Military Community and Family Policy Office launched a Lean Six Sigma study to ensure that the Department of Defense takes advantage of economies of scale in library material purchases and to add information databases to Military OneSource. The Department of Defense allocated funding to make joint purchases of library materials based on

service librarian's recommendations, and to make more library materials immediately available to deployed troops and active duty, guard and reserve members and their families. The Air Force library program procured three databases (MyILibrary, NetLibrary, and Safari) which host over 14,000 online e-books and downloadable audio books, saving over \$4 million. The databases are hosted on all the services' portals as well as on Military OneSource, making the materials available virtually anywhere, anytime. The other services' library programs procured educational and learning resources including college-level prep tests, how-to repair centers, Tumblebooks for K-12, and Playaways, self-contained audio books for contingency operations in deployed locations.

Warrior and Survivor Care

Air Force Services is the primary advisor to the Chief of Staff on Mortuary, Casualty, and Wounded Warrior policy. In December 2008, we stood-up the Air Force Mortuary Affairs Operations Center at Dover Air Force Base as a part of our expanded Warrior and Survivor Care program. The Center combines all Air Force Services Agency mortuary capabilities under the same umbrella as the Dover Port Mortuary, enhancing the shared expertise and information while providing a more effective and efficient service to the families of our fallen service members.

The Air Force Warrior and Survivor Care program also includes the Survivor Assistance and Air Force Wounded Warrior programs. Our Family Liaison Officers have expanded their coverage to include not only the families of the fallen and combat-wounded Airmen, but also adding support to the families of *all* seriously injured Airmen who are receiving medical treatment away from their home unit. Family Liaison Officers provide a wide variety of assistance including local transportation, lodging arrangements, assistance with benefits, and

referral to various agencies available to assist wounded, ill, and injured members, their families, and families of the fallen.

As the result of the FY08 National Defense Authorization Act, we began the Air Force Recovery Care Coordinator program in November 2008. Recovery Care Coordinators are assigned to be the single point of contact assisting seriously injured, ill, and wounded Airmen through the non-clinical aspects of their recovery. Our first two Recovery Care Coordinators are retired Air Force Command Chiefs with years of experience assisting Airmen in a variety of settings. They have already proven to be exceptional additions to our team, providing invaluable one-on-one guidance and assistance to our wounded, ill, and injured Airmen. Our Recovery Care Coordinators work directly with hospitalized Airmen to develop individualized recovery plans that contain goals and a record of non-clinical assistance provided to our Airmen.

We worked closely with the Air Force Personnel Center staff to update policies on promotions, evaluations, classification, retention, retraining and assignment of our wounded Airmen. Past policies did not allow for our wounded Airmen to compete for promotions while they were in a patient status and there were also barriers regarding classification, evaluations, retention and retraining. The new Air Force policies offer opportunities to our war-wounded Airmen and reflect our commitment to these heroic men and women. Wounded Airmen now have the option to get back on a career path with the Air Force, can compete for promotions, have priority retraining opportunities if they are no longer qualified in their Air Force Specialty Code, and have classification mechanisms that open other opportunities in the Air Force. The Air Force offers civil service positions for wounded Airmen with disability ratings of 30 percent or greater, who can no longer stay because of severe wounds or who elect medical retirement.

Many of these changes were suggested by wounded Airmen, their families, and families of the fallen at the Air Force Warrior and Survivor Care symposium in October 2008. We

conducted our symposium in conjunction with the Secretary of Defense's Summit on Consistent Best Practices for Support of Families of the Fallen and Wounded, Ill and Injured Service Members. We also gained valuable insight from various town hall meetings with our wounded Airmen at the medical treatment facilities.

One of our Airmen with a most compelling story of sacrifice and one who has thrived in the face of adversity is Staff Sergeant Scott Lilley. Sergeant Lilley was seriously wounded in April 2007 when an attack on his convoy in Iraq left him with a piece of shrapnel lodged in his brain. He was medically evacuated to Landstuhl Regional Medical Center and his family rushed from Roswell, New Mexico to be at his side. He was not expected to live, and his parents were prepared for the worst. Ever since that day in April 2007, his recovery has been remarkable. He was treated at National Naval Medical Center, Bethesda, the Veterans Affairs Polytrauma Center at Tampa, Florida, and Casa Colina Assisted Living Facility in California; all the while with his parents at his side. After ten months of treatment, Sergeant Lilley returned to his home unit at Minot Air Force Base, North Dakota, and was then sent to Wilford Hall Medical Center in Texas for further rehabilitation. He worked hard to recover, and in November 2008 he passed the Air Force Basic Instructor course at Lackland Air Force Base. His medical evaluation board has since returned him to duty as an instructor at the Air Force Security Forces Academy at Lackland. Sergeant Lilley's life had been hanging by a thread. Thanks to his tenacity, the support of his family, expert medical care, and a supportive Air Force team, he is now a productive member of our Air Force and is using his battle-tested skills to train future Security Forces Airmen. We want people like Sergeant Scott Lilley to remain a part of our force and will continue to strive to ensure our wounded Airmen have appropriate career opportunities.

