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STATEMENT OF  
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DEPUTY COMMANDER, NAVY INSTALLATIONS COMMAND  
BEFORE THE  
MILITARY PERSONNEL SUBCOMMITTEE  
OF THE  
HOUSE ARMED SERVICES COMMITTEE  
ON  
MORALE, WELFARE AND RECREATION (MWR)

29 MARCH 2007

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## **Opening Remarks**

Mr. Chairman and subcommittee members, thank you for the opportunity to update you again this year on the Navy's Morale, Welfare and Recreation (MWR) program. Fiscal Year (FY) 2006 was a challenging and exciting year for Navy MWR and Child and Youth Programs (CYP) that saw the implementation of innovative enhancements and the development of other new projects for future use.

## **Overview**

MWR professionals around the world continue their proud tradition of helping Sailors and their families sustain morale and readiness wherever they are serving our country.

One of the most exciting developments was the significant increase in the Navy's commitment to support facility improvements using both nonappropriated funds (NAF) and appropriated funds (APF). A \$66 million NAF central capitalization program was implemented in FY 2006 and those approved projects will begin coming on line as early as FY 2007. Under the Chief of Naval Operation's (CNO) direction, the Navy developed and committed to an aggressive Military Construction (MILCON) schedule to replace 26 aging and inadequate fitness centers over the Future Years Development Plan (FYDP). The first project is currently slated for Guam in the FY 2008 budget. Taking advantage of the special construction authority that

Congress provided for Child Development Centers, Navy has also embarked on new and expanded facilities in our fleet concentration areas.

APF funding for MWR was greatly reduced in FY 2005, necessitating a “bridge strategy” whereby central NAF resources were diverted from capital expenditures and shifted into MWR operational support. This “bridge strategy” was again employed in FY 2006, but to a lesser degree. This strategy, combined with improved APF support, enabled us to respond quickly and effectively to meet the needs of Sailors and their families while maintaining Navy-wide operations consistent with the Navy’s vision of delivering the right service at the right place at the right time. We have eliminated this approach beginning in FY 2007. Steps to reduce costs by eliminating unnecessary overhead, streamlining processes, and consolidating facility footprint have helped in countering ever-increasing operational costs.

MWR continued to provide the Fleet and deployed ground units with equipment to maintain high fitness levels; internet services, through both landlines and wireless sources, in support of education and leisure time activities; round-the-clock child care at most Fleet concentration areas; and leisure time opportunities that reflect our concern for the physical and mental well-being of the Navy family.

We are particularly excited about several new fitness initiatives. “Exercise Your Options” is the new slogan of the Navy Fitness Program. Our goal is to create a total fitness program approach that reaches all members of the Navy community. In FY 2007, all Navy Fitness Centers are establishing programs and services designed to increase physical activity and nutrition awareness for youth, families and "over 40" personnel while continuing already robust

programming for Sailors. For example, our Family Fitness Program targets family members participating with their children in a variety of events designed to get people moving. Cardiovascular machines have been placed adjacent to safe play areas in full view of exercising parents and separate from other fitness center users. Other initiatives have parents and children participating in walk/run, hiking, biking, and other similar activities that promote well-being. Our pilot program for those over age forty provides hands-on strength training and nutrition information. Children using youth centers are exposed to professionally run fitness workouts while vending machines are being filled with healthier beverages to provide alternatives to soft drinks. Navy leadership is also committed to supporting the civilian workforce and has implemented a no cost access policy at Navy Fitness Centers for Department of Defense (DOD) employees when capacity permits. The long-term goal is to increase productivity and reduce absenteeism and the cost of health care for the Total Force. Finally, the \$530 million programmed for MILCON funding of 26 fitness complexes through the FYDP demonstrates Navy's long-term commitment to total force readiness and the balancing of competing resources to successfully complete them.

