

DEPARTMENT OF THE AIR FORCE

**PRESENTATION TO THE MILITARY PERSONNEL
SUBCOMMITTEE**

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: MORALE, WELFARE AND RECREATION (MWR) OVERVIEW

**STATEMENT OF: MR. ARTHUR J. MYERS
DIRECTOR OF SERVICES
UNITED STATES AIR FORCE**

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BY THE COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**



BIOGRAPHY

UNITED STATES AIR FORCE

ARTHUR J. MYERS

Arthur J. Myers, a member of the Senior Executive Service, is Director of Air Force Services, Headquarters U.S. Air Force, Washington, D.C. His organization's mission is to increase combat capability and improve productivity through programs promoting readiness, esprit de corps and quality of life for Air Force people. Mr. Myers provides policy, technical direction and oversight for the worldwide services program which includes physical fitness, peacetime and wartime troop feeding, Air Force protocol, lodging, libraries, child development centers, youth centers, mortuary affairs and a wide spectrum of recreation activities. He also provides executive-level management and control for worldwide business operations, such as officer and enlisted clubs, golf courses and bowling centers. In addition, Mr. Myers serves as the single focal point for the Survivor Assistance Program under the Air Force Chief of Staff. In this capacity, he brings together key staff agencies and field activities to provide immediate information and assistance to wounded Air Force members, the families of deceased personnel, field commanders, investigating boards and Air Force senior



leadership. He also serves as executive agent for the Department of Defense in managing the Armed Forces Entertainment Office and department-wide initiatives in support of military funeral honors programs.

Mr. Myers graduated from Arts High School in Newark, N.J. Shortly thereafter he enlisted in the Air Force, where he served 20 years on active duty. During his military career, Mr. Myers held several different positions in the morale, welfare and recreation, and comptroller fields. His assignments included Wheelus Air Base, Libya; five tours in Southeast Asia; Bitburg Air Base, West Germany; and several assignments in the United States. In 1982, Mr. Myers started his civilian career with the Air Force. Since that time he has held several positions at base and major command levels. He moved to Headquarters U.S. Air Force in February 1991 as the first deputy director of the organization, then known as Air Force Morale, Welfare and Recreation. Mr. Myers remained there through several reorganizations and assumed his position as Director in January 1998.

EDUCATION

1978 Bachelor of Science degree in business management, summa cum laude, Golden Gate University, San Francisco

1980 Master of Science degree in business management, Troy State University

CAREER CHRONOLOGY

1. February 1982 - August 1982, club manager, 483rd Combat Support Group, McGuire Air Force Base, N.J.
2. August 1982 - December 1984, club manager, 317th Combat Support Group, Pope AFB, N.C.
3. December 1984 - September 1987, Deputy Chief of Morale, Welfare and Recreation, and Installation Club Manager, 18th Combat Support Wing, Kadena AB, Japan

4. September 1987 - March 1989, Director of Morale, Welfare and Recreation, Headquarters Air Force Logistics Command, Wright-Patterson AFB, Ohio
5. March 1989 - February 1991, Director of Morale, Welfare and Recreation, Headquarters Pacific Air Forces, Hickam AFB, Hawaii
6. February 1991 - February 1993, Deputy Director, Air Force Morale, Welfare, Recreation, Headquarters U.S. Air Force, Washington, D.C.
7. February 1993 - December 1997, Director of Resource Management and Deputy Director of Services, Headquarters U.S. Air Force, Washington, D.C.
8. January 1998 - present, Director of Air Force Services, Headquarters U.S. Air Force, Washington, D.C.

AWARDS AND HONORS

Bronze Star Medal

Meritorious Service Medal with two oak leaf clusters

Air Force Commendation Medal with four oak leaf clusters

1980 U.S. Air Force Club Manager of the Year

1984 and 1987 Meritorious Civilian Service Award

1989, 1991, 1998 and 2002 Decoration for Exceptional Civilian Service

1998 Morale, Welfare and Recreation Leadership Award, International Military Community Executives Association

1999 and 2004 Meritorious Executive Presidential Rank Award

2003 Department of Defense Distinguished Civilian Service Award

2004 Lifetime Achievement Award, American Logistics Association

(Current as of May 2005)

