

**NOT FOR PUBLICATION
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THE HOUSE ARMED
SERVICES COMMITTEE**

**STATEMENT OF
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HEADQUARTERS, UNITED STATES MARINE CORPS**

**BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE
HOUSE ARMED SERVICES COMMITTEE**

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Chairwoman Davis, Congressman McHugh, and distinguished Subcommittee Members, thank you for this opportunity to report on the posture of Marine Corps Community Services (MCCS), which includes Marine Corps Morale, Welfare, and Recreation (MWR), family programs and the Marine Corps Exchange.

Your Marines are a tough breed and in the face of great hardship they answer the Nation's call, serving always with distinction. They continue to demonstrate an amazing resiliency while deploying multiple times to dangerous lands. While your Marines are unequivocally battle hardened, their families continue to make great sacrifices and we owe it them to ensure they have the full resources required to complete the tasks ahead.

Improving quality of life for Marines and families is a top Marine Corps priority, firmly established in the Commandant's 2006 Planning Guidance. In his Guidance, the Commandant directed that single Marine and family programs fully transition to a wartime footing. Integral to this mandate is making sure these programs are appropriately resourced through baseline appropriations, but also fully supportive of our junior Marines and their families or those least experienced and in need of training and institutional support. Accordingly, important to the success of this wartime transition effort is consideration of the Marine Corps demographic. The Marine Corps has approximately the same number of active duty personnel as family members. There are 186,342 active duty Marines and 179,862 family members as reported by our Total Force Data Warehouse data as of December 2007. This 50:50 active duty to family member ratio is unique among the Services as our Sister Services ratios are all approximately 40:60. Staff Noncommissioned Officers have by far the greatest number of family members at 69,377 followed by Noncommissioned Officers with 58,106. In looking at children specifically, the largest group of children are preschool (0-5 year-olds) at 46,998, followed by school-age (6-12

year-olds) at 35,990, and thirdly by teens (13-18 year-olds) at 15,472. Of the four Services, your Marines are the youngest and most junior and, if married, have the youngest spouses.

At the end of December 2007, 74,252 Marines had deployed to Operation Enduring Freedom or Operation Iraqi Freedom (OEF/OIF) during calendar year 2007. The Marines who were deployed had 70,721 dependent family members. Fifty-three percent of Marine Corps Sergeants and below are either currently deployed or have deployed in support of OEF/OIF. The complete demographic profile demonstrates the need for our significant focus on junior Marines and their families' personal and family readiness.

Family Readiness - Taking Care of Marines and Families

Family Readiness is a component of mission readiness and a force multiplier. Over the past several years, with the help of the Congress, the Marine Corps has focused significant effort and funding on enhancement of personnel readiness through authorized end strength increases, changes to the way Marines are trained and prepared for deployment and combat, and manner of equipping the force. It is, therefore, equally important that our Family Readiness capabilities keep pace with other mission readiness areas and be modernized or receive appropriate resource investment.

Marines are responsible for their personal and family readiness. MCCS personnel and programs along with unit level Command Teams form the basis of support for Marines; and all of the families that surround a Marine including the families they were born into, sworn into and married into. This means that our family support programs must support individual Marines, their spouses, children and parents. Spouse education and accountability has heretofore been our primary program focus. While it is vital to continue and enhance this capability, we must additionally educate or train our Marines on their personal and family readiness responsibilities

but also support information and education needs of the parents of our junior Marines. The parents of Millennial Generation Marines are more greatly attached and involved in the lives of our young Marines than those of other generations of Marines. Upon deploying, many parents become responsible for children of Marines and, therefore, must be cognizant of benefits, processes, procedures and locations of services.

The Marine Corps agrees with this Committee's assessment that military family readiness programs and activities must be comprehensive, effective, and properly supported. Taking care of Marines and their families is an enduring commitment and, as an institution, we must fulfill the promises made. Fulfillment of that enduring commitment requires primary duty personnel, appropriate levels and sufficiency of services, partnerships with other service support organizations, and high quality training that keeps pace with needs of Marines and families and does not become static or stale, and therefore, irrelevant. Effective communication is critical to our success and requires attention to message content and delivery mechanisms to effectively connect or reach our intended audiences.

