

**STATEMENT BY**

**MAJOR GENERAL JOHN MACDONALD  
COMMANDING GENERAL  
FAMILY AND MORALE, WELFARE AND RECREATION COMMAND**

**BEFORE THE**

**SUBCOMMITTEE ON MILITARY PERSONNEL  
COMMITTEE ON ARMED SERVICES  
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**ON ARMY MORALE, WELFARE AND RECREATION PROGRAMS**

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Madam Chairman and Members of the Subcommittee, it is a pleasure to appear before you to discuss the progress we have made in adapting Army Family and Morale, Welfare and Recreation (MWR) programs to meet the challenges and opportunities of a transforming Army. Since I last addressed the Subcommittee in 2006, we have added significant value to the programs and services available to Soldiers and their Families to enhance their well-being.

**SUPPORT TO DEPLOYED SOLDIERS**

It is not news that we continue to maintain professional staff in Southwest Asia and the Balkans to support our deployed Soldiers. But we do. It is not news that we maintain MWR facilities at 56 sites in Iraq, Afghanistan, and Kuwait. But we do. And it is not news that 12 civilian MWR professionals currently serve, and a total of 65 have deployed since the terrorist acts of September 11, 2001. But they do, and they have. What was initially groundbreaking is now business as usual. And while not exciting to report, the routine nature of it is precisely what makes it good news. Deploying Soldiers can now expect a basic level of MWR support wherever they may be assigned. While they may not always be able to enjoy the full range of programs and services available to those stationed at permanent installations, they can be assured of a standard level of service even in the most austere environments.

We continue to improve support in small but important ways. I told you before of the sports and recreation, library, and "Theater-in-a-Box" kits provided to meet the basic MWR needs of deploying units. These remain mainstays of MWR support to deployed Soldiers. But you may not be aware of one of our latest and very popular additions. "Playaways" are a newly-developed product, about the size of an iPod, weighing in at only two ounces. They come pre-loaded with an entire audio book, ear buds, extra

batteries, and a lanyard – ready to go wherever Soldiers go. The Army MWR Library Program sends “Playaways” to troops in Iraq and Afghanistan. They give Soldiers an opportunity to escape, relax, and re-charge by listening to a book when there are few other recreational opportunities available – even in areas with no electricity. We have received numerous emails and letters in nine months from Soldiers in OIF/OEF expressing their delight with “Playaways.” They are extremely popular and a tremendous morale booster. The Army continues its long-standing tradition of providing recreational and educational materials to deployed Soldiers by providing a new audio gadget for today’s generation in an environment with few computers.

Support for deployed Soldiers does not stop at the war zone. Armed Forces Recreation Centers (AFRCs) are responding to the Rest and Recuperation (R&R) needs of both the Active and Reserve Components by offering discounted packages to personnel authorized R&R in conjunction with tours in Iraq or Afghanistan. Management and staff at the AFRCs have hosted almost 60,000 Active and Reserve Component Soldiers and their Families since October 2003 when the discounted program was initiated at the Edelweiss Lodge and Resort in Germany. The Edelweiss R&R Program along with programs at the Hale Koa Hotel in Honolulu, Hawaii, and the Shades of Green in Orlando, Florida, provide reduced rate room and dining packages. The Dragon Hill Lodge AFRC continues to support the needs of Soldiers and Families in Korea, offering a high-quality respite and taste of home. In recognition of a transforming Force, the Army, as Department of Defense Executive Agent for AFRCs, added the Cape Henry Inn and Beach Club at Fort Story, Virginia, to the AFRC community in April 2007. The existing facilities and services are planned for upgrade and expansion to enhance future traveler enjoyment at this prime vacation destination.

## **SUPPORT TO FAMILIES**

President Bush discussed the vital role of military Families during his January 28, 2008, State of the Union address to the nation. “Our military Families also sacrifice for America,” he said. “They endure sleepless nights and the daily struggle of providing for children while a loved one is serving far from home. We have a responsibility to provide

for them.” The Secretary of the Army echoed that sentiment when he noted, “The Army Family, with more than two million Soldiers, spouses and children, is shouldering the load for 300 million Americans. The health of the All-Volunteer Force depends on the health of the Army Family.”