Thank you, Mr. Chairman and members of the Military Personnel Subcommittee, for the opportunity to appear before you today to talk about the status of Air Force MWR programs. These are demanding times for our nation, and Air Force Services faces its own challenges in ensuring we remain able to meet our mission. The global war on terror and support to other military operations continue to tax our resources, both people and funding. When our troops deploy, operations at home do not cease. In fact, the level of service required to support the personnel and families left behind often increases. But through resourcefulness, a superb partnership with our Reserve and Guard counterparts, and good old-fashioned hard work, Services has and will continue to maintain its war footing for as long as our Air Force requires. We thank you for your continued support of all our efforts to deliver these absolutely essential elements of military life.

Our primary job in Services is to maintain the number one weapon system in our nation's arsenal: our people. We park them. We fuel them. We supply the parts that they need. We prepare them to participate in contingency operations, keep things working while they're gone, and recover them when they return. We look for ways to enhance their effectiveness, and maintain them from cradle to grave.

Our mission challenges us to build agile combat support through programs promoting fitness, esprit de corps and quality of life for Air Force people. Whether on the front lines of the war on terror, directly supporting the nation's hurricane relief efforts, or in-garrison at installations that span the globe, the remarkable men and women of Air Force Services continue to provide combat support and community service that directly impact the nation's warfighting and readiness capabilities. Life-sustaining

support such as hot meals, lodging, fitness, entertainment, and recreation opportunities for troops supporting contingencies worldwide serves to regenerate the Airmen who are, in turn, taking the fight to the enemy. For those Airmen and families who remain on the home front, we ease the burden of a sustained high operations tempo by expanding activities such as extended child care and youth programs and increasing community support wherever and whenever possible.

The Air Force Secretary and Chief of Staff have asked all functional areas to fundamentally change our culture to one that is “lean across the Air Force.” Air Force Smart Operations for the 21st Century (AFSO21) will require a change in mindset that forces every individual to understand their role in improving daily processes and eliminating non-value added activities. Services is in lock step with our senior leadership on these efforts; we must be prepared for (and a part of) the coming Air Force transformation and the need to deal with declining resources without losing our combat capability. We recently called together 30 visionary subject matter experts from across the spectrum of our career field to build a new strategic plan for Services. With nothing sacred or “off the table,” this group proposed a way ahead that will allow Services to adapt to today’s dynamic Air Force environment, one that will see a significant decrease in personnel in the near future. The tenets of AFSO21 are not new to our Air Force or to Services. Initiatives such as our nonappropriated fund transformation are well under way and are already producing monetary and manpower savings. Our strategic plan will remain flexible and adaptive to the changes ahead as we institutionalize AFSO21 in all that we do.

Readiness

Our steadfast support of Operations Enduring Freedom and Iraqi Freedom continued through 2005. Roughly 480 Services troops are deployed today, providing feeding, lodging, fitness activities, mortuary affairs, recreation, laundry, and resale operations at 24 locations to 27,000 deployed forces. This combat support remains critical to mission success.

Services is charged with the task of regenerating Airman and ensuring the combat readiness of our Air Force's number one weapon system, its people. We must ensure the best possible facilities and programs at all our contingency locations. Our dining facilities are unequalled and we are currently serving over 36,000 meals daily to the deployed forces. Equally as important in maintaining the health and morale of our deployed force is fitness and recreation support. We operate some level of fitness programs at every contingency location, with full fitness centers at most. Recreation programs and entertainment create alternative diversions from work stress and separation anxiety by allowing for the decompression of our Airmen. Learning Resource Centers provide for intellectual pursuits for continued professional development, mental diversion from daily combat duty and connecting to the outside world.

We remain vested with the solemn duty of returning our fallen comrades to their loved ones. When the new Charles C. Carson Center for Mortuary Affairs at Dover AFB opened in October 2003, it provided a much-needed upgrade to our nation's mortuary affairs capability. This state-of-the-art facility has proven absolutely critical for our ability to identify, prepare, and return the remains of fallen service members to their families in a timely and compassionate manner. Truly joint in nature, the Dover

Mortuary ensures the proper dignity and honor are bestowed upon our nation's heroes from all branches of the Armed Forces.

