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Homeland Security

United States
Coast Guard



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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

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ON THE

FISCAL YEAR 2008 PRESIDENT'S BUDGET

BEFORE THE

**APPROPRIATIONS SUBCOMMITTEE ON HOMELAND
SECURITY**

U. S. HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2007

Introduction

Good morning Mr. Chairman and distinguished members of the Committee. It is a pleasure to be here today to discuss the Coast Guard's Fiscal Year (FY) 2008 budget request. Before I discuss the details of the request, I would like to take this opportunity to explain how I view the roles and missions of the Coast Guard, as well as the direction in which I am taking the Service.

The U. S. Coast Guard is the principal Federal agency charged with maritime **safety, security and stewardship**. As such, the Coast Guard protects vital interests of the United States – the personal safety and security of our population, our natural and economic resources, and the territorial integrity of our maritime borders – from internal and external threats, natural and man made. The Coast Guard protects these interests in U.S. ports and inland waterways, along the coasts, on international waters or in any other maritime region where U. S. interests may be at risk.

The Coast Guard generates public value through execution of its roles and missions. These roles and missions are *enduring* – long standing responsibilities, accrued to the Coast Guard over two centuries of service – because they, serve the collective good, and can be accomplished most effectively by a single federal maritime force.

These *enduring* roles and missions are also *converging* in how they complement each other in serving the public good. The Nation's response to the terrorist attacks of September 11th and Hurricane Katrina and the increasing pressures on our waterways and marine resources are having a profound impact on the development of new management regimes for the U.S. maritime domain and borders. In this time of dynamic change, the Coast Guard's multi-mission nature, which has always been a strong value proposition to the nation, is taking on new dimensions and significance.

- The Coast Guard's work in marine safety is closely coupled with, and reinforces, new initiatives and standards for vessel and facility security.
- Waterways management capacity and expertise are essential to maritime preparedness and port resilience, rapidly restoring commerce and economic stability after massive damage, intentional or natural.
- Combating Maritime Terrorism couples supporting Coast Guard missions and operations to contribute to the layered defense of the Nation against maritime acts of terrorism.
- Coast Guard missions to protect our marine environment and resources are complemented by our safety and security missions and ensure that uses of our waters and resources are balanced and sustainable.
- The sovereignty enforced by the Coast Guard as it secures the Nation's maritime borders from drug and alien smuggling, contraband, illegal migrants, and robbery of our natural resources also presents a barrier to criminals and terrorists by layering our security far from shore and with overlapping authorities.
- In moments of domestic crisis, the Coast Guard can accept and integrate military forces for national relief, without legal constraint.
- All Coast Guard forces can respond to natural disasters and emergencies, scaling up to a Katrina-level response when our communities are in danger, regardless of the cause.

In addition to these well known missions, in moments of international crisis, the Coast Guard can flow non-redundant and unique war fighting capabilities to the Department of Defense. During Operation Iraqi Freedom, the Coast Guard participated in maritime interception operations, port security and defense

operations, coastal security patrols along with U.S. Navy and coalition naval forces, enforced U.N. sanctions prior to hostilities and preventing the movement of Iraqi military forces during and following hostilities. Since the cessation of major combat operations, Coast Guard forces along with coalition allies have maintained the integrity of Iraqi territorial seas from foreign encroachment, have provided security of vital Iraqi maritime infrastructure from insurgent threats and have conducted training of Iraqi maritime security forces while ensuring the uninterrupted flow of the sea line of communications to coalition forces deployed in the Central Commands area of operations.

No Coast Guard mission can be viewed in isolation. All improve and strengthen our Nation’s economic and national security. The maritime border is unique and complex. It is a system that is at once an international border, an international highway, a coastal beltway, a rich sea to be farmed of fish, a productive mine of mineral resources, a playground for boating, and a construction site for communications and energy infrastructure. The water is different. It requires that we understand that our national maritime interests cannot be pursued in isolation from one another. As such, there are eleven specific statutorily-mandated Coast Guard mission-programs;¹ each directly supports the roles of **safety, security** and **stewardship**. Table 1 shows the primary alignment of Coast Guard mission-programs to these roles.