Child and Youth programs continue to provide excellent facilities and services but capacity shortfalls remain a challenge. Our most recent trends indicate an ever increasing demand for child care and we are developing and implementing facility initiatives to help meet this demand. As a result of your support, construction of seven child development centers caring for over 1,000 children are in the planning or construction stages and scheduled to open over the next year.

Overall, our customers have told us that their level of satisfaction is high. Using a commercial firm, we assess MWR programs annually along with other Navy-run surveys. Our 2006 customer satisfaction survey reported a level of satisfaction over (83 on a scale of 100) that is higher than the industry benchmark (73).

The following describes our overall program performance in greater detail.

### **Deployed support**

The top Navy priority is to provide fitness equipment and recreation support programs to deployed forces at sea and ashore. In FY 2006, over 20,000 pieces of recreation and fitness equipment were distributed to the fleet through the worldwide network of Deployed Forces Support Specialists at fleet concentration centers. Additionally, Deployed Forces Support personnel provided 57,500 pieces of fitness, sports and recreational gear, 130,000 popular paperback books, and 18 mobile movie equipment units including 5,000 videotapes to over 110 commands/units in isolated and remote areas of the world. Navy employs 27 civilian recreation and fitness professionals who live and work onboard aircraft carriers, amphibious assault ships, and submarine tenders. We have also established a new program and placed two fitness professionals on the waterfront at Naval Station Norfolk to further assist Fleet units. These specialists work directly with ships, concentrating on small Ships and Submarines pier side to offer assistance and provide fitness activities, Fitness Enhancement Program (FEP) guidance and fitness instruction when and where possible.

Liberty Centers remain a popular alcohol-free haven for our Sailors. Computers, books, movies, video games, and organized leisure activities designed for our younger Sailors are available at no cost. The Library Multimedia Resource Center (LMRC) on each ship is the delivery point for computer-based recreation and access to educational resources.

Fleet feedback remains very positive as reflected in customer surveys and reports from Commanding Officers. We will continue to monitor Sailor needs and interests to ensure on-target program delivery and performance.

## **Fitness**

The CNO is committed to establishing “Fitness for Life” for the Navy’s Total Force. The primary goal is to help people make healthy lifestyle decisions. As mentioned previously, the campaign slogan for this opportunity is “Exercise Your Options” along with the motto: “Stay Healthy ~ Stay Fit ~ Stay Navy”. The goal of the Navy’s Fitness program is to create a “total fitness” program for all members of the Navy community that is consistent with Department of Defense and Navy instructions and that acknowledges fitness as a vital component of readiness and essential to the general health and well-being of all personnel.

In FY 2007 all Navy Fitness Centers are establishing programs and services to increase physical activity and nutrition awareness with a particular focus this year on three patron groups: youth, families and personnel over 40 years of age. Navy has developed and is implementing a Family Fitness Program that targets family members with young children and provides a safe

play area adjacent to and in view of a cardio-vascular workout area for parents. The goal is to engender a culture of fitness across the spectrum of the entire Navy Family

Navy leadership is also aware that the civilian workforce is an essential component of the Navy Team and has instituted no cost access for Navy civilian employees to Fleet Readiness Fitness complexes. This includes use of all equipment and swimming pools for fitness swimming during designated “lap/fitness swimming” periods. The Navy has also been an active participant in the Office of Personnel Management (OPM) and President’s Council on Physical Fitness and Sports “Healthier Feds Challenge” initiative designed to build a fitness culture throughout the federal workforce.

Finally, Navy Fitness Centers attained 97% compliance with DOD core Physical Fitness Standards in FY 2006. The FY 2007 goal is to achieve 100% compliance with DOD Fitness Standards. Since many of the Navy’s remaining discrepancies to standards fall into the facilities arena, we have programmed and will continue to press for MILCON funding of 26 fitness complexes for the FY 2008-2013 FYDP.

