

**STATEMENT**  
**OF**  
**ARTHUR J. MYERS**  
**ACTING DEPUTY UNDER SECRETARY OF DEFENSE**  
**(MILITARY COMMUNITY AND FAMILY POLICY)**  
**BEFORE THE**  
**SUBCOMMITTEE ON MILITARY PERSONNEL**  
**OF THE**  
**COMMITTEE ON ARMED SERVICES**  
**HOUSE OF REPRESENTATIVES**  
**ON**  
**MARCH 12, 2009**

Not for Publication until Released  
By Committee on Armed Services  
U.S. House of Representatives

Chairwoman Davis, Representative Wilson, and Distinguished Members of the Subcommittee, I welcome the opportunity to appear before you to testify about the commissary, exchange, and morale, welfare and recreation (MWR) programs.

President Obama is fully committed to providing a high quality of life for military members serving our Nation and their families. The Department of Defense recognizes that the quality of life programs are crucial to the military mission, the individual Service member, and the family. These programs are lifelines of support for military members and their families who are stationed around the globe. Our military leaders have testified to the inextricable link between investments in quality of life programs and readiness of Soldiers, Sailors, Airman, and Marines. We appreciate this Subcommittee's long record of advancing these programs and thank you for providing the Department the authorities needed to support our individual Service members and their families.

Quality of life factors are paramount to sustaining a strong military community that can adapt quickly to new challenges and unexpected circumstances facing our nation. In a letter written to military families just before the Presidential Inauguration, Mrs. Obama expressed her gratitude and commitment to those Americans whose military service is critical to the fulfillment of America's promise of opportunity, prosperity and security. The Department shares the First Lady's sentiments regarding the sacrifices made by military service members and their families, and remains committed to helping them successfully master personal and family life responsibilities while meeting the demands of military service.

Within the office of the Under Secretary of Defense for Personnel and Readiness, the Military Community and Family Policy organization oversees many of the Department of Defense quality of life policies and programs that sustain a motivated, combat ready force to meet current and future operational requirements; to address the generational expectations and aspirations of young single service members and married service members; and to support the needs of families who also serve. Our goals are to ensure that individuals and families are knowledgeable about the potential challenges

they may face; equipped with the skills to function competently in the face of such challenges; and aware of not only the availability of supportive resources to manage such challenges, but also how to access them. The programs must provide high-quality resources and support that ease the burden of their sacrifice and allow men and women in uniform to stay focused while executing their missions with efficiency and minimum distraction. Further, the programs must be available to all military families, wherever they reside.

The quality of life programs are not only benefits of military service, but also provide the social fabric that helps individuals and families to thrive and navigate through life changes, challenges, and crises. Our military members share the same economic concerns facing the average American today – worries that magnify with uncertainties of relocation, separation, deployment, isolation, and possible injury associated with military service. Therefore, the programs also provide stability and support in circumstances that are unique to military service. The network of services increasingly relies on partnerships to enhance quality of life and reach a force that mobilizes, deploys, and rotates in large numbers; the two-thirds of our active duty families who live off-base; the Guard and Reserve families who are not close to installations; and the more than half of our military spouses who work.

The commissary, exchange, and MWR programs, which are the subject of testimony today, operate within a broad structure of military community and family support programs and policies that have such a profound impact on the military quality of life and standard of living. I will cover those community and family programs as well as discuss the Department's oversight of the resale and MWR programs.

## **MORALE, WELFARE AND RECREATION (MWR)**

MWR programs encompass a wide array of community support and business operations that support over 12 million authorized patrons at nearly 300 military installations in over 30 countries worldwide. Participation in recreation, fitness, sports, cultural arts and other leisure activities is the key to active living, which leads to improved personal health and well-being and helps build strong military families and healthy communities. Active living can also reduce stress, loneliness, obesity, and depression and builds positive self-esteem and esprit de corps, so critical in the military environment.

### ***MWR Oversight***

**MWR Nonappropriated Fund (NAF) Financial Condition:** The continued vitality of the MWR program depends on sound management, meeting command and customer needs, a predictable stream of NAF revenues, and also solid appropriated fund (APF) support of Category A (fitness, libraries, recreation centers, single Service member programs, intramural sports, and unit activities) and B activities (child and youth development programs, outdoor recreation, crafts and hobby shops, and small bowling centers). The Service's consolidated MWR NAF instrumentalities are in sound financial condition. NAF net profits decreased by \$39.4 million in FY 2008 to approximately \$86.4 million dollars (includes Marine Corps estimate). The reduction in net profit last year was due mostly to reduced gaming in Korea, retroactive payment of post allowance fees, and a decrease in military exchange dividends.

**MWR Appropriated Funding (APF):** FY 2008 MWR program APF funding was \$2.6 billion dollars with \$1.5 billion dollars in direct support. This represents 55 percent of total MWR funding with the remaining 45 percent supported with NAF. However, not all of the Services met the minimum DoD standard percentages of APF support for Categories A and B in Fiscal Year 2008. Category A activities should be supported with at least 85 percent of total expenses being supported with APF. In FY 2008, the Army achieved 84 percent and the other Services met or exceeded 85%.

Category B activities should be supported with a minimum APF of 65% of total expense. This year, all Services met or exceeded the Category B standard.

The FY 2009 budget has \$2 billion in direct funding for MWR programs, of which \$959 million is for child and youth development programs. The FY 2010 MWR program budget estimate for direct support is pre-decisional until it is submitted to Congress in April. Additional budget information can be provided upon submission of the FY 2010 President's budget.

### ***MWR Wartime Support (Deployed Personnel and Families Back Home)***

**Communications:** The ability to communicate with family and friends is the number one factor in being able to cope with longer and more frequent deployments. Service members have free access to the non-secure military Internet by using their military e-mail address, including aboard ships. They also have free Internet access at 720 free MWR Internet cafes in Iraq (an increase of 110 in 2008) with 8,305 computers and 3,677 VOIP phones. There are 74 MWR Internet Cafes in Afghanistan (an increase of 31 cafes) with 802 computers and 338 VOIP phones. Calls are less than \$.04 per minute.

During the past two years, the Department funded an increase in satellite bandwidth to provide better speed and reliability, and antennae size was increased to allow more data to be sent over the Internet using less power. Service members have access to YouTube, MySpace, Facebook, and all the popular, widely used websites to better communicate with family and friends. To obtain this service, we contract commercial satellite service. MWR Internet cafes are also being installed in Education Centers, so Service members can complete on-line classes and conduct research. In addition, the Marine Corps' MotoMail, a HQMC-sponsored regular mail alternative program developed to support deployed Marines and families continues to be very popular. Through this enhanced capability, individuals can access an established web site and deliver a letter to deployed Marines in 24 hours or less.