Safety Saving lives & Protecting Property	SECURITY Establishing & Maintaining a secure maritime system while facilitating its use for the national good	Stewardship Managing the sustainable & effective use of its inland, coastal and ocean waters & resources for the future
Search and Rescue Marine Safety	Drug Interdiction Migrant Interdiction Ports, Waterways & Coastal Security Other Law Enforcement Defense readiness	Marine Environmental Protection Aids to Navigation Living Marine Resources Ice Operations

Table 1

“Strategic Trident” - Coast Guard Force Structure

An important first step in aligning our operational forces involves the development of a layered security posture in the maritime domain to meet all hazards and all threats.

Multi-mission Shore Based Forces. We have aligned our shore-based operations in the establishment of interagency-enabled Sectors, unifying operations in our ports. The consolidation of these shore-based forces at the port level into Sector commands provides a single point of accountability for operations. It has also unified resource allocation and enables risk based decision making tools, focusing Coast Guard capabilities and competencies to identify and mitigate threats.

¹ The term “mission-program” is used by the Coast Guard to identify one of its 11 statutorily mandated missions that guide Coast Guard budget presentations as well as strategic planning, programming and performance.

Maritime Patrol and Interdiction Forces. The centerpiece of the Coast Guard's future capabilities is the Integrated Deepwater System, revised to reflect post-9/11 mission requirements such as enhanced intelligence gathering and handling capabilities. The Integrated Deepwater System concept was designed to secure the Nation's maritime borders. Our Deepwater acquisition will integrate our maritime presence and patrol capability, especially with respect to extended offshore security operations, allowing the Coast Guard to meet and defeat threats at the greatest distance from our shores.

Deployable Specialized Forces. The final piece to our force structure must be the effective employment of our various deployable forces. Deployable units will face increased threat levels, respond to incidents of national significance, and form into adaptive force packages within the Department of Homeland Security. The Coast Guard has long maintained teams and detachments that are deployable, but that have always been "stovepiped" among different mission areas. These teams will be placed under one command, a force structure designed to integrate with the Department of Homeland Security and other federal and state agencies to create a more agile, flexible force that can deploy in advance of or after an event to mitigate any threats or hazards. This new force structure is a more efficient way to organize and a more effective way to deploy in a post-Katrina environment. It also offers the much needed opportunity to develop departmental doctrine to support adaptive force packaging for incident response or surge operations.

Organizational Alignment

Past events have revealed the critical role the Coast Guard plays in providing **safety, security and stewardship** of our national maritime interests. The sinking of the *Titanic* laid the foundation for the Coast Guard's premier role in maritime safety. The *Exxon Valdez* oil spill was the catalyst to the Coast Guard's much improved and highly visible maritime stewardship responsibilities. The response to the terrorist attacks of September 11th and subsequent participation in the Global War on Terrorism have clearly showcased the Coast Guard's key role in providing vital maritime security.

The Coast Guard's transfer from the Department of Transportation to the Department of Homeland Security was a significant step forward in providing for a capability that can respond to the evolving demand to protect our homeland. Thus, it is of paramount importance that the Coast Guard continue to adapt in order to sustain and enhance overall mission execution. As a result, the Coast Guard is undertaking an organization-wide effort to restructure and realign command-and-control and mission-support (including organizational structures, human resources, maintenance, logistics, financial management, acquisition oversight and information systems) to ensure more effective and efficient mission execution. Efforts currently underway include the consolidation of all acquisitions management functions to ensure the optimal balance of contract and administrative personnel between each major acquisition. Additionally, alignment between the command and control structure within Coast Guard Headquarters and field unit organization is being imposed to obtain proper oversight of Coast Guard functions and ensure optimal mission balance.

This alignment will result in purposeful, service-wide transformation and enhancement designed to better enable the Coast Guard to meet the current and future needs of the nation. The Coast Guard will become a more flexible, agile and responsive organization capable of working effectively with our interagency partners. Furthermore, overall Coast Guard mission execution will be enhanced; we will be even better prepared to fulfill our duty to the nation. This new operational framework will facilitate the timely and accurate flow of information and direction among the strategic, operational and tactical levels of mission execution. A new command and control system will evolve that is more agile, adaptive and responsive; improving mission execution and effectiveness.

The Coast Guard's Strategy

The U.S. Coast Guard Strategy for maritime **safety**, **security**, and **stewardship** describes how the U.S. Coast Guard will work to safeguard the nation against all threats, hazards, and challenges in the maritime domain, today and in the future. It discusses the Coast Guard's enduring roles, future challenges and threats, and a systems approach for improving maritime governance. From these foundations, the Strategy presents strategic priorities that build on the Coast Guard's strengths and best focus its capabilities to serve the Department of Homeland Security and the Nation. This Strategy is shaped by the laws, executive orders, international conventions and agreements, and other guidance that determine U.S. maritime policy (Figure 1).



