

Department of Defense

**Annual Report to the Congressional
Defense Committees on
the Department of Defense Policy and
Plans for Military Family Readiness**



Fiscal Year 2016

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List of Acronyms and Abbreviations

AAFES	Army and Air Force Exchange Service
ACSI	American Customer Satisfaction Index
ADSS	Active Duty Spouse Survey
BRS	Blended Retirement System
CCSS	Common Core State Standards
CFPB	Consumer Financial Protection Bureau
CFR	Code of Federal Regulations
CONUS	Continental United States
CSI	Customer Satisfaction Index
DeCA	Defense Commissary Agency
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DoDEA	Department of Defense Education Activity
FAP	Family Advocacy Program
FY	Fiscal Year
MCC	MilitaryChildCare.com
MCX	Marine Corps Exchange
MFLC	Military and Family Life Counselor
MLA	Military Lending Act
MSEP	Military Spouse Employment Partnership
MyCAA	Military Spouse Career Advancement Account
MWR	Morale, Welfare, and Recreation
NDAA	National Defense Authorization Act
NEX	Navy Exchange
NEXCOM	Navy Exchange Service Command
NPSP	New Parent Support Program
ODASD(MC&FP)	Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy
OSD	Office of the Secretary of Defense
PCS	Permanent Change of Station
PEER	Personalized Experiences, Engagement and Resources
RFY	Retail Fiscal Year
ROI	Return on Investment
SECO	Spouse Education and Career Opportunities
SOFS-A	Status of Forces Survey of Active Duty Members
U.S.C.	United States Code
USDA	United States Department of Agriculture
YMCA	Young Men's Christian Association

EXECUTIVE SUMMARY

Pursuant to title 10, United States Code (U.S.C.), section 1781b, the Department of Defense (DoD) is submitting this annual report on military family readiness which provides a summary of associated policies and plans for the next five fiscal years (FY) and the FY 2016 DoD-wide assessment results of the following 11 major program areas.¹

- Child Care
- Youth Programs
- DoD Schools
- Family Advocacy Program (FAP)
- Personal Finance
- Promoting Enforcement of the Predatory Lending Regulation
- Military Commissary Benefits
- Military Exchange Benefits
- Non-Medical Counseling
- Morale, Welfare, and Recreation (MWR)
- Spouse Education and Career Opportunities (SECO)

Below are the highlights of the DoD-wide program efforts and assessment activities for this reporting cycle:

- Findings from the initial phase of a multi-year evaluation study of SECO programs have provided data on program outcomes as well as useful information to improve the programs to include:
 - The study found that the Military Spouse Employment Partnership (MSEP) facilitates access to a well-balanced, diverse group of employment partners who are offering jobs that military spouses are seeking. Taking recommendations from this study, the SECO program has started enhancing the functionalities of the online MSEP Career Portal.
 - A study on the Military Spouse Career Advancement Account (MyCAA) scholarship for military spouses showed that earnings of spouses who used MyCAA grew more rapidly than non-users after the enrollment period. The study also found that using MyCAA is positively associated with Service member retention.
- FAP's New Parent Support Program (NPSP), a prevention program for child abuse and neglect, continued to demonstrate success. NPSP measures its outcome based on the percentage of families who received 6 month intensive home visits and did not have a reported child abuse or neglect incident for one year after completion. For this reporting period, 98 percent of families who completed the program had no incidents reported one year after completion.

Regardless of budgetary and programmatic challenges, the Department is committed to keeping faith with our Service members and their families. Men and women who serve and

¹ In addition to this annual report, readers are invited to DoD's other periodic reports to Congress on the following family readiness-related program areas: military families with special needs; health care for military families; and support for families of the wounded, ill, and injured. These reports are listed in the introduction section.

defend the Nation and its interests deserve programs and services that support them and their family members. Since this annual reporting requirement was put in place by Congress in 2009, DoD has made significant improvements in instilling an evidence-based culture with regard to family readiness and support programs. The goals and plans presented in this report will continue to guide the Department in its efforts to ensure that Service members and their families have access to effective and sustainable family support programs and services.

1. INTRODUCTION

In accordance with title 10, U.S.C., section 1781b, DoD is required to submit an annual report on policy and plans for military family readiness to include:

1. DoD plans for the support of military family readiness for the five-fiscal year period beginning with the fiscal year in which the report is submitted; and
2. An assessment of the discharge by DoD of the previous plans submitted.

DoD defines the term “family readiness” as a family’s preparedness to effectively navigate the challenges of daily living experienced in the unique context of military service.² Recognizing the significance of family readiness and its impact on military readiness, performance, retention, and recruitment,³ DoD provides a wide range of programs and services to support Service members and their families. Military family readiness programs sponsored by the DoD and the Military Services are designed to address a broad range of needs unique to military family lifestyle. This annual report presents FY 2016 DoD-wide assessment data along with plans for the next five fiscal years for each of the following 11 program areas:

- Child Care
- Youth Programs
- DoD Schools
- SECO
- Personal Finance
- Promoting Enforcement of the Predatory Lending Regulation
- Military Commissary Benefits
- Military Exchange Benefits
- Non-Medical Counseling
- MWR Programs
- FAP

There are three other major family readiness program areas not covered in this report - military families with special needs, health care for military families, and support for the Wounded, Ill, and Injured and their families – as they each have separate reporting requirements as listed below:

- **Families with Special Needs:** Annual report to Congress on the Office of Community Support for Military Families with Special Needs, mandated by title 10, U.S.C., section 1781c (h). This report is due to Congress no later than April 30th each year.

² See DoD Instruction 1342.22 Military Family Readiness (published on July 3, 2012).

³ DMDC. (2010). SURVEY NOTE: Spouse/significant other support to stay as a predictor of actual retention behavior: A logistic regression analysis (Note No. 2010-008; March 17, 2010).

- **Health Care for Military Families:** Annual Report to Congress on TRICARE Program Effectiveness: Access, Cost, and Quality, mandated by section 717 of the National Defense Authorization Act (NDAA) for FY 1996 (Public Law 104-106) and section 714 of the NDAA for FY 2013 (Public Law 112-239).
- **Support for the Wounded, Ill, and Injured and Their Families:** Section 738 of the NDAA for FY 2013 (Public Law: 112-239) established a policy on uniform performance outcome measurements to be used by each Secretary of a military department in tracking and monitoring members of the Armed Forces in transition programs. The Secretary of Defense is directed to submit an annual report on the performance of the military departments on this policy. The report is due to congressional defense committees no later than February each year, from 2014 to 2018.⁴

2. DoD-WIDE GOALS, METRICS, AND POLICY AND PLANS FOR FAMILY READINESS PROGRAMS

This section provides a summary of the current DoD-wide goals and metrics with FY 2016 program assessment data, followed by a five-year, short-term plan in each of the 11 program areas.⁵ Measures of effectiveness are used when available or when a program is mature enough to assess its effectiveness; otherwise, measures of performance are used.

2-1. Children and Youth

2-1-1. Child Care

Child care is essential to the overall mission readiness, retention, and recruitment for the U.S. Military. Approximately 41 percent of Active Duty Service members have children, supporting a total of 1.1 million children age 0 to 22.⁶ Of those military children, 42 percent are 0-5 years old, and 32 percent are 6-11 years old.⁷ The majority of military families are dual-earner couples: over half (54 percent) of spouses of Active Duty members are either working in the civilian sector or serving in the Armed Forces.⁸ The DoD child development programs provide quality, accessible, and affordable child care to Service members and their spouses by helping them balance the competing demands of work and family life. DoD serves approximately 180,000 children daily from 0 to 12 years old, operating more than 700 Child

⁴ Please also refer to the DoD response to recommendations of the DoD Recovering Warrior Task Force (Exhibits 1-3) in the annual report.

⁵ The Military Exchanges section presents RFY 2013 data, as their data collection cycle follows the civilian retailers for benchmarking. The section on DoD schools presents the school year 2013-2014 data. The FAP and Child Care sections present the data from FY 2013 to better synchronize with the reporting cycle.

⁶ According to 10 U.S.C. section 1072, children include minor dependents age 20 or younger or dependents age 22 and younger enrolled as full-time students.

⁷ Office of Deputy Assistant Secretary of Defense for Military Community and Family Policy (2016). The 2015 Demographics: Profile of the Military Community. Washington, D.C.

⁸ DMDC. (2015). The 2015 Survey of ADSS Tabulations of Responses (DMDC Report No. 2015-028, October 2015). DMDC, Alexandria, VA.

Development Centers and school age care facilities at over 230 locations worldwide, including approximately 2,600 Family Child Care homes.

Goals and Metrics

There are two metrics used for DoD child development programs: service availability and quality (see Table 1). As the data reporting and validation cycle for child care program data is extensive and lengthy, data cited in this report is from FY 2015. Child care availability is measured by demand accommodation rate, the percentage of child care needs met through military child care programs (Child Development Centers, school-age care, and family child care), and through partnerships with local care providers. DoD set a long-term goal of 80 percent for demand accommodation rate; for FY 2015, the demand accommodation rate was 78 percent.

Table 1. Goals and Metrics for DoD Child Development Programs.

Outcome	Metric	FY15 Data*	FY16 Goal*
Meet child care needs of military families	Demand Accommodation Rate	Goal: 80%	80%
		Actual: 78%	
Outcome	Metric	FY15 Data*	FY16 Goal*
Provide high quality child care	Accreditation Rate	Goal: 98%	98%
		Actual: 97%	
	Certification Rate	Goal: 100%	100%
		Actual: 100%	

* Due to the reporting cycle, this report provides program data from the previous fiscal year (FY2015).

In addition to availability, DoD uses accreditation rates and certification rates to assess quality standards of DoD Child Development Centers. Accreditation rate is measured by the percentage of Child Development Centers on military installations that meet standards of quality established by a nationally-recognized, independent accreditation body. Certification rate is measured by the percentage of Child Development Centers meeting DoD requirements validated by inspections conducted by Military Service Headquarters staff. As shown in Table 1, 97 percent of eligible programs were nationally-accredited, and 100 percent of programs were DoD certified in FY 2015. The goals for child care quality will remain constant for the next five years.

Five-Year Plans

All DoD Child Development programs are under strict oversight and meet high-quality standards through a systematic inspection process that includes comprehensive, unannounced inspections for all facilities and programs with a mandatory suspense for the correction of noted deficiencies of 90 days from the date of the inspection. Programs are inspected on an unannounced basis four times a year, comprised of three inspections conducted by installation personnel and one inspection conducted by Military Service Headquarters staff. This comprehensive, systematic strategy enables DoD to deliver quality child care for infants and school-age children. In order to standardize the inspection process, all Military Services use overarching criteria as the basis for their inspections. An all-Service working group has developed standardized criteria for use by the Child Development and School Age Programs.

The Navy, Marine Corps, and Army are currently piloting the standards with full implementation by all Military Services planned for 2017.

DoD is increasing awareness and availability of child care options through MilitaryChildCare.com, a request-for-care system as identified in a U.S. Government Accountability Office Report.⁹ This system provides a single website that enables all DoD-eligible customers access to worldwide military-operated child development programs and services. The goals of MilitaryChildCare.com include: (1) expediting child care placement by using technology to automate placement tasks, resulting in offers made to families more quickly; (2) providing an anticipated placement time to better inform parents on the availability of child care within their respective choices and to manage their expectations; (3) providing tools for the Services to manage changes in available child care program spaces by location and assist programs in waitlist management; and (4) increasing family independence and proactive child care planning by allowing them to manage and track their own requests regardless of location, Service branch, or when care is needed. DoD started implementing a staggered, geographic, zone-based global rollout of MilitaryChildCare.com in 2015 with a 24/7 help desk. As of December 2016, 155 military installations (71 percent) were utilizing MilitaryChildCare.com. Implementation at the remaining 63 installations will be completed later in 2017. During calendar year 2016, more than 106,000 offers for child care services were made to eligible families.