## **Movie Program**

The Navy Movie Program remains one of the most popular recreational activities for active duty personnel and their families. In FY 2006, Sailors viewed motion pictures on all Navy vessels, at ashore base theaters, and Liberty Recreation Centers. The Navy program shipped 150,000 videotapes and 10,000 cans of film to 800 Navy, Marine Corps, Coast Guard, National

Oceanic and Atmospheric Administration, Military Sealift Command, Department of State, Fleet and other shore locations that provided over 23 million fleet viewing hours and participation of 5 million customers ashore.

As part of Navy MWR's First Run Overseas Theater (FROST) program, 30 of the year's most popular releases were sent to OCONUS base theaters just two weeks after the U.S. premiere. CONUS base theaters enjoyed 13 free admission "sneak" previews attended by 110,000 Sailors and their families. Deployed personnel received 32 early tape releases that included some of the biggest hit films, including "Mission Impossible-3", "Ice Age-2", and "Walk the Line".

The movie program continues to evolve to stay current with technology. MWR is putting the finishing touches on a cooperative effort with the Naval Media Center to develop an encrypted digital videodisk format to replace current 8-millimeter videotape by the end of 2007. This new technology will simplify customer delivery of motion pictures at sea by allowing 24/7 automatic playback and improve the overall quality of viewing through digital imaging.

## **Libraries**

FY 2006 was also a successful year for Navy libraries, which showed dramatic improvement in compliance with DoD MWR Library Standards. Compliance improved from 77% in 2005 to 90% in 2006. NAS JRB Fort Worth, NAVSTA Great Lakes, NAVSUPACT La Maddalena,



NAVSUPACT Naples, and COMFLEACT Yokosuka became the first Navy commands to attain 100% compliance with DoD MWR Library Standards.

Navy Libraries were also active in supporting the CNO's reading initiative, The Navy Professional Reading Program. Working in conjunction with the Naval War College, Navy Exchange Command, and MWR, 22,800 books in 380 sixty-book sets were delivered to all ships, ashore libraries and Liberty Centers. Several titles were also made available through e-books at Navy Knowledge Online.

### **Child and Youth Programs (CYP)**

CYP continues to offer multiple delivery systems that include Child Development Centers (CDC), Child Development Homes (CDH), Child Development Group Homes, School-Age Care, and a resource and referral program. In FY 2006, Navy programs cared for 45,442 children ages 6 months to 12 years, and served over 70,000 youth ages 13-18 in 124 child development centers, 103 youth centers and 3,115 on- and off- base licensed child development homes. In FY 2006, these services achieved 69 percent of DoD potential need criteria and 100 percent DoD certification rate for operational excellence. Our 100 percent DoD certification rate tells our Navy families that their children are receiving top quality care that meets or exceeds the highest DoD and national standards.

Our objectives for FY 2006 were to maximize accessibility within available resources, conduct needs-based assessments of extended care, sustain affordability of care, and ensure

continued program quality. CYP met these objectives after a year of many significant advances.

A few of the highlights include:

- CYP launched outreach contracts to provide child care and youth services outside of the military support infrastructure for geographically isolated active duty personnel and activated reservists. The contracts were issued to provide accredited and subsidized child care spaces for children 6 weeks to 5 years of age, and for memberships to Boys and Girls Clubs for children 6 to 18 in local communities. These contracts were also valuable in providing significant support for Reservists. Thus far, 4,900 additional spaces have been made available for Navy children as a result of these contracts.

- In previous years, installations have been authorized to set fees within DoD authorized ranges based on total family income. This has resulted in varying fees from installation to installation. This is the second year of the Navy-wide uniform fee structure transition plan for all child development centers, subsidized child development homes, and school-age care programs. This approach to a uniform fee structure, consistent with DoD policy, standardizes all parent fees Navy-wide. After the three-year transition plan ends, parents will pay the same fees regardless of their duty station.