Our program is strong, but we continue to look for ways to improve support to our wounded, ill, and injured Airmen, their families, and the families of the fallen. Our Air Force

Wounded Warrior Program staff keeps in contact with our medically-retired wounded Airmen for a minimum of five years and provides a wide-range of assistance, including employment and benefits counseling and referral to a variety of agencies designed to assist wounded veterans. Other resources for wounded Airmen and their family members are available in our Airmen and Family Readiness Centers at each Air Force base. The staff in each center is equipped to provide employment and financial counseling, job search assistance, and financial aid through the Air Force Aid Society, in addition to referral to other agencies. The Centers provide financial management services, including methods to maximize any lump sum payment to the Airman, developing comparative spending plans based on projected future income, and ensuring referral to agencies such as the Air Force Aid Society to help ease any financial burden. Ongoing consultation on employment and education options for the member and family is also available, including a program that channels Wounded Warriors into civilian employment opportunities in the Air Force. A special base-level case management team made up of representatives from the command, the Airman & Family Readiness Center, and civilian personnel office, will facilitate the employment process. Other services include investigating health and life insurance alternatives including long-term health care coverage, Veterans Affairs eligibility and enrollment, and information on services and resources in the local community if the family plans to relocate to an area where there are no military installations.

We appreciate the legislative efforts by the Congress to provide the right assistance to our wounded, ill, and injured service members, their families, and the families of the fallen. We look forward to working with you as we continue to improve support to those who sacrificed so much for our nation.

Armed Forces Entertainment

Quality entertainment enhances readiness and communicates public support to the troops, and is recognized by commanders as providing essential respite during long, difficult operations. To meet this need, celebrity and up-and-coming entertainers generously donate their time and talent and deliver messages of support from America.

Armed Forces Entertainment and the United Service Organizations partner to produce tours by nationally known celebrities; headline tours in 2008 included Trace Adkins, Gary Sinise, and Baby Bash. In 2008, Armed Forces Entertainment sponsored 115 professional entertainment tours with over 900 shows at 370 sites, reaching more than 500,000 military personnel.

Air Force Services personnel and the superstars of World Wrestling Entertainment wrapped up their sixth annual Tribute to the Troops show in December 2008. This year's trip was their most ambitious itinerary ever, splitting into separate teams and remaining overnight in the field so they could visit 28 remote sites in Iraq before regrouping for their big finale show in Baghdad, Iraq. During their refueling stop at Ramstein Air Base, Germany, the stars spent their ground time visiting wounded service members at the Landstuhl Regional Medical Center before proceeding to Iraq. To showcase the tour, the Tribute to the Troops special aired on 20 December 2008 on NBC.

Tops in Blue

The Tops in Blue 2008 team began their 55th Anniversary "Déjà Blue" tour in May and performed a total of 132 shows in the Continental United States, Europe, Pacific Rim, Azores, Greenland, Alaska, and Honduras. The team deployed in July to Southwest Asia for 20 days to perform 11 shows in Kyrgyzstan, Afghanistan, Qatar, Iraq, Kuwait, and the United Arab Emirates. They also performed special shows that included Air Force Weeks in Omaha and

Philadelphia; the Air Force Sergeants Association convention; the Thanksgiving Hometown Celebration and Parade in Plymouth, Massachusetts; the Marshall Center in Garmisch, Germany; the Air Force Birthday celebration in Stuttgart, Germany; the Air Force Space Command Ball in Colorado Springs; and the state of Oklahoma's 150th Anniversary Celebration.

COMMUNITY SERVICE

Airman & Family Readiness

Air Force families lead challenging lives that include multiple deployments, relocations, and normal stressors. Our Airman & Family Readiness Centers recognize that Air Force family needs require a myriad of delivery methods. Through outreach and center-based programming, Airman & Family Readiness Centers bring the programs and services directly to the family. Over the past year, we have refined our operations to increase support for the families of our Wounded Warriors, deployed Airmen, Air National Guard and Air Force Reservists and families experiencing difficulties due to the current economic crisis. We have tackled issues identified as important to Air Force families, including expanding our child care capacity, increasing child care support for families of our Guard and Reservists, improving financial readiness, and providing opportunities for children of Airmen whether located on installations or in civilian communities throughout the United States.