Funding for construction of on-installation facilities represents one part of a multi-faceted approach to increase child care capacity. There is a continued need for repairing and replacing aging facilities in addition to building new facilities. To augment military families' child care needs, DoD is reaching into the civilian community, as nearly three-quarters of Active Duty military families live off the installation.¹⁰ Efforts to expand the availability of quality child care programs have been implemented at targeted locations in 13 states; identified through an analysis of multiple factors, such as residential/demographic information and locations where that state's efforts to improve the quality of child care are consistent with DoD's. In addition, DoD looked at licensing standards in these pilot states and their consistency with those of DoD fee assistance programs, which guided DoD efforts to provide training and technical assistance for those states to help improve program quality. In 2013 and 2014, eight states were added to this initiative. The initiative continues to progress, with a total of 20 states now participating.

Central to the success of this effort is the Child Care Liaison, who serves as a single point of contact for both the state and the Service Headquarters working group. At the beginning of the initiative, one liaison resided in each of the pilot states. As the initiative progressed, four additional liaisons were added to work with multiple states and were tasked with developing communication strategies among various state partners to ensure that duplication of effort is reduced and that resources are effectively utilized. A comprehensive strategic plan, which was developed in coordination with state stakeholders, aligned state child care standards with the

⁹ The United States Government Accountability Office. (2012). Military Child Care: DOD Is Taking Actions to Address Awareness and Availability Barriers: Report to Congressional Committees (Publication No. GAO-12-21). Retrieved from GAO website: <http://www.gao.gov/products/GAO-12-21>.

¹⁰ According to the DMDC February 2016 Status of Force Survey of Active Duty members, 57 percent of Active Duty Service members live off installation; 70 percent of married Service members live off installation.

DoD child care standards and identified ways to impact change through regulatory and non-regulatory processes and to leverage training resources.

In addition to support through the child care liaison, the DoD-United States Department of Agriculture (USDA) collaboration has leveraged the expertise of multiple university researchers in providing training and technical assistance for this initiative. Since the initiative began in 2011, more than 1,300 sponsored face-to-face training sessions have taken place, and over 78,900 modules have been completed by participants in the project states, resulting in almost 157,522 online training hours. All training hours are accepted for Child Development Associate formal education hours. In addition, most of the participating states credit this training toward state-approved professional development hours required to maintain licensing/certification or quality improvement ratings, further increasing the viability of the initiative. Finally, the initiative includes qualitative analysis of several trainings held in multiple states to determine if the strategies learned are helpful, if participants plan to incorporate strategies learned into their work with children, and if they gained new ideas to help them to be more self-aware, informed, and communicative care providers for children and their families. A cross-state process evaluation report developed by the University of Minnesota Extension has important implications for states interested in learning how best to maximize local, state, and federal partnerships and other collaboration efforts to support and sustain early childhood educational initiatives.

2-1-2. Youth Programs

In support of their parents' service to the country, military youth make tremendous sacrifices and deserve quality choices for youth development activities. DoD offers dynamic and innovative youth programs for military children ages 6-18. There are approximately 140 DoD youth and teen centers worldwide, serving more than 1 million school-age children of Active Duty and Reserve Component members on an annual basis through a variety of educational and recreational programs. DoD promotes programs that support character and leadership development, sound education choices, healthy life skills, the arts, sports and recreation, mentoring, as well as programs to recognize youth achievements.

DoD's partnership with other federal and non-federal youth-serving organizations enables military youth to participate in programs; such as Boys & Girls Clubs of America, Big Brothers Big Sisters, National 4-H Council, Young Men's Christian Association (YMCA), the Department of Labor summer employment program, and other local and national youth organizations. DoD also supports military children and youth going through the deployment cycle with camp opportunities across the country. These camps support all military youth, regardless of Service branch, whose parents are deployed, deploying, or have recently returned from deployment and are designed to provide participants with the necessary life skills to navigate the deployment cycle.

In addition to deployment-focused camps, DoD collaborates with several Land Grant Universities through the DoD-USDA partnership, to offer adventure camps for military teens aged 14 to 18. Working with these universities enables DoD to take advantage of the expertise of university faculty and staff to offer special camp experiences tailored for military youth.

These camp opportunities are not limited to the summer; instead, they are available throughout the year. Camps designed specifically for military youth with special needs are also offered as a part of this camp program.

Goals and Metrics

Each Military Service determines its individual demand for, and capacity of, its youth programs and facility-based operations based on services youth population data provided by the Defense Manpower Data Center (DMDC). Service components set participation goals at a minimum of 35 percent of eligible youth. The 35 percent goal is a macro calculation defined through projected and historical usage and availability of other community partnership programs utilized by military youth. The goal may vary slightly from installation to installation (e.g., metro versus rural), depending on demand and capacity.

Although each camp is unique, all are designed to build resilience. These camps make a significant difference in the lives of those who attend. Community partnerships are recognized as a significant feature in these programs that were developed through collaboration among military and non-military communities.

Five-Year Plans

In the next five years, DoD will continue to provide youth programs that are consistent in quality and dynamic in content on installations and in communities where military families live. Programs are designed to strengthen youth resiliency skills and promote life-skill development, which will enable youth to reach their full potential as productive, caring, and responsible citizens. The major focus of DoD youth programs will include:

- Academic success;
- Recognizing the achievements of youth;
- Strong partnerships with national youth-serving organizations that augment and offer valued resources; and
- Preparing youth to meet the challenges of military life, adolescence, and adulthood with programs in core areas, to include good character and citizenship, leadership development, career development, healthy lifestyles, the arts, sports, fitness, and recreation.¹¹

2-1-3. DoD Schools

There are over 1.2 million school-age military-connected children worldwide. The majority attend public schools in the United States. The Department of Defense Education Activity (DoDEA) is a DoD Field Activity under the Office of the Under Secretary of Defense for Personnel and Readiness. DoDEA's primary mission is to operate the DoD elementary and secondary school system, ensuring their students are college- and career-ready upon high school graduation. DoDEA is a key element to military family readiness and is globally-positioned,

¹¹ These areas are identified in DoD Instruction 6060.4: Department of Defense (DoD) Youth Programs (YPs) (published on August 23, 2004).

operating 168 accredited schools in eight districts located in 11 foreign countries, seven states, Guam, and Puerto Rico. DoDEA employs approximately 15,000 employees who serve more than 73,000 children of Active Duty military and DoD civilian families.

DoDEA is committed to ensuring that all school-aged children of military families are provided a world-class education that prepares them for postsecondary education, career success, and to be leading contributors not only in their communities but also in the 21st century global society. DoDEA's schools are divided into three geographic areas: Europe, the Pacific, and the Americas. Within each of these three areas, schools are organized into districts. Currently, all DoDEA schools are accredited and in good standing with their regional accrediting agencies.

DoDEA provides support to sponsors of school-age children who are command-sponsored in an overseas area where a school operated by the Department is not reasonably available. DoDEA provides educational support and financial assistance to defray costs of tuition, transportation, and fees as established in the Department of State Standardized Regulations for the assigned location. This program serves approximately 3,400 children in 132 foreign locations.

DoDEA is well-poised to lead the K-12 education strategy for DoD. A quality education is both a stabilizing influence in the lives of our children and their families and an overall element in the readiness, retention, and morale of our Force. The Department's ability to influence educational outcomes is best leveraged through community partnerships with school districts and professional organizations. Additionally, DoDEA shares its experience and resources to support educational opportunities for children from military families that are not enrolled in DoDEA schools through a grant program and the administration of the DoD Impact Aid program.

Goals and Metrics

DoDEA measures student progress with multiple performance-based assessments such as TerraNova,¹² the SAT®,¹³ and the National Assessment of Educational Progress.¹⁴ DoDEA annually assesses students in grades 3-8 in reading, math, language, science, and social studies. DoDEA's annual assessment also includes the CAT Plus, Second Edition, Levels I and II and LAS Links assessments for students identified with English as a second language. Assessment results for DoDEA schools are located on the DoDEA website.¹⁵

¹² The TerraNova, Third Edition, Multiple Assessments is a norm-referenced, standardized achievement test developed by CTB/McGraw-Hill. The TerraNova student scores are compared to the scores from a national representative sample of students.

¹³ The SAT is a test that measures a student's academic skills and is used for admission into college. The components include verbal reasoning, critical reading, math problem solving, and writing. The SAT is intended to supplement the secondary school record in assessing readiness for college-level work.

¹⁴ The National Assessment of Educational Progress is the largest nationally representative and continuing assessment of what America's students know and can do in various subject areas.

¹⁵ <http://www.dodea.edu/datacenter/accountability/index.cfm>.

Five-Year Plans

DoDEA's Community Strategic Plan (School Year 2013/14 - 2017/18) articulates its long-term plan for achieving levels of excellence in the five areas most critical to becoming one of our Nation's best school systems. These areas include: student excellence, school excellence, talent excellence, organizational excellence, and outreach excellence.

- Strategic Goal 1 - Student Excellence: Challenge each student to maximize his or her potential and to excel academically, socially, emotionally and physically for life, college, and career readiness.
- Strategic Goal 2 - School Excellence: Develop and sustain each school to be high-performing within an environment of innovation, collaboration, continuous renewal, and caring relationships.
- Strategic Goal 3 - Talent Excellence: Recruit, develop and empower a diverse, high-performing team to maximize achievement for each student.
- Strategic Goal 4 - Organizational Excellence: Build a great, enduring and responsive organization that provides the appropriate resources, direction and services in pursuit of highest student achievement.
- Strategic Goal 5 - Outreach Excellence: Foster family, school and community partnerships to expand educational opportunities for students.

The Community Strategic Plan also forms the foundation for all other strategic and operational planning and aims to strengthen organizational accountability and transparency. The full Community Strategic Plan can be viewed on the DoDEA website.¹⁶

DoDEA's top education priority is for our students to be college- and career-ready. To be successful after high school, all graduates must possess the knowledge, habits, and skills that can only come from a rigorous, rich, and well-rounded pre-Kindergarten through Grade 12 education. Graduates need to be prepared for some postsecondary education and/or training if they are to have options and opportunities in the job market. College and career readiness in DoDEA is grounded in college- and career-ready standards in the areas of mathematics and literacy which set a foundation for even greater student success and growth with grade-by-grade learning expectations for students. Additionally, the college- and career-ready standards support a cohesive education for the highly-mobile military-connected students.¹⁷

2-2. Spouse Education and Career Opportunities

One aspect of military life that negatively impacts military spouses who desire to be in the workforce is frequent relocation due to the Service member's Permanent Changes of Station (PCS). Frequent relocation often hinders the development of a spouse's career and education, which can lead to financial instability in the family, as it may prevent or interrupt workforce participation, employment continuity, upward career mobility, and job-related education, training

¹⁶ <http://www.dodea.edu/CSP/strategicGoals/index.cfm>.

¹⁷ For a full complement of information on DoDEA's work focused on college and career ready students, please visit: <http://www.dodea.edu>.

and professional development. Additionally, military families move 14 percent more often than their civilian counterparts and move more frequently across state lines.¹⁸

Research has revealed significant findings with respect to military spouse employment and career development. The 2015 Survey of Active Duty Spouses (ADSS), showed that nearly one in four (23 percent) civilian military spouses in the labor force is unemployed (jobless, but actively seeking employment), which is substantially higher than the civilian unemployment rate.¹⁹ Other research shows that female military spouses with full-time jobs earned 25 percent less than their civilian counterparts.²⁰ A recent study found that PCS moves negatively impact spousal wages and employment, to the cost of \$3,100 on average, in the year of the move. This represents an average 14 percent wage loss for working spouses. The impact is even greater for spouses with young children, who lose an average of 19 percent of their income the year of the move.²¹

Research also suggests that pursuing educational goals is difficult for many spouses. Results from the 2015 ADSS indicate that nearly half (43 percent) of military spouses are not currently enrolled in school or training but would like to be. Those spouses identified the cost of education (76 percent) and military family responsibilities (65 percent) as major reasons that held them back.²² DoD recognizes these impacts and the importance of military spouse education and employment, as Service member resilience, readiness, retention and transition success are closely tied to family financial health, quality of military life satisfaction, and overall well-being.