- Navy took full advantage of DoD funding assistance to begin building facilities using the provision of the National Defense Authorization Act of 2006 that raised the minor construction threshold for child development centers. We also initiated a partnership opportunity with the County of San Diego that provides construction resources for facilities within the

County. Congressionally inserted MILCON child development centers at NAS Oceana and NAS JRB New Orleans add to our efforts to meet demand.

## **Business Activities**

The main mission of MWR Business Activities is to offer leisure goods and services at competitive prices. In addition, NAF revenues generated by these programs help finance capital improvements and also support other MWR activities. Primary MWR Business Activities include recreational lodging, golf, bowling, food and beverage services, marinas, information, tickets and tours (ITT), and entertainment programs.

Recreational lodging continues to be an important focus of MWR. Our goal is to provide quality, affordable lodging at vacation destinations for eligible patrons. The popularity of location, price and services has increased demand to a point where expanded capacity is needed at such locations as Barking Sands HI, Virginia Beach, VA, San Diego, CA, and Pensacola/Panama City, FL.

Golf remains a very popular program with our patrons. In order to keep our golf program up-to-date, we funded three golf construction projects in FY 2006 as part of our ongoing golf revitalization program. These projects range from repairing fairways and greens to replacing a clubhouse. The Navy is also partnering with the United States Golf Association on several initiatives to increase Sailor interest and participation in golf. They include free golf lessons

during the month of May, Woman's Golf Week in June, promoting leagues specifically for women, and the "First Swing" program for families.

Navy is committed to providing access and necessary accommodations for all eligible golfers regardless of disability at Navy MWR golf courses. As a pilot program, we have purchased six specialized golf cars to accommodate physically challenged golfers. Two specialized cars each were purchased for the Admiral Baker Golf Course, San Diego, CA, Seal Beach Golf Course, Los Angeles, CA and Aeropines Golf Course, NAS Oceana, VA. These golf courses were selected because they are in fleet concentration areas where the cars are more likely to be needed. Thus far, demand for these cars has been limited but we are promoting their availability and, as demand grows, Navy will respond accordingly.

Navy bowling centers are being upgraded to include modern point of sale systems, new lanes and pinsetters, high-tech scoring and sound-light-video systems. Additionally, bowling center managers are implementing updated standards and metrics to measure performance and improve customer satisfaction.

There are over 400 MWR Food and Beverage operations worldwide serving our Sailors. These operations are found in clubs, catering/conference centers, recreation centers, golf club houses and bowling centers. Revenue from food and beverage operations accounts for over 40 percent of Navy MWR's total business activity revenue.

We have installed nationally branded food concepts in all 13 Navy Regions in response to customer interests. A&W Root Beer, Mean Gene's Burgers, Guinness Irish Pub's, Starbucks "We Proudly Brew," and Hot Stuff Pizza are some of the most popular offerings. We now have more than 100 branded outlets. MWR has partnered with Navy Exchange Command by using its contracting capabilities to source national brands. The latest joint initiative is to install Starbucks coffee shops in MWR facilities in Great Lakes and Pensacola and Chili's Grill & Bar at Yokosuka and Sasebo, Japan. These efforts complement other operations such as an Applebee's in Sigonella, Italy, Pizza Hut in Bangor, WA, and Burger King at Pearl Harbor, HI. Additionally, we are adopting best practices to optimize food offerings, avoid duplication of effort and over-saturation of food service by the three Navy food service providers. MWR, Navy Exchange Command, and the Navy Supply Systems Command joined their subject matter experts together to establish a comprehensive way ahead for Navy food service. A master-planning tool has been completed and will be released in 2007. This capability will help optimize the number of product delivery outlets on base.