Our Discovery Resource Centers provide a convenient hub for families to access information and resources. These interactive areas within our Airman & Family Readiness Centers serve as gateways to programs and services by providing current publications, community-specific information and internet access. Families may come with one particular need in mind, only to discover additional services; for example, a newly-relocated military spouse may come in only to use a computer, but then leave with a voucher for free child care,

loaner household items, and personalized employment assistance. The Air Force Chief of Staff has provided funding for Discovery Resource Centers at installations worldwide.

The nation's current financial troubles have brought financial readiness to the forefront at each installation. Our Personal Financial Managers remain proactive in educating Airmen and their families on all stages of home ownership, family budgeting, credit repair, and identity theft prevention, all of which add to our families' overall financial health.

As part of our focus on financial readiness, the Air Force was a large contributor to the success of the 2008 Military Saves Week. This annual campaign is an extension of the Consumer Federation of America's *America Saves* program. During this week-long push, the Air Force registered 6,564 new savers to the program through the "Savers Pledge," conducting 340 financial programs worldwide and reaching over 19,000 Airmen, family members, and civilians with the campaign's "Build Wealth, Not Debt" message.

Foreclosure and bankruptcy have been much discussed by Air Force leaders this past year. To date, our indicators do not show them to be major issues for Airmen; however, we are tracking this closely for any developments that would escalate our concern. Airmen with any financial concerns, to include foreclosure and bankruptcy, are encouraged to discuss their situation with our trained financial counselors, review their options and create an action plan.

Significant progress has been made in institutionalizing support at installation level for the more than 145,000 Air Force students attending public, private, DoDDS, home and cyber schools. Full-time school liaisons are in place at the majority of our overseas installations and at 12 locations in the United States. Community Readiness Consultants in the Airman & Family Readiness Centers provide school liaison support for the remaining programs. Each Air Force base designates a senior military officer or civilian to advocate for the interests of military families at local school board meetings, and we partner with Military Child Education Coalition

to provide key training for installation staff working education issues. Air Force is continuing and strengthening its partnerships with organizations such as National Military Family Member Association, Military Impacted Schools Association and Military Child Education Association, and well as with other Department of Defense agencies and the Department of Education in a concentrated effort to ease the tough challenges that face military students and their families. Complementing these efforts, the Air Force is working with the Office of the Secretary of Defense (OSD) to develop an “Interstate Compact on Educational Opportunity for Military Children” with states to enable reciprocal acceptance of entrance, subject, testing and graduation requirements.

With such an obvious need for Airman and Family Readiness programs at home station, we have become sensitive to the need for such programs in the deployed environment. We opened our first deployed Airman & Family Readiness Center at the Al Udeid Air Base, Qatar, in April 2007. Since then, well over 8,000 deployed Total Force military personnel from all branches of Service as well as Coalition Forces have received personal assistance; thousands more were provided with reintegration briefings. Keeping deployed Airmen in touch with their families provides an enormous impact to Quality of Life by providing an emotional link to family and friends back home, and helps prepare Airmen to return to those loved ones at the end of a tour. The most popular services include financial management, family reintegration, and personal and work life issues. Sending videotaped messages home for Valentine’s Day, Mother’s Day, birthdays and other special events is also a huge morale booster. Internet, web-cams, e-mail, and telephones keep the lines of communication open to preserve relationships and minimize stressors, both for the Airman at the frontline and for the family on the home front.

Child Care and Youth Programs

Readily available, quality and affordable child care and youth programs continue to be a workforce issue with direct impact on mission readiness. The challenging military environment includes higher operations tempo, increased mobilization, and longer periods of time away from home. Significant progress has been made this year helping Airmen and their families balance the competing demands of parenting and military service.

With your support, and the assistance of the Department of Defense, we continued to increase available, affordable, quality child care spaces for Airmen. Thanks to the temporary legislative authority for child care projects, the “Growing Child Care Spaces” initiative funded eighteen minor construction projects to increase available child care by 1,242 spaces. Seven additional Military Construction projects were approved; these will further increase child care spaces by 1,718. We expect to fund 7 additional facilities with the funding set aside in the economic stimulus package and will grow an additional 836 additional spaces as a result. When all funded construction is complete, the Air Force child care space deficit will be reduced to 250 spaces. We continue to work with our major commands to identify installations with large child care waiting lists and develop projects to mitigate the shortfalls. Our next challenge will be to renovate or replace the aging infrastructure at child development and youth centers.

We also continued to support Airmen requiring additional child care support during shifts, or when they work in excess of a normal duty day. The Air Force Expanded Child Care program provides 16,000 hours of child care each month during non-traditional hours at no cost to the military member. These programs enable Airmen to obtain quality child care even when the mission requires duty at night or on weekends. The Air Force Family Child Care Subsidy program saves families an average of \$134 per child per month by subsidizing the care received in an Air Force Family Child Care home when a slot is unavailable at the child development

center or school age program. This program is of particular help to those Airmen with children under the age of three or children with special needs, and to those Airmen who work shifts outside of a normal duty day who would otherwise be unable to locate or afford this type of care in many civilian communities.