Our preparedness to support any contingency was tested when disaster struck the Gulf Coast just over six months ago. Our Services professionals once again rose to the occasion. As part of the response effort for Hurricane Katrina, we deployed over 300 active duty and Guard Airmen. These troops worked long hours to establish tent cities for relief workers at multiple locations, providing much needed lodging at locations like Louis Armstrong International Airport in New Orleans and at Keesler AFB in Biloxi, MS. They also coordinated the movement and distribution of over 300,000 Meals Ready to Eat (MREs) and prepared and served nearly 20,000 hot meals for relief workers daily and an additional 30,000 meals to the needy when supplies permitted.

One incident truly highlights the lengths to which these individuals went to ensure relief efforts were able to continue. When food shipments fell short of demand, Services personnel at Louis Armstrong International Airport were able to establish a relationship with a local Domino's Pizza restaurant whose supply chain had not been affected by Katrina, coordinating a very generous and large donation of pizza. They literally served pizza for breakfast, lunch, and dinner, but relief workers were able to continue with the task at hand. Their resourcefulness and "can do" attitude are indicative of all our field operations. Whether supporting Operations Enduring Freedom and Iraqi Freedom or responding to other contingencies, the men and women of Air Force Services remain at the ready, providing combat support that is essential to mission success. I cannot overstate how proud I am of their efforts.

I must also thank this committee for your support of our efforts to restore troop facilities that were damaged or destroyed in the storm. By law as well as policy, appropriated funds are the proper fund source to repair or rebuild facilities damaged by acts of God, fire or other disasters—even facilities that were originally constructed with nonappropriated funds. It isn't always easy to get these requirements up to the level where they can be considered, but we truly appreciate the support you provided this year. Congress has already approved the funding for a replacement commissary, a temporary exchange, and a community club at Keesler; we also received funding for a new recreation center, to replace the space the temporary commissary will occupy for about the next two years. The request which the Department recently submitted includes funding for a new permanent exchange at Keesler as well as funds to rebuild other MWR facilities that were destroyed. We truly appreciate your support to ensure we get these vitally-needed programs back in operation as soon as possible for the troops and their families, and need to make sure these burdens don't fall on the troops when disaster strikes elsewhere.

Military Funeral Honors

As predicted in previous years, military funeral honors requirements continue to grow, driven by the aging veteran population and recent legislation requiring military funeral honors for all veterans who request them. Compared to our baseline taken in 1999, the year before the legislation went into effect, Air Force honor guard funeral details have nearly tripled to 28,281 annually. We continue to partner in a Total Force effort to ensure we comply. In 2005, the Air Reserve Component accounted for about 18

percent of the funeral details we supported, providing over 40,000 man-days of support. Without their assistance, we would not have been able to support all requirements.

Based on current trends, we expect to reach our projected peak of 50,000 details annually by the year 2012. As the Air Force transforms to a smaller, yet more agile force, this important honor for our veterans will stretch our people and installations. Some installations are responsible for all military funerals within an area of up to 250,000 square miles, and their funeral honors teams must drive 600 miles each way to perform a single detail. Adding to the challenge are increased deployments and a sustained high operational tempo. Many honor guard volunteers are deployed in their primary military capacity, while those left behind are severely strained to support both mission priorities and honor guard duties.

In order to continue to provide the Air Force standard for military funeral honors, we are pursuing initiatives such as joint service details and partnership options with state programs. In the joint arena, all the branches of our military understand the importance of supporting our commitment to honor those who have gone before us, and the on-going team approach has truly been commendable. Our joint partnership efforts with several state-run honors programs continue to help us meet an ever-increasing workload. Adding funding and manpower with ties to communities, these initiatives bring essential resources to the table and we are working on a common approach to integrate the federal and state aspects of our honors programs.

With the support of this subcommittee, the continued pursuit of a joint approach, and a strengthening of existing partnerships, we will not falter in keeping with the Air Force Honor Guard motto "To Honor With Dignity."