Our marina managers work with the National Oceanic and Atmospheric Administration and States to preserve the nation's waterways through its "Clean Marinas" Program. The Clean Marina Initiative addresses protection of coastal water quality by promoting environmentally sound marina operating and maintenance procedures and best management practices to prevent or reduce pollution. The program also offers information, guidance and technical assistance to marina managers. Currently, 22 states have Clean Marina Programs. Twenty Navy MWR marinas are located in ten of those States. Marina managers work with these States to meet environmental standards to become certified "Clean Marinas." To date, nine Navy Marinas are

certified: Boca Chica Marina, NAS Key West, FL; Mulberry Cove Marina, NAS Jacksonville, FL; Point Patience Marina, NRC Solomons Island, MD; Fiddler's Cove Marina, NAVBASE Coronado, CA; U.S. Navy Sailing Center Point Loma, NAVBASE Point Loma, CA; MWR Cove Marina, NAB Little Creek, VA; Naval Station Sailing Center, NAVSTA Norfolk, VA; Paradise Marina, NAS Corpus Christi, TX; and Everett Naval Station Marina, NAVSTA Everett, WA. The remaining 11 marinas are actively engaged with State representatives and plan to have completed certification requirements by December 2007.

Navy MWR activities are installing a standardized point of sales system (POS) at all MWR business facilities to become more efficient and provide better service. The POS will simplify and reduce paperwork and errors and expedite financial transactions through the latest high-speed technology.

Additional partnerships include the U.S. Army providing Navy MWR gaming machine services and equipment at many Navy locations. We have also used U.S. Air Force contracts to supply gaming machines at bases in Japan that have opted to continue operations in-house at this time. Navy, Marine Corps and Army are working together to advance the Information, Tickets and Tours (ITT) program into an innovative service delivery system by creating a ticket-less voucher that is printed on demand as an alternative to maintaining large quantities of ticket stock. Additionally, we are contracting with various entertainment venues for authorized patrons to have direct internet access for purchasing their products.

Navy has also developed partnerships with Armed Forces Entertainment, the USO, and the National Endowment for the Arts (NEA) to facilitate delivery of first-rate, live entertainment programs to military members who are deployed and their families stationed overseas. This partnership includes a touring component that delivers quality entertainment to overseas and underway afloat units and a centrally managed Navy grant program that funds live entertainment programs at stateside installations. Entertainers are selected based on availability, popularity and specific needs of installations and ships. The Harlem Globetrotters, Ingram Hill, and Sean Paul are some of the entertainers who have gone to Iraq or ships within the Central Command area of responsibility in 2006. Our focus is to increase the variety of entertainment in the future in response to customer requests. In 2006, we partnered with the NEA to offer an operatic program called Great American Voices featuring the Hawaii Opera Theater, the Santa Fe Opera, and Seattle Opera Company. In 2007, we look forward to including more Urban/Rap and Latino artists on our tour schedule.

## **Business Processes**

- **Accounting Information System (AIMS).** A state-of-the-art NAF management information system encompassing accounting, personnel, payroll and cash management is an essential element to enhanced efficiencies. The NAF accounting, cash management, personnel, and payroll modules of this system are now operational at all U.S. bases and will be completed overseas by June 2007. The POS portion of the project is due to be completed in 2008. The AIMS system is integral to our continued efforts to streamline and reduce costs.

**- Marketing.** To ensure that our Sailors, family members, and retirees are kept abreast of the wide variety of program resources available to them, MWR maintains an aggressive marketing effort. Our Marketing and Multimedia Development team provides consistent, accurate and aligned information on MWR programs and services to all eligible patrons and employees. Conventional and advanced technologies are incorporated to tell the MWR story through news articles, electronic newsletters, internal publications, tri-folds, posters, audiovisual public service announcements, training videos, interactive CD-ROMs and DVDs.

We regularly conduct focus groups with Sailors and family members, and also administer customer and employee satisfaction assessments and MWR market basket surveys to ensure that MWR stays in touch with patron needs. Results from the 2006 Customer Satisfaction Assessment indicated excellent scores for a selection of MWR programs reviewed by a random sample of patrons. MWR program scores ranged from 83 to 86 on a scale of 100, which are considered excellent results according to the Claes Fornell International Group, an independent expert in the customer satisfaction measurement industry that conducted the survey. The 2006 MWR Market Basket Survey revealed an average savings of 44% when compared to a similar assortment of services provided outside the Navy fence line of participating CONUS Navy installations.