Our partnership with the Air Force Aid Society in the Give Parents a Break program offers a few hours break each month from the stresses of parenting. Child care is provided at no cost to parents who are dealing with challenges inherent to military life, including deployments, remote tours of duty, and extended hours. We also plan to enhance respite care programs for families with special needs children.

During 2008, we successfully expanded the Air Force Home Community Care program, reducing out-of-pocket expenses for Air Reserve and Air National Guard members by providing free in-home quality child care during their scheduled drill weekends. This program provides the same level of quality child care as is available on a military installation. The continued need resulted in significant expansion to new locations, with a total of 43 participating family child care homes in 36 locations typically not near active duty bases. The program offered over 57,000 hours of child care last year, with 24,000 of these hours provided in off-base homes of contracted civilian child care during primary Unit Training Assembly weekends.

Additionally, through a continued partnership with the National Association of Child Care Resource and Referral Agencies, the Military Child Care in Your Neighborhood program meets child care needs in off-base areas where on-base military child care is not available.

We continue to provide outstanding youth development opportunities for Air Force children, from elementary school through high school. Providing support for geographically-separated families has been an area of focus this year, and we have capitalized on ongoing

national partnerships to reach additional families living both in civilian communities and on active installations.

The Mission: Youth Outreach program provides a one-year free membership in a local Boys & Girls Club. Through this collaborative program, active duty, Guard and Reserve families who do not live near a military installation still have a safe and positive place for their youth to spend their out-of-school time. Our partnership with USDA/4-H and our sister Services fosters the development of 4-H clubs on Air Force bases and provides opportunities for military youth to participate in local community 4-H programs throughout the country.

We offer a variety of residential, specialty, and other base-specific summer camp opportunities. This year we created several new experiences targeted to teens. The Air National Guard and Air Force Reserve Teen Leadership Summit is geared toward teenagers who have experienced their parents' deployments and may not have a local support system that understands their unique issues. The European Keystone Summit provided a forum for Air Force and Army teenagers throughout Europe to meet and focus on developing their leadership skills. Installation youth programs have partnered with the National Military Family Association to provide residential youth camps during the summer. Over 25,000 Air Force youth participated in camps designed to help them achieve their potential, develop their self-esteem and build their resistance to negative pressures.

Families and children in our programs also benefit from the support provided by the Department of Defense-sponsored Military Family Life Consultants Program. Adult and child consultants address a variety of issues that help Airmen and their families cope with normal reactions to stressful events created by deployments, war, and reintegration. Airmen and their families are encouraged to seek the assistance of these professionals in developing healthy strategies that build the resiliency to endure the unique challenges of military life.

Air Force Sports

2008 was an outstanding year for Air Force Sports and our World Class Athlete Program. The year saw 22 Airmen qualify for the United States Olympic Trials in their sport and culminated with four Air Force athletes representing the United States at the 2008 Olympics in China. Over 350 men and 180 women competed for opportunities to represent the United States Air Force in a wide range of sports. The Air Force won seven of 20 Armed Forces championships in 2008, including the Armed Forces Rugby Championship for the fifth consecutive year. Seventeen Airmen earned Armed Forces All-Tournament honors, and 70 Airmen advanced to United States nationals and Conseil International du Sport Militaire (CISM) International Military Championships. Three women were named First Team All-Americans at the Women's Open National Softball Championship. Six Airmen led the United States to the 2008 CISM Golf Championship, hosted by Canada. One Air Force golfer defended her individual gold medal, while the men won individual silver medal and bronze medals. The United States Armed Forces also won their first CISM Men's Basketball Championship since 1988; two Airmen were named to the All-Tournament Team, one of whom was also the event's Most Valuable Player.

Four participants in the Air Force Services' World Class Athlete Program proudly represented the United States and our Air Force in the 2008 Beijing Olympics: Lieutenant Colonel (now retired) Dominic Grazioli, an Air Force Reserve Communications Officer assigned to Randolph Air Force Base, Texas; Captain Seth Kelsey, an Air Force Reserve Force Support Officer assigned to Buckley Air Force Base, Colorado; Captain Eli Bremer, an Air Force Reserve Contracting Officer assigned to Robins Air Force Base, Georgia; and Captain Kevin Eastler, an active duty Systems Analyst assigned to Buckley Air Force Base, Colorado.