Spouse Education and Career Opportunities Program: In 2010, DoD established the spouse-centric SECO program to strengthen and expand the positive effects that spouse education and employment have on military family resilience and overall readiness and retention of the Armed Forces. The SECO program is intended to augment the installation-based education and employment services provided by the Military Services and targets military spouses in four distinct spouse career lifecycle stages: career exploration; education, training and licensing; employment readiness; and career connections.

Central to SECO support service delivery is the Military OneSource SECO Career Center (1-800-342-9647), where master's level, certified career counselors assist spouses in exploring portable career fields and occupations as well as educational opportunities needed to achieve related goals. SECO Career Counselors help spouses make connections to employers who have committed to recruit, hire, promote, and retain military spouses. Consultations also address needs for personalized résumé reviews, mock interviews, job search strategies, career mentoring, scholarships, and connections to employers who offer mid-career and senior level positions. In 2016, the SECO Career Center began specialty counseling packages designed to connect a military spouse with a single career counselor for long-term engagements in areas such as

¹⁸ Data Source: The U.S. Census Bureau's Current Population Survey 2007-2009.

¹⁹ DMDC. (2016). The 2015 ADSS Tabulation Volume.

²⁰ Kniskern, M. K., & Segal, D. R. (2010). Mean Wage Differences between Civilian and Military Wives. College Park, MD: Center for Research on Military Organization, University of Maryland, College Park.

²¹ Burke, J. & Miller, A. (2016). The Effects of Military Change of Station Moves on Spousal Earnings. Santa Monica, CA: RAND Corporation. http://www.rand.org/pubs/working_papers/WR1170.

²² DMDC. (2016). The 2015 ADSS Tabulation Volume.

entrepreneurship, career readiness, and career re-entry. The SECO program continues to expand these specialty packages into key industry specific areas such as science, technology, engineering and mathematics; health care; and security/intelligence. SECO counselors help guide spouses to a growing need for virtual, part-time, and seasonal employment; self-development opportunities; and prior learning assessment services that can lead to college credits. In FY 2016, SECO counselors fielded more than 177,000 calls to and from spouses seeking education, employment, and career advancement opportunities.

MyCAA: To help jump start junior spouse careers, DoD offers the MyCAA Scholarship to eligible spouses of Service members who are on Title 10 orders and in pay grades E-1 to E-5, W-1 to W-2, and O-1 to O-2. Such assistance provides up to \$4,000 for an associate's degree or education and training needed for occupational licenses or credentials that are conducive to the mobile military lifestyle. In FY 2016, 32,686 spouses established MyCAA accounts, and more than 22,000 spouses requested and received tuition assistance and completed more than 41,000 courses in high-demand career fields such as health care, business management, technology, education, and skilled trades.

MSEP: Since MSEP's launch in June 2011, more than 335 employer partners and military support organizations have signed a DoD Statement of Support pledging to recruit, hire, promote, and retain military spouses. Through these collaborative outreach efforts, employers are able to connect with military spouses seeking employment. To date, over 5.5 million jobs have been posted on the MSEP Career Portal, which resulted in more than 105,000 spouses being hired.

Goals and Metrics

The FY 2015 NDAA, required DoD to evaluate SECO/MSEP effectiveness in addressing underemployment of military spouses, matching military spouse's education and experience to available employment positions, and closing the wage gap between military spouses and their civilian counterparts. Phase one of a multi-year study determined that MSEP facilitates access to a well-balanced, diverse group of employment partners that are offering the types of jobs that military spouses are seeking. At the same time, the study identified opportunities to improve employment opportunities for spouses. Those opportunities include the need to review MSEP partnership eligibility criteria to accommodate more job opportunities that are regional and local in nature (e.g., school systems and child development employers), as well as special considerations for companies that are less than five years old (e.g., emerging technology companies). The MSEP study also recommended improved career portal job search functionality, regular textual analysis of job postings and search queries to identify spouse-employer needs and mismatches, and changes in program evaluation data collection to support long-term tracking of program effectiveness.

As a result of this initial phase of study, the SECO program has begun several projects to enhance the capabilities of the overall program, including MSEP. In late 2016, the program began a complete overhaul of the MSEP Career Portal. The enhanced portal will allow for more refined job searches, as well as the ability for spouses to be matched directly to potential jobs. In addition, MSEP employer partners will be able to search the profiles of spouses seeking employment, allowing for targeted outreach to potential employees. Moreover, the MSEP

program has begun development of MSEP “ed,” which will focus on school districts within proximity of military installations. Finally, in 2016, the SECO program began a new offering through the Military OneSource Spouse Career Counseling Center focused on connecting spouses directly to MSEP partner employers.

The next phase of the MSEP study will ask participants how much SECO programs have helped them reach their educational and career goals, reduce the barriers to education and employment opportunities, and narrow the gap between their needs and job offerings posted on the MSEP Career Portal. This phase of the study is focused on the overall effectiveness of SECO in providing effective tools and resources for military spouses. Ongoing efforts will continue into FY 2018 and include the development of new tools to assess the needs of military spouses as well as additional metrics focused on determining if/how the various programs are assisting spouses in meeting their educational and career goals.

To ensure steady progress in meeting the established program goals, SECO continues to pursue the objectives listed below. The RAND study will provide recommendations on specific data needed to measure progress.

- Goal 1: Reduce the military spouse unemployment rate.
- Goal 2: Close the wage gap by improving employment continuity and career advancement opportunities for military spouses.

Five-Year Plan

To determine program impact, a five-year program evaluation study for DoD-wide family support programs identified SECO, and in particular the MyCAA program, as a core area for further evaluation. In January 2015, RAND published a report on MyCAA scholarship use among Active Duty spouses, analyzing data from the 2012 ADSS.²³ Results showed that cost was the key reason for not pursuing higher education. The study also found that nearly 20 percent of eligible spouses used MyCAA, and more than half of eligible non-users were unaware of MyCAA. As a result, community outreach efforts are being strengthened and expanded. A 2016 RAND study on the MyCAA evaluation analyzed six years of earnings data of MyCAA-eligible spouses.²⁴ The study found that compared to eligible non-users, MyCAA users were more likely to be younger, married to junior enlisted, live in states with high unemployment rates, have experienced a PCS move, and experienced a short deployment. Results showed that earnings of spouses who used MyCAA stagnated before the enrollment period and grew more rapidly than non-users after the enrollment period. The study also found that MyCAA use is positively associated with retention: Service members whose spouses used MyCAA were more likely to be in the military three years later. Further analyses are being conducted on subsequent years to see the impact on earnings over time as more young spouses complete their education and move into the workforce.

²³ Friedman, E.M., Miller, L.L., & Evans, S.E. (2015). "Advancing the Careers of Military Spouses: An Assessment of Education and Employment Goals and Barriers Facing Military Spouses Eligible for MyCAA," RAND Corporation: Santa Monica, CA.

²⁴ Burke, J. & Miller, A. (2016). The Effects of Military Change of Station Moves on Spousal Earnings. Santa Monica, CA: RAND Corporation. http://www.rand.org/pubs/working_papers/WR1170.

2-3. Financial Well-Being

2-3-1. Personal Finance

Financial stress can have negative impacts on one's health, family relations, and productivity. In the military, personal financial well-being is a readiness issue. Financial emergencies or mismanagement can quickly escalate into major financial problems and negatively impact personal and mission readiness. Recognizing this reality, DoD established the Office of Financial Readiness under the Assistant Secretary of Defense for Readiness in 2016. The Office of Financial Readiness develops overall policy on financial readiness, supports delivery of financial literacy programs and resources, collaborates with external stakeholders to improve support and program delivery, and leads DoD's education efforts associated with the Blended Retirement System (BRS).

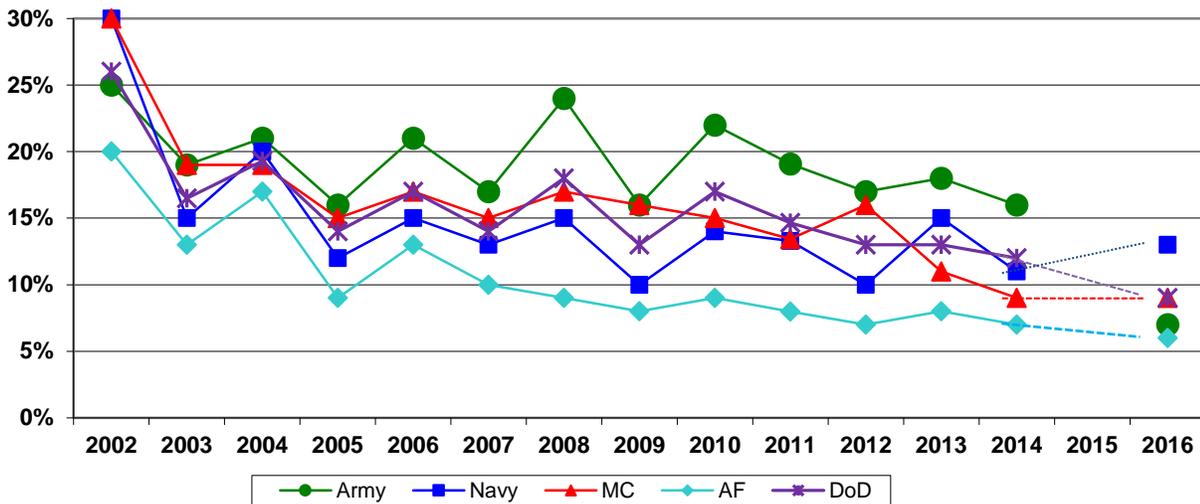
DoD and the Military Services provide programs and initiatives to sustain and strengthen financial readiness of Service members and their families. Through personal financial managers located at military installations, Service members and families have access to face-to-face financial counseling and education classes on various financial topics. In response to requirements in the NDAA for FY 2016, the Department and the Military Services are expanding financial education to provide the necessary skills for Service members to maintain financial stability at professional and personal events throughout the military lifecycle and beyond. These efforts will build on the Department's Financial Readiness Campaign, which DoD launched in 2003, and existing financial educational programs, collaboration with external partners, counseling, services, legal protections, and other resources.

Goals and Metrics

Of 1.3 million Active Duty personnel, approximately 44 percent are 25 years old or younger.²⁵ In general, junior enlisted members and their families may be financially more vulnerable, compared with officers and senior enlisted members. Many of them are away from existing support systems for the first time and are still learning how to manage their finances independently. To assess the overall financial readiness of Service members, using data from the DMDC Status of Forces Survey of Active Duty Members (SOFS-A), the Department has monitored the trend of the following measures among junior enlisted members: perceived financial conditions, and problematic financial behaviors. Due to the change in the data collection cycle of SOFS-A, no data from 2015 were collected. Further data related to financial well-being and literacy of Service members will be reported annually as required by title 10, U.S.C., section 992.