Figure 1

It takes significant shape from the National Strategy for Maritime Security (NSMS), the President's Ocean Action Plan (OAP), National and Homeland Security Presidential Directives (NSPD/HSPD), and the Department of Homeland Security goals and priorities. The Strategy is also the product of the Coast Guard's Evergreen Project, which looks across alternative futures to determine robust strategies that best position the Coast Guard and the nation for a changing world.

Challenges to maintaining America's maritime sovereignty and security are looming, and the key strategic actions the Nation must take lie in three areas: improving **operational capability**, building **maritime awareness** where little exists, and strengthening and integrating existing domestic and

international **maritime regimes** to protect the United States and coastal nations against growing transnational threats, such as international terrorism.

Regimes are the system of “rules” that shape acceptable activities. Maritime Domain Awareness (MDA) allows for the detection and monitoring of activities occurring within the maritime domain. Together, regimes and MDA inform decision makers and allow them to identify trends, anomalies, and activities that threaten or endanger U.S. interests. Operational capabilities deter, respond to, verify, and counter threats. They also ensure the safe and sustainable day-to-day use of the maritime domain and speed recovery from natural or man-made impacts in times of crisis.

These activities are not the sole province of the Coast Guard -- they are ineffective without state, local, private and international participation. Neither are they solely domestic; they span the globe and take place on all waters. Finally, this framework provides a common approach to safety, security, and stewardship, often serving all three objectives through common frameworks and activities.

Viewing maritime initiatives and policies as part of a larger system enables a better understanding of their inter-relationships and effectiveness. A well designed system of regimes, awareness, and operational capabilities creates overlapping domestic and international safety nets, layers of security, and effective stewardship. Taken together, they provide a comprehensive system of maritime governance for the nation.

The Coast Guard will head into FY 2008 making notable progress with implementing a number of specific initiatives supported by Congress. These include \$10 million appropriated in FY 2006 for Area Maritime Security Exercises as well as \$15 million appropriated FY 2007 for foreign port assessments, spot checks of MTSA regulated facilities as well as threat assessments. These initiatives, coupled with requirements in the SAFE Port Act such as the establishment of Port Security Training and Exercise Programs, facility exercise requirements and interagency operational centers to name a few, all work in concert with the initiatives shown below toward improving our maritime security.

<i>Improve Operational Capability</i>	<i>Build Awareness</i>	<i>Create Comprehensive Regimes</i>
<p>“Strategic Trident” Force Structure Deployable, specialized – Deployable Operations Group Maritime patrol & interdiction - Deepwater</p> <p>Port & Coastal Security Response Response Boat- Medium Special Purpose Craft – Law Enforcement Atlantic Area Deployment Center Rescue 21 High Frequency Communications Recapitalization Counter Terrorism Shoothouse</p>	<p>Integrated Command Centers Command Center Enhancements Interagency Unity of Effort</p> <p>Maritime Domain Awareness Gap Nationwide Automatic Identification System (NAIS) C-130J Operations C4ISR Counter Intelligence</p> <p>Leverage Partnerships Interagency-enabled Command Centers National Maritime Intelligence Center (NMIC)</p>	<p>Maritime Domain Management Transportation Worker Identification Card (TWIC) Understanding the “unregulated” (e.g. recreational boating)</p> <p>International Engagement International Maritime Organization (IMO) Regional Cooperation/Bilateral agreements</p> <p>Ocean/Arctic Policy National Polar Icebreaking Policy Open Ocean Commerce</p>

Table 2

2008 Budget

The President's Fiscal Year 2008 Budget Request maintains a mission-focused Coast Guard that remains capable of answering the Nation's call by improving **operational capability**, building **maritime awareness** and creating **comprehensive regimes**. Some of these specific initiatives within the FY 2008 budget addressing capability and awareness include:

Improving Operational Capability:

Integrated Deepwater System (IDS) \$836.9 Million (AC&I): The IDS is a 25-year, performance-based, "system of systems" acquisition to replace or modernize major Coast Guard cutters, offshore patrol boats, fixed-wing aircraft, multi-missioned helicopters and the communications equipment, sensors, and logistics systems required to maintain and operate them. As an integrated, interoperable network-centric system, when complete, IDS will maximize operational capability while minimizing total ownership costs by leveraging current and future technologies to achieve maritime awareness in all maritime regimes in which Coast Guard operates. This request funds the sixth year of implementation after award and, among other things, will fund four additional Maritime Patrol Aircraft (MPA), long lead time material for the National Security Cutter (NSC) # 5 and complete funding for NSCs #1-4, initiate production of the Replacement Patrol Boat (FRC-B), and complete funding for Airborne Use of Force (AUF) outfitting for the 95 HH-65's and 42 HH-60's. The IDS procurement is the largest and most complex acquisition ever undertaken by the Coast Guard, and whose acquisition strategy allows flexibility to accommodate the continuously changing nature of this evolutionary procurement action, enabling rapid response to changes in technology, funding, and operational mission requirements. The Coast Guard is also taking important steps to improve the management of the program by evaluating of the current acquisition strategy and reassessment of the acquisitions management structure.

Deployable Operations Group (DOG) \$132.7 Million base re-allocation (OE): In the same way that Sector Commands improved unity of effort and command among the Coast Guard's shore-based forces in our nation's ports and coastal regions, the DOG will be a new force structure that aligns the Coast Guard's Deployable, Specialized Forces (DSF) under a single unified command. Coordination of existing maritime safety and security missions will improve and the capabilities of each unit can be better exploited and used. Once the DOG is fully operational, it will focus on improving contingency planning, developing adaptive force packages to address a wide spectrum of national contingencies and leading efforts to train for an "all hazards...all threats" response.

Movement of Personnel from Acquisition, Construction & Improvements (AC&I) into the Operating Expenses (OE) Appropriation \$80.5 Million base re-allocation: This funding transfer will significantly improve the Coast Guard's ability to successfully manage, oversee and administer Coast Guard Acquisition, Construction and Improvement (AC&I) contracts. Consolidating all AC&I personnel funding into the OE appropriation will allow the Coast Guard to maximize efficiencies and leverage potential synergies in acquisition activities and management, as well as increase the Coast Guard's ability to surge personnel to AC&I-related positions as appropriated project funding levels fluctuate.

Integrated Deepwater System Surface and Air asset follow-on \$55.5 Million (OE):

- *National Security Cutter (NSC) 751* – Provides personnel, and funding to operate the 2nd National Security Cutter. The NSC is the largest of the new Integrated Deepwater Systems surface assets (418') with vastly improved capabilities over legacy 378' High Endurance Cutters. The NSC will be the most sophisticated and capable cutter the Coast Guard has ever operated. It will have a range of 12,000 nautical miles and an underway endurance of 60 days. The cutter will be capable of patrolling singly or with multiple U.S. Coast Guard vessels, U.S. Navy vessels, or vessels from other nations' navies or coast guards. The NSC will conduct proactive and reactive patrols within its

assigned operating areas and will provide a robust Command and Control capability for the Task Unit Commander or the On-Scene Commander. It will be capable of performing all maritime Department of Homeland Security (DHS) missions, non-General Defense Operations and General Defense Operations with the Navy such as Ports, Waterways and Coastal Security as well as Maritime Intercept Operations, Port Operations, Security and Defense, and Peacetime Military Engagements.

- *C-130J* – The FY 2008 budget request provides operation and maintenance funding for 800 annual flight hours for the Coast Guard’s HC-130J aircraft. These 800 flight hours, combined with the 3,200 flight hours already appropriated, will enable the Coast Guard to meet its full operating capability requirement of 4,000 flight hours for five HC-130J operational aircraft. The C-130J is the Coast Guard’s long-range surveillance aircraft. This four-engine, turbo-prop aircraft is used extensively throughout the United States, the Pacific Ocean and the Caribbean Sea in support of search and rescue, homeland security, pollution prevention, logistics, personnel transport and ice patrol missions.
- *Atlantic Area Deployment Center* - This newly established deployment center will replace the Coast Guard’s Helicopter Interdiction Squadron (HITRON), complete with Airborne Use of Force (AUF)-capable aircraft and crews. The HITRON initiative to lease eight MH-68 helicopters was developed as a bridging strategy to bolster the Coast Guard's illegal drug interdiction capability and support Port, Waterways and Coastal Security missions until the service could arm its organic helicopter fleet. On February 1st, 2008, the Coast Guard plans to complete this strategic plan by terminating HITRON and activating the Atlantic Area Deployment Center. More specifically, this action will replace the eight leased HITRON MH-68 helicopters with ten Coast Guard Airborne Use of Force (AUF) equipped, re-engined MH-65C helicopters at the Jacksonville, Florida facility.