September 11<sup>th</sup> forever changed life for the Nation. The ensuing Global War on Terrorism has been uncharted territory for hundreds of thousands of Army spouses and children. In order to retain the All-Volunteer Force, the Army has had to rethink its way of doing business and devise strategies to provide support to all Families regardless of Component or where they live. The Army recognizes that Families are making considerable sacrifices, and we are working hard to deliver a quality of life commensurate with their level of commitment, service, and sacrifice.

The Army Family Covenant: The Army Family Covenant represents a \$1.4 billion commitment this year to improving the quality of life for Army Families. Army senior leaders recognize that while Soldiers may be the strength of the nation, their strength is in their Families. Leaders across the Army participated in Family Covenant signings at each Army installation, pledging to support Soldiers’ Families while they defend the Nation. The Family Covenant represents the Army’s commitment to providing Soldiers and Families a quality of life corresponding with their voluntary service and daily sacrifices. The Covenant pledges improved services and facilities for Army Families nationwide and overseas, and formally recognizes the sacrifices made on the home front while the Army is at war.

The Army Family Covenant acknowledges the Army’s commitment to:

- Standardizing and funding existing Family programs and services
- Increasing accessibility and quality of health care
- Improving Soldier and Family housing
- Ensuring excellence in schools, youth services and child care
- Expanding education and employment opportunities for Family members

The Army Family Covenant is backed by the Soldier-Family Action Plan (SFAP) which is the roadmap by which the Army will fulfill its commitment to Soldiers and

Families. It reaffirms the Army's commitment to Families and builds on recent investments in people, programs, and infrastructure. The SFAP details approximately 166 tasks, along with supporting actions and milestones to improve support to Soldiers and their Families.

Last year, we received an additional \$100 million for Family Support Programs to provide a jump-start to Family programs. Examples of benefits of this funding include hiring additional full-time staff in Army Community Service, as well as expanding childcare, respite care, Family Readiness Group Support Assistants, and youth services. The Army is reworking future budgets to sustain this increased level of investment in our Families.

Army Community Service (ACS): remains the preeminent organizational element responsible for providing personal and Family readiness support to commanders, Soldiers, and Families. Our ACS staffs prepare and sustain Families by teaching life skills and providing ongoing training. The Virtual Family Readiness Group (vFRG) links deployed Soldiers, units, and Family members on a secure web site that provides accurate and up-to-date information. These ad hoc Family Readiness Groups continue to be a huge success as Family members increasingly feel a sense of community and mutual support. We are currently supporting about 1,200 Army units, and receive a tremendous amount of positive feedback.

Army Integrated Family Support Network: The Army Integrated Family Support Network (AIFSN) delivery system offers Soldiers and Families the support they deserve, especially, the geographically dispersed. It "connects" the geographically separated Army and Families, and provides access to all Family programs and services. The idea is to harness the resources that are already in place, use personal contact and technology to improve on the delivery of service so Families get support closest to where they live.

From mobilized Soldiers, to recruiters, to Families located outside reasonable driving distances to military Facilities – AIFSN provides information, tools and resources. It is made up of Garrison Army Community Service, Child and Youth Services, Guard Family Assistance Centers, Reserve Readiness Centers, and civilian community agencies.

By combining and linking resources, AIFSN gives Army Families a choice: access services by phone, the internet, and when situations dictate, travel to the nearest facility to receive personalized support. AIFSN's network of support services increases overall Family readiness, improves quality of life and helps prepare Families for anything that might come their way.

Yellow Ribbon Program: AIFSN has incorporated the Army National Guard Yellow Ribbon program into the delivery of services to all Soldiers and Families. The Yellow Ribbon provides information, services, referral, and proactive outreach to Soldiers, spouses, employers, and youth throughout the entire mobilization process. When fully operational in September 2008, the network will address Soldier and Family issues head on by providing a single, holistic, institutional network of standardized services.