²⁵ The Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy. (2016). The 2015 Demographics Report: Profile of the Military Community, Washington, D.C. (p.33)

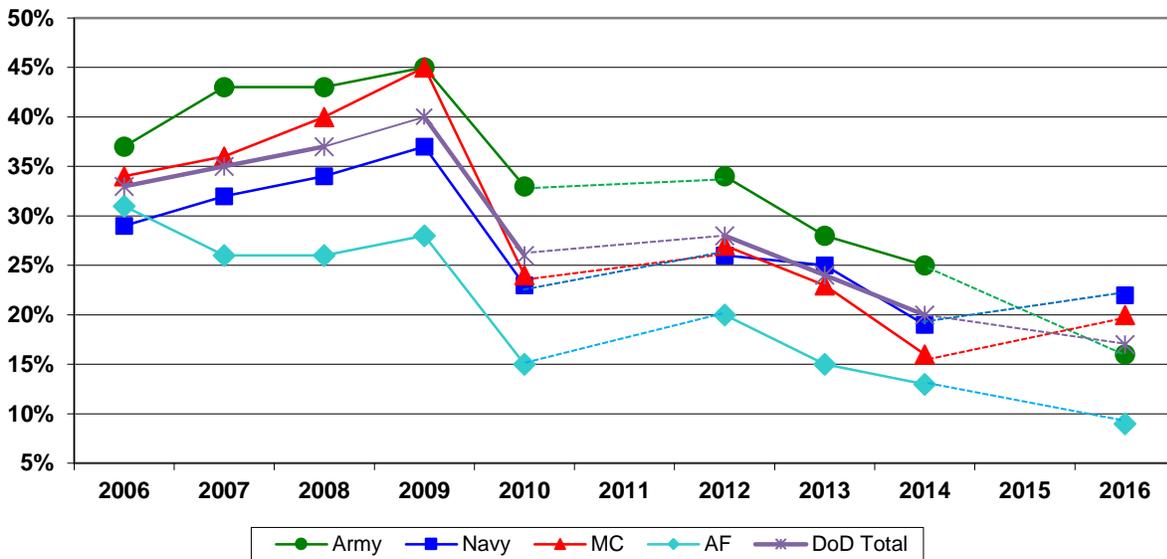
Figure 1. E1-E4 Self-Assessment of Overall Financial Condition: Reporting Financial Difficulties by Service (2002 -2016).



Data Source: DMDC SOFS-A 2002-2014, and 2016.

Note: The percentages presented in the figure are based on the number of E1-E4 choosing 4 or 5 from the following five choices to describe their overall financial condition: 1. Very comfortable and secure; 2. Able to make ends meet without much difficulty; 3. Occasionally have some difficulty making ends meet; 4. Tough to make ends meet but keeping your head above water; and 5. In over your head.

Figure 2. E1-E4 Experiencing One or More Bill Payment Problems by Service (2002-2016).



Data Source: DMDC SOFS-A 2002-2014, and 2016.

Note: The 2011 SOFS-A did not include the debt questions.

The percentages are based on the number of E1-E4 answering yes to one or more of the following episodes that happened to them or their spouses in the past 12 months: a. Bounced 2 or more checks; b. Failed to make a monthly/minimum payment on credit card, AAFES, NEXCOM account, or Military Star Card account; c. Fell behind in rent or mortgage; d. Was pressured to pay bills by stores, creditors, or bill collectors; e. Had telephone, cable, or internet shut off; f. Had water, heat or electricity shut off; g. Had a car, household appliance or furniture repossessed; h. Failed to make car payment; i. Obtained payday loan (2004-2005) or j. Filed for personal bankruptcy (2008-2014,2016).

Figure 1 shows the trend of the Active Duty junior enlisted in pay grades E-1 to E-4 who reported their overall financial conditions as “not comfortable” from 2002 to 2016. In 2016, the percentages remained almost the same as those of 2014, except for the Army. The percentage significantly decreased for the Army from 16 percent to 7 percent. Since no data was collected in 2015, we cannot make any conclusive observations on this change. Nevertheless, the 2016 data continue to indicate that the vast majority of junior enlisted members feel financially comfortable, or at least make ends meet without too much difficulty.

The SOFS-A also included a series of questions about members’ experiences with any challenges paying bills (e.g., bounced two or more checks, fell behind in rent or mortgage). The junior enlisted members (E-1 to E-4) data showed mixed results (see Figure 2). For the Army and Air Force, the percentages further declined in 2016, compared to those of 2014. For the Navy and Marine Corps, the percentages went up in 2016, but these increases are within the margins of error. The Department will continue monitoring junior enlisted member perception and behavior regarding personal finances.

Effective management of personal finances is equally important to the readiness of Reserve Component (National Guard and Reserve) members and their families. The impact of mobilization/activation on household income and financial stability is one of the unique financial situations faced by Reserve Component members. To assist all Service members and families, and especially those in the National Guard and Reserve, DoD provides information, referral resources, and counseling through Military OneSource and through a highly-flexible network of Personal Financial Counselors. In 2016, DoD greatly expanded the footprint of Personal Financial Counselors to support the increased focus on financial education efforts. The financial readiness of Reserve Component members is also supported by law through the Uniformed Services Employment and Reemployment Rights Act, which protects re-employment rights. The overall financial well-being of Reserve Component members is assessed annually through DMDC’s Status of Forces Survey of Reserve Component Members; similar financial well-being data is also collected from their spouses biannually through the Reserve Component Spouse Survey.

Five-Year Plans

The NDAA for FY 2016 authorized the BRS, the greatest change to military compensation since World War II. Throughout 2017, DoD and the Military Services will execute educational efforts to prepare eligible Service members to make an opt-in decision beginning January 1, 2018. The BRS Opt-In Course, launched on January 31, 2017, is designed to provide Service members and families with the knowledge and skills necessary to make an educated decision on opting in to BRS. The course is available via the Military OneSource website for family members. Additionally, the BRS Opt-In Calculator Course, which will be available in conjunction with the BRS Opt-In Calculator release, provides an interactive resource that Service members can use to compare projected retirement earnings under the existing “High 3” retirement system and BRS in order to assess the financial bottom line projections in coordination with their family circumstances and retirement goals. DoD has also developed online training related to BRS intended to educate leaders and financial counselors on their role in supporting Service members making the opt-in decision.

DoD and the Military Services will continue to respond to the financial literacy education requirements outlined in title 10, U.S.C., section 992, in order to improve the personal financial readiness of the Total Force for the next five years. To this end, the Department is developing an innovative mobile learning application intended to provide Service members with on-demand micro-learning opportunities. The Department will also deploy a communications strategy for financial readiness, intended to reach Service members and families through a variety of mediums, in order to communicate the importance of taking personal responsibility for one's finances.

The Department has also partnered with RAND to assess the overall financial readiness of the military. The project will examine existing financial readiness programs and resources offered by the Department and external stakeholders, assess existing data sources and surveys on the financial well-being of Service members, gather qualitative data on the financial decision-making processes of Service members and families, and develop strategies to improve the financial readiness of the Force.

2-3-2. Promoting Enforcement of the Regulation against Predatory Lending

Using predatory loans can put Service members and their families into financial trouble very quickly, which can negatively impact their quality of life, and personal and military readiness. Financial problems may lead Service members to lose security clearances, which may impede military readiness, as well as job opportunities after leaving the military. DoD initially approached States in 2004 to adjust laws to protect Service members and their families from lending practices that had a greater risk of causing them financial difficulty, focusing primarily on payday and vehicle title loans. In 2006, as part of the NDAA for FY 2007, Congress approved the Military Lending Act (MLA), which authorized the Department to write a federal regulation restricting terms for any form of credit that the Department determined to be potentially harmful to Service members and their families.

In 2007, DoD released a regulation published at the Code of Federal Regulations (CFR) title 32, Part 232 (32 CFR Part 232), covering payday loans, vehicle title loans, and tax refund anticipation loans. Since payday and vehicle title loans were primarily regulated under State laws, the Department requested States to include the new rule in its examinations and provide its regulators with authority to take enforcement action when needed. A total of 37 States (providing protection to 77 percent of Active Duty Service members and their families) established authority for their regulators to enforce the regulation.

As part of the NDAA for FY 2013, Congress amended the MLA to create a private right of action for consumers, require a review of the regulation every two years, revise the list of consulting federal agencies, and allow the Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission to have the authority to enforce 32 CFR Part 232. CFPB now has authority to examine and take enforcement action against payday and vehicle title lenders.

Additionally, the House Report accompanying the NDAA for FY 2013 requested DoD to review the types of credit covered by the 2007 rule. The Department convened the consulting

federal agencies,²⁶ and designated and developed a rule that includes all forms of consumer credit covered by the Truth in Lending Act (with the exception of mortgages and purchase loans, which are excluded from the MLA). This broad definition of consumer credit includes payday loans, vehicle title loans, tax refund anticipation loans, pawn loans, traditional installment loans, lines of credit and credits cards, thereby providing greater protection to Service members and their families.

A significant revision to the regulation implementing MLA was published on July 22, 2015, and became effective October 1, 2015, with an initial compliance date of October 3, 2016. Oversight and enforcement of all of these forms of consumer credit are shared among federal and state regulatory agencies, and consequently, DoD views enforcement requirements as sufficiently covered. DoD continues to meet regularly with private sector users of DMDC systems used to identify covered borrowers and covered policyholders under military consumer protection laws to learn about issues they face and to develop ways to resolve them.

In preparation for the initial compliance date of October 3, 2016, the Department continued to engage the financial industry and its trade groups to help ensure a smooth transition. The Department, in response to questions raised during these ongoing communications, published an interpretative rule on August 26, 2016, providing guidance to industry on the Department's view in an easy-to-read, question-and-answer format. Going forward, the Department continues to maintain communications with industry and the Prudential Regulators in monitoring current implementation efforts and planning for credit card compliance effective October 3, 2017.

To increase awareness of the consumer protections offered to Service members and their families by the MLA rule changes, the Department continues to promote these changes to its members through a number of mediums, to include social media, in collaboration with its federal partners.

DoD submitted to the congressional defense committees a report on plans to strengthen the capabilities of the DMDC systems, including staffing levels and funding, in order to improve the identification of covered borrowers and covered policyholders under military consumer protection laws. The Department will continue to submit this report to the congressional defense committees every six months through December 31, 2020, as required by the NDAA for FY 2016.

2-3-3. Military Commissary Benefits

Military commissaries are an integral part of the military compensation and benefits package. During FY 2016, the Defense Commissary Agency (DeCA) operated a worldwide network of stores, providing groceries and household items to the military community, beginning the year with 240 stores and ending with 238 stores due to two scheduled closures in Germany

²⁶ CFPB, Federal Deposit Insurance Corporation, Federal Trade Commission, Federal Reserve Board, National Credit Union Administration, Office of the Comptroller of the Currency, and the U.S. Department of the Treasury.

(Illesheim and Sembach). Authorized patrons include approximately 5.4 million sponsor households comprised of Active Duty and Reserve Component (Reserve and National Guard) members and their family members, retirees and their family members, and DoD civilian employees overseas.²⁷ Patrons are able to obtain substantial savings on their purchases, averaging 23.7 percent or more, if buying the majority of their groceries at the commissary. This saving supports improved quality of life and financial well-being to help address the unique challenges faced by our military families. Patrons purchase grocery and household items from the commissary at cost plus a five percent surcharge. Commissary operations are funded with an annual appropriation to the DeCA Working Capital Fund.

Goals and Metrics

FY 2016 was DeCA's eleventh year using the Balanced Scorecard concept. This management tool assesses performance and helps achieve long-term strategic goals that optimize customer satisfaction and business productivity. The DeCA Balanced Scorecard provides excellent data for program evaluation by specifying expected performance results for FYs 2016-2020. Table 2 presents data extracted from the DeCA Balanced Scorecard and Annual Financial Report. Key metrics for the commissary benefit consist of the following measures: value of the benefit, cost control, surcharge obligations, customer savings, and customer satisfaction.

In FY 2016, actual annual commissary sales were \$5,251.6 million. Customer savings, measured annually by comparing commissary prices to commercial supermarket competitors worldwide, were re-baselined in FY 2016. DeCA developed a new methodology to measure customer savings that builds on DeCA's prior approach by incorporating a market basket component with savings expressed on a regional as well as global level. By pricing commissary goods at cost plus a five percent surcharge, the re-baselined customer savings global average result was 23.7 percent.

When considering the return-on-investment (ROI) for FY 2016, the value of the benefit consisted of \$1.72 savings to the customer for each appropriated dollar of taxpayer cost, 14.0 percent below the \$2.00 goal. DeCA continues to maintain costs within the annual operating budget received from the Department, which establishes limitations annually for cost authority and capital expenditures. Commissary operating costs, when adjusted to FY 2000 base-year costs in constant dollars, were \$712 million in FY 2016, coming in under the projected maximum of \$1,019 million, through stringent fiscal management. Surcharge obligations, which reflect capitalization programs for the stores, reached \$270.7 million, 92.9 percent of the annual goal of \$291.4 million.