Our MWR Internet Café provider in OIF and OEF is working to expand the program in Afghanistan but notes that obtaining available and suitable bandwidth is an ongoing challenge. We are closely watching the Marine Corps' "Morale Satellite Initiative", which we call "Internet in a Box", that could possibly supplement their efforts. Similar to MWR Cafes these computers provide unclassified, mobile, commercial communications capability to deployed units in austere conditions to "bridge" communications between troops and families and provide access to otherwise restricted but popular social network sites. The system, currently being tested in Afghanistan, includes a compact, auto-locating satellite dish, a router/central processing unit, and 8-12 laptop computers with webcam capability.

Back home, computers and Internet service located in our family support centers, recreation centers, installation libraries, and youth centers help ensure families can send and receive e-mails from their deployed loved ones. In fact, between home computers and family support and MWR sponsored computer centers, families are connected to their Service members in near real-time, which has a dramatic effect on readiness both at home and overseas.

**Recreation:** Sustaining morale and readiness during deployed operations (Afghanistan, Southwest Asia, and Balkans) is the essence of MWR programs. Service members have access to a full spectrum of MWR activities specifically implemented for forces deployed to fight the global war on terrorism. Recreation activities include cardiovascular and weight equipment, sports and recreation equipment, paperback and Playaways (self contained audio books), newspapers, magazines, board games, large screen televisions, DVD/CD players, up-to-date electronic games, first-run movies, a rest and recuperation program, and continuing education support. MWR recreation kits are sized to fit the needs of the deployed unit. Larger, more established locations (and ships) have full fitness centers, libraries, movie theaters, tactical field exchanges, MWR Internet cafes, etc. Professional recreational specialists also deploy to implement recreation programs and special events. Currently, the Army has 26 MWR civilian specialists in

theater, Navy has 36 civilian fitness/recreation specialists working onboard ships with a goal of 54, and Air Force deploys active duty personnel to provide food service, fitness and recreation support. Marines deployed to Afghanistan also serve as the resident experts in all aspects of quality of life support, including MWR and exchange programs.

We know commanders and troops appreciate this support as it provides needed release from combat stress and, oftentimes, boredom. For example, we continually receive rave reviews about the 127,000 Playaways shipped to troops deployed to remote, austere combat areas. Comments such as *“they go like hotcakes – send more”* to *“they help my troops calm down so they are able to get a full night’s rest now”* let us know we are making a difference in their quality of life.

Support from the American public for deployed troops remains strong and the millions of care packages, commissary and exchange gift certificates and telephone cards, and other support continue to supplement the military Service's efforts to enhance morale. For example, thanks to the generous support from Congress, in 2008 the USO expanded the “Combat USO Program” to provide sources of recreation and entertainment outside the fence lines of our deployed installations. Working closely with the Service Senior Enlisted leadership and with input from troops in the field, the USO has designed easily transportable morale kits known as "USO in a Box." They are currently working with leadership to provide recreation support to the most remote outposts in Afghanistan.

**Professional entertainment:** Entertainment helps build morale and nowhere is this support more important than in the austere locations where Service members are performing duty. Armed Forces Entertainment (AFE), in cooperation with the USO, continues to provide much welcomed celebrity and professional Entertainment to our forces overseas. In 2008, AFE executed \$9.1M and conducted 115 tours with 900 performances at 355 countries. Many of those tours were with USO coordination. Entertainers included Gary Sinise, Harlem Globetrotters, NCAA football coaches, NFL handshakes, Band of Brothers, Scott Stapp of Creed, and numerous other bands, comedians, and entertainment groups.

Each of the military Services also provides entertainment opportunities both in the United States and overseas. The Spirit of America Tour provides a brief reprieve from the stresses of deployments at military installations within the continental United States. Since 9/11, the Robert and Nina Rosenthal Foundation worked closely with the country music industry to provide over 100 celebrity entertainment shows at no cost to military personnel and their families. This year, Neal McCoy, the Charlie Daniels Band, and Aaron Tippin were just some performers who have given generously of their time and talents.

**Fitness:** All of the military Services continue to expand and provide innovative fitness programs that sustain a physically fit, healthy force in our military communities and for deployed men and women around the world. Long term plans will modernize the fitness infrastructure beginning with the Services request for ten fitness center military construction projects in FY 2009 and another 71 fitness centers programmed through FY 2014. Installation fitness facilities are one of the most important facilities on base for troops to release stress after returning from combat, combat obesity, and remain physically and mentally fit. Also, more and more, our installation fitness centers are becoming “family friendly.”

### ***Food and Beverage Operations***

MWR continues to be a key component in the Services’ ongoing assessments to improve the quality and quantity of food service capability, increase delivery efficiency, and reduce operational and infrastructure costs related to food service. Assessments review the state of current APF and NAF food service operations, customer expectations, infrastructure condition, and patron utilization. I want to assure Congress that these food service assessments are not an effort to displace socio-economically disadvantaged contractors, but the outcomes of these assessments may very well result in a Department-wide review of existing policies as we attempt to maintain wartime readiness and accommodate the needs of our younger work force and other authorized customers.

### ***Outdoor Recreation***

Service members returning from the intense conditions of war can get their adrenaline pumping and fill their bodies with good endorphins in our high-adventure recreation programs, like rappelling, rock climbing, mountain biking, jet skiing, white-water rafting, paintball, or windsurfing. With free time for the first time in a long time, they have many choices on how to spend it, including MWR outdoor recreation programs. The Army, for example has created Warrior Adventure Quest (WAQ), which partners with their Medical Command's "Battlemind" program to offer high adventure programs that are fun, challenging, supervised, safe, and provide great relief from combat stress. WAQ is currently targeted for full implementation in 3<sup>rd</sup> quarter FY09 and Army expects high rates of deployment; family members can also participate.

### ***Inclusive/Adaptive Recreation***

The ability of injured Service members to engage in recreational activities is a very important component of rehabilitation and reintegration. Our installation MWR specialists are successfully working with medical personnel, wounded warrior units, community parks and recreation, and non-profits to integrate sports and recreation as part of the healing process. We have contracted with Penn State University to provide 12 joint Inclusive Recreation Training Courses over 3 years. The 4-day course trains 30 installation recreation specialists to successfully integrate wounded warriors and family members into existing MWR programs. Initial feedback is very positive.

Thanks to support from Congress, the United States Olympic Committee's Paralympic Military Program has been hugely successful. The goal - to enhance recovery of injured service members and veterans through sport - is being accomplished through ongoing training programs at local, regional, and national sites that build capacity in collaboration with military, veteran and community based organizations. As of January 15<sup>th</sup>, more than 800 community leaders have received training in the development and implementation of sports programs for injured service members. 5,400 injured service members have been introduced to physical activity through ongoing sports programs at

military/veteran medical treatment facilities and installation MWR facilities. Grants have been provided to 14 community/military partnerships throughout the country offering 2,200 injured service members the opportunity to participate in sports. More than 50 injured service members have been identified as individuals who have demonstrated potential to pursue higher levels of athlete training and performance.