Air Force Clubs

Air Force clubs recruited more than 10,000 new members during our recent annual membership campaign. This year's campaign featured a first-ever initiative: "card choice" allowed members to choose the type of club membership card they wanted, either the full-use commercial credit card or the limited-use proprietary club membership card. As an additional benefit, ten \$1,000 prizes were offered to members for completing an online survey. The information and feedback we received is extremely important in our continuing efforts to enhance the quality and variety of member programs and benefits.

Each year for the last 12 years, commercial sponsors have provided scholarships to club members and their families. This past year, 171 applicants submitted essays on the topic "The Most Important Person in My Life," and 25 winners received \$1,000 scholarships. Our 2008 Football Frenzy program set new records in revenue and participation with 55 clubs and 7 geographically-separated units participating, combined sales of nearly \$700,000, and over 55,000 participants.

Our UBU and Take It to the MAX programs, joint ventures between the Air Force Services Agency and Air Education and Training Command, continue to provide a positive welcome for new Air Force members during their basic military training courses. These initiatives provide information about Services operations and introduce the value and benefits of Services and club membership. Some 33,000 Airmen have been educated about Services and clubs, and we have recruited almost 4,400 new club members this past year.

Bowling

Air Force Bowling provides a popular and viable social, recreational and sporting program for Airmen, and family members of all ages, with over 7 million lines bowled at our 86 bowling centers last year. Our bowling program faces many challenges including a smaller

market, older facilities, and limited construction dollars. We must maximize visits and provide more than “just” bowling, delivering programs that also provide a social setting to all market segments: casual bowlers, leagues, seniors, youth, and active duty and their families. We will release “Let the Good Times Bowl” this year, providing a great venue to celebrate birthdays, promotions, hail-and-farewell events, and after-hours get-togethers. In our Youth Worldwide Bowling Program conducted for the past eight years, over 4,000 youth between 5 and 18 years of age received instruction and participated in social-fitness based programs.

Golf

Our golf courses hosted 1.5 million rounds and remain focused on our customers. We recently completed a Golfer Loyalty Survey in conjunction with the National Golf Foundation for each of the 65 golf courses worldwide. The survey targeted two different golf seasons: the first in the fall 2007, and again in summer 2008. The research provides both local data and Air Force-level scores for loyalty (Net Promoter Score), and rankings for satisfaction, areas of improvement and importance in 21 core factors. More than 16,000 golfers Air Force-wide responded to the survey. The recent Quality of Life Survey conducted by Claes Fornell International also cited golf as one of the highest contributors to Quality of Life satisfaction.

The Air Force Golf Program continues to promote and support learn-to-golf programs for adults and juniors through contracted services from PGA-qualified instructors. The goal of the program is to develop and retain new golfers; it mirrors an industry-wide initiative to increase rounds of golf and ultimately income.

Greens renovations are part of a phased initiative to bring Air Force golf courses in closer alignment with industry standards, with higher quality turf, lower maintenance costs, and increased customer satisfaction. To date, green complexes at seven Air Force golf courses have been reconstructed; as funding becomes available, more courses will be included. Results from

the Golfer Loyalty Survey have shown that customers are extremely pleased with the improved playing conditions and architecture.

Other Base-Level Program Areas

Our Aero Clubs provide both recreational and morale-building venues for individuals to pursue, polish, and maintain aeronautical skills, but have a secondary purpose in supporting operational missions as well. Our 22 Aero Clubs provided direct mission support in 2008 as training vehicles for Operation ENDURING FREEDOM aircrew and radar controllers on procedures to intercept slow-speed aircraft. Additionally they supported the Air Force Academy in standing up their new powered flight program for our future Air Force officers. While Aero Club membership remained stable, the 4,000 members flew 10 percent fewer hours in 2008. This was driven by the increase in aviation fuel cost and the downturn of the entire economy; however, the impact on our Aero Clubs was not as severe as the industry as a whole, which experienced a 17 percent decline. We operated a fleet of 250 aircraft with no injuries, and experienced less than one-third the accident rate in general aviation.

The Outdoor Recreation program continues to increase awareness and training for adaptive and inclusive outdoor recreation programming to meet the needs of our wounded warriors and their families. In conjunction with Pennsylvania State University, the Department of Defense is providing 12 “Inclusive Recreation for Wounded Warrior” training sessions over the next three years for 360 Department of Defense Outdoor Recreation managers. The Air Force will receive at least 60 quotas for this training. The Outdoor Recreation program remains extremely popular and financially strong; programming and performance are expected to improve in the future.

Revitalization of our Leisure Travel program continued with our renegotiated contract in 2008. Sales remained steady throughout the year due to the aggressive sales of discounted

package tours and cruises by our activities, with a noted increase in family and group sales and higher-valued multi-day packages. Some of our larger vendors, such as Disney and Universal Studios, have begun developing programs for future electronic ticket sales. This will help streamline operations and provide faster service for this popular discounted product.