Regional marketing and communications conferences for MWR field marketing professionals are organized and facilitated to provide training on how to best market MWR programs; improve photography skills; and exchange innovative promotional marketing ideas.



**- Commercial Sponsorship.** Our central commercial sponsorship efforts have helped forge strong ties with industry and have also helped provide service to Sailors and families that might not have otherwise been affordable. In FY 2006, total commercial sponsorship agreements entered into at the central level equaled approximately \$1.5 million. This is in addition to \$2.5 million in cash, services, and products that local MWR activities obtained from sponsors in their areas. These agreements helped Navy MWR to provide tens of thousands of phone cards to Sailors; holiday gift packages; entertainment; and reading materials.

**- Strategy for Our People.** Our human resource strategy continues to evolve as we prepare members of our workforce for the jobs needed tomorrow. We continue to develop methods to accurately forecast the work that needs to be done, provide training for existing workforce members, and hire others with the right skill sets to meet those challenges. We are also building a customer oriented culture within the organization to help our employees provide the best possible experience for our customers.

**- Standards and Metrics.** The MWR team at headquarters and in the field has become very adept in the use of metrics to support important resourcing and management decisions. Leveraging existing Navy Supply Systems Command software, MWR and CYP performance can be viewed by Navy leadership on a web-based dashboard. A Cross Functional Team (CFT) was established in FY 2006 to review and refine the APF pricing model to support a strategy for distributing available APF resources across the Navy.

**- Partnering and Alternative Service Delivery Concepts.** Many of the partnership plans that were planted in FY 2005 have blossomed into successful arrangements. In FY 2006, MWR teamed with the Visitors Quarters program on developing a single customer reservation system; collaborated with Boys and Girls Club of America on "Mission: Youth Outreach"; and joined with the "Childcare in your Neighborhood" organization on "Operation Military Childcare". MWR and Navy Exchange Command (NEXCOM) have also teamed up to provide wi-fi services to Sailors at all Liberty Centers and Libraries. We also began sharing internal audit services that will increase overall internal financial controls and help reduce MWR and NEX overhead costs. Our gaming machine partnership established with U.S. Army to manage this program overseas has already enhanced profitability and reduced capital costs. MWR will continue to explore new ways to build on these and other partnership opportunities in the future.

**- Disaster Preparedness.** MWR and CYP programs displayed their value in supporting hurricane relief efforts following Hurricanes Katrina, Rita, and Wilma, while continuing to deliver normal services. The lessons learned from those disasters have formed the foundation for a sound strategy to deal with future potential challenges.

MWR, in conjunction with Navy regional emergency response offices and other Navy family support programs, is equipped to provide temporary power, water, food service, recreation and child care facilities, and housing needs for first responders within a few days. In addition, Navy is prepared to surge counselors and other professionals as needed to disaster zones in support of Navy Sailors and families. Hundreds of volunteers from around the Navy MWR community are also prepared to support their fellow teammates in disaster areas when

needed.

MWR and CYP programs have learned a great deal from our past experiences and are integrating our functional plans into overall Navy disaster relief plans for an even more effective relief response should the need ever arise again.

### **Overall Financial Condition of MWR**

MWR appropriated funds are provided through the Base Operating Support(BOS) budget line in the Operations and Maintenance account. The funding environment continues to challenge us to seek efficiencies, while the importance of providing programs for the Navy Family increases. In FY 2005 we implemented our “Bridge Funding Strategy” to re-deploy Navy Exchange dividends, normally dedicated to NAF capital spending, for operational support. The “bridge” strategy was also used in FY 2006, but at significantly reduced levels from FY 2005. In FY 2007, the practice was eliminated to invigorate the NAF Capital Program. The strategy was successful, resulting in MWR having adequate funding to maintain program delivery and achieve performance targets despite a decrease in APF from FY 2004 levels. Not only were program delivery standards met, but NAF financial operations remained healthy with revenue, net income, and cash flow exceeding planned amounts for both FY 2005 and FY 2006.