For the past six months, the Marine Corps has been aggressively refreshing our entire inventory of family readiness and support programs to ensure they are appropriately supportive of our junior Marines and their families, as we assist them with balancing life, career, and mission events. I am pleased to provide the Committee with an overview of the improvements, and the status of that implementation effort.

Family Readiness Programs and the Marine Corps Family Team Building Program

The Marine Corps Family Team Building and Unit Family Readiness Programs is the centerpiece of our family support capability. Each has been based on an 18-24 month deployment cycle and largely supported with a volunteer force. This was acceptable during

peacetime, perhaps, but untenable during a protracted conflict. As our deployment cycle and operational tempo increased, we now know from our internal program assessments and surveys containing responses of thousands of Marines and their families that we were overburdening our dedicated volunteers and our small MCFTB staff at installations. Consequently, we were not optimally supporting our Marine Corps family. While our compassionate volunteers performed magnificently, we must have a better division of labor that reduces volunteer service hours and appropriately assigns responsibilities within the Marine Corps. This is being accomplished by increasing civilian staffing within our programs and establishing primary duty family readiness officers at the regiment, group, battalion, and squadron levels. Additionally, we are capitalizing on technology to improve efficiency and effectiveness of our communications. Implementation and sustainment of these family readiness program improvements is supported in the Marine Corps budget. To enhance awareness of the new programs and expanded Command Team support, we launched a Family Readiness Transition Road Show (just completed), where HQMC personnel traveled to every Marine Corps Installation and conducted town halls to brief thousands of stakeholders on the new programs, policies and training materials. Through the Road Show experience, we gained valuable and positive feedback from Commanders, their Marines and family members. Time and again, they expressed their appreciation for the Commandant's and Mrs. Conway's efforts to listen and take action where necessary to enhance our family programs. Additionally, we plan to contract a professional marketing firm to assist us in optimizing both outreach and communication to our young demographic and impact of refreshing and expanding these programs.

Other enhancements include increasing MCCS and Marine Corps Family Team Building personnel at our bases and stations to provide needed support to our Command Teams. It has

been said that in today's Marine Corps, you are either training or fighting. Within family readiness, you are either training or providing family readiness support. Our Marine Corps Family Team Building staff increases are largely trainers who will help Marines and their families to achieve personal, family and unit readiness goals/requirements. As of mid-March, we had nearly reached our desired staffing levels across the installations. Beyond hiring more trainers, we have taken equal action to improve the quality and sufficiency of our training. In view of our operational environment, our family readiness training needed improvement and refreshed content. In February 2008, Marine Corps Family Team Building conducted a Training Development Working Group, which included nearly 50 participants from various family readiness impact areas (i.e., Marine Corps Family Team Building staff, MCCS training staff, Family Readiness Officers, Commanders, volunteers, and professional counselors). Thanks to this effort, in addition to the programs already provided through Marine and Family Services, we now have a refreshed catalog or inventory of over 70 training modules to support every aspect of family readiness programs. This includes exhaustive review of all newly-developed training materials to include pilot tests and eventually train-the-trainer sessions. The new programs are intended to capitalize on the use of newly procured technology. I am pleased to report that our family readiness programs will be supported with a mass communication service similar to those used in public school systems to communicate with the parents of their student population. This service will replace the manual phone tree process that Commanders previously used to pass official communications and updates on the status of their deployed unit. This manual system required thousands of service hours from dedicated volunteers. Despite the best of intentions, the old system was subject to error and miscommunication due to interpretation and repeated transmission of the message. With full implementation, Commanders will confidently send a

single message that will be simultaneously received via email, phone, or text by all identified Marine personnel or designated family members of the unit, all with little to no volunteer service required. Implementation is well underway. We are currently conducting a prototype test with the 26th Marine Expeditionary Unit at Camp Lejeune, North Carolina, a Reserve unit and will expand the test to six volunteer units in the next few weeks.

Finally, as stated previously, our volunteers have performed magnificently. They are, indeed, highly valued, but were inconsistently recognized. Going forward, we will acknowledge our family readiness and Marine Corps Family Team Building volunteers through a standardized management program to include special acknowledgement annually during the month of April, which is nationally accepted as “Volunteer Recognition Month.” We will also provide recognition and incentives based on service hour milestones and lifetime achievements that will be electronically tracked by way of a web based service.