Our Arts and Crafts' Air Force Gallery program continued its phenomenal growth and participation throughout 2008 with over 800 submissions selected for display, more than tripling the initial entries from its inaugural year of 2006. In this program, base-level personnel may submit digital photographs and imagery for display at an online Air Force "dot.com" site.

Commercial Sponsorship program managers secured nearly \$7 million to offset nonappropriated fund expenses or otherwise enhance Morale, Welfare, and Recreation events across the Air Force. Marketing offices also processed \$2.2 million in gifts and donations for the benefit of Airmen and all eligible users.

FUNDING AND SUPPORT SYSTEMS

While appropriated fund support did show an increase, most of that was in facility projects. Support to mission essential (Category A) activities declined, particularly in fitness, library, and social recreation. Support to community support (Category B) activities increased, driven largely by increased support for child development projects; however, support for other programs declined.

Within the Morale, Welfare, and Recreation Funds, sales were roughly even with the previous year. Earnings, both adjusted for depreciation and net, increased over 2007 and were positive for the second year in a row.

We continue to be encouraged by a recent upturn in Army and Air Force Exchange Service earnings and dividends, fueled largely by Congressional appropriations to cover their costs of supporting Operations IRAQI FREEDOM and ENDURING FREEDOM. We will

continue to work with them to improve the forecasted earnings for the out-years, as that serves as a barometer for our construction program.

The nonappropriated fund defined-benefit retirement plan and the defined-contribution 401(k) investment portfolios have been adversely impacted by the global market downturn. This directly affects every 401(k) plan participant's account as well as the funds available in the Employee Retirement Plan Trust to pay current and future retirement benefits. The retirement plan portfolio decreased in market value from \$306 million on 30 September 2007 to \$229 million on 31 December 2008. Although the plan's status changed from fully funded with a healthy surplus in 2007 to only 85 percent funded now, it remains financially strong and well ahead of most commercial plans. We will obviously monitor the situation closely, but do not expect to raise contribution rates again before the end of the year. Similarly, participants in the nonappropriated fund 401(k) savings plan saw the market value of their assets decrease 17% during this period, from \$123 million on 31 December 2007 to \$101 million on 31 December 2008. Interestingly enough, though, fifty percent of the 8,000 401(k) plan participants are in the fixed income fund, and have not lost money.

Nonappropriated Fund Construction

During the past year, we completed 15 major projects valued at over \$65 million. These included youth centers at Dover Air Force Base and Dyess Air Force Base, a bowling center at Maxwell Air Force Base, an arts and crafts facility at Goodfellow Air Force Base, and an indoor swimming pool at Ramstein Air Base. We currently have 13 projects valued at \$58.6 million in construction, and 15 projects valued at \$92.2 million in design.

The falling value of the United States dollar against foreign currencies has resulted in significant cost increases to our nonappropriated fund projects overseas. Unlike the military construction program, nonappropriated fund projects have no separate foreign currency

fluctuation pot from which to pay these expenses. We have expended \$17.2 million in nonappropriated fund resources solely to cover foreign currency cost increases for our nine active overseas projects. Before these projects are closed, we anticipate an additional \$2.1 million will be required for currency cost increases. As a result, this represents \$19.3 million that will not be available to fund future Morale, Welfare, and Recreation projects at Air Force installations—not just abroad but also at home. While the Defense Department has encouraged us to engage in foreign currency hedging as a means of mitigating our exposure, the market condition and outlook currently do not make that option attractive, at least for projects in Europe.

With numerous initiatives competing for our limited dollars, we were forced to limit our nonappropriated fund construction program funding for Fiscal Year 2009 to two small Morale, Welfare, and Recreation projects valued at \$4.4 million. However, we are working to increase funding to an average of \$25-\$30 million over the next five years.

The upcoming implementation of Joint Basing brings both opportunities and concerns from the nonappropriated fund construction perspective. Joint Basing may provide some opportunities to create operational efficiencies. In many instances, the separate bases may have duplicate activities that serve a clearly identified patron demand, but are not utilized to their full capacity. Consolidating these functions where appropriate could reduce operational cost, maintenance cost, and utility costs. However, as we work long-term plans to eliminate unnecessary duplication and reduce excess inventory, we expect some nonappropriated fund project requirements to emerge that were not previously in the Air Force plan prior to Joint Basing. In addition, the gaining component will assume responsibility for a number of facilities that may be needed, but require renovation and updating to provide effective service to our patrons, with additional costs to operate and maintain. The transition will be complex, and will

need to be managed very carefully in order to achieve a positive outcome for MWR beneficiaries.