Additionally, at Congressional request we studied our capabilities of MWR programs to accommodate eligible disabled personnel, and to date the Services have purchased 254 adaptive golf carts at a cost of \$2,028K for use on military golf courses. Last year we were unsuccessful in our effort to obtain legislative relief to permit use of APF to fund this ADA related requirement to be consistent with funding policy for other MWR Category C facilities and preclude undue hardship on troop's funds.

### ***Information and Leisure Travel***

The Department has 372 Information, Ticket and Tours (ITT)/Travel offices located worldwide to encourage military personnel and their families to get out and enjoy their duty location, wherever it may be. Experienced staffs provide information brochures, advice and often reservations for local and regional attractions; local or regional group tours; discounted tickets to local movie theaters, concerts, plays, sports events, museums; admission to regional or national theme parks; and discounted hotels, resorts, and even cruises. Customers consistently rank ITT/Travel offices as an important MWR benefit as it can help provide significant savings for the individual or family entertainment and travel budget. The Department plans to extend this important benefit to those without access to installation services by highlighting through Military OneSource the many outstanding DoD assets that can provide singles and families affordable vacations, often convenient to home. We are starting with promotion of the Armed Forces Recreations Centers, already popular but still accessible to our troops and families and will continue with the Services "best-kept secrets" whether they be beach front cottages, lake-side cabins, campsites, or RV parks – located in the most desirable locations in the world.

## ***Libraries***

In addition to monthly shipments of library materials (paperback and audio books, magazines and newspapers) to OIF/OEF, afloat units, and Defense Attaché sites, virtual resources located on the Army's General Library Information System, the Navy's Library Multimedia Resource Centers on ships and the Air Force's Learning Resource Centers provide continuous access to academic materials regardless of location through online library portals. This service greatly enhances the outreach capabilities of the Department's 189 installation libraries. Currently 101 libraries meet one hundred percent of DoD core standards with this number increasing each year. Of particular note, all of Marine Corps libraries meet DoD standards and they are the only Service to have three libraries with certified "DoD premier status."

## ***Swimming Pools***

The Virginia Graeme Baker Pool and Spa Safety Act (PSSA) (15 USC 8001) which went into effect on December 19, 2008 requires all DoD swimming pools, spas and wading pools used for recreational purposes to have or install compliant drain covers and in some instances, to have a secondary device or system designed to prevent suction entrapment. Like the public and private sector, the Services are struggling to meet this requirement. Industry wide demand and lack of availability of compliant drain covers from manufacturers created a significant delay in the procurement process. Many of our year-round pools are closed awaiting the parts necessary to meet the requirements of the law. Every effort is being made to ensure all pools and spas are compliant before summer, when our peak season begins. The unbudgeted cost to comply with the PSSA are still being compiled but are expected to exceed \$1.5 million.

## ***Gaming Program***

Existing statute and DoD policy permit gambling devices on federal property overseas when allowed by Status of Forces Agreements. This program was approved by the MWR panel of the House Armed Services Committee in 1981 and continues to be a

popular recreational pursuit that contributes sizeable revenues in support of MWR programs. I mention this because, periodically, legislation is proposed, which would prohibit the use of gambling devices on DoD property and it's important to note what impact that would have on MWR operations. In FY08, net profit to MWR from gaming machines was \$117.3 million. While down 9 percent from FY07, it is a significant revenue stream that supports facility improvements for those programs not authorized APF support (golf, bowling, food and beverage, etc) and a variety of quality of life programs such as outdoor recreation, youth programs and other community support activities. All the Services strongly support gaming and note that serious degradation to many MWR programs would occur should the slot machine program be curtailed. We are mindful of the possibility of negative consequences resulting from gambling and each of the military Services has increasingly robust financial readiness programs in place to prevent such situations.

### ***Expanding the MWR Benefit Off-Base***

Last year we reported that we were exploring efforts to expand the military MWR benefit to Active Duty, Guard and Reserve and their families who do not have access to installation MWR programs. The goal was to promote a healthy lifestyle and create a sense of community for our military members who do not have the infrastructure support an installation offers. I am pleased to report we have partnered with the Armed Services YMCA to offer memberships at local, participating YMCAs to families of deployed Guard and Reserve personnel, Active Duty Service members assigned to Independent Duty locations, any relocated spouse of a deployed Active Duty Service member and a limited number of personnel assigned to newly-established joint bases. In the first five months of the program over 9,484 military families, including more than 14,600 children, have been enrolled. Initial response is overwhelmingly positive and we are expanding our marketing efforts to reach more eligible families.

Another initiative we spoke of last year was a Lean Six Sigma study of library materials purchases and online library support. This effort took into account the

economies of scale for joint procurement in support our mobile military members who don't have access to installation libraries to provide entertainment, learning or solace. As in the public sector we have seen a widespread increase in online library services. Our focus was on purchasing electronic and audio books, and lifelong learning, reference and career resources for all ages and interests. Library resources are in print, electronic and downloadable format available for free from Military OneSource, virtually anytime, anywhere in the world. Resources include auto, home, and small engine repair, Career library, Peterson's Life Long Learning, Tumblebooks for kids, and NetLibrary audio and E-books, just to name a few. This has been extremely well received with the number of hits for all online resources exceeding over 2.5 million in the first six months. Additionally, authorized users requested 5,500 Playaways and 5,000 paperback books, which are now available free from Military OneSource. The free books were so well received we are currently in the process of restocking inventory to meet demand. Clearly our military and their families need and support online library programs and services.

***Warfighter and Family Support (As a MWR Category A Activity)***

In November, the Department notified members of Congress of a policy change to designate Warfighter and Family Services (WFS) as Category A MWR programs, at the discretion of the military Service. Like MWR Category A programs, WFS are vital to mission accomplishment, support commanders, and help warfighters and their families. Taken together, MWR and WFS programs can offer commanders a more flexible, integrated approach for the delivery of services to troops and families. WFS program shall remain funded 100 percent with WFS appropriations including its facilities and common support costs. The Navy and Marine Corps have acted on this and developed appropriate accounting and reporting procedures to operate WFS as a Category A MWR program and maintain funding integrity. The Air Force does not plan to implement this policy, and the Army is still reviewing options.