Exceptional Family Member Program

As part of our efforts to invest in Marine and Family support programs that most directly touch and help Marines and their families, we have planned and are in the process of executing significant improvements to our Exceptional Family Member Program (EFMP). The improvement initiatives center on refocusing the EFMP outcome from being largely an assignment process for the Marine to one where the outcome is continuity of care for the exceptional family member. In this capacity, assignments are but one mechanism of achieving EFM continuity of care. Additionally, we must ensure other processes or mechanisms address appropriate access and availability to medical, educational, and financial services, as well as sufficiency of EFM-specific programs for recreation, leisure and other quality of life support such as respite care, as a part of the continuum and solution set. To achieve these goals, we will

dramatically increase the number of full-time EFMP staff (civilians and contract). We are also procuring two technology aids to the program: 1) a case management system and 2) digital document senders for each EFMP office that will assist in electronic processing of enrollments. The case management system will leverage technology to facilitate effective case management services. All EFMP staff will be able to find an EFM's assigned case manager, post chronological contact notes, generate correspondence, and share information, all while assuring and respecting the confidentiality and privacy of the individual Marine and family member.

Parental stress can be expected as a factor of life, but can be heightened for families who are caring for one or more family members with special needs, and the deployment cycle of one of the parents. To focus on this specific need, under our new EFMP, we are offering 40 hours of respite care per month to EFM families at no cost. This benefit for our EFMP-enrolled families was provided during the fourth quarter of Fiscal Year 2007. A variety of care settings are available due to the broad range of needs which must be addressed. The care can be provided in three settings: A Family Child Care Home, Child Development Centers, or in the EFM's home for those who are medically fragile. We appreciate the Congress' efforts and support for this important program and family members' special needs. We particularly appreciate your efforts to address the significant needs of our family members with Autism Spectrum Disorder.

Previously, to obtain appropriate care, the families had to cobble together support from medical, educational, financial, and respite care services. All special needs stem from a medical diagnosis. We seek the support of Congress to ensure appropriate services and underwriting of care where needed. We thank the Committee for their attention to this important issue, as demonstrated in the Fiscal Year 2008 National Defense Authorization Act with a provision pertaining to the education and treatment services for military dependent children with autism. Relocation and

Permanent Change of Station moves are never easy. For Marine families with special needs, the availability of medical, educational, and financial services is critical to long-term health and well being. In many cases, our families have had to endure due process legal procedures and associated expenses to appropriately receive required care. The Marine Corps, is committed to ensuring all of our nearly 7,200 exceptional family members receive the care and services needed to support their health, education, and welfare.

School Liaison Program

The education of over 51,000 school age children of Marine Corps parents is a significant quality of life issue and may ultimately impact retention. Our Marine children are as mobile as their military parents, and as they relocate from duty stations, they encounter academic and extra curricular differences that directly impact their learning and developmental achievement. To address these education challenges and issues, we are expanding our School Liaison structure from three School Liaisons across the Marine Corps to an additional 19 positions at 16 of our installations and assignment of regional and national level School Liaisons. These trained individuals will stand ready to help parents and Commanders interact with local schools, districts and State governments to help resolve education transition issues encountered by our children. This support will be especially useful to our EFMs. Working with Commanding Officers, Marines, and families, our School Liaisons will seek to optimize the educational experience of elementary, middle, and high school students.

Expanding Child Care Availability and Options

National Accreditation of our Child Development Programs provides Marine parents with assurance that their children are receiving high quality care. I am happy to report that, currently, 91 percent of the Marine Corps Child Development Centers are accredited by the National

Association for the Education of Young Children (NAEYC). The remaining programs are either pursuing reaccreditation or in the process of applying. For School Age Care (SAC), 54 percent of our SAC programs have been accredited and the remaining programs will go through the accreditation process in 2008.

The Marine Corps continues to strive to achieve the Department of Defense goal of meeting 80 percent of potential child care need and is actively working multiple strategies to increase our care capacity. We are meeting 71 percent of calculated potential need (our current unmet calculated space requirement is 1,460 spaces).