We are working closely with our compatriots in Air Force Engineering to incorporate sustainable, green building and energy-efficient technology in our Air Force nonappropriated fund construction projects. Our early successes in this area are highlighted by nonappropriated fund visiting quarters and temporary lodging facilities projects that incorporate energy management control systems, expand the use of natural lighting, use more recyclable materials, expand the use of energy-efficient compact fluorescent lights, use motion-activated lighting and water faucets in restrooms and other infrequently used areas, increase the use of more energy-efficient windows and doors, specify Energy Star rated appliances wherever possible, and use landscaping that minimizes water usage. In addition, we are working with the Air Force engineering energy offices in researching the potential application of solar water heating, solar voltaic panels, and small wind power technology to our projects and activities.

While cost restrictions make some of these technologies difficult to apply to our Category-C projects, we are attempting to incorporate them wherever possible. Our long-term goal is for our Air Force nonappropriated fund projects to be in concert with the provisions of the Leadership in Energy and Environmental Design (LEED) Green Building Rating System.

Post Allowance

Post allowance is a tool to help offset the cost of living in an overseas foreign area, as compared with the cost of living in the United States (or, more specifically, Washington DC). As revised in 1996, the guidance in the Department of Defense pay manual left some room for interpretation. Both we and the Army and Air Force Exchange Service interpreted that guidance as applying only to employees who were transferred into an overseas area under a transportation agreement, and that locally-hired personnel would not be eligible. In December 2007, the

Department of Defense confirmed that some NAF employees hired overseas were not paid post allowance as intended. As a result, all the Services (including the Air Force) received clear direction to pay post allowance to all eligible employees, even those hired in the local area; and to make retroactive payments going back to December 2001, consistent with statute of limitations requirements.

A Defense memo from August 2009 authorized Components to use appropriated funds to support nonappropriated fund employer payment of Post Allowance claims, including those expenses incurred for nonappropriated fund personnel directly and primarily involved in resale activities, and nonappropriated fund personnel in Category-C activities. This is consistent with language in the Joint Explanatory Statement that accompanied the Fiscal Year 2009 National Defense Authorization Act: “We strongly urge the Secretary of Defense to identify and allocate appropriated funding to pay post allowances to locally hired nonappropriated fund employees at overseas locations and ensure that no nonappropriated fund entity incurs additional cost....”

Air Force budget officials are seeking ways to use appropriated funds to pay these nonappropriated fund post allowance claims. Meanwhile, as of 31 January 2009, we have used a total of \$11.3 million in nonappropriated funds to pay retroactive post allowance claims made by current and former employees; our total potential liability is estimated at \$18.3 million. In Europe, our units have frozen all capital expenditures and the major command siphoned off every available nonappropriated fund dollar to pay the post allowance bill; those funds are nearly depleted, and the command is preparing to tighten the belt even further to come up with additional nonappropriated funds.

Air Force Nonappropriated Fund Purchasing

The Air Force Nonappropriated Fund Purchasing Office completed our system-wide transition from the Government Purchase Card program to the Air Force nonappropriated fund

Purchase Card (P-Card), and managed the program to a resounding success. At the end of the first full year of use, the P-Card program had reduced the total number of cardholders by 10%, but increased total purchases by 200% to more than \$146 million. Benefits came from rebates that increased by 310% or \$1.3 million, while saving six person-years of effort across the Air Force. Navy MWR, Marine Corps Community Services and Navy Exchange Service Command began their transition to our NAF P-Card last November. The combined spending from all four programs will determine the rebate percentage for all, and each will receive that higher-percentage rebate on their specific program spending. For small programs like Marine Corps Community Services, their rebate percentage doubled the day they joined the new program. The P-Card program is a great example of Department of Defense nonappropriated fund activities working together to create a situation where everyone wins.

In addition to the P-Card, the Air Force Nonappropriated Fund Purchasing Office leverages bulk purchasing power at global recreation and hospitality trade shows to maximize savings to the Air Force and the other services. For example, at last year's International Bowl Expo 2008 in Orlando, the team made 48 purchases totaling over \$220,000 for Air Force and Army, with a combined savings of nearly \$11,500. Similarly, at the 2008 International Hotel/Motel and Restaurant Show, the team processed 250 orders for nearly \$11 million in total purchases, with interim savings of over \$356,000. For an even greater benefit, about 90% of those orders used the nonappropriated fund P-Card for payment. The team's attendance at shows like this gives bases a means to satisfy their requirements and take advantage of substantial show discounts without the need for the base to send a representative to the event.