### **CHILD AND YOUTH SERVICES INITIATIVES**

Army Child and Youth Programs remain essential to reduce the conflict between Soldiers' parental responsibilities and unit mission requirements. The Army has increased emphasis on supporting Soldiers and Families to include a promise to ensure excellence in schools, youth services, and child care. This commitment has enabled the Army to develop a comprehensive plan to meet the needs of Soldiers and Families. As the demand continues to increase, we again have taken a number of actions to address this need.

NDA Authority to use O&M for CDC Construction: Section 2809 of the Fiscal Year 2008 National Defense Authorization Act (NDA) extended the fiscal year 2006

authorization to construct Child Development Centers (CDCs) with Operation and Maintenance (O&M) funds. The NDAA provides needed flexibility to quickly meet the child care requirements at identified garrisons. As a result of the extension, the Army submitted notification to Congress of the intent to construct 38 CDCs using O&M funds under the temporary authority. These facilities will provide approximately an additional 5,700 child care spaces at 24 garrisons and are expected to be completed by the end of calendar year 2009. The Army is planning to use this authority for additional projects and will provide the appropriate notification. In 2007, the Army was able to add 10 child care facilities at garrisons using this authority. We thank the Congress for this authority to meet our critical child care needs.

Military Child Care in Your Neighborhood / Army Child Care in Your Neighborhood: Our on-post, Army-operated child care programs are becoming increasingly insufficient to meet growing demands. We can now provide services where Families live through some precedent setting initiatives – *Military Child Care in Your Neighborhood* and *Army Child Care in Your Neighborhood*. *Military Child Care in Your Neighborhood* is targeted to meet the child care needs of recruiters and Soldiers with independent duty assignments dispersed throughout the country, as well as Families who return to their home while the Soldier is deployed. *Army Child Care in Your Neighborhood* supports Families living in the immediate areas of many of our large installations. Under these programs, families pay reduced fees for child care services delivered through accredited community child care programs. Our newest effort is focusing on *Army School Age Programs in Your Neighborhood* for our elementary school age children and *Army Youth Programs in Your Neighborhood* for our teens.

Family Child Care: We continue to increase our efforts to sustain and expand our home-based Family Child Care program. Without the dedicated Family members who provide child care in government housing – especially extended hours, evening, and weekend care – we could not provide the care needed to support mission requirements beyond the normal duty day.

Child and Youth Programs play a vital role in helping reduce stress for Families. Garrison Child Development Centers and Family Child Care Homes have extended operating hours to better accommodate the high operating tempo. Respite child care gives parents time to attend to personal needs or take breaks from the stresses of parenting.

Operation Military Child Care: Reserve Component Families often need child care support and face additional costs when Soldier parents deploy. Our *Operation: Military Child Care* initiative “buys down” the cost of child care for these Families in the community where they live. Reserve Component Soldiers in all 50 states participate in this centrally funded Army Child and Youth Services deployment support initiative.

Operation: Military Kids (OMK): In conjunction with the National 4-H Office, *Operation: Military Kids (OMK)* is a collaborative effort in 34 states to support the children of our Reserve Component Soldiers by forming local support networks through schools, veteran services and youth groups, civic organizations, and businesses. In fiscal year 2007, more than 54,000 children participated in OMK events and services. This vital partnership with the Department of Agriculture is a success story that engages mainstream America in directly supporting our military youth. We are expanding these services to all military children in all states as part of the DoD Joint Services Family Assistance Program.

Respite Child Care: We have expanded our Respite Child Care to relieve stress on custodial parents during the deployment cycle. This is one of the most well received support services for our Families.

Extended Hours: High operational tempo often requires child care services beyond normal hours. We have extended hours to cover weekends, evenings, and even 24/7 requirements where necessary. We also provide crisis child care as needed.



Transportation: When Soldier-parents are absent, many children no longer have transportation that allows them to participate in after school programs and sports. We are working with school districts to add more bus routes and expanding our capability to assist children in accessing these vital activities thereby minimizing the impact of having deployed parents.

Accreditation: We are proud that our child care programs are maintaining a 95 percent accreditation rate, and 100% of our Child and Youth programs are DoD certified (equivalent to state licensing). This process is key to maintaining safe, healthy, quality programs that provide consistency for our children in a time when much of their lives is in flux due to their parents' mission requirements.