To achieve the OSD goal for 80 percent of potential need, we are advocating via OSD for acceleration of six MILCON projects (MCB Hawaii (1), Camp Lejeune (3), and Camp Pendleton (2)). We are additionally pursuing opportunities to expand access to care through partnership with other agencies or participating in pilot efforts with the Office of the Secretary of Defense (OSD) to meet the child care needs of families living off base in high cost of living areas. Additionally, we are working with a Public-Private Venture (PPV) housing partner at Mountain Warfare Training Center, Bridgeport, California to convert unoccupied housing units into Child Development spaces. This installation is located in a remote mountainous area nearly 80 miles away from a major city and has limited support services aboard the base. The Child Development Group Home opened in January 2008 and is providing care for 48 children, ages six weeks to 12 years old.

Our Marine parents who deploy or are subject to increased operational tempo and need extended child care options and the tools to help their children cope with deployment-related stress and anxiety. Through the Enhanced Extended Child Care (EECC) Program, we continue to provide child care for children of Marines whose needs extend beyond normal duty hours.

This care is provided 24/7 in emergency situations in our Family Child Care homes. To relieve deployment-related stress, we offer “Kids-N-Deployment” and “Kids-N-Reunion” age-specific workshops for children (thru age 18), which include puppet shows, games, and lessons on communication with a deployed parent. We will also soon launch L.I.N.K.S. for Teens and School-Age Children and a LifeSkills training program as part of our larger family readiness program expansion that will help parents and their children navigate deployment-related challenges but also learn more about the Marine Corps and how to succeed and flourish in the military lifestyle. Parents with dependent responsibilities will be provided L.I.N.K.S. for Parents training to help them navigate the Marine Corps entitlement and benefits processes.

Finally, as part of our mission to transition family readiness programs we will host a Children, Youth, and Teen Functionality Assessment in June 2008 to thoroughly document our existing children, youth and teen capabilities, benchmark with Sister Services and other public and private organizations for best of class examples, and develop Marine Corps-wide programs and initiatives to improve the effectiveness and efficiency of our programs.

Addressing Quality of Life Aboard Marine Corps Installations

Optimally, we would like to keep our families at their assigned bases and installations upon their Marine’s deployment. However, some families will choose to go home and we have found that these families may find their hometown friends and relatives do not fully understand or appreciate the nature of deployments and the Marine Corps way of life. In those places where there is not strong family support, we believe that if we can make it more hospitable for them to stay at bases and installations, Marines and families will benefit in the longer term by being close to the programs that help relieve stress or provide needed support.

At installations across the Marine Corps, we are making quality of life program and services

upgrades but we are also benefiting from approximately \$23M in one-time buys of equipment, such as playground equipment, youth sports equipment, and fitness center equipment. We are also investing \$29M into sustainment, renovation, maintenance and refurbishing facilities across the Marine Corps.

As part of our wholesale effort to enhance installation quality of life, we conducted an assessment of family support programs and base operations infrastructure at remote and isolated installations. To conduct this assessment, we assembled Remote and Isolated Contact Teams comprised of Headquarters, Regional and Installation personnel. Typically, local communities surrounding our remote and isolated bases have limited or less robust support services and leisure/recreation capabilities. Therefore, the Marine Corps is required to specifically enhance QOL programs and infrastructure to ensure adequate support for our Marines and families. When Marines and families perceive decreased or inadequate support services such as access and availability to high quality education for their children, employment opportunities for spouses as example, Marines and families may elect geographic separation, which has potential impact to readiness and retention efforts. To minimally correct on-base deficiencies, we are acting on the Remote and Isolated Teams' findings by investing more than \$35M in FY08 to make identified program improvements and execute facility modernization or refurbishment initiatives. All installation support enhancements, including remote and isolated, have been supported in Fiscal Year 2008 through a Global War on Terror supplemental amendment. Baseline sustainment will be pursued through Marine Corps programming processes. These initiatives and others will further promote the sense of community required to form strong bonds among our Marine families that contribute so greatly to readiness.

Expanding Communication Connections Between Separated Marines and their Families

For Marines and families assigned to locations like Okinawa and Iwakuni Japan, communication is the number one quality of life priority. Maintaining strong families and improving the quality of their communication helps both the Marine and family better cope with deployments and improve morale. To foster this improved connection and coping mechanism, the Marine Corps will be establishing Wi-Fi wireless technology aboard all Marine Corps installations and at 500 MCCA facilities.