²⁷ Defense Commissary Agency FY2016 Annual Financial Report, available at http://www.commissaries.com/inside_deca/afr.cfm

Table 2. Goals and Metrics for Military Commissaries

Outcome	Metric	FY 16 Data	FY 17 Goal	Remarks
Achieve an ROI consisting of 2:1 savings to the customer divided by the cost of operations of the commissary	Value of the Benefit	Goal ROI \geq \$2.00 customer savings to \$1.00 appropriated Costs	Goal ROI \geq \$1.25 customer savings to \$1.00 appropriated costs	ROI 14.0% below goal
		Actual 1.72		
Achieve results less than or equal to FY2000 base year costs, when adjusted to FY 2000 dollars	Cost control (\$M) in FY2000 dollars	Goal \leq \$1,019	Goal \leq \$1,019	Came in under maximum/goal for cost control measure
		Actual \$712.0		
Achieve results less than or equal to Surcharge obligation authority provided by Office of	Surcharge obligations (\$M)	Goal \$291.4	\$315.9	Surcharge obligations are 92.9% of target
		Actual \$270.7		
Maintain customer savings	Sustain customer savings	New baseline goal established	23.7%	In accordance with FY2016 NDAA, customer savings were re-baselined
		Actual 23.7% (global average)		
Meet or exceed annual grocery industry average ACSI score	ACSI	Goal FY2016 industry average 73	Meet or exceed industry average	Customer satisfaction exceeded target
		Actual 74		
Meet or exceed annual goal for the CCSS score	CCSS	Goal 4.6-5.0	4.5-5.0	CCSS results below target
		Actual 4.40		

FY 2016 Re-baselined Customer Savings

Regions	Commissaries	Savings %*
New England	36	21.4%
South Atlantic	30	19.9%
South Central	33	18.1%
Pacific	31	20.9%
Mountain	20	17.6%
North Central	18	20.2%
Alaska / Hawaii	9	32.6%
US Average	177	20.2%
Overseas	61	44.2%
Global Average	238	23.7%

**The calculation includes applicable taxes in commercial grocery store prices and surcharge in commissary prices; without these, savings would be U.S. (22.3%); Overseas (45.6%); Global (25.7%). 35 States (70%) do not have sales tax on food items.*

Each year, levels of customer satisfaction are independently and externally measured by the American Customer Satisfaction Index (ACSI)²⁸, and internally by the Commissary Customer Service Survey (CCSS), conducted annually by DeCA. For FY 2016, DeCA achieved an ACSI score of 74, one point above the ACSI supermarket industry average index of 73. The ACSI for DeCA was conducted using a new methodology that used 100 percent online surveys. For the CCSS, the actual score in FY 2016 was 4.40, which did not meet the annual goal of ≥ 4.60 .²⁹ Over the past year there were some operational challenges that impacted the CCSS score, to include changes in produce contracts and sources in the Pacific Theater to eliminate second destination transportation, which resulted in higher produce prices.

Five-Year Plans

During FY 2016, DeCA's efforts remained focused on its vision to "understand our customers and deliver a 21st century commissary benefit" while still balancing the Agency's fiscal responsibility to stakeholders. In 2015, the Report of the Military Compensation and Retirement Modernization Commission and the Boston Consulting Group Military Resale Study refocused DeCA's efforts to evaluate business reforms, assess opportunities for military resale to reduce appropriations, and identify impacts and enhancements to the commissary benefit and efficiencies to operations. The Boston Consulting Group Military Resale Study made recommendations in the areas of variable pricing, private label, and nonappropriated fund operation for consideration and testing. Congress and DoD recognize the tremendous value the commissary provides for the military and its families, but believe DeCA could be more successful if given the legislative flexibility and tools to serve patrons more effectively and operate more like a commercial grocer. To that end, section 661 of the NDAA for FY 2017 authorized the establishment of a variable pricing pilot program and the establishment of common business processes, practices, and systems between the commissary and exchange systems. Additionally, section 651 of the NDAA for FY 2016 authorized the Department to initiate pilot programs to achieve budget neutrality for the system.

DeCA is committed to a more modern business approach, continues to evaluate its environment based on input from patrons and stakeholders, and is emphasizing key Agency strategic priorities to support military family readiness efficiently and align with DoD's strategic goals and direction. DeCA continues to reengineer its business model and structure for efficiencies by exploring shopper insights; employing social media; testing and evaluating e-commerce initiatives; and seeking cost effective ways to improve store operations and customer service. Resources are focused in the areas that provide the greatest value and service to military members and their families. Key initiatives and processes improved and underway during FY 2016 are as follows:

²⁸ The ACSI is used by major retailers and grocery stores nationwide to measure customer satisfaction. Meeting or exceeding the ACSI business line indices provides a good indication of how exchanges and commissaries compare with their private sector counterparts.

²⁹ For FY 2016, the CCSS uses a 1.0 to 5.0 scoring system (poor to excellent), with performance represented by a letter grade based on scoring range (a score of 4.60-5.00 = A, 4.20-4.59 = B, 3.80-4.19 = C, and below 3.80 = D). For FY 2017, scoring range goals for A and B were adjusted based on historical results (a score of 4.50-5.00 = A, 4.20-4.49 = B, 3.80-4.19 = C, and below 3.80 = D).

- Organizational Transformation:* Previously referenced legislative provisions in the NDAAAs for FY 2016 and FY 2017 provide DeCA the opportunity to make specific changes to operations that will protect the patron benefit, improve the overall shopping experience, and reduce DeCA reliance on appropriated funding. DeCA has begun implementing initiatives such as variable pricing and private label to enhance its mission of offering the right products at the right prices to its patrons. DeCA established a Business Transformation Office and refocused strategic direction to support transformation initiatives, programs and projects, and performance improvements to the benefit. Accomplishments included provisional directorate and personnel realignments to establish the office, and include transitioning the Sales Directorate to the Transformation Office to plan and execute changes to the business model and effect transformation planning and activities. Specific changes underway to improve the business model and benefit patrons include: executing a category performance improvement approach to improve product assortment and performance, introducing a private label program to provide patrons high-quality products at great prices, and implementing variable pricing while maintaining patron savings.
- Savings Methodology:* As a prerequisite to the transformation actions, DeCA updated its patron savings methodology to better reflect the savings patrons currently experience at their local commissaries. Historically, DeCA measured savings globally by comparing national prices at commissaries against average market prices in the United States. Since the cost of living varies by region, and to account for these geographic differences, Congress now requires DeCA to report on savings regionally, comparing prices with two to three commercial grocers, including supercenters, in the local area of each commissary in the United States. DeCA also expanded the range of items on which savings are measured. Besides continuing to compare about 38,000 branded items at a national level, DeCA will also be comparing local prices on approximately 1,000 items that are representative of a shopper's typical market basket. This updated patron savings methodology will serve as a baseline against which we will measure patron savings and the success of each initiative we pursue.
- Category Performance Improvement:* In FY 2016, DeCA began implementing a category-based initiative that allows commissaries to optimize product offerings and pricing. Improved negotiations with suppliers will result in lower costs that will in turn generate margins to help offset operating costs. We have completed working with our suppliers on the first wave of about 8,000 items – about 20 percent of products sold in the commissaries – and are about to commence negotiations on the second wave of items. This program will be rolled out at all commissaries during 2017. The added value is that commissaries will reduce operating costs, and patrons will retain a benefit they value highly while enjoying the same level of savings they receive today.
- Leveraging Business and Technology Practices:* To meet the many challenges ahead (budget issues, workforce recruitment challenges, changing retail trends, declining force structure, and patron needs and desires), DeCA continues transformational efficiencies and change initiatives to include: an enterprise business solution to replace 15 legacy business systems and modernize its entire resale supply chain applications and software; executing a branding revitalization program; and

developing business model efficiencies based on commercial practices. These changes are essential to meeting current and future challenges and maintaining the relevance of the commissary benefit in the 21st century. During 2016, the first phase of the enterprise business solution, Increment 1, was initiated and included category analyzer, with the groundwork laid for FY 2017 to deploy contracting, cataloging, pricing, promotions, category plan programming, bill-back manager, and scale management. Work also began on Increment 2, the ordering, receiving, and inventory management applications.

- *Store Support:* During FY 2016, DeCA completed and further refined store operations and customer service improvements that began in 2015. Some examples included: (1) realigning store-level functions and administrative tasks not directly contributing to selling groceries to be performed centrally at headquarters, similar to commercial retail operations; (2) completing deployment of electronic shelf labels at remaining stores in the United States to replace paper labels and reduce pricing errors; (3) refining and upgrading the Commissary Advanced Resale Transaction System front-end system at stores to improve system response times, as well as the patron's shopping experience and checkout waiting times; and (4) continuing to update and deploy meat and produce department automated systems to standardize the systems and pricing across stores to improve customer service.
- *Customer Support:* DeCA refined its customer service initiatives in FY 2016, to enhance a customer service culture that places a focus on in-store customer communication. DeCA is looking to improve awareness of customer service in all stores and to increase positive patron feedback through customer service communication channels, such as DeCA's comment program with a patron digital feedback platform and DeCA's social media sites.
- *In-Store Wi-Fi:* In-store Wi-Fi was implemented in a phased rollout to commissaries worldwide. Patrons can stay connected to the web and social media sites when shopping. They can access www.commissaries.com for DeCA's Commissary Rewards Card digital coupons, sales flyers, and Savings Aisle for promotional prices and events, as they traverse store aisles.
- *Commissary Rewards Card:* DeCA continues to expand its Commissary Rewards Card program. The Agency's digital coupon redemption system allows commissary patrons to access and clip coupons and store them on their card to be scanned at the store. Since its inception in August 2012, rewards card users have topped one million, and nearly 10 million digital coupons have been redeemed, saving customers over \$11.2 million on their groceries. That means increased savings for patrons on top of the commissary savings. Customers have several ways to access the digital coupons. There are two mobile apps – one for iPhone/iPad and one for Android – both of which allow for on-the-go coupon clipping. The apps also feature information on the commissary closest to the customer along with promotions and contests. A website is also available for those who prefer to use a computer to track their coupons.
- *Caroline's Carts:* Caroline's Carts, a shopping cart designed for children and adults with special needs, have been distributed throughout DeCA commissaries as a means

to assist our customers with special needs children or family members. The arrival of 174 specialized shopping carts at 166 stores is helping those parents overcome what would otherwise be an arduous shopping process.

- *Health and Wellness Initiatives:* DeCA directly supports DoD's efforts to improve the health and wellness of Service members, their family members, and DoD civilians and family members. DeCA is a key DoD health and wellness champion and partner in the effort to create sustainable healthy lifestyles and maintain a ready and resilient force. The commissary is uniquely positioned to be the community classroom for nutrition, food selection, and food preparation education and demonstrations to help guide patrons to healthier food options and eating habits. The goal is for families to learn food skills essential to preparing healthy meals, starting with what goes into the shopping cart (i.e., how to identify the best produce, what is a whole grain, and how to read a nutrition label), which can help them choose healthier items lower in sugar, salt, and saturated fat. The Agency also continued to work with its industry partners and other on-base military resale and quality of life organizations to support and expand special activities and promotions such as the summertime Farmer's Market events, the annual "Your Healthy Lifestyle Festival," discount coupon offers, and health and wellness and nutrition informational programs. DeCA has created point-of-sale health education resources that align with DoD efforts, and during 2016, initiated a contract for a nutrition guide program for implementation in its stores worldwide during 2017. This program, designed in collaboration with DoD, displays nutritional information to assist individuals in easily identifying items with nutritional attributes that are important to them, such as low sodium, no added sugar, and whole grain. As a result, holistic health promotion and education efforts throughout DoD now target where the military community eats, works, plays, and shops.
- *Value Brand Products:* In FY 2016, Value Brand products continued to provide commissaries with average patron savings of 23 percent or more, compared to commercial store brand and private label items. The Value Brand program included 446 products in 56 categories, such as frozen vegetables and entrees, pet foods, cereals, cleaning supplies, soft drinks, and coffee. This program was supported by in-store posters, banners, and special displays. Items could be easily identified at shelf level by the orange "value" signs. DeCA's website (www.commissaries.com) also provided additional details for patrons. In 2017, this program will be replaced by DeCA's private label program.
- *Workforce:* Workforce special emphasis programs continue to target and increase recruitment of wounded warriors, individuals with targeted disabilities, and minorities, as well as focus on leadership development and succession planning in the workforce. DeCA remains a key provider of military-related employment, with 66.9 percent of the commissary U.S. civilian workforce being composed of military spouses and family members, Guard and Reserve members, military retirees, and service compensable veterans. Also, military family members comprise a significant percentage of employees of our industry partners, who provide store level support.