School Transition and Support Services: The Army is working with the Department of Defense and Department of Education to address school transition issues. Our School Transition Plan includes strategies for successful transition of military-connected students from overseas to schools in the United States. The plan focuses on coordination with national, state, and local education agencies to integrate military-connected students into local school systems. Communities are moving ahead with bond issues; exploring the potential for charter schools; and engaging the Department of Education and Department of Defense to discuss new avenues for funding facilities, transportation, teachers, and textbooks.

Three-hundred and twenty-five school districts are now signatories to an agreement to "level the playing field" for military students as they move between school systems – an increase of 125 school districts in the past year. In addition, 33 states now offer in-state college tuition rates to military students – even after their Soldier parent has moved to another assignment. We have also significantly expanded training opportunities to help school personnel better understand and recognize the impact of repeated deployments and the difficulties of military students transitioning into new school systems.

Impact Aid: Impact Aid is funding paid by the Department of Education to local educational agencies to offset the loss of property tax revenue due to a Federal presence, i.e., military installations, low income housing, or Native American lands. Impact Aid tends to lag behind the arrival of a Federal student by as much as two years. The Army is collaborating with the Department of Defense Office of Economic Adjustment (OEA) and Department of Education to determine if Impact Aid could be expedited to reduce this lag time.

The Army has addressed education, transition, and deployment issues by strengthening local partnerships and bringing together military and civilian communities to discuss Base Realignment and Closure, global rebasing, and other force structure changes. This has spurred the sharing of ideas and best practices and helped communities to prepare to seamlessly send and/or receive military students. Army Education Summits have provided the Army with first-hand information about school and community needs regarding school transition and deployment.

To address the effects of school growth as a result of Base Realignment and Closure (BRAC) and force structure changes, specifically, the Department of Defense Office of Economic Adjustment (OEA) and the President's Economic Adjustment committee are initiating significant collaborations. At the request of OEA, Federal agency representatives from the Department of the Army, Department of Defense, and Department of Education met with their counterparts representing the installations, communities, and school districts at Fort Bliss, Fort Riley, Fort Drum, and Fort Benning to assess local capacities to absorb projected growth and identify needs for assistance. The Army, along with OEA, is providing the Department of Education and school districts with student growth projections on a quarterly basis.

In-State Tuition: Since the military move frequently, Soldiers and their Families come under numerous state policies that may hinder their educational choices and make education progression unaffordable. The Department of Defense continues to address in-state tuition opportunities for military members and their Families. Certain criteria

have been established to allow in-state tuition for Soldiers and Families where assigned and continuation of these rates for students following the reassignment and departure of their parents is occurring in 33 states.

Our Child and Youth Programs send a message that the Army cares about Families, help minimize lost work time, influence decisions to stay in the Army, allow Soldiers and spouses to better concentrate on their jobs, and provide positive growth and development opportunities for children. We believe that is a great return on the taxpayer's investment in America's Army.

### **COMMUNITY SUPPORT TO FAMILIES**

Soldiers are the strength of the nation, and their strength is in their Families. Similarly the strength of Families comes from support of the Community. The Army Community Covenant is designed to develop and foster effective state and community partnerships with the Army in improving the quality of life for Soldiers and their Families, both at their current duty stations, and as they transfer from state-to-state. The Community Covenant is tailored at the local level, with leaders at both local and state levels participating in covenant signings, planned between April and July 2008, recognizing the strength of Soldiers, their Families, and the support of the local community.

The Army Community Covenant is intended to reflect the support and commitment from local off-post communities, such as civic and business leaders, educators, and state and city government officials. While there are hundreds of community initiatives focused on support for Soldiers and Families, we have identified approximately 25 national/state and 50 local best practices to be included on a web site soon to be available to the general public.

Initiatives include efforts to have all 50 states provide in-state tuition to military Families. Spouse employment and unemployment compensation for displaced spouses are also being pursued. "Adopt A Unit" and "Adopt a Soldier" programs are examples of

local community initiatives, as are Freedom Camp for children of deployed, re-deployed, or about to be deployed Soldiers, as well as literary promotions, and military appreciation events.