Spouse Employment

We realize that Military spouses are a major contributor to the financial stability of military families and we strive to help our spouses establish and maintain productive careers. Our Family Member Employment Assistance Program provides workshops and services on the labor market, salary trends, career counseling, resume writing, job interview techniques, and job searches. Additionally, we are partnering with government and private sector organizations to secure opportunity for mobile careers and employment training, such as: a medical transcription apprentice program, jobs in the mortgage industry, and H&R block on tax preparation. The Marine Corps also participates in the Department of Defense-Department of Labor Military Spouse Career Advancement Accounts (CAAs) demonstration project to help spouses obtain the education and training they need for portable careers (financial services, education, healthcare, IT, and construction).

With these family readiness and support program improvements underway, we confirm our enduring commitment to take care of our own and look after our Marine families – the most brittle part of the deployment equation.

Marine Corps Exchange (MCX) Operations

Since 2006, our Marine Corps Exchanges have been focused on achievement of a customer service vision. Our MCX vision contains four components: 1) create a great shopping experience curb to register; 2) be the first place our customers think of to shop and confident in our assortments; 3) be clear in our customer value story; and 4) remain emotionally connected to the Marine Corps customer. Our logo of “MCX Core Brands, Corps Value” links the Exchange to the pride of the Marine Corps and is essentially, our commitment to our customers to provide brands and value each time they shop the MCX.

Customer impact begins at the MCX curb and carries throughout the entire shopping experience – at each customer touch point including wide and well-lighted aisles for easy maneuvering and shopping, and plan-o-grammed product assortments (i.e., a consistent schematic for product placement developed on the rate of sale).

To bring our MCX facilities up to standards, we developed a retail master plan. Under the plan; old, tired stores will become something of the past. Eventually, each MCX will not only be rebuilt, remodeled or renovated, but a complete “re-concept” tied to the MCX vision will be completed. This retail master plan includes design and merchandising standards to attain standards of excellence in convenience, efficiency and overall customer appeal.

Store Improvements

I am pleased to report that we had three grand re-opening celebrations in the fourth quarter of 2007 to bring the total count of MCX locations “On Brand” to four.

MCX Miramar’s Grand Opening was October 19, 2007, with a project cost of \$16.0M, the MCX gained 36,000 square feet of selling space. Sales performance is a true indicator of our customers’ satisfaction with these renovated stores. An increase of 28.9 percent in sales was realized as compared to same period last year.

Cherry Point's Ribbon Cutting ceremony was November 8, 2007. An additional 7,000 square feet of selling space was achieved with a project cost of \$8.3M. Same period sales increased by 28.5 percent.

Quantico's Grand Opening celebration was November 15, 2007. A sales increase of 15.9 percent was realized with an additional 17,000 square feet. The cost of this project was \$15.8M.

We are on track for two grand opening celebrations scheduled for 2008; MCX New River and MCX Parris Island. I look forward to reporting the success of these "On Brand" stores next year.

Tactical Field Exchanges

For OIF, the Marine Corps partners with the Army and Air Force Exchange Service (AAFES) to provide Tactical Field Exchange (TFE) services. Our Marines in Iraq have access to a variety of items, from health and comfort, to movies, CD's, and snack foods. Many of our MCCS Marines are serving their third and fourth tours in support of the TFE operations. Additionally, MCCS has an average of 25 Marine Corps Exchange civilian volunteers serving the TFEs in Iraq. We applaud these individuals for their service and dedication to ensuring deployed Marines receive "touches of home" while they are so far away. In Fiscal Year 2007, the TFEs generated \$120M in sales.

Price Survey

The Marine Corps Price Survey, as a Cooperative Effort with AAFES and NEXCOM, was conducted 22-29 October 2007 in three market locations (Arlington, Virginia; San Diego, California; and Honolulu, Hawaii). Since the Price Survey is used as a standard performance metric for all three Service Exchanges, it is important that Exchange survey methodologies be closely aligned. Therefore, MCX markets were selected to better parallel with AAFES and

NEXCOM market locations. A product list consisting of 339 line items representing 33 merchandise categories was used to accumulate pricing data across the specified market locations. Merchandise categories were used that are important to our customers such as health and beauty, electronics and apparel. I am pleased to report that in the aggregate, our 2007 MCX savings is 22 percent before taxes. This represents a savings increase of approximately six percent over last year. To optimize savings for the items Marines and their families most desire, we focus on significant customer touch points ensuring high velocity items Marines buy, such as Gillette razors and beef jerky, are competitively priced.