## **PERSONAL INFORMATION SERVICES**

Responding to House Report 110-652, the Department has defined personal information services, reviewed applicable laws and regulations, and defined the roles and functions of military MWR activities and exchange systems in providing information services. Personal information services include, but are not limited to, Internet, telephone, and television access via any delivery method such as wireline and wireless. The Army and AAFES have signed a memorandum of agreement to eliminate competition. The Department has drafted policy on personal information services for MWR, exchanges, and lodging programs assigning responsibility to the Secretaries of the Military Departments to designate responsibility for providing those services in areas outside the MWR, exchange, and lodging facilities.

## **CHILDREN AND YOUTH PROGRAMS**

The Department is focused on improving access to affordable, high-quality child care and youth programs across the nation to help families more effectively balance the demands of family life with military service, particularly during times of deployment. We are also seeking new ways to support families with special needs and those who face injury, illness and loss, with particular attention to the emotional and developmental needs of children and youth. Our efforts require coordination, collaboration and efficiency across multiple levels of government and within communities where military families reside. We are developing unparalleled partnerships to support families, which is enabling the exploration of important research questions and the execution of innovative communication and outreach strategies, including opportunities to give service members and families a voice.

### ***Child Care***

Military families continue to face child care challenges that are not typically found in other work environments. Non-traditional work schedules and work schedules that are often longer than the typical eight-hour day, as well as the ever-present possibility of

being deployed anywhere in the world on a moment's notice, require a child care system that is flexible and one that maintains high quality standards. DoD's Child Development System aims to accommodate the youngest members of the military community by providing quality, affordable child care for infants, toddlers, pre-school, and school age children.

We have a robust child care program in DoD and our child development services continue to be a national model. The DoD child care system provides service on a daily basis for the largest number of children of any employer in the United States. The DoD serves over 200,000 children (ages 6 weeks to 12 years) daily. Approximately 53 percent of all of the care provided is for infants and toddlers, care that is particularly difficult to find in the civilian sector. The system offers full-day, part-day, and hourly (drop-in) child care; part-day preschool programs, before and after-school programs for school-age children; and extended hour care including nights and weekends. Military child care is provided in almost 800 Child Development Centers at over 300 geographic locations, both within the United States and overseas. On March 1, 2007, the National Association of Child Care Resource and Referral Agencies rated the DoD child care system the top ranking among all 50 states with a score of 117 out of 150 points, 27 points ahead of its nearest competitors (New York and Illinois).

DoD continues a strong commitment to child care and youth programs through adequate funding, strict oversight, continual staff development, and strong family involvement. DoD's policy is to subsidize at least 65 percent of the cost of childcare, and members are charged weekly fees based on a sliding scale according to income. Weekly fees have not been increased since SY 2004/2005. In FY08, the Department dedicated substantial funding toward a myriad of initiatives including construction projects, respite care, and programs that support families. Yet, we still have unmet demand for thousands of children. Efforts are ongoing to address an estimated shortage of approximately 37,000 child care spaces needed for active duty, Guard, and Reserve families. The Department has exercised a robust program to accelerate child care capacity and increase

spaces on a rapid basis. The temporary program to use minor military construction authority for the construction of child development centers provided a means to increase the availability of quality, affordable child care for Service members and their families.

Child care is a workforce issue affecting the performance and readiness of the Total Force. The Department continues to be committed to providing families access to high quality, affordable child care programs and to meeting the increased demand due to high deployments and operation tempo. The Department's holistic and systematic approach is to meet the needs of families by providing not only quality child care programs but providing *peace of mind* to our military families regardless of where they may live.

### ***Youth Programs***

The Department provides more than 350 dynamic, innovative and successful youth programs to more than 500,000 military connected children and youth between the age of 6-18, not only across the United States but around the globe. DoD promotes positive youth development by designing programs to recognize the achievements of youth and by developing partnerships with other youth-serving organizations like the Boys & Girls Clubs of America and 4-H that offer a variety of resources. Programs prepare pre-teens and teenagers to meet the challenges of military life, adolescence, and adulthood. Programs usually include physical fitness and sports, arts and recreation, training in leadership, life skills and career/volunteer opportunities, mentoring, intervention and support services. DoD promotes programming to support character and leadership development, sound education choices, healthy life skills, the arts, and sports and recreation as well as programs to recognize the achievements of military youth. Many programs offer summer day camp programs and youth employment. The 22 youth facilities funded in 2008 and 2009, totaling \$145.6 million in nonappropriated funds, constitute a critical aspect of supporting families by providing additional facilities to meet youth program needs.

## **FAMILY SUPPORT PROGRAMS**

In 2008, the Department conducted a series of Joint Services Family Assistance Workshops for family support personnel both on installations and those who serve with the National Guard and Reserve components. The training provided hands-on experience with the variety of resources available on line and also afforded the participants the opportunity to develop communication plans to ensure that what they learned would be communicated to their colleagues, leadership and to the families they serve. *Over one thousand providers were trained in 14 locations within the United States and in Europe. Training continues throughout 2009 in joint basing locations including Hawaii, Guam, and Alaska.*

## **FAMILY ADVOCACY PROGRAMS**

We are committed to supporting our families during this time of high operating tempo, and we are closely monitoring family violence in the Active Component. We continue to seek new ways to reach families through formal and informal community networks, the Family Advocacy programs, the Family Centers, public awareness campaigns and public service announcements, on line resources such as Military OneSource, and clinical providers who offer training and non-medical counseling before, during and after deployment. So far our rate of child abuse and neglect has remained stable and is approximately half that for civilians. The number of reported incidents and rate of spouse abuse in the Active Component have declined steadily since 2000 and there is no comparable rate in the civilian community that matches our demographics. We will continue to strengthen and expand support networks, programs, and services to prevent and effectively respond to family violence in our military communities.

## **COMMISSARY AND EXCHANGE PROGRAMS**

The commissary and exchange programs, or “resale activities,” are components of the military compensation system and are important contributors to morale and readiness.

The Department remains committed to providing the resources and setting the direction and goals to sustain the commissary and exchange benefits for the ultimate stakeholders, the military members on active duty. The FY 2010 funding details will be available when the President's Budget is submitted in April.

### ***Oversight of the Resale System***

The Executive Resale Board advises the USD(P&R) on the complementary operation of commissary and exchange systems. Since its members may also serve on the Commissary Operating Board and the Exchange boards, the Executive Resale Board provides valuable insight where there are mutual interests. We set long term goals and monitor program performance through the DeCA Board of Directors, the respective Exchange Boards, and within my office. The commissary and exchange performance are components of the Quality of Life Social Compact Improvement Index in the Performance Accountability Report and the Department's Annual Report to the President and the Congress.

The Department places great confidence in the leadership of these organizations, who also testify today. Under their energetic leadership, the commissary and exchange organizations are working together and partnering with industry and other quality of life programs to overcome shared challenges, expand capabilities, and complement their activities to support the military community. The exchange commanders have shown a keen interest in pursuing cooperative efforts; they are making progress toward producing more standardized performance measures against program and financial goals established by their Military Services, and maximizing efficiencies in systems, logistics, and supply. There are no plans to consolidate or privatize the resale system.