Air Force Survivor Assistance Program

An organization is only as good as the support it provides to its members and their families. This fact drives our commitment and focus to take care of Air Force families who have suffered a loss, no matter what the circumstances. For these families, we arrange for the commander to appoint a Family Liaison Officer (FLO) who becomes the single point of contact and assists in any areas needed to ease the family's burden. The FLO is the key link between numerous support agencies and the family, and as such ensures prompt and accurate information and assistance. Since the inception of the Survivor Assistance Program six years ago, over 1,400 FLOs have been appointed to serve our Air Force families. The FLO contacts the family soon after casualty notification and maintains contact until services are no longer needed, often a year or more after the death of the Air Force member. Each case is different and the needs of each family vary; therefore, the FLO program remains flexible and responsive, constantly evolving to meet the needs of our grieving Air Force Families.

Commanders appoint a FLO any time there is a loss in their unit. The FLO is handpicked and receives training from our base-level Services personnel. Commanders also keep in touch with grieving families and send letters to each on the one-year anniversary of their loved one's death. This letter ensures families know they remain a part of the Air Force and reminds them we are here to provide support indefinitely.

A few years ago, we expanded the Survivor Assistance Program to cover wounded-in-action (WIA) personnel and their families. This was a natural extension of the program and provides an invaluable service for those receiving medical treatment far from their home station, family, and normal support network. Imagine the young spouse

of a wounded Airman coming to Washington, D.C. for the first time, to be at the side of her severely wounded husband being evacuated to Walter Reed Army Medical Center. Once she lands at Reagan National Airport, how will she get to the hospital? Where will she sleep? What will she do if she needs money? These are only a few of the areas where a FLO helps the family of a wounded or seriously ill or injured member. The FLO makes lodging reservations, meets the family at the airport, provides transportation, helps the family with administrative details and is there to assist with any of their needs.

In one instance, the family of an Airman who was seriously injured in Iraq traveled from New Orleans to be at their son's side while he was being treated at Walter Reed. During this time, Hurricane Katrina struck and the family lost their home and almost all of their possessions. With the help of the individual's FLO and another wounded Airman who was at Walter Reed and being assisted by our program, we worked day and night to locate relatives of the family. A dozen relatives who were spread from Mississippi to Arkansas were all located and put in touch with one another. Such actions are the norm for the Survivor Assistance Program and lend credence to our charter: "Whatever the family needs."

We remain in regular contact with those we serve, often times establishing long-term relationships that transcend the program. We arrange for a wounded troop and the spouse of an Air Force member who died on active duty to address each Air Force Wing and Group Commander's course. These speakers facilitate frank discussions concerning their needs in the period after their loss, the most valuable benefits of having a Family Liaison Officer, how the program actually worked for them, and what could have been done better. This is a great opportunity for commanders to ask questions of people who

have been there, gaining invaluable insight on how to react when tragedy occurs in their units.

The Air Force Survivor Assistance Program serves many other purposes as well. Our senior leaders are very interested in the welfare and condition of these warriors, and we keep them aware of their progress and needs. We facilitate personal visits to wounded members, and several times have arranged for their Purple Heart or other decorations to be presented in the hospital by the Air Force Secretary or Chief of Staff. Our ability to detect alarming trends has played a key role in helping to reduce preventable deaths. We produced videos on suicide and motor vehicle accidents that have been distributed throughout the Air Force and serve as critical elements of initiatives like Wingman Day, encouraging frank and open discussion among our people on these very important issues.

Whether it's a commander in the field needing answers to tough questions or a confused and grief stricken mother or spouse who just needs a voice on the other end of the line, our 24-hour worldwide toll-free phone lines (1-877-USAFHELP) and web site (<http://survivorassistance.afsv.af.mil>) enable us to maintain our round-the-clock vigil, ensuring someone is always there to keep the Air Force promise of taking care of its own.

Armed Forces Entertainment

As the single point of contact for the Department of Defense overseas entertainment program, Armed Forces Entertainment is charged with providing free, quality entertainment to our troops serving their country abroad. Since 1997, the Air Force has served as the executive agent for providing celebrity and non-celebrity entertainment programs for our forces, managing the jointly-manned program.