Customer Satisfaction

In September 2007, MCXs across the Marine Corps participated in a Customer Satisfaction Index (CSI) Survey. The survey measures satisfaction levels at regular intervals, thereby allowing us to identify areas requiring attention and provide recommendations for program improvement. MCX customers rated their overall satisfaction score higher than they did in 2006, with the score increasing by one point from a 71 to a 72. Key customer findings showed that pricing, merchandise selection, and the influence of our associates remain strengths for our organization and continue to be key drivers of satisfaction. Additionally, one-stop shopping has made a significant shift from being a top priority to becoming one of our strengths; customers have become increasingly satisfied over the last three years with “having all the merchandise and services they need in one convenient location.” Merchandise Selection has also shifted from being a top priority to becoming an MCX strength. Customers are becoming more satisfied with the assortment of merchandise, but this is still a top area of focus for the MCX leadership. We strive to have the preferred brands of our customers as well as continue to be “expeditionary” in business. MCX has been first to the military market with brands that have been a huge success

with our customers. Additionally, our American Customer Satisfaction Index (ACSI) results continue to show promise. Following a significant three point improvement in 2006, the MCX improved again in 2007 by two points -- resulting in an impressive five-point gain over two years raising our current ACSI score to 72.

Armed Services Exchange Regulations

Chairwoman Davis and Representative McHugh, on behalf of all MCX patrons, I thank you for your recent letter to Secretary Dominquez in support of lifting certain Armed Services Exchange Regulations (ASER) restrictions on the sale of televisions, furniture, and jewelry. However, we continue to maintain that enhancing the shopping experience and ensuring customer satisfaction, includes not only offering our patrons the brands they want, but also the best possible merchandise selections. The current cost limitations handicap our efforts to meet the changing consumer expectations of a new generation of Service members and their families. Under the restrictions, our patrons continue to be forced to shop outside the gate for restricted items, exposing them to higher prices and unfavorable credit terms. Especially in today's climate, where we are looking for means to protect the financial interests of our most vulnerable Service members and advocating for a lifting of the remaining restrictions at the earliest possible date.

Exchange Cooperative Efforts Board

We consistently look to develop methods and practices to improve the efficiency and effectiveness of our Exchange System. The Exchange Cooperative Efforts Board (ECEB) plays a large role in this capacity as we work with Sister Service Exchanges to leverage best practices for the benefit of Marines and Marine families. In 2007, the ECEB focused on the areas of Enterprise Architecture, Logistics, Indirect Procurement, and cross-acceptance of Gift Cards for

improved operational efficiency and customer satisfaction. As the ECEB Chairmanship has rotated to the Marine Corps this year; I pledge that we will continue to work collaboratively with our Sister Services to continue the work and progress made in 2007 and to identify new opportunities in 2008.

In a recent ECEB meeting, the Board Members agreed to charge our respective organizations with a mission of moving beyond bureaucratic logjams and to aggressively identifying and implementing initiatives that increase efficiencies and/or services to our customers. In a recent meeting with DeCA leadership we realized that, although our resale systems need to remain separate to ensure the overall benefit is maintained, there are opportunities for the Exchanges and Commissaries to work closer together and in harmony to better serve the customer. Coordinating our Exchange sales with DeCA case lot sales is one example. We are also looking to better educate Service members on their resale benefit through utilization of Military OneSource and Military HOMEFRONT information services, and in the process we help spread the word to Service members on these valuable information and referral resources.

MCX Sales and Profits

In Fiscal Year 2007, our Exchange sales are estimated to be \$806M, an increase of 4.2 percent over the prior year. During this period, we had three stores under renovation. Considering the renovations, impact of deployments, and the performance of outside retailers in 2007, we are very pleased with our results. Our estimated MCX profits for Fiscal Year 2007 are \$53.5M, an increase of 18.9 percent over last year. Our Exchange dividend for FY07 is estimated at \$35M.

Morale, Welfare, and Recreation Facilities Modernization

The MCCA nonappropriated fund (NAF) MWR construction program continues on a stable path. Our patrons should have nothing less than high-quality MWR facilities and our sound program reflects a philosophy of continual assessment and response.