### ***Accomplishing Resale Missions and More***

The military community considers their commissary privilege to be one of their top two non-cash benefits. Recognizing that the commissary store is a magnet within the military community, the Defense Commissary Agency is taking a leading role to promote

other quality of life programs in its 255 commissaries that sell groceries around the world and the 158 on-site grocery sales conducted by DeCA at Guard and Reserve locations. The three exchange systems – the Army and Air Force Exchange System (AAFES), the Navy Exchange System Command (NEXCOM) and the Marine Corps Exchange (MCX) – operate over 3,700 retail outlets that sell a wide range of goods and services and distribute 63 percent of their profits to support MWR programs at 300 military installations, in 89 contingency operations, and aboard 161 ships. Soon, AAFES will deploy new mobile exchanges specially outfitted to serve Guard and Reserve units together with DeCA. In combat areas, the exchanges provide 129 retail operations ranging from exchanges to imprest funds, 228 name brand fast food outlets, 600 service concessions, and telephone services that minimize costs for deployed members to call home. Commissaries and exchanges are not only a reliable source from which to purchase quality American products at a savings, but, in many areas, they are the number one employer of family members.

**Superior Customer Savings.** We encourage our military families to be careful consumers and to take advantage of the tremendous savings available in the commissary and exchange. Our resale activities deliver impressive market basket savings in a highly competitive retail environment. By law, DeCA must sell products at cost plus a five percent surcharge. DeCA's goal is to provide a 30 percent average savings for customers. On a world-wide basis, commissary customers are saving 31 percent after paying the surcharge, which equates to nearly \$3,400 a year in disposable income for a family of four that does all their shopping in a commissary. The exchange customers save 20 to 27 percent, plus savings from sales taxes, compared to a target of 15 percent.

**Operating Results Exceed Goals.** Despite consumer belt-tightening in the last half of 2008 and store closings in Germany, the resale system posted strong sales of \$17.8 billion and sales are expected to grow to \$18.8 billion in 2009. DeCA met or exceeded all performance goals in Fiscal Year 2008 and is performing equally well in 2009. The exchanges estimate Fiscal Year 2008 profits at \$571.7 million, which are an

improvement over last year's earning of \$554.6 million and are far greater than the planned \$395.9 million. Based on current projections, the exchanges will contribute \$359 million of 2008 profits to support the MWR programs. The audited financial statements report that the exchanges are in sound financial condition, with Standard and Poors ratings of A-1+, and DeCA received its seventh consecutive unqualified opinion.

### ***Opportunities to Improve Performance***

**Advertising and Selling Flexibility.** The military resale community is exploring ways to adapt our marketing and selling practices to be more responsive to our military customers. Nationally recognized consumer research shows that commissary and exchange customers place a premium on the value and the quality of products. However, customer loyalty lags behind our industry counterparts. Most military customers drive over 10 miles from their homes off-base to reach the commissary and exchange – on a route filled with retailers that target advertising and services to the military market. By easing advertising restrictions, our customers will have ready access to information on sales events, product availability, and current prices in our exchanges and commissaries. For those members who can not shop in the stores, we are expanding on-line shopping and exploring home delivery and commercial partnerships.

**Improve Merchandise Availability.** Our customers are pressed for time and want the convenience of one-stop shopping. We have an obligation to lift merchandise restrictions, pursue partnerships, and invest in technologies that ensure the commissary and exchange carry and have in stock the merchandise and services that our customers consider important. In approaching these initiatives, the Department will take into account concerns about taxpayer subsidies and competition.

At the Subcommittee's request, the Executive Resale Board examined the pros and cons of testing the sale of beer and wine in the commissary stores. As recommended by the Board, a test will be conducted that balances customer convenience with the objectives of our alcohol deglamorization efforts. In consideration of those objectives,

DeCA and AAFES are in the process of developing parameters for the study and test to commence later this summer at selected Army and Air Force locations.

Thank you for supporting our request to relax some of the cost and size restrictions on television, furniture, and jewelry. The authority to sell a wider variety of exchange merchandise improves our capability to meet the needs of members and their families. Regardless of where they are stationed, our military families deserve the best price, selection, and financing for major purchases. The Department's preference is to eliminate the remaining merchandise restrictions, especially those related to furniture outlets and selling space.

**Telephone Services in Combat Areas.** We appreciate your continued support as we consult with Congress on other opportunities to improve services offered to military customers. The Exchanges contract for telephone services in combat zones, operating 72 calling centers with 1,536 phones in Iraq, Afghanistan, and Kuwait, plus calling centers on-board ships in theater. Rates are 45 cents per minute afloat and 15 cents per minute ashore. The Exchanges are in compliance with the Department of Defense policy and the law, which require that contracts for telephone service be awarded through competitive procedures and include options to minimize costs to individual users. Where feasible, the contracts provide the flexibility to use a variety of phone cards. The Department will report the results of our review.

## **FUNDING OF CAPITALIZATION PROGRAMS**

In addition to facilities construction programs reported to the Congress, the commissary surcharge and nonappropriated resources fund capital programs for equipment, information systems, and sustainment, restoration, and modernization projects. The Military Departments, through their representation on the DeCA, Exchange, and MWR Boards of Directors, provide critical advice on the facilities needed

and priorities for allocating available nonappropriated and surcharge resources among these capital requirements.

Overall, capital programs and the investment in facilities have steadily increased over the past five years. After a Fiscal Year 2007 dip in the major construction element of the program, the Subcommittee requested that the Department conduct a review of the sufficiency of resources for Fiscal Years 2008 – 2017 for facility requirements. The reviews by the Military Departments, identified unfunded requirements for facility maintenance and replacement requirements that are funded with nonappropriated and commissary surcharge funds. The Military Departments plan to address those requirements with emphasis on renovations, repairs and maintenance to extend the useful life of facilities and, where new facilities are required, pursuing multi-purpose/multi-use projects, public-private ventures, commercial borrowing, new revenue sources, and inter-program business ventures. At this time, there is no plan to raise the surcharge rate to fund commissary requirements.

As a general rule, we do not continue commissary, exchange or MWR operations after an installation closes. By divesting infrastructure that are no longer required to support active duty missions, resources can be redirected to support the military communities with an active duty mission and a sufficient concentration of assigned personnel who will use the programs. Those facilities and equipment requirements necessitated by BRAC, restationing, new establishments, and other mission-directed changes must be programmed for funding through appropriations. These requirements are being readdressed as part of a comprehensive, prioritized infrastructure plan being developed by the Military Departments, who have funding responsibility for these programs.