In 2005, Armed Forces Entertainment conducted 136 tours that totaled 1,268 performances, reaching more than 500,000 military personnel at over 370 U.S. military installations worldwide. Performances included Drew Carey, Colin Quinn, Rich Little, Gary Sinise, The Sopranos, the Washington Redskins Cheerleaders, and Thom Shepherd. Once again we were able to bring World Wrestling Entertainment to our forces serving in harm's way during the holiday season, providing an essential morale lift for America's fighting men and women. Their third annual Tribute to the Troops visited the remotest sites in Afghanistan this year. As part of that tour, Rita Cosby broadcast her hour-long prime-time television show live from Bagram Air Base on two nights. The spectacular final World Wrestling Entertainment performance was not only the largest to date, but also was broadcast nationwide on network television.

Over the last 55 years, entertainment has served as one of the biggest morale boosters for U.S. troops serving overseas. From the first muddy, makeshift stages where theatrical performers sang and danced for military personnel and their families to today's shows that reach military bases around the world, the Department of Defense has made entertainment a top priority. The mission has remained constant to this day: provide a program of live, professional entertainment to enhance the quality of life for U.S. troops and family members stationed overseas, with priority to remote and isolated locations, ships at sea, and contingency operations.

The demands for the program continue to grow. With the outstanding support of Air Force leadership, Armed Forces Entertainment received \$7.4 million in fiscal year 2005, plus an additional \$3 million in GWOT funding. We currently have \$6.4 million for fiscal year 2006, and will continue to work through the Air Force corporate structure

and defense channels to bring our baseline to the required \$7.2 million threshold to meet the field commanders' requests. We will appropriately pursue GWOT funding again this year to ensure we provide adequate coverage for the contingency locations. Already in fiscal year 2006 we have provided 118 performances to contingency locations including Iraq, Djibouti, Bahrain, Kyrgyzstan, UAE, Qatar, Kuwait, Afghanistan and locations in the Balkans. We greatly appreciate the committee's continued support for this program, our troops and their families stationed around the world.

Fitness

Over the past year, Services led the way as the Air Force strengthened its commitment to the Fit to Fight program it began in 2004. Our bottom line goal in this endeavor is not just for individuals to pass an annual fitness test, but rather to create a lifestyle change that makes fitness and exercise a regular part of every Airmen's life. In so doing, we will ensure all our personnel remain in a constant state of readiness, prepared to meet the rigors of a deployed environment.

The numbers reflect our continued successes. Fitness center usage is up 23 percent since the program's inception and testing results reflect the impact of the program at the individual level; 98 percent of our Airmen passed the Air Force fitness test and 22 percent scored in the "excellent" category in the last 12 months.

We continue to monitor our fitness programs using our 5-Star Fitness Recognition Program. The program highlights those centers that excel in the areas of operations, programs, customer service, facilities and training. The quality of our fitness programs has improved with 21 bases now at the 5-star rating, and 29 others achieving the goal of 4-stars. Though 45 percent, or 40 of our fitness facilities, meet all Department of

Defense standards, our facilities remain our biggest shortfall. Through the military construction program, we have identified 54 additional fitness facility construction requirements at an estimated cost of \$559 million. Once again, I thank you for your continued support of this critical combat support need.

Child Care and Youth Programs

The Air Force continues with its aggressive program to reduce the current shortfall of spaces needed in child care activities. The central pillar of our approach revolves around additional facilities. We've identified a total of 12 projects in the out-year military construction program to meet our needs. New centers at locations such as Eglin AFB, Tinker AFB, Patrick AFB, Beale AFB, and Offutt AFB will go a long way toward helping us accommodate the over 5,000 children currently on waiting lists. However, we can't expect to construct our way out of this shortage. We are also cutting into this deficit through programs that increase licensed Family Child Care (FCC) homes. Our subsidy program provides incentives for licensing by FCC providers as well as reduces out-of-pocket costs for our Air Force families. By partnering with a national resource and referral agency, we added nearly 2,000 spaces in off-base Quality Family Child Care homes near 13 bases that had high on-base waiting lists for child care and high costs for off-base care. These homes meet Air Force standards for quality care and receive the same subsidy as on-base homes, making the cost to parents the same as if their children were in on-base centers. We also received nearly \$30 million in defense emergency intervention funding, to expand capacity in on-base child development and school-age programs in ways that did not require military construction. This funding will

allow us to grow nearly 1,600 additional spaces on base, over 80 percent of which are permanent spaces.