In Fiscal Year 2007, we completed:

- Marine Corps Base Camp Pendleton, California, renovate Staff NCO Club (\$2.2M);
- Marine Corps Base Quantico, Virginia, renovate Marine Corps Exchange (MCX) (\$18.4M);
- Marine Corps Air Station Cherry Point, North Carolina, renovate MCX (\$8.3M);
- Marine Corps Air Station Miramar, California, construct MCX addition and renovation (\$16.0M)

In Fiscal Year 2007, we began:

- Marine Corps Air Station Miramar, California, replace Golf Course Club House and SNCO Club (\$7.1M);
- Marine Corps Air Station Miramar, California, construct RV Storage Lot (\$3.9M);
- Marine Corps Recruit Depot Parris Island, South Carolina, replace MCX (\$15.5M);
- Marine Corps Base Quantico, Virginia, construct addition to Marine Corps Community Services Headquarters (\$6.8M);
- Marine Corps Air Station Iwakuni, Japan, construct a Bowling Center (\$9.7M)

In Fiscal Year 2008, we plan the following:

- Marine Corps Base Quantico, Virginia, construct Package Store (\$3.6M);
- Marine Corps Logistics Base Albany, Georgia, renovate MCX (\$3.4M), renovate Bowling Center (\$0.4M), and renovate Base Restaurant (\$0.4M);

- Marine Corps Air Ground Combat Center Twentynine Palms, California; construct Auto Skills Center addition (\$2.4M), and renovate Marine Mart and Gas Station (\$5.2M);
- Marine Corps Logistics Base Barstow, California, construct Marine Mart at (\$0.7M);
- Marine Corps Base Camp Pendleton, California, construct Car Wash expansion (\$1.3M) and renovate two location Exchanges and Gas Stations (\$0.6M each)
- Marine Corps Air Station Cherry Point, North Carolina, renovate Marine Mart (\$1.2M);
- Marine Corps Base Camp Lejeune North Carolina, renovate Bowling Center (\$0.7M);
- Marine Corps Recruit Depot Parris Island, South Carolina, renovate Furniture Store (\$1.7M), construct a Youth Center (\$4.2M), and construct RV Park (\$0.5M);
- Marine Corps Air Station Yuma, Arizona, construct MCX (\$17.5M);
- Marine Corps Air Station New River, North Carolina, replace Auto Hobby Shop (\$2.3M);
- Marine Corps Base Hawaii, renovate Youth Center (\$12.7M), expand Temporary Lodging Facility (\$7.5M), and renovate Golf Clubhouse (\$2.6M).

Over the next several years, the focus of the NAF Construction Program will be placed on renovation and or replacement of our Exchanges. By improving the shopping experience, we hope to attract more customers and thereby increase sales.

Fiscal Year 2007 Financial Results

Our appropriated fund (APF) financials continued to support the OSD MWR 85/65 standards for Categories A and B, respectively. For Fiscal Year 2007, the Marine Corps achieved APF support of 86 percent for Category A and 73 percent for Category B. MWR APF direct support increased by \$15 million over Fiscal Year 2006. Overall, the Marine Corps executed \$40M more MWR funding in Fiscal Year 2007 than originally budgeted. This was due to additional contingency operations funds, enhanced emergency child development support, and

execution decisions by Installation Commanders. For Fiscal Year 2008, the Commandant directed increased programs funding “To improve the quality of life for our Marines and their families.” Support for these programs in Fiscal Year 2008 has already been provided through GWOT Supplemental funding, and the intent is to do the same in Fiscal Year 2009.

Closing

In closing, the past year has been a significant period of change for the Marine Corps Community Services. We have heard the voices and requests for support from leaders at all levels, and from Marines and their families. It is our intent to maximize our internal capabilities and leverage or establish additional partnership opportunities from public, private, and Sister Services’ organizations to enhance the care and service of our Marines and their families. At all levels, Headquarters, Regional, and Installations, we seek to raise the bar and make a dramatic difference in the state of Marine Corps quality of life. On behalf of the Marine Corps and Marine families, I thank the Committee for your continued attention to the well-being of American’s Service members and their families. Your advocacy is most sincerely appreciated and relied on for the future.