For FY 2007, Navy MWR is implementing a capital funding strategy designed to leverage system assets and significantly increase the amount of NAF capital funding available for FY 2007 through FY 2009. This strategy allows the Central Capital Fund to utilize existing

cash balances for capital investment. The MWR/NEX Board of Directors has approved an annual NAF central and local capital funding target of \$77 million. This target is the minimum investment needed each year to maintain existing facilities, provide needed computer upgrades, and expand program delivery. Our capital funding strategy will allow MWR to meet or exceed this annual capital investment target through FY 2009.

Navy MWR financial resources totaled over \$880 million in FY 2006, which includes APF, internally generated NAF revenue, and Navy Exchange dividend distributions. This amount represents an increase of about \$20 million from the previous year.

In FY 2006, Navy MWR exceeded the DOD minimum standard of 85 percent for APF support in Category A Mission Essential Programs by achieving 86.3 percent in APF support. In Category B Community Support Programs, 65.8 percent of authorized costs were paid with APF, compared to the DoD minimum requirement of 65 percent. Continued achievement of our commitment to fund our Category A and B programs at the established minimum levels mandated by DoD.

We have implemented a funding strategy that places top priority on afloat recreation, movies, fitness, Single Sailor, child and youth programs, and other programs in overseas and isolated and remote areas. Stateside, we will continue delivering programs of high customer value, such as fitness and child development, while seeking alternative delivery methods in the civilian community or shared resources with other military installations.

## **Facilities**

The MWR Nonappropriated Fund Capitalization Program (NAFCON) represents a commitment to the enhancement of services and programs for Navy personnel and their family members. Navy MWR invested over \$65 million in NAF central and local capital improvements in FY 2006 for facility construction and renovation, equipment, and management information systems. The FY 2007 central capitalization program alone includes twenty-four new construction, renovation, and minor projects and a capital equipment investment of over \$66 million. These initiatives span a broad project spectrum inclusive of recreation cottages, marinas, golf clubhouses, car washes, clubs and recreation vehicle parks. We are projecting total central and local capital spending of approximately \$80 to \$84 million in the FY 2007 and 2008 programs, respectively. Our capital enterprise strategies allow us to focus on customer driven services while striking a balance with revenue generation and service opportunities. Specifically, we are investing in high use facilities that have a history of solid returns on investment and ensuring that the facilities offer standard and expected services Navy-wide. Finally, renewable energy sources are being explored for use in four facilities in the FY 2008 program.

This year we will also complete construction of several modular child development centers made possible through the expanded authorization in the FY 2006 National Defense Authorization Act. In addition, we will begin construction on two additional centers in San Diego supported by the First 5 Commission. A total of 1,300 spaces will be made available through these initiatives by 2008. We greatly appreciate your continuing support in our efforts to meet the demand for child care.

## **Summary and Outlook**

The initiatives undertaken in FY 2006 are investments for healthy MWR and CYP programs in the future. Our investment in Fitness for Life programs will help ensure a strong and healthy force for our future Navy. Our investments in equipment and facilities will ensure that our Sailors and their families enjoy quality recreational experiences for many years to come. Our investments in our staff members in terms of training and development will ensure that the level of service in our programs exceeds customer expectations. Our ongoing commitment to measuring the effectiveness of our program delivery will ensure decisions are based on reliable data to demonstrate Navy stewardship of the public trust. We are committed to continue building upon a foundation of excellence in meeting Navy Family requirements in the future.

The Navy appreciates the great value that our Sailors and Congress place on MWR and Child and Youth Programs and we will continue to do our utmost to meet those respective expectations. I thank you for your continued support.