We realize that child care ranks among the top priorities of all Air Force parents. With today's high operations tempo, the challenge to ensure this care is affordable and available has taken on even greater importance. Programs such as Extended Duty Child Care, which provides free child care to members working irregular duty hours, is one example of our commitment to meeting this need. Similar programs provide around-the-clock care for personnel working at missile sites and for Air Force Reserve and Air National Guard personnel during their training weekends. These initiatives translate into a \$125 per child/per month savings for our Total Force. Finally, we further demonstrate our commitment to our Air Force parents through programs like Returning Home Care, which provides 16 hours of free care upon returning from deployment, and mildly-ill care programs that provide care for children who otherwise would be forced to remain home.

Our Family Member Programs must focus on all age groups. Whether deployed or working longer hours, parents are often away from home for much longer periods in today's Air Force. The need to provide engaging programming for our Youth has become absolutely critical. Air Force Youth of the Year, Air Force Teen Aviation Camp, Air Force Youth Space Camp, Missoula Children's Theatre, and many others keep our teens involved in constructive and entertaining endeavors in healthy and safe environments. Our long-standing partnerships with 4-H and the Boys & Girls Clubs of America assist greatly in our ability to offer successful Youth programs. This year we kicked off FitFactor, a youth fitness and health initiative designed to increase physical fitness activity, improve awareness of nutrition, and boost membership in our Youth

Centers. Consisting of annual fun run events, after-school health and wellness programs, and a web-based incentive program to document youth fitness participation and fitness levels, this program has seen an overwhelming response Air Force wide and genuinely compels youth ages 9-18 years to get up, get moving, and get fit. As the demands on Air Force members increase, our commitment to affordable, available quality care and programming will not falter.

Lodging

Air Force Inns continue to improve the quality of base lodging programs for traveling military members and their families. We recently opened two new 350-room visiting quarters facilities at Nellis AFB, NV and Travis AFB, CA and a new 70-unit Temporary Lodging Facility at RAF Lakenheath, England. This year we will also celebrate the grand opening of a new 350-room visiting quarters facility at Ramstein Air Base, Germany. Despite construction cost increases experienced in recent years, we remain dedicated to building new quarters and continue to manage a very aggressive program. This year we will begin construction on new visiting quarters at Kunsan Air Base, Korea and McGuire AFB, NJ and temporary lodging facilities at Dover AFB, DE and McGuire AFB.

We continue to streamline and standardize procedures in order to keep the cost of operations down, in turn helping to reduce overall travel costs while maintaining quality quarters. Along with first-class service, major commands and bases understand the need to provide first-class accommodations and will continue to push for construction projects through the military construction program.

Clubs and Other Programs

Our clubs are inextricably tied to the Air Force institution and continue to evolve to meet commanders' needs, as well as the social and morale needs of the men and women under their command. They provide the foundation to support Air Force traditions, protocol, and commanders' military functions. This past year, you authorized commanders to provide appropriated fund support to clubs for utilities, so that the members' funds could be spent on program enhancements for themselves and their families. Additionally, we continue to place emphasis on our UBU (You Be You) and Take It To The MAX initiatives, which are designed to introduce our newest Air Force members to Air Force Services and Clubs. As a result, we have been able to educate new Second Lieutenants and Airmen Basic personnel about Services programs and activities and have recruited some 4,800 of them as new club members. Over the next several years we will be deploying our Club Corporate Business System. This is designed to assist us in making sound business decisions, using available enterprise data to conduct polling down to the base level and generate a variety of corporate level management reports at both the major command and headquarters levels.

We offer a portfolio of programs using industry's best and most innovative business practices to revitalize clubs and create value for membership. The portfolio includes both name brand and proprietary Air Force Signature Brands, casual themed and quick service restaurants. We currently have 17 name brand fast food operations on ten Air Force bases. We also have two Chili's restaurants, one in Germany and one in Okinawa. Three more are under development, in Korea (opening this month), Japan and possibly Qatar. A Romano's Macaroni Grill will open this summer at Ramstein AB,

Germany. We have 22 Signature Brand operations at 19 bases around the world. To enhance our club programs further, our Core Menu provides a set of standardized menu items and recipes including detailed preparation and presentation instructions; these add consistency, quality and variety to Air Force Club menus. Additionally, our Air Force Catering program provides planning and marketing software, menus, and professional training for Air Force Caterers. This is just a sampling of the tools that Air Force Services is developing to help our club managers and staffs create quality programs and services for our Air Force family.