## **BASE ACCESS**

Our trading partners understand the importance of product selection, pricing, and the availability of the latest products to our customers. The post-9/11 environment has increased demands for controlled access to our military installations, which affects our suppliers' capability to sell and stock popular merchandise in our stores. The Department is working with other federal agencies and industry to determine credentials that best fit our vendors and meet requirements for interoperability, security and screening requirements within the Department and federally. We appreciate industry's willingness to partner with the Department in this endeavor.

## **TEACHING THE CHILDREN OF AMERICA'S MILITARY FAMILIES WORLDWIDE.**

A key quality of life issue is the education of military children. Service members often make decisions about assignments based on the availability of quality educational opportunities for their children. For over 60 years, the Department of Defense Education Activity (DoDEA) has provided quality pre-kindergarten through 12th grade educational opportunities and services to military dependents around the globe, who would otherwise not have access to U.S.-accredited public education. *Of the approximately 1.2 million military school-age children, DoDEA educates nearly 85,000 in 192 schools in 12 foreign countries, seven states, Guam, and Puerto Rico with 8,700 educators.* DoDEA also operates a tuition reimbursement program for military assigned overseas without a DoDEA school. Through the Educational Partnership Initiative, authorities provided by the Congress, and new technologies, DoDEA can expand its reach to the approximately 92% of military students who do not attend DoDEA Schools.

The ongoing relocation of thousands of military students through force structure changes has created an urgent need and responsibility to enrich and expand partnerships with military-connected communities to ensure the best possible educational opportunities for

military children. DoDEA works collaboratively with the Secretary of Education to ease the transition of military students, to use DoDEA funds to share experience with local education agencies (LEAs) who educate military students, and to provide programs such as distance learning and teacher training to LEAs with military students undergoing transition from force structure changes. DoDEA is developing a new approach to provide a fully accredited virtual school program for Grades 9-12. Beginning in School Year 2008-2009, DoDEA plans to increase course offerings within the existing distance learning program to implement a comprehensive accredited virtual high school by School Year 2010-2011. A middle and upper elementary program is also planned for delivery in subsequent years.

Many of the school facilities within DoDEA have exceeded the life expectancy and do not meet today's educational standards. Schools are currently operating within structures that were erected in the 1930s through the 1960s. These aged buildings were either built for other purposes (i.e., barracks, administration buildings) or were constructed prior to major technological advances for the Kindergarten to High School learning environment. Independent condition assessments indicate that it is more cost-effective to replace these buildings than to upgrade or modernize them. This supports the Department's force management quality of life and retention goals of attracting and retaining the highest quality personnel.

**MilitaryHOMEFRONT** ([www.militaryhomefront.dod.mil](http://www.militaryhomefront.dod.mil)) is the DoD library of official information about Quality of Life programs for helping professionals and military families. This information includes policies, reports and directives. The website provides information on topics from child care to relocation, special needs to voluntary education, morale welfare and recreation to combat stress. Further, DoD uses MilitaryHOMEFRONT to develop tools, accessible through both the Military OneSource and MilitaryHOMEFRONT websites, to assist families – including the very popular “Plan My Move” and “Military Installations.” Military Installations, an on-line directory within the website, provides access to points of contact for 56 activities on installations

worldwide, including the commissary, exchanges, MWR programs, child development centers and the military health care facilities.

**PlanMyMove ([www.militaryhomefront.dod.mil/moving](http://www.militaryhomefront.dod.mil/moving))** is the on-line moving tool that helps Service and family members organize their moves resulting from PCS orders. PlanMyMove outlines the moving process, breaking it down into clear manageable steps. This resource is especially useful to family or Service members who are completing their first PCS move, and is very helpful to any military member who needs help remembering all the details associated with a move. PlanMyMove generates a customized calendar with general and installation specific information necessary for a successful move. In addition to the helpful tips and articles, there are checklists, phone lists, and additional resources for both the old and new installation. Topics addressed for each installation include: child care and youth services, shipping household goods, housing - permanent and temporary, education and employment, special needs, health care, sponsorship and many other areas of interest. *PlanMyMove averages 25,000 visitors per month and 200,000 page views.*

## **MILITARY ONESOURCE CENTER**

Six years of deployments and redeployments have prompted the Department of Defense to rethink methods and strategies to deliver family support. Two major issues drove the development of the new delivery system: 1) how do we meet the needs of the National Guard and Reserve families and those geographically dispersed, and 2) how can we meet the needs of commanders for surge support surrounding deployments.

With emergency supplemental funding, the Department responded by developing new responses to these emerging needs to fill in the gaps in the quality of life programs. Primary among those responses was the opening of the Military OneSource Center, designed to provide Active Duty and Guard and Reserve Commanders the vehicles for surge support during deployments. The creation of the Center acknowledges the heightened importance of families, *who also serve*, and who also have an important

presence in the minds of those on the battlefield. The Military OneSource Center, along with the Military OneSource 24/7/365 call center and web-site, provide the scaffolding for our outreach and support.

**Military OneSource.com and Call Center.** Launched in 2002, Military OneSource provides support services 24/7/365 to active duty, National Guard and Reserve component Service members and their families world-wide. This backbone of the Military OneSource Center provides toll-free confidential telephonic support and a website that provide interactive tools, locators, educational materials, discussion boards, tip sheets, links to military and community resources, and tax filing services, among other services.

This program is one of the Department’s resounding successes, offering free, convenient access to confidential resource and referral support. When a Service Member or family member calls, a master’s level consultant provides immediate assistance. The inter-active web-site offers locators for education, child care, and elder care; financial calculators, webinars; and relocation tools. It also provides on-line access to consultants, educational materials, articles, CDs, booklets and organizers on subjects ranging from finances to parenting to combat stress. Services by phone include personalized consultations on specific issues such as education, special needs, and finances and customized research detailing community resources and appropriate military referrals. Face-to-face and telephonic counseling sessions are available for short-term problems such as stress management, work-life balance and parenting, as well as couples’ concerns, grief and loss or adjustment to deployments.

<p><b><i>Telephone Calls</i></b> – up to 2000 per day  <i>Top 5 reasons for calls:</i>  1. <i>Relationships-couples</i>  2. <i>Stress Management</i>  3. <i>Family Relationships</i>  4. <i>Mental Health-Depression</i>  5. <i>Personal Growth</i></p>	<p><b><i>Web Usage</i></b> – 26 million hits; 250,000 visits  <i>Top 5 reasons to go online:</i>  1. <i>Dealing with Deployment</i>  2. <i>Balancing Work and Life</i>  3. <i>Managing Stress</i>  4. <i>Preparing for Deployment</i>  5. <i>Child’s Stress or Grief</i></p>
---	--

The Department is aggressively pursuing the integration of social networking through Military OneSource. To foster community, the Department is building an online forum and blog capability so that troops and families can support each other and have access to a virtual community. TroopTube, a recent innovation similar to YouTube, is an online capability that allows families to connect with each other through video vignettes. TroopTube is designed to build community, morale and a sense of belonging; and to foster the connections with family and friends necessary for emotional support.