## **BUSINESS PROGRAMS**

Income generated by Business Programs (bowling, golf, clubs, and club-like activities) is vital to financial support of all MWR programs. Total revenues for fiscal year 2007 exceeded \$291 million and produced a net income before depreciation of \$46.1 million. This income allows business programs to maintain their own facilities and fund other critical MWR programs not capable of being self-sustaining. Specific accomplishments in support of the Army mission include:

Bowling: Army bowling centers have evolved into Family Entertainment Centers with add-on amenities such as glow-bowling, party rooms, video arcades, and billiards. Strike Zone themed food operations have enabled Army bowling centers to enhance service to Soldiers and Families. Bowling patrons enjoy state of the art centers that recorded over 8 million games bowled in fiscal year 2007. The Army's 91 bowling centers worldwide produced \$49.3 million in net revenue and \$8.5 million in net income before depreciation.

Food, Beverage, and Entertainment: Army Club Food, Beverage, and Entertainment and MWR Branded Restaurant Operations remain an integral part of business operations in Army communities. The 197 activities provide a variety of programs and services worldwide, enhance unit cohesion, and support community social needs. The activities earned net income before depreciation of \$15.3 million on net revenue of \$151.1 million.

Golf: In fiscal year 2007, the Army's 55 golf courses recorded net income before depreciation of \$10.2 million on net revenue of \$73 million. Soldiers, retirees, and Families played over 1.8 million rounds.

Events: The Army continues to offer diverse promotions that generate excitement and increase sales. These revenue-generating events are designed to offer fun programs for Soldiers and Families and build business for MWR facilities. Some recent promotions included Texas Hold 'Em, National Bowling Week, Fantasy Sports, Hebrew National Dress the Dog, and the Cadbury Schweppes Military Long Drive Championship. The Military Long Drive Championship was featured on ESPN as part of the World Long Drive championship week-long events. The promotion awarded \$10,000 to the top long driver, Airman Ryan Hixson from the Coast Guard.

## **FINANCIAL ASSESSMENT**

Operationally, total Appropriated and Nonappropriated Fund support to the Army's MWR program for fiscal year 2007 amounted to \$1.8 billion. This represents a \$139 million increase over fiscal year 2006. The Nonappropriated Fund revenue was \$1,030 million, an \$81 million increase from fiscal year 2006. The Appropriated Fund support was \$819 million, a \$58 million increase over the previous year. This appropriated fund support includes supplemental funding of \$157 million in fiscal year 2007 and \$32 million in fiscal year 2006.

The compiled net income for the military MWR Nonappropriated Fund Instrumentalities was \$83 million, or 8.1 percent of total revenue. This represents a \$51 million increase from fiscal year 2006. Increased Post Exchange dividends and reduced operating costs as a percent of revenue account for this positive result.

The Army MWR Funds' collective financial position is sound as of September 30, 2007. The current ratio, or current assets compared with current liabilities, was 1.7 to 1, the same as September 30th of the previous year.

The DoD standard is to use Appropriated Funds to fund 100 percent of costs for which they are authorized. No standards are specified for the uncategorized,

Appropriated Fund-authorized common service support or overhead expenses, and these expenses represent the major use of Nonappropriated Funds in lieu of authorized Appropriated Funds. The metrics specify funding minimums of 85 percent for Category A (CAT A) activities, and 65 percent for Category B (CAT B) activities. In fiscal year 2007, the ratio of APF support for CAT A was 83 percent, the same as it was in fiscal year 2006. A revised methodology for allocating overhead, which more logically portrays the application of APF and NAF support, was instituted in fiscal year 2006. However, for CAT A activities, excluding the overhead proration, the metrics were 91 percent for fiscal year 2007 and 89.5 percent for fiscal year 2006. APF support to CAT B was 65 percent for fiscal year 2007, versus 67 percent for fiscal year 2006.

The Army has implemented Uniform Funding and Management (UFM), authorized by the Fiscal Year 2003 National Defense Authorization Act. This major business reengineering initiative merges APF and NAF for the purposes of providing MWR services using NAF rules and procedures. The process of UFM does not increase or decrease the levels of APF supporting MWR. Rather, it is a new way of executing the program with an emphasis on eliminating redundancy and improving business practices in providing support for the functions of procurement, financial management, and human resource management. We are well on the way to having a routinely prepared, single financial statement for the APF and NAF resources of the MWR program. Predictability and standardization of services and programs has improved as funding, systems, and processes have improved.