Information Technology Resources

The Services Learning Management System is a web-based platform used to create, conduct, and administer training programs for Force Support personnel worldwide. Users can

access the Services Learning Management System directly or via the Air Force Portal and Advanced Distributed Learning System. The Services Learning Management System allows for automated management in a variety of learning delivery environments, to include self-paced CD-ROM, web-based training, interactive web-based programs, and traditional instructor-led in-residence training. The instructor-led training function provides user registration (with different levels of approval), student tracking, scheduling, and electronic training records management. The system will allow individual users to check their training history, register for and plan training, and launch e-learning courses for any course on the pre-approved training plan for their position. The Air Force Services Agency manages the Services Learning Management System site, which is expected to host an estimated 47,000 users including all personnel, supervisors, base-level training managers, and higher headquarters training managers and administrators.

This year, the Air Force Services Agency began using the Services Learning Management System to register students for all of their in-residence courses. The system can also deliver Force Support Combat Training and Home Station Readiness Training material and curriculum to personnel at any deployed location. This Services Learning Management System greatly improves training capabilities and helps manage scarce resources.

STRATEGIC INITIATIVES

Air Force Services is refocusing our transformation efforts around three strategic themes: a sense of community and family, the Airman as a weapon system (our warfighter focus), and best business practices.

We recently completed the first phase of a groundbreaking research project on Airmen quality of life. This project provided insight into how Airmen define quality of life, and their perceptions regarding key aspects of their overall wellness as it relates to such key factors as their jobs, compensation, family, and leisure time activities. The research also developed a new

key indicator, the Quality of Life Satisfaction Index (QLSI), which we will track annually to determine how well we are taking care of our Airmen and their families.

Additionally, the survey measured performance in all of our Services programs and activities. While the research findings confirmed that Air Force Services is doing a good job of taking care of our Airmen, foodservice programs are the weakest area and therefore represent the greatest potential for improvement. This validated our previous selection of food service transformation as our top-priority strategic initiative. The findings also indicated that the Air Force could do a better job of ensuring that we have a strong sense of community, a key factor that we are addressing in our new Services Transformation Roadmap.

Food and Beverage Transformation

The way we deliver food to our troops has not changed significantly over the last sixty years and, coupled with decreasing funding and sales revenues, has driven home the need to reinvent our base-level feeding platforms. Our existing dining facilities and clubs were sized for Cold War-era Airman populations and are now underutilized based on decreased end strength. Cost per meal in our dining facilities is far above the private sector and other public-sector comparables. Moreover, our Airmen are not taking maximum advantage of their food entitlement; our facilities average about 30% of capacity during peak lunch hours and our Airmen eat fewer than 1.5 meals per day in dining facilities. Our clubs are also suffering from decreased utilization and marginal financial performance.

The main objective of our foodservice transformation initiative is to create an entirely new foodservice capability, taking advantage of cutting-edge models suggested by leading college, university, and corporate campuses. However, this is not just about being more efficient; our primary concern must be to maintain our organic war-fighting food service capability. We must also focus on improving food quality, variety, and nutritious value. Finally, we must

recognize that we provide jobs for socio-economically disadvantaged groups and military family members. Doing nothing in the face of these negative usage trends could force us to close even more facilities, which would cut critical mission capability across the board. We are currently conducting research to determine the best course of action at individual bases and for the Air Force as a whole. We are committed to working closely with all stakeholders to ensure that all needs and interests are addressed.

Nonappropriated Fund Transformation

We continued deploying our new accounting and payroll systems and are currently servicing 77 locations and 202 nonappropriated fund instrumentalities across the Air Force. Deployment of those centralized systems will be complete in February 2010, and we estimate cost savings at completion to average \$12 million per year. This initiative has also produced several spin-off benefits. Since its inception in 2005, our central Treasury Offset Program has successfully returned \$3.1 million in previously-uncollectible accounts to our base-level operations and collected \$430,000 in administrative fees. Our check re-presentment program continues to deliver a high rate of collection, averaging 80 percent in 2008, nearly doubling the average 46 percent historic clearance rate when bases handled their own check collections.

The follow-on phase of NAF Transformation is underway: development of modern, web-based business capabilities for our activities. The goal is to provide simple, net-centric business solutions that allow managers to handle sales, inventory and customer relations in an integrated, automated system. We began this year to explore golf, child care and youth programs, and will spiral additional capabilities to support our other business areas such as outdoor recreation, bowling, and food and beverage.

CONCLUSION

The dual mission of Air Force Services, combat support and community service, is unchanged. The examples I've shared with you today, of real people meeting the mission requirements, demonstrate that our workforce is focused on the importance of our role in supporting our nation's defense. Yes, we have innovative technologies and equipment, but the hard work of our dedicated personnel is the backbone of success for the Air Force Services Morale, Welfare, and Recreation mission. We provide a network of supporting services to sustain, regenerate, and retain our personnel and families during challenging times, and I'm proud of their numerous successes. I recognize this would not be possible without tremendous support from the Military Personnel Subcommittee. On behalf of our team, I thank you and look forward to working with you as we move forward in helping to sustain America's Air Force.