Recognizing the need to evolve from the bowling “alleys” of the past, this year we will begin a \$5 million annual investment in bowling centers around the Air Force. The intent is to create a “Family Atmosphere and Fun Center” concept that encourages participation by Air Force members of all ages. Complementing this initiative are continued programming efforts like Hook Up 2 Bowling and Bowl for the Stars & Strikes, which help introduce individuals and families to bowling throughout the year. Continued investments such as recently installed standardized scoring systems throughout all Category C centers help keep our centers modern and efficient. We evaluate our bowling centers using a 5-Star program similar to that in fitness centers. Pushing centers to achieve excellence in operations, programs, training, facilities and customer service, this program will ensure that Air Force bowling remains a viable entertainment option at installations across the Air Force for years to come. Similar initiatives are under way in golf with our 5-Star recognition programs and patron development programs like Link Up 2 Golf and Golf-4-Kids.

In order to meet all the recreational needs of a varied Air Force population, we continue to offer a multitude of additional activities. Our outdoor recreation programs have grown by more than 35 percent in the last 10 years and are the fastest growing segment of our program. Our aero clubs flew 80 thousand flying hours in fiscal year 2005 with an accident rate 20 percent of General Aviation's. Library programs linked additional databases on the Air Force portal to provide access to information about intelligence, security management, and political and social issues impacting countries of the world. Additionally, portal users now have access to colleges and universities, newspaper and periodical articles, encyclopedias, e-books, military maps, and collections in various libraries. The range of our programs is very diverse, as is the population they serve. We will remain attuned to industry trends, ensuring we continue to anticipate our customer needs, not react to them.

Funding

For funding purposes, MWR functions fall into one of three categories. Category A, Mission Essential (such as fitness and library programs) is supported almost completely with appropriated funds. Category B, Community Support (such as child and youth programs) receives substantial APF support like Category A, but with reduced allowances for personnel. Category C, Business Activities (such as bowling centers and golf programs) were recently authorized appropriated fund support for utilities but receive no other direct appropriated fund support. Commanders throughout the Air Force provided their Services activities with \$38 million more appropriated funds in fiscal year 2005 than in fiscal year 2004, an increase of 6 percent. Despite many funding challenges to meet the increased morale, welfare and recreation needs of a wartime military, the Air

Force again met all DoD standards for funding in fiscal year 2005, with Category A programs receiving 97 percent appropriated fund support and Category B programs receiving 66 percent appropriated fund support.

We appreciate your action in the fiscal year 2005 Defense Authorization Act to confirm that appropriated funds can be used to support most utility expenses in Category C activities. Although budget lead-time needed to implement the authorization fully is two years, it has already saved \$500 thousand of scarce nonappropriated funds that can be used to provide more and better programs for our troops and their families at a time when quality of life programs are so important to retention and readiness.

We are continuing to transform the way we provide service support to our people at home and deployed through a project called nonappropriated fund transformation. This initiative is a four phased, multi-year enterprise resource planning solution for Air Force Services. The focus is on lean nonappropriated fund business processing to achieve an integrated e-business environment with significant cost reductions. We are very excited about the progress made over the past 12 months, and are set to begin deploying Phase 1, the core financial system, on 1 May 06. Parallel testing of the old and new nonappropriated fund financial systems is beginning this month with installation data transmitted directly to the shared service center in San Antonio, TX for processing.

The nonappropriated fund transformation initiative has demonstrated gained efficiencies and savings through organizational and process re-engineering efforts. These include centralizing the returned check program in the shared service center and initiating a second check re-presentment process. This streamlined effort reduced annual bank costs by \$350 thousand in FY05. More importantly, it improved the collections rate from

just under 50 percent when it was performed by the bases, to over 73 percent, with a return of \$500 thousand back to our bases for re-investment in community programs. By centralizing Air Force Reserve Center nonappropriated fund payroll, we expect to yield annual savings of \$100 thousand. Additionally, the lead major command to deploy the initiative, Air Combat Command, implemented re-engineered procedures and realigned installation accounting offices to garner savings of over \$800 thousand in FY05. Finally, 35 installation appropriated fund civilian positions were returned to the Air Force in FY05 and FY06 as a result of this effort, savings that can be used for other Air Force priorities. Our \$27.5 million investment in Phase 1 of this initiative will conservatively deliver \$12 million in annual resource savings upon full implementation.