2-3-4. Military Exchange Benefits

Like the commissary, the Exchange programs are an integral part of non-pay compensation for Service members. The mission of the Exchange programs is to provide authorized military patrons with merchandise and services at savings and to generate nonappropriated earnings as a source of funding for MWR programs. The Exchange Programs are provided through three separate Exchange systems: the Army and Air Force Exchange Service (AAFES), the Navy Exchange Service Command (NEXCOM), and the Marine Corps Exchange (MCX). The Exchanges operate major retail stores on military installations in all 50 states and 33 countries and support numerous deployed, contingency, and disaster and emergency relief locations throughout the world. The Exchange retail system includes 233 main stores, approximately 5,512 specialty stores (e.g., military clothing, barbershops, book stores, laundry and dry cleaning, gas stations, and convenience stores), more than 2,346 nationally/regionally-branded fast food restaurants, and the MILITARY STAR card. The Exchanges also offer online shopping options for authorized patrons and were recently granted approval to extend limited online exchange shopping privileges (no uniform items, alcohol, or tobacco products) to all honorably discharged veterans of the Military Services effective November 11, 2017.³⁰

Goals and Metrics

The Military Departments assess the effectiveness of their Exchange systems through measures of customer savings, sales, profits, and customer satisfaction. Table 3 summarizes metrics for the Retail Fiscal Year (RFY)³¹ 2015 and goals for RFY 2016. The Military Departments set savings and sales volume goals that will produce profits to support recapitalization of Exchange facilities and a steady stream of dividends for MWR programs. Those goals are consistent with DoD's target of achieving a minimum average of 15 percent savings on a market basket (excluding alcohol and tobacco products) that is compared to commercial shelf prices (excluding sales tax). In RFY 2015, all three exchanges exceeded the minimum savings goal, 21.6 percent for AAFES, 22 percent for NEXCOM, and 25.9 percent for MCX.

Exchange customer satisfaction is measured annually in two ways: ACSI, which is an independent, nationally recognized benchmarking tool to compare commercial counterparts, and the Customer Satisfaction Index (CSI), which is an indicator based on customized customer surveys to measure and understand what drives customer satisfaction in their stores. ACSI scores in the RFY 2015 were slightly below the industry average score for department and discount stores. CSI scores met or exceeded the annual goals in RFY 2015.

³⁰ DoD Directive-type Memorandum (DTM) 17-003, "Veterans Military Exchange Online Shopping Access Policy," (January 18, 2017).

³¹ The Exchanges operate based on RFY, which runs roughly from the beginning of February to the end of January of the following year to benchmark program performance comparison with the commercial retail industry. Due to this operation cycle, this report presents the data from RFY 2015 (February 2015 through January 2016).

Table 3. Goals and Metrics for Military Exchanges.

Outcome	Metric	RFY 2015 data		RFY 2016 goal
Achieve customer savings of 15% in all Exchange systems	Customer savings	AAFES	Goal 15%	15%
			Actual 21.6%	
	NEXCOM	Goal 15%	15%	
		Actual 22%		
	MCX	Goal 20%	20%	
		Actual 25.9%		
Maintain sales volume and profitability that supports a steady stream of capital investment and MWR dividends	Sales and earnings			
	Sales (\$M)			
	AAFES	Goal	\$ 6,864.3	\$ 6,692.1
		Actual	\$ 6,718.5	
	NEXCOM	Goal	\$ 2,693.3	\$ 2,449.6
		Actual	\$ 2,508.4	
	MCX	Goal	\$ 845.0	\$ 796.3
		Actual	\$ 834.8	
	Earnings (\$M)			
	AAFES	Goal	\$ 366.2	\$ 363.4
		Actual	\$ 366.2	
	NEXCOM	Goal	\$ 57.5	\$ 44.0
		Actual	\$ 30.9	
	MCX	Goal	\$ 47.0	\$ 47.0
Actual		\$ 60.7		
Meet or exceed ACSI department and discount store industry average (74 in 2015)	ACSI Customer Satisfaction			
	AAFES	Goal	74	74
		Actual	67	
	NEXCOM	Goal	80	74
		Actual	70	
	MCX	Goal	75	75
Actual		72		
Meet or exceed past 3 year average CSI AAFES: 80 NEXCOM: 85 MCX : 80	Exchange CSI			
	AAFES	Goal	80	81
		Actual	90	
	NEXCOM	Goal	86	86
		Actual	86	
	MCX	Goal	80	80
Actual		81		

Five-Year Plans

AAFES

- *Strategy:* AAFES continues to reduce costs and maximize returns for Airmen, Soldiers, retirees, and their families. AAFES saves the federal government more than \$685 million annually through dividends, providing at-cost DoD school meals, operating overseas bakery plants, and contingency operations. In the past ten years, AAFES has contributed more than \$2.4 billion to youth services, arts and crafts, aquatic centers, bowling centers and other MWR programs. In the current budgetary constrained environment, AAFES remains focused on continuing the trend of reduced costs and maximizing returns for Service members, retirees, and their families, while taking a proactive approach to reducing costs.
- *Efficiencies:* AAFES' performance continues to improve despite troops drawdowns of 11 percent. Compared to 2011, AAFES has nearly doubled its profitability from 3.2 percent of sales to 6 percent of sales in 2016. Over the past six years, AAFES has reduced costs by optimizing its supply chain (\$101 million margin improvement), reducing its workforce by 20 percent and decreasing overhead expenses by \$319 million.
- *Military Employment:* Approximately 32 percent of AAFES associates are military family members. In RFY 2015, 32 percent of all newly hired employees (4,961 of 15,535) were military spouses and more than 987 received promotions. In FY 2015, 1,378 Veteran hires accounted for about 9 percent of the total US-paid hires, 15,535. AAFES partners with several organizations that offer career assistance and create opportunities for those who have served. AAFES encourages Veterans to apply for the Retail and Advanced Retail management training programs which upon successful completion, participants are assigned to managerial roles.
- *Army and Air Force Connection:* AAFES is pursuing new business opportunities and further growing existing offerings to support DoD initiatives and military communities. More than 115 concession name brand businesses are projected to open in AAFES malls this year. Chipotle, Muscle Maker Grill, Claire's, Haggar, dental clinics, vision care, and car washes are a few businesses under expansion. Two initiatives driving growth in this area include the concession point-of-sale and the property and asset management projects. Both will improve data capture, analysis and information availability and further automate Services programs.

NEXCOM

- *Strategy:* NEXCOM's business strategy continues to evolve, focusing on an omni-channel strategy that ties its brick and mortar Navy Exchange (NEX) stores with its e-commerce platform, call centers, and social and mobile platforms with an objective of a seamless customer experience across all channels to remain relevant and competitive in the retail environment.
- *Customer Outreach:* NEXCOM's e-commerce site, myNavyExchange.com, offers customers options to use and purchase NEX gift cards and e-gift cards, ship orders to

select NEX stores, and receive free standard shipping for all orders paid for with the MILITARY STAR Card. NEX's rewards program, called My Navy Blue Reward, provides online shoppers with additional discounts.

- *Efficiencies:* NEXCOM continues to seek efficiencies within its six business lines. The NEX and ships store program partnered to utilize the NEX's supply chain and distribution services to support forward-deployed ships in the Pacific with resale merchandise, which resulted in generating distribution economies while improving ships store in stocks. Additional ships store logistics support is also being provided by NEX Rota to support ships homeported in Rota, Spain. In addition, NEXCOM continues to partner with the Navy MWR program to provide services such as loss prevention and auditing support through agreements that leverage infrastructure while mitigating the need for separate infrastructure within Navy MWR programs.
- *Navy Connection:* The NEXCOM Enterprise continues to execute a re-branding effort as part of its core business strategy to cement its value proposition and relevance to Sailors and their families. With a goal of ensuring NEXCOM is the Sailor's first choice for retail, services and hospitality needs, every touch point of the Enterprise – headquarters, NEX stores, Navy Lodges, ships stores, Uniform Project Management Office, Telephone Program Office, and Navy Clothing Textile and Research Facility – is being revisited to distinguish our brand experience through a culture of PREMIER³² Customer Service, a focus on value and facilities, and signage and communications that embody a distinct personality reflecting the Navy culture and values. These enhancements have not only built a strong connection with the mission of the installations and the Navy but also are connecting with Sailors and families on a personal level.
- *Navy Integration:* NEX continues to be an important catalyst for shaping and implementing Navy policy. In support of the Secretary's 21st Century Sailor and Marine Initiative and in support of a fit and physically ready Navy, NEXCOM continues to grow "A Better You" business strategy to increase the range of products, and pulls together product categories with in-store messaging and signage that support a healthy lifestyle. Sales continue to increase in categories such as athletic apparel, footwear, sporting goods, digital fitness, fresh food, and sports nutrition.
- *Fresh Food:* NEXCOM has also expanded its fresh food program supporting DoD's healthy food initiatives and NEXCOM's "A Better You" strategy by providing convenient, high quality grab-n-go items, which are produced daily and made with truly fresh ingredients. This program is currently available within the Continental United States (CONUS) at nearly 100 NEX locations. The demand for these items is driven by consumer's desire for convenient, fresh products free of preservatives, supporting an active, health conscious lifestyle, at affordable prices.

³² PREMIER is a formal term that stands for: Personal connection, Relationships, Enhancements, Memorable, individual care, Empowerment, and Risk taking.

- *Micro Markets:* Micro Markets is a NEXCOM's new retail business concept, offering a wide range of fresh food items, snacks and beverages to isolated locations requiring supplemental food services/vending availability. It replaces traditional vending machines with food and snack items offered on shelves and in coolers. The Micro Market is a non-staffed operation; customers pay for their items via a state-of-the-art self-service kiosk using cash or credit card. NEXCOM currently operates 13 Micro Markets.
- *Military Employment:* NEXCOM remains committed to providing employment opportunities to Navy family members and veterans. Approximately 32 percent of NEXCOM's 13,500 U.S. citizen associates are military dependents, veterans or Active Duty members. Navy family members account for 23 percent of the NEXCOM's U.S. citizen workforce. NEXCOM also maintains a continuity of employment program to support Navy family members when they transfer to new duty stations with their Service member spouses and is a partner in the DoD's MSEP.

MCX

The MCX continues to provide a valued non-pay benefit of products, food, and services sold below market price while contributing to overall community health and investments in community programming and infrastructure. The savings families receive on life necessities also contribute to the financial health of military families. For example, the "Xtreme Value" program provides everyday staples like bread, milk, and baby formula at MCX cost and selected named brand items at an unmistakable value. MCX supports military families through employment opportunities, with 32.8 percent of the MCX workforce being military family members.