*Over 13,000 users and approximately 2000 videos have been posted since October 2008. Secretary Robert Gates, General Petraeus, Commander, U.S. Central Command, and Admiral Michael Mullen, Chairman of the Joint Chiefs of Staff have provided “from the top” video messages.*

The Military OneSource Center emerged as the outgrowth of the successful implementation of the joint Military OneSource 24/7 Call center and website tools. The Military OneSource Center is the commanders’ response for surge and on-demand quality of life support services and is designed to build a sense of community within the military. In addition to the Military OneSource Call Center and web site, the Center provides the following outreach services and support to commanders.

**Outreach Counseling** offers Services members and families with confidential, short term, situational, problem solving assistance, instrumental for coping with normal reactions to the stressful situations created by deployments, family separations and reintegration. *Over 36,000 counseling sessions were conducted during the first quarter of FY 2009.*

Members of the active force, National Guard and Reserve Components, and their families continue to seek support for stress associated with the increased operational and personnel tempos. In response, the Department is providing confidential, non-medical,

short-term, problem solving counseling support to augment support services offered by the respective Military Departments. The Department's two primary counseling initiatives are offered through *Military OneSource* and the Military and Family Life Consultant program. All counselors supporting these initiatives are licensed mental health counselors trained to provide confidential assistance to those experiencing challenges unique to the military lifestyle.

*Military OneSource* offers confidential face-to-face, telephonic, and on-line counseling up to six sessions. *During FY-08, MOS provided approximately 105,488 face-to-face counseling sessions. Telephonic and on-line counseling sessions are new and beginning to grow.*

The Military and Family Life Consultant (MFLC) program provides professional, confidential, and flexible service delivery on a 30-90 day rotational basis on military installations to meet surge support requirements, an on-demand basis to support Guard and Reserve events, and full time capability for special projects. MFLCs provide support to all levels of the command structure, Family Readiness Groups, chaplains, Child and Youth Programs, summer camps for children, marriage enrichment seminars, couples communication, and more.

*During FY08 MFLCs on active duty installations, Joint Family Support Assistance Program teams, and those supporting on-demand events for the Guard and Reserve component provided support to 3,187,644 people. Of these individual support contacts, approximately 71,325 were face-to-face counseling sessions with an MFLC.*

**Financial Counseling.** Additionally, financial counseling is available, through both *Military OneSource* and the MFLC program, to assist with the financial concerns of military members and their families during all stages of the deployment cycle. The Department has been highly successful in making available and deploying these services world wide.

**Financial Readiness Challenge Installation Roadshows.** Installation workshops are delivered on demand that include information about budgeting, mortgage and foreclosure, debt reduction, saving and investing, identity theft and retirement planning.

*Twenty-three road shows have been conducted since November 2008 serving over 5,000 members and families; over 20 events are scheduled in 2009.*

**Regional Workshops.** Worldwide workshops for staff are conducted at installations to provide up-to-date accurate information on services available to military families. Participants gain hands-on experience using tools, resources and services from Military OneSource.

*Fourteen workshops have been conducted since September 2007 for over 2000 participants.*

**Military Spouse Career Advancement Accounts.** To jump start portable careers in health services, education, information technology and financial services, up to \$6000 per spouse can be granted to assist spouses in developing careers. This, in turn, supports families in attaining their aspirations and goals that may be interrupted as a result of the mobile military lifestyle.

*The vast majority (77 percent) of military spouses want to work and also want a career – a portable career. Seventy percent report that it is important to work for basic expenses.*

**Yellow Ribbon Reintegration Program.** The Yellow Ribbon Reintegration program (Joint Guard and Reserve Family Assistance Support Program) provides a continuum of support and services for National Guard and Reserve members and their families during pre-deployment, deployment, post-deployment, reunion and reintegration. Services have reached 364,000 Service members and families over the last year. The Military Departments stepped up to the responsibility of providing 30- 60- 90-day events and support services to commanders, members and families as close as possible to where the member resides. Their successful efforts have been supported by the Joint Family

Support Program. Teams provide information and referrals to community services and support; non-medical counseling and education to individuals, families and groups; child and youth services; financial education and counseling; and community capacity building to support families' access to local resources such as Red Cross, churches and veterans' associations. Additionally, upon request, the program has surge capability to meet commanders' needs in all 50 states and 4 territories. It is a support service multiplier by broadening the network of resources beyond those that exist on installations.

*Over the last year, teams have provided outreach to 364,000 service members and their families at more than 7,700 events sponsored by commanders in all military components, states and territories.*

**Wounded Warrior Resource Call Center.** Embedded in the Military OneSource Call Center, this feature provides Service members who have become wounded, ill or injured, as well as their families and their primary caregivers, with a single point of contact for referral to Services' resources. Assistance is provided with reporting deficiencies in covered military facilities, obtaining health care services, receiving benefits information and any other difficulties encountered.

## **OFF-DUTY, VOLUNTARY EDUCATION PROGRAM**

The Department's off-duty voluntary education program is the largest continuing education program in the world. It helps Service members plan and pay for their off-duty education expenses. Counselors at over 350 education centers on military installations world wide provide Service members and their adult family members guidance and assistance about educational opportunities on-base, in the community, and at a distance; eligibility for programs; and financial assistance. The wide array of education programs include high school completion, basic skills training, licensure and certification programs, post secondary degree programs, independent study opportunities, distance learning programs, and academic bypass exams that can provide college credit. *During FY 2008, more than 450,000 troops enrolled in over 815,000 courses; 42,500 earned*

*degrees; over 4,000 were awarded professional certificates and licenses; 155,000 took over 216,000 exams (academic by-pass, GED, SAT, ACT, GRE, GMAT, etc.) at DoD expense. We currently provide tuition assistance coverage up to \$250 per semester unit of credit and up to \$4,500 per year. With the increasing costs of education driving up out-of-pocket education expenses for Service members, we plan to review the level of coverage.*

## **DEPARTMENT OF DEFENSE AND STATE LIAISON**

The Department of Defense is developing working relationships with Federal agencies, non profit organizations, and state governments to support Service members and their families. Expanding on our partnerships with the Departments of Education and Labor, the Department established the DoD-State Liaison Office in 2004 to work with state governments to make them aware of 10 key quality of life areas, which are most appropriately worked by state governments. The states are assisting with several initiatives - supporting the severely wounded, ill and injured through community outreach, increasing the availability of quality child care by establishing state quality rating systems, and facilitating the growth of portable careers for military spouses through expedited licensure and certification – mentioned elsewhere in my testimony. In addition, the states are providing tremendous support to our service members and their families in the following areas:

- **Increasing Key Support for Guard and Reserve Members and their Families:** The states recognize the demands that have been placed on their citizens and have significantly increased their level of support. *In 2008, states reported providing a total of 1,153 separate items of support to Guard and Reserve members and their families, an increase of 613 from their initial report in 2004.*
- **Minimizing School Disruption for Military Children during Transition and Deployment:** On average, military children attend school in approximately eight school districts in 12 years resulting in potential stumbling blocks in enrollment, eligibility, placement and graduation, as well as additional anxiety as a result of

parental deployments. *The Interstate Compact on Educational Opportunity for Military Children facilitates uniform treatment of military children as they transition between school districts. It was adopted by 11 states in the first year of consideration, with another 30 states considering legislation in 2009 to adopt the Compact.*

- **Expanding Unemployment Compensation for Trailing Military Spouses:** In 2004 only 11 states considered a military move as an involuntary reason for working military spouses to leave employment, thus allowing them to be eligible for unemployment compensation. *With Michigan's approval in January, there are now 25 states offering this unemployment compensation eligibility for military spouses.*
- **Promoting Enforcement of the Predatory Lending Regulation:** The Talent-Nelson Amendment of the John Warner National Defense Authorization Act for Fiscal Year 2007 directed the Department of Defense to establish a regulation to control lending products seen as hazardous to Service members and their families. In October 2007, the DoD regulation placed limits on payday, vehicle title and tax refund anticipation loans. There has been concern that the DoD regulation would not be adequately enforced by state regulators, who are the primary overseers of payday and vehicle title loans. We have found that these regulators are including the DoD regulation in their examinations of these lenders, and have reported that lenders are complying with the regulation when informed of the requirement. In addition, there are 21 states with the authority to enforce the restrictions of the regulation over payday lenders and an additional 11 states which do not allow these loans within their states. Nine of the roughly 25 states which allow vehicle title loans have authority to enforce the regulation. The Department is working with the National Conference of Insurance Legislators (who also cover state regulated financial services) to send a resolution to the states without enforcement authority, requesting they consider providing their regulators this authority.

## **ARMED FORCES RETIREMENT HOME (AFRH)**

The Department takes its oversight responsibilities of AFRH very seriously and we thank the members of Congress for your strong support of this one-of-a-kind, independent federal agency, established to care for our Nation's Veterans in three settings – independent living, assisted living, and long term care. AFRH was recently awarded a 5-year accreditation for the first time by the Commission on Accreditation of Rehabilitation Facilities, a nationally recognized agency responsible for accrediting facilities providing continuing care retirement services. We continue to work with the Deputy Director, TRICARE Management Activity in his role as AFRH Medical Advisor, to follow-up on allegations of substandard medical care and are reviewing on-going processes and procedures to ensure high quality standards of care are maintained. We are also working with the DoD Inspector General's office in preparation for a comprehensive inspection in September, 2009.

Working in partnership with GSA, our lead construction agent, I am pleased to report that the rebuild of the AFRH-Gulfport remains within budget and on-track for a July 2010 completion and resident occupancy in October 2010. The design-build state-of-the-art project is 39% complete. Design is 100% complete, finishes and final color selections are being reviewed, and furniture, fixtures and equipment procurement packages are being prepared. A "*Topping Off*" ceremony for construction workers, community leaders, and others was held February 27<sup>th</sup>.

To begin needed modernization at the DC campus, \$5.6 million in Trust Funds was approved to begin planning for a design-build renovation of the Scott Dormitory or the "Scott Project." Built in 1954, the Scott Dormitory has had no major renovation and a 2007 capital study identified over \$81 million in needed repair work. In 2006, 54 percent of all the work orders on the Campus were associated with the Scott Building. The Scott Project is estimated at \$76 million, including \$70 million approved for FY 2010. Completion of the Scott Project will provide significant operational savings, result in a new common space for all levels of care, and provide new assisted living, long-term

care, and memory support accommodations in the same footprint as the costly Scott Building.

## **COMMERCIAL SOLICITATION**

Public Law 109-290 and the revised DoD Instruction 1344.07 “Personal Commercial Solicitation on DoD Installations” appear to be having the desired impact of reducing instances of sales of inappropriate life insurance or financial products to Service members. Preliminary feedback following recent visits by the DoD IG to three European and two stateside installations found no instances of inappropriate sales products to Service members while on base. While they found instances of inappropriate sales products outside a military installation stateside, the State Office of Insurance Regulation was taking appropriate action. We continue to work closely with the National Association of Insurance Commissioners, who with our help developed a Military Sales Practice model regulation that sets forth standards for commercial solicitation and life insurance products both on and off installations. 46 states have adopted or enacted legislation and accepted the model legislation.

## **POST ALLOWANCE**

DoD policy requires that an overseas cost-of-living allowance be paid to all U.S. employees (appropriated and nonappropriated) overseas, including locally hired employees. Only the Army consistently paid the post allowance to nonappropriated fund employees. All other nonappropriated fund instrumentalities were required to begin paying as of March 2008 and to pay retroactively to December 1, 2001. The liability for the retroactive payments is estimated at \$68.3 million, of which approximately \$53.9 million was paid as of the end of January 2009. Components are authorized to use appropriations for this liability.

## **IMPLEMENTING JOINT BASING**

For the twelve joint installations created under BRAC legislation, the Department issued detailed guidance, including supplemental guidance for the nonappropriated fund

activities and civilian human resources, and common installation support definitions and standards for the lodging, MWR, children and youth, and warfighter and family services programs that will merge. We are working with the Military Departments and the installation commanders to finalize the memoranda of agreement to ensure that all Component equities are represented and that implementation procedures and end-state programs conform to the guidance. Five Phase 1 installations are on schedule for full operational capability on October 1, 2009: Joint Base Andrews-Washington, Joint Base Myer-Henderson Hall, Joint Base McGuire-Dix-Lakehurst, Joint Expeditionary Base Little Creek-Fort Story, and Joint Region Marianas Guam. Meanwhile, the remaining seven Phase 2 joint bases are developing their memoranda of agreement to achieve full operational capability on October 1, 2010.

## **CONCLUSION**

Madam Chairwoman, I would like to conclude my testimony by thanking our dedicated workforce who chose the highest calling of public service in support of the men and women who defend our Nation and their families. I thank our industry partners, advocacy groups, and the Subcommittee for your genuine concern about the welfare of the military community. We share a passion for improving the quality of life of our Soldiers, Sailors, Airmen, and Marines and their families.