Construction

Infrastructure remains the fundamental foundation in our ability to deliver programs and services to Air Force people. Through our nonappropriated fund construction and military construction (MILCON) programs, we are continuously improving this foundation, building upon it today as well as planning for the future.

On the nonappropriated fund side, our 2005 program saw an increase over the previous year. We were able to fund 17 capital improvement projects totaling \$60.3 million. Additionally, 5 lodging projects totaling \$86 million were funded in 2005. Our projections for this year remain optimistic, as we plan to fund \$64.9 million for 19 capital improvement projects and \$72.5 million for lodging. Spending will drop in 2007 but recover the lost ground in 2008, with an estimated total of \$268.9 million spread between the two fiscal years; we are currently assessing 42 capital improvement and lodging projects for these years. Our business-based approach demands we pursue those projects

meeting the greatest needs in the most cost-effective and efficient manner. In so doing, we are making sure we maximize the return on investment of the troops' money.

Last October, we implemented a new small projects funding initiative to assist major commands with renovation projects for base-level activities. This initiative increases AAFES dividends for the commands from 15 percent of what is received by bases in the command to 30 percent. Single base commands will receive funding for one small project every three years. The intent of this change is to provide the capability for those bases that have insufficient capital to maintain their activities at acceptable levels. This initiative will be reviewed after three years, to determine whether the program is achieving its intended objectives.

Our MILCON program is no less vital to our ability to support Air Force members and their families. We appreciate the Committee's support for several Services facilities in fiscal year 2006. Fitness centers at Vandenberg AFB, CA; Charleston AFB, SC; and Malmstrom AFB, MT are critical to the continued success of Fit to Fight and will provide first-class facilities for our people at these installations. A MILCON lodging project at Maxwell AFB, AL will allow us to maintain our high standards and continue to provide first-class accommodations to our military travelers at that installation. The construction project for a child development center at Offutt AFB, NE is essential to our commitment to care for the children of our people while they focus on the Air Force mission. Services must remain aggressive in our approach to both construction programs, not only ensuring we meet the needs of the troops today, but also those of tomorrow's Air Force families. We are truly thankful for your support of the aforementioned projects and your continued support in future funding efforts.

Base Realignment and Closure

We are leaning forward to prepare for changes at bases throughout the Air Force as a result of the 2005 BRAC legislation. We face interesting challenges to support increased populations and implementing joint basing. Currently, we are developing quality of life strategies for bases gaining significant active duty populations and have identified community support projects and programs that will be needed to accommodate this influx of personnel. Additionally, we recently finished a thorough review of the three studies performed under the Joint Basing Implementation Roadmap Study. Our analyses will allow us to help guide our Services squadrons as we further develop a common operating picture throughout the Department of Defense on delivering base support services.

As we prepare for the BRAC demands that lie ahead, we must continue to pursue the challenges from previous BRAC actions. To date, we have recovered \$43.8 million in undepreciated value of troop investments and expect to recover an additional \$6 million in the future. The money that is returned to our MWR, AAFES, and DeCA accounts produces a direct and immediate impact on our ability to deliver programs and services to the troops. Your past support in these efforts is greatly appreciated and your future support will remain critical.

Conclusion

Air Force Services people are thoroughly trained and superbly led. As I visit with them from one end of the globe to the other, I am continuously impressed, though not surprised, with their exceptional motivation and unwavering morale. Our troops, military and civilian, understand what they bring to the fight, and each of them takes pride in their

individual and collective impact on the Air Force mission. When the Air Force packs its bags, Services stands in the vanguard, getting there early and staying late to ensure life sustaining support is in place and available for the duration of any and all contingencies. Our commitment to readiness is a key pillar of the Air Force Services mission, and the community service we provide is just as important. Through innovative systems and programs, the hard work of our personnel, and the support of the community, we continue to provide critical mission capability for our commanders and vital support for our members and their families. We thank you for your continued support in our efforts and look forward to working with you as we meet tomorrow's challenges.