### **MILITARY CONSTRUCTION (MILCON)**

Child Development Centers (CDCs) play an increasingly critical role in our ability to support Soldiers and their Families. To address the escalating need for quality child care, in the fiscal year 2008 construction program, the Army included 13 CDCs (12 MILCON funded and one BRAC MILCON funded). Three additional BRAC MILCON funded facilities – two Youth Centers and one Physical Fitness Center -- rounded out our fiscal year 2008 MILCON program. The 13 CDCs are programmed for United States Southern Command Headquarters in Miami, FL; Fort Riley, KS; Fort Campbell,

KY; two at Fort Bliss, TX (one BRAC funded); Fort Hood, TX; Fort Bragg, NC; Fort Drum, NY; Fort Lewis, WA; Fort Benning, GA; Fort Polk, LA; Fort Leonard Wood, MO; and Redstone Arsenal, AL. Fort Bliss, TX will receive both Youth Centers and the Fitness Center. In addition, the Brigade Complex – Barracks and Support Facilities at Vicenza, Italy, includes a branch library.

To continue progress made in 2008, for fiscal year 2009, the Army's construction program includes four Child and Youth projects and two Fitness Centers, all MILCON funded. The Child and Youth projects provide a total of seven CDCs and one Youth Center. They are programmed for Fort Campbell, KY; Fort Lewis, WA; Fort Richardson, AK; and Fort Stewart, GA. The Fort Lewis and Fort Stewart projects each consist of three facilities; one of the Fort Stewart facilities is the Youth Center. The Fitness Centers are programmed for Fort Stewart, GA and Fort Carson, CO.

#### **PUBLIC PRIVATE VENTURES**

MWR adopted public private ventures (PPV) as a way to augment traditional delivery of MWR facilities and services for Soldiers and Families and generate residual income for the installation MWR fund. This mutually beneficial program enables installation commanders to leverage efficiencies and maximize the value of installation real estate through PPV partnerships. The Army's first PPV project was a car wash at Fort Carson which opened in August 1999. The Mountain Post Car Wash is an eight-bay facility that has contributed over \$350,000 to Fort Carson's MWR fund. Our most recent PPV, also at Fort Carson, is another good news story. The Army awarded its first contract for a self-storage facility to "Mountain Self-Storage" in December 2005. The facility, which opened on December 8, 2007, has been a great success, registering 98 percent full within two days of its opening. The project provides Fort Carson with a facility representing a nonappropriated fund cost avoidance of \$4.4 million in NAF construction savings. As negotiated and agreed to by Mountain Self-Storage and the Fort Carson MWR fund, Fort Carson will receive from two percent to thirty percent of gross revenue based on a sliding scale, with \$600,000 being the lowest and the highest being \$900,000. Since the inception of our PPV program, we have awarded ten

projects equating to a NAF construction cost avoidance of \$39.4 million coupled with deposits of over \$1.7 million to installations MWR funds. We continue to pursue PPVs for both cost avoidance and as revenue generators. We have 17 more projects in varying stages of development, representing approximately \$42.8 million in cost savings.

## **CONCLUSION**

The Army's single most important weapon and advantage is the Soldier. Our strength lies in our Soldiers, and their strength comes from their Families. Experience has taught us – and research reinforces – that one of the best ways to support the mission and care for Soldiers is to care for their Families. Soldier and Family programs and services must adapt as the Army grows and transforms. We are accomplishing that by implementing the Army Family Covenant and other programs that standardize services, increase the accessibility and quality of health care, improve housing and installation facilities, provide excellence in schools and youth services, and expand spousal education and employment opportunities.

The Army will continue to invest in our centerpiece – Soldiers – and the Families that support them. We are on the right track and moving forward; installations and quality of life are better today and will be even better tomorrow. With your continued support, the Army will restore balance, build the readiness necessary in an era of persistent conflict, and remain The Strength of the Nation.