- *Transforming and Innovating:* The Marine Corps continues to transform and innovate its integrated MCX, MWR, and Warfighter and Family Services organization by leveraging technology and expanded partnerships. This model and supporting strategies focus on the core Marine population with emphasis on mobile technologies and transitioning from a facility-centric and direct programming approach to more self-directed and enabling platforms. There have been tangible benefits of MCX transformation strategies over the past several years, which include implementing an organizational brand strategy, maturing centralized buying capabilities, and executing an aggressive capitalization strategy for the Marine Marts. MCX is also utilizing mobile technology to optimize retail, including digital circular proofing, which provides buyers and vendors the opportunity to review, edit, and approve ads collaboratively from any web-based device. This digital circular also allows for detailed analytics, allowing vendors to pay to have videos or hyperlinks embedded, which provides a revenue-generating opportunity. Further, MCX was the first military retail operation to provide the convenience of mobile pay technology, allowing customers to make secure purchases through an app on their mobile phone. These efforts will transform our critically important businesses and enhance the overall value proposition to our entire customer base.
- *Efficiencies:* MCX seeks to avoid unnecessary costs by executing programs in the most efficient way possible. MCX continues to transform its supply chain,

implementing back room improvements, and advancing technological solutions to support best in class processes to reduce redundancies and increase efficiencies. In concert with the organization's campaign plan, one priority is to continue to improve our culture by leveraging talent management principles and objectives and the devotion of our valued human capital to drive organizational success.

- *Healthy Lifestyle:* MCX supports the Secretary of the Navy's 21st Century Sailor and Marine initiative with price parity on tobacco products. Tobacco cessation products are available at cost to Marines and families. MCX also developed and implemented an integrated marketing campaign for tobacco cessation at all MCX outlets. The comprehensive campaign focused on print, email, social media, and point of purchase promotions to inform and support authorized patrons interested in tobacco cessation. The campaign earned special recognition from the Assistant Secretary of Defense for Health Affairs. Further, the MCX has implemented a motorcycle safety incentive program, "Geared Up," which provides safety equipment at MCX's cost to authorized patrons who have completed the requisite safety training. Additionally, MCX increased the number of healthy grab-and-go offerings at Marine Marts, highlighting "Better For You" products including beverages, fresh fruits, yogurts, smoothies, boiled eggs, snack foods, sandwiches, salads as well as creatively packaged lunch kits designed as portion-controlled convenience offerings. MCX, Cornell University, and the National Association of Convenience Stores have joined with Pepsi and Coca-Cola in an effort to test new ways of promoting healthy consumption choices. MCX store design concepts continue to support healthy lifestyles of Marines, featuring hydration stations and expanded athletic wear and sporting goods departments.

2-4. Personal and Family Life

2-4-1. Non-Medical Counseling

DoD continues to offer confidential non-medical counseling services to help Service members and their families experiencing the normal range of reactions to military life challenges associated with deployments, frequent relocations, reintegration, and others. Confidential non-medical counseling is aimed at preventing the development or exacerbation of mental health conditions that may detract from military and family readiness. Active Duty, National Guard and Reserve members, as well as their families have access to confidential help, such as non-medical, short-term counseling services, at no cost through two delivery systems: Military OneSource and the Military and Family Life Counseling (MFLC) program. During FY 2016, the primary reason for receiving Military OneSource and MFLC non-medical counseling support was marital or relationship distress.

Military OneSource provides 24/7/365 comprehensive information, referrals, and assistance on every aspect of military life. Military OneSource services are available worldwide and are provided at no cost to Active Duty, National Guard and Reserve members, and their families through a call center and website. Military OneSource non-medical counseling is available worldwide via telephonic, online, video, or face-to-face sessions. Military OneSource non-medical counselors provide traditional 50-minute sessions. Its face-to-face non-medical

counseling sessions (CONUS only) are provided within 15 miles or 30 minutes of the Service member/family member, at the Military OneSource counselor's office within the local community. MFLCs provide in-person non-medical counseling sessions and briefings, both on and off military installations. MFLCs provide support at the following locations: Family centers, child and youth programs, schools, youth summer programs, and within military units as imbedded assets. Additionally, MFLCs provide surge support for emerging issues and on-demand support for up to three to five days at events such as Yellow Ribbon events, drill weekends, and annual training events to support the Reserve Component (National Guard and Reserve).

Both the Military OneSource and MFLC programs provide seamless support to National Guard and Reserve members regardless of activation status, as well as Active Duty members and their families. The non-medical counseling providers for both programs are masters or PhD level, licensed, and credentialed providers who have undergone a criminal history background check as well as focused training on military culture and military life.

During FY 2016, Military OneSource counselors provided more than 152,000 50-minute face-to-face non-medical counseling sessions. In addition, Military OneSource counselors provided more than 15,000 telephonic, web-based, and video non-medical counseling sessions. While overall numbers for non-medical counseling sessions have remained relatively steady from FY 2015, the numbers depict a shift from face-to-face counseling toward greater use of online, telephonic and video counseling modalities. During FY 2016, MFLCs provided nearly five million in-person contacts, briefings/presentations and non-medical counseling sessions. Military OneSource and MFLC non-medical counseling sessions include individual, couple, and family sessions.

The MFLC program also provides surge support. In FY 2016, the MFLC program continued to see substantial use of surge MFLCs and child and youth MFLCs for support of National Guard and Reserve units. Personal financial counselors, also provided through the MFLC program, complemented the services of surge non-medical counselors by addressing financial readiness concerns.³³ During FY 2016, 242 surge assets were provided to Active Duty units and 38 surge assets supported the National Guard and Reserves, in over 40 states, territories and countries.

The caregiver's role in promoting the health and well-being of wounded, ill, or injured Service members was recently validated in RAND's report on *Hidden Heroes: America's Military Caregivers*. In the report, RAND estimated there are approximately 1.1 million family members, friends, and neighbors who act as caregivers to individuals who served in the military after 2001, nearly a quarter providing care to somebody currently in Active Duty or the Reserves. The report highlighted the need for structured social support programs targeting caregivers, aimed at minimizing adverse consequences that may arise from caregiving duties and promoting physical and mental well-being. Past research has shown that caregivers who participated in such programs exhibited improved social outcomes, psychological health, decreased burden, and depression symptoms. In 2014, the Office of Secretary of Defense

³³ During FY2016, the provision of personal financial counselors transitioned from the MFLC Program to the Office of Financial Readiness under the Assistant Secretary of Defense for Readiness.

(OSD), under the Joining Forces Military Caregiver Support Initiative, established Military Caregiver Personalized Experiences, Engagement and Resources (PEER) forums. The PEER forums, facilitated by MFLCs, provide opportunities for caregivers to share experiences and support one another through monthly in-person meetings on over 70 military installations worldwide.

Goals and Metrics

Non-medical counseling is aimed at preventing the development or exacerbation of an array of challenges that may undermine military and family readiness. The confidential nature of the counseling program addresses the primary concern that Service members and their families have: seeking help could reflect poorly on a military career. Although confidentiality of the counseling may reduce the stigma associated with seeking help, this very nature of the service makes it significantly more difficult to assess program outcomes. In FY 2016, the Department refined its outcome measures to assess the efficacy of non-medical counseling services. Non-medical counseling goals are consistent with the mission to eliminate stigma associated with counseling and to enhance military and family readiness through worldwide access to confidential help, information, and referrals, including:

- Increase access to Military OneSource and MFLC programs;
- Increase Service and family members' ability to cope with military life and family issues; and
- Increase awareness of program services through outreach to the military community.

Five-Year Plans

The military community has taken advantage of confidential help, to include non-medical counseling, and both Military OneSource and the MFLC programs have helped in reducing the stigma faced by Service members and their families in seeking help. Furthermore, the military community has reported a need for increased support such as financial counseling and expanded modalities for non-medical counseling support. As a result, the Military OneSource program incorporated a video modality for non-medical counseling, financial counseling and health and wellness coaching in FY 2015.

Per direction from the OSD Office of Cost Assessment and Program Evaluation, ODASD(MC&FP) began a five-year study to assess the effectiveness of military family support programs in FY 2013. Non-medical counseling was identified as one of the critical programs that needed outcome data to inform resource and programmatic decisions. The objective of this effort is to measure the impact of family support programs across DoD and to move the portfolio of family support programs from performance measures toward outcome measures. This evaluation will assess whether individuals who access face-to-face non-medical counseling from Military OneSource and MFLC counseling services obtain the care that they need and experience improvements. Sponsored by ODASD(MC&FP), the RAND Corporation conducted data collection in the summer of 2016 and is currently developing a final report. Participants were asked to complete two short surveys about their experience using non-medical counseling. The study will contribute to assessing the impacts of non-medical counseling programs on the lives of Service members and their spouses and determining where improvements in the program can be made. DoD intends to use key proxy metrics validated by the RAND study to monitor and report

on the second program goal of increasing the ability of Service members and family member to cope with military life and family issues.

ODASD(MC&FP) also commissioned RAND to assess how Military Caregiver PEER forums are used, how those who participate benefit from them, and how the program complements other social services available to caregivers. The purpose of the evaluation is to validate that programming directed to caregivers is evidence based and meeting the intended goal of reducing the sense of isolation many caregivers report. Data collection is set to begin once approvals are complete.

2-4-2. Family Advocacy Program

DoD is committed to preventing child abuse and neglect and domestic abuse in the military community. FAP addresses child abuse and neglect and domestic abuse³⁴ in military families through public awareness and prevention, early identification, victim advocacy, and treatment for offenders when appropriate. A FAP office is located at every U.S. military installation worldwide where the command sponsors families. FAP provides a wide range of prevention programs, including classes, workshops, and seminars on various topics (e.g., couples communication, effective parenting, anger management, conflict resolution, and stress management); leadership training; the New Parent Support Program (NPSP) intensive home visitation; and counseling. FAP serves as a key element of the DoD's coordinated community response system to prevent and respond to reports of child abuse/neglect and domestic abuse in military families in cooperation with civilian social service agencies and civilian law enforcement.

When an allegation of abuse is reported, FAP gathers information from victims, suspected offenders, and other family members to develop recommendations for follow-up action and treatment, if indicated. FAP is equipped to provide a comprehensive coordinated response in collaboration with medical and legal personnel, family support centers, chaplains, military units, military and civilian law enforcement agencies, and civilian social service agencies. When an incident of domestic abuse occurs, FAP domestic abuse victim advocates have 24/7 response capability and work to ensure the safety of victims and help affected military families. The ultimate goal of FAP is to strengthen family functioning and resiliency in order to increase the competency and self-efficacy of military families.

Goals and Metrics

FAP has developed a set of metrics to measure program outcomes for leadership on FAP awareness, child abuse prevention, domestic abuse victim advocacy, and domestic abuse offender treatment. For some metrics, reporting standards still require further refinement to ensure data consistency across the Services. This report presents the metrics to assess the following two key FAP programs: NPSP and treatment programs for alleged offenders of spouse

³⁴ DoD defines domestic abuse as both domestic violence, including violation of a military or civilian protective order, and a pattern of behavior resulting in emotional/psychological abuse, economic control, and/or interference with personal liberty that is directed toward a person who is a current or former spouse, a person with whom the abuser shares a child in common, or a current or former intimate partner with whom the abuser shares or has shared a common domicile.

abuse. Due to the timing of the data collection and verification cycle, this report presents data from FY2015, along with the goals for FY 2016 (see Table 4).

Table 4. Goals and Metrics for Family Advocacy Programs.

Outcome	Metric	FY15 Data	FY16 Goals
No child abuse or neglect in high-risk families who received intensive NPSP services (at least 2 visits/month)	% of families who received 6-month intensive NPSP services who are not reported in incidents that met criteria for child abuse or neglect within 1 year after the program completion.	Goal: 85%	85%
		Actual: 98%	
Allegedly abusive spouses who do not recidivate after completing FAP treatment	% of allegedly abusive spouses who successfully completed FAP treatment and are not reported in incidents that met criteria for spouse abuse within 1 year after treatment completion.	Goal: 75%	75%
		Actual: 96%	

Success of NPSP: In an effort to strengthen the protective factors associated with decreasing the risk for child abuse and neglect, DoD adopted an intensive, voluntary home visitation program, NPSP. This model was developed specifically for vulnerable parents in the Active Duty component who live on or off the installation. The service is offered to expectant parents and to parents of children ages 0-3 years through self-referrals and referrals from health care providers and other service providers in the community.

The outcome of NPSP is measured by the percentage of Active Duty families who received a minimum of 6-month intensive NPSP services and are reported in incidents that met FAP criteria for child abuse or neglect within one year following the completion of the program. Since the assessment began in 2005, DoD continues to meet or exceed its goal that 85 percent of participating Active Duty families will not be reported in incidents that meet FAP criteria in the 12 months following NPSP case closure. In FY 2015, the percentage of NPSP participants who were not reported for child abuse or neglect for 12 months after the program completion was 98 percent.

Treatment to Reduce Spouse Abuse Recidivism: The individuals substantiated for domestic abuse incidents do not represent a homogeneous group. Abuse differs in degree, intensity, etiology and function. Such differences serve to reaffirm FAP’s goal to prevent and reduce abuse through innovative and evidence supported services. In incidents that meet the FAP criteria for domestic abuse, the offender may be an Active Duty Service member or a civilian.³⁵ FAP makes treatment available to both Active Duty and civilian spouse abuse offenders. Command support of treatment recommendations for the Active Duty alleged offender is a key component to the success of treatment. Conversely, the lack of military jurisdiction over civilian alleged offenders may impact the civilian offender’s willingness to participate in recommended services.

³⁵ The FY 2015 FAP data indicates that 58 percent of met criteria spouse abuse offenders were Active Duty Service members and 42 percent were civilian spouses. Of the total number of met criteria spouse abuse offenders, 64 percent were male and 36 percent were female.

At a military installation, FAP provides treatment and/or coordinates treatment with local agencies to help alleged domestic abusers end their abusive behavior. Progress in prevention of repeated domestic abuse is difficult to measure because civilian treatment programs vary by the local agencies that provide them. Research has suggested that alleged abusers who have completed a treatment program are less likely to recidivate than those who did not finish.³⁶ Since FY 2009, FAP has collected data on the effectiveness of treatment programs for alleged offenders of spouse abuse to reduce spouse abuse recidivism. The metric adopted here is the percentage of allegedly abusive spouses who completed a FAP treatment program and are not reported in any incidents that met FAP criteria for spouse abuse within one year after completion of treatment. In FY 2015, FAP treatment programs prevented recidivism in 96 percent of offenders of spouse abuse who had completed treatment. Despite these very positive figures, the goals for both programs remain constant for the next five years as DoD further refines the metrics to measure the effectiveness of these programs.

Five-Year Plan

FAP is placing increased focus on providing effective interventions at all levels of service. As a result, pending FAP standards require the Services to adopt approaches for prevention and intervention that are evidence-based, sensitive to culture and gender, and applicable to a military population. DoD is working closely with the Pennsylvania State University Military Family Readiness Clearinghouse to identify potentially promising approaches for the military family population.

In coordination with the Military Services, FAP continues to review data collection systems as well as the validity and reliability of the data being entered into the data systems. Research on determining severity of abuse across all domestic maltreatment types and risk for repeated physical spouse abuse has led to the development of tools that will serve to assist clinicians in accurately and reliably assessing these two data elements. In FY 2016, all the Military Services officially implemented the FAP Incident Severity Scale, which is now the basis used by clinicians to determine incident severity. DoD Manual 6400.01 Vol. 2, “FAP: Child Abuse and Domestic Abuse Incident Reporting System,” was released in August 2016. In conjunction with domestic violence awareness month, the intimate partner physical injury risk assessment tool and training manuals were launched in October 2016. The tool is used by FAP clinicians in their work with victims of domestic abuse for evaluating the risk of future intimate partner physical violence, as part of a comprehensive clinical assessment.

2-4-3. MWR Programs

MWR programs are designed to improve the quality of life of Service members, their families, and other eligible patrons by promoting active living through a comprehensive network of leisure and support activities. MWR provides a wide range of recreational activities both on and off installations, including fitness and sports, libraries, recreation centers, skills development programs, outdoor recreation, leisure travel, recreation lodging, community centers, and single Service member programs, and directly contributes to the readiness, resiliency, and retention of

³⁶ See pp. 429-432 in Sartin, Robert M., David J. Hansen, and Matthew T. Huss. 2006. “Domestic Violence Treatment Response and Recidivism: A Review and Implications for the Study of Family Violence.” *Aggression and Violent Behavior* 11(5): 425-440.

Service members and their families. MWR programs are operated under each of the Service branches: Army Family and MWR, Marine Corps Community Services, Navy MWR, and Air Force Services. The following is a highlight of a few MWR activities in the portfolio.

The DoD MWR libraries are thriving. The 2016 DoD MWR summer reading program, Read for the Win, was hosted at 215 libraries around the world, and boasted 38 million minutes (more than 72 years) of reading time by children of all ages. The summer reading initiative enriched the lives of the youth in military families, boosting reading achievement and improving literacy skills. MWR libraries also provide library support to Service members in deployed environments via paperback book kits and mp3 audio book kits. Approximately 30 locations receive the paperback book kits while approximately 130 locations receive the mp3 audio book kits. These kits contain best sellers as well as books on leadership, military history, spiritual topics, and more. Utilizing the Internet has also been a useful means of delivering MWR library programming to military families. In FY 2016, more than 227,000 live tutoring sessions were provided to military children in grades K-12 through an online 24/7 live homework support network. DoD has purchased more than 20 online library databases and services and made them available to Service members and their families 24/7. Customers of all ages took advantage of the resources that garnered more than 48 million uses for such things as learning how to repair cars, write college papers, explore new hobbies, take practice tests, find out about other cultures, download eBooks/audio books, prepare for deployment, and further their professional goals.

Participating in recreation activities is an important part of rehabilitation and reintegration for injured Service members. From 2008 to 2015, DoD collaborated with the Pennsylvania State University and offered an in-person classroom training on recreation inclusion for MWR professionals from all branches of Service. The four-day, in-person training has been replaced with two online courses, available to all MWR service providers through Military OneSource's My Training Hub platform. "Inclusive Customer Service" was launched in 2015, followed by "Inclusion Management" in 2017. These courses are intended to train MWR employees at all levels with information and strategies for serving people with disabilities. "Inclusive Customer Service" covers general disability etiquette, provides information about some of the most common disabilities experienced by today's Service members, and lays out a strategy for serving anyone with a disability. "Inclusion Management" covers how to accommodate people with different kinds of disabilities into MWR activities. The goal is to equip MWR employees at all levels with information and skills to engage wounded warriors, families with special needs, and other eligible customers with temporary or permanent disabilities in recreation activities.

Military spouses have indicated that communication is the single most important factor in coping with deployments, and the MWR Internet Café and Morale Satellite services meet that need. Customers continue to express appreciation for the connectivity provided by the Internet Cafés to keep in touch with their families and loved ones during deployments. In FY 2016, DoD funded both wired and wireless Internet Cafés across Afghanistan and the Middle East and had an increase in requests for cafés in Iraq. Wired Internet Cafés offer computers, web cameras, and Voice over Internet Protocol phone service, while the MWR wireless hotspots provide troops with free Wi-Fi connectivity in common areas. Program network reliability remained high, with availability of over 99.7 percent in FY 2016. The program offered approximately 38 free calling

days with more than 18,000 free calls in FY 2016. Troop reductions and the increase of wireless cafés reduced voice over Internet protocol phone calls by nearly 65 percent in FY 2016, when compared to FY 2015. In addition to the Internet Cafés, MWR provides portable morale satellite units known as Cheetahs. Cheetahs contain web camera-enabled computers that support personnel in remote and isolated locations in theater. At the end of FY 2016, there were approximately 71 Cheetahs in operation.

To support readiness of Service members at geographically isolated locations, MWR launched the Military Outreach Initiative in partnership with the Armed Services YMCA. This initiative provides fitness center memberships to eligible military personnel and families who are not stationed at or near a military installation so they can maintain necessary fitness levels. In FY 2016, the initiative covered more than 6,400 individual memberships to eligible military members at participating YMCA and private fitness center locations, and more than 4,100 family memberships were covered at participating YMCA locations. In FY 2016, there were 18 new YMCAs and 176 new private fitness center locations added to the program. An additional aspect of the initiative is to provide up to 16 hours per month of free respite child care at participating YMCAs for families of deployed Active Duty, Guard and Reserve members, along with children whose Active Duty parents are assigned to an approved command that is not near a military installation. In FY 2016, more than 2,100 children participated in the respite care program, which resulted in more than 12,700 hours of respite care provided.

Goals and Metrics

Since 2009, DoD has been using MWR CSI survey data as an important program evaluation resource to ensure a balanced portfolio of quality MWR programs. The sample was drawn from Active Duty, National Guard, and Reserve members worldwide from all four Services. The DoD MWR CSI survey provides scores for the MWR program overall and for each of nine program areas (see Table 5). The survey also measures the impact of the overall MWR satisfaction on three key organizational outcomes: readiness, retention, and unit cohesion. Impacts on these organizational outcomes were measured within the MWR activities, independent of other military family readiness programs. The survey is an example of a program assessment tool that was developed collaboratively by representatives from OSD and the Services. The third DoD MWR CSI survey was conducted in 2014. DoD is currently reviewing the results of the 2016 MWR CSI survey.

Five-Year Plans

Results of the MWR CSI surveys have been used for developing MWR strategic plans and as future funding justification for improvements to the MWR programs at the Service and DoD levels. Although CSI surveys can provide comparable customer satisfaction data found in civilian industries, there is no single civilian industry offering the same level and scope of services that MWR programs do. The data gathered from the survey is used by OSD and the Military Services to facilitate ongoing MWR innovation efforts focused on leveraging partnerships, technology, and improved service delivery techniques.

Table 5. Goals and Metrics for MWR Programs

Outcome	Metric	2009 survey	2011 survey	2014 survey	Remarks
Identify high impact program areas and level of customer satisfaction	MWR CSI ¹ - All DoD	69	69	67	MWR established a self-benchmark for CSI score in 2009.
	Army CSI Score	68	70	69	
	Navy CSI Score	72	71	69	
	Air Force CSI Score	70	67	65	
	Marine Corps CSI Score	65	67	63	

Note: ¹Within the context of this study, scores in the 60s are interpreted as "fine but could use work," the 70s as "good job but keep working on it," and the 80s as "excellent - keep it up." It is unlikely that any program will or should achieve a score higher than 85.

The DoD initiated the Common Services Effort as a way to work across the Services and program areas throughout the MWR portfolio to improve effectiveness, increase economies of program delivery, and reduce overhead costs. Working group coalitions serve as the foundation, promoting cross-Service support and collaboration. These coalitions assess programs and work together to determine opportunities to create standardization, pool resources, and garner efficiencies. There are currently 27 recommendations actively being pursued, covering activity areas such as fitness, libraries, MWR information technology, and leisure travel.

4. CONCLUSIONS

Since this reporting requirement was introduced by NDAA for FY 2008,³⁷ DoD has made significant progress in fostering program evaluation culture and adopting evidence-based programs in the area of family readiness. The majority of DoD family readiness programs are community-oriented, prevention-focused, and voluntarily-participated programs, and as Service members and their families move frequently, they have multiple access points for similar programs. For this unique population, it is inherently challenging to measure program outcomes using conventional data collection methods and designs. Some programs are designed to mitigate access issues by taking an unconventional approach to program delivery (e.g., confidential, non-medical counseling program). Some programs do not always produce measurable outcomes within a brief period of implementation (e.g., MyCAA scholarship for spouses, financial education programs). DoD and the Military Services have made tremendous efforts to address this unique challenge in program evaluation, while experiencing significant budgetary challenges. The Department finally started seeing robust results from program evaluation research studies launched over the past five years, and these ongoing efforts will continue for the coming years.

³⁷ Section 581 of NDAA for FY 2008 amended title 10, U.S.C., section 1781b(d,) to require the Secretary of Defense to submit this report annually.