Special Purpose Craft-Law Enforcement Boat (SPC-LE) follow-on \$3.3 Million (OE): This request provides funds to operate and maintain the SPC-LE boats acquired with funding provided in fiscal year 2007. These increased boat allowances will support Certain Dangerous Cargo (CDC) and high-capacity passenger vessel security, migrant and drug interdiction, shoreside and waterborne patrols, and boards of High Interest Vessels (HIV).

Rescue Swimmer Training Facility \$13.3 Million (AC&I): This project will recapitalize the existing Rescue Swimmer Training Facility at Aviation Technical Training Center, Elizabeth City, NC. As witnessed during Hurricane Katrina, Aviation Survival Technicians are a vital component of the Coast Guard's Search and Rescue mission. The existing facility was built in 1948 and was initially used as a recreational pool. It must be closed when winds exceed 40 mph due to the poor roof structure and roof trusses. Funds requested will allow for the construction of a new building containing a 50x25 meter, 12 foot deep training pool; Modular Egress Training Simulator; classrooms; and a dunker tank.

Maritime Security Response Team (MSRT) Shoothouse \$1.8 Million (AC&I) and \$644K (OE): Funding will allow the Coast Guard to construct a shoothouse training facility at Camp Lejeune, NC, for the Special Mission Training Center to train deployable forces. This facility would be unique in that it will provide the opportunity to train in a shipboard like environment; in addition, due to its proximity to the water, students would be able to train in the shoothouse in the morning and on the water in the afternoon. These specialized forces rely on interagency support to train their members to ensure standardization and integration with Department of Defense (DOD) forces. Request also includes funding to complete equipment and training requirements of the MSRT’s third Direct Action Section (DAS) and CBRNE Section funded in FY07.

Rescue 21 \$80.8M (AC&I) and \$8.2 Million (OE): The FY08 budget request provides for maintenance and recapitalization of the aging National Distress System in the Northeastern areas of the U.S, West Coast and Alaska. Rescue 21 will replace the existing National Distress and Response System and enhance the Coast Guard's ability to execute all of its missions through improved communications, command and control capabilities in the coastal zone. It is the foundation for coastal Search and Rescue, and is a critical enabler of efficient and effective command and control of all missions in the coastal zone.

Building Awareness:

National Capital Region Air Defense \$11.5 Million (AC&I) and \$4.3 Million (OE): This project represents the second of a two-year project to increase the U.S. Coast Guard HH-65C fleet by seven HH-65C helicopters and related support facility improvements. These seven helicopters are required to support the newly-assigned mission providing air intercept to protect the National Capital Region. Primary responsibility for air defense of the National Capitol Region Air Defense rests with DOD under OPERATION NOBLE EAGLE. Within DOD, the North American Aerospace Defense Command (NORAD) is responsible for execution of the air defense mission. The U.S. Coast Guard is the responsible agency within DHS to execute rotary wing air intercept operations to protect the National Capital Region and has been performing this mission since September 2006.

Integrated Deepwater Systems Engineering and Integration \$35.1 Million (AC&I): The Integrated Deepwater Systems (IDS) solution is designed to incorporate off-the-shelf systems components where possible. Systems Engineering and Integration is essential to ensuring interoperability at the unit, system and organizational levels, both internal to the Coast Guard and with other DHS and DOD assets. Effective systems integration—bringing things technically and operationally together so they operate as a whole—will minimize the cost of asset acquisition, operations and maintenance, maximize the assets' abilities to interoperate internally and externally, and minimize the risk inherent in a comprehensive and complex engineering project of Deepwater's scope and magnitude.

Nationwide Automatic Identification System (NAIS) \$12 Million (AC&I): Funds requested will continue implementation of NAIS to achieve Initial Operating Capability (IOC) for receive and transmit capability of AIS messages nationwide. Funding also covers costs associated with systems currently operational.

Integrated Deepwater Systems C4ISR \$89.6 Million (AC&I): Funds requested will be used for design work for the upgrade of the Multi-mission Cutter Helicopter (MCH) and the long-range surveillance aircraft to increase maritime domain awareness capabilities.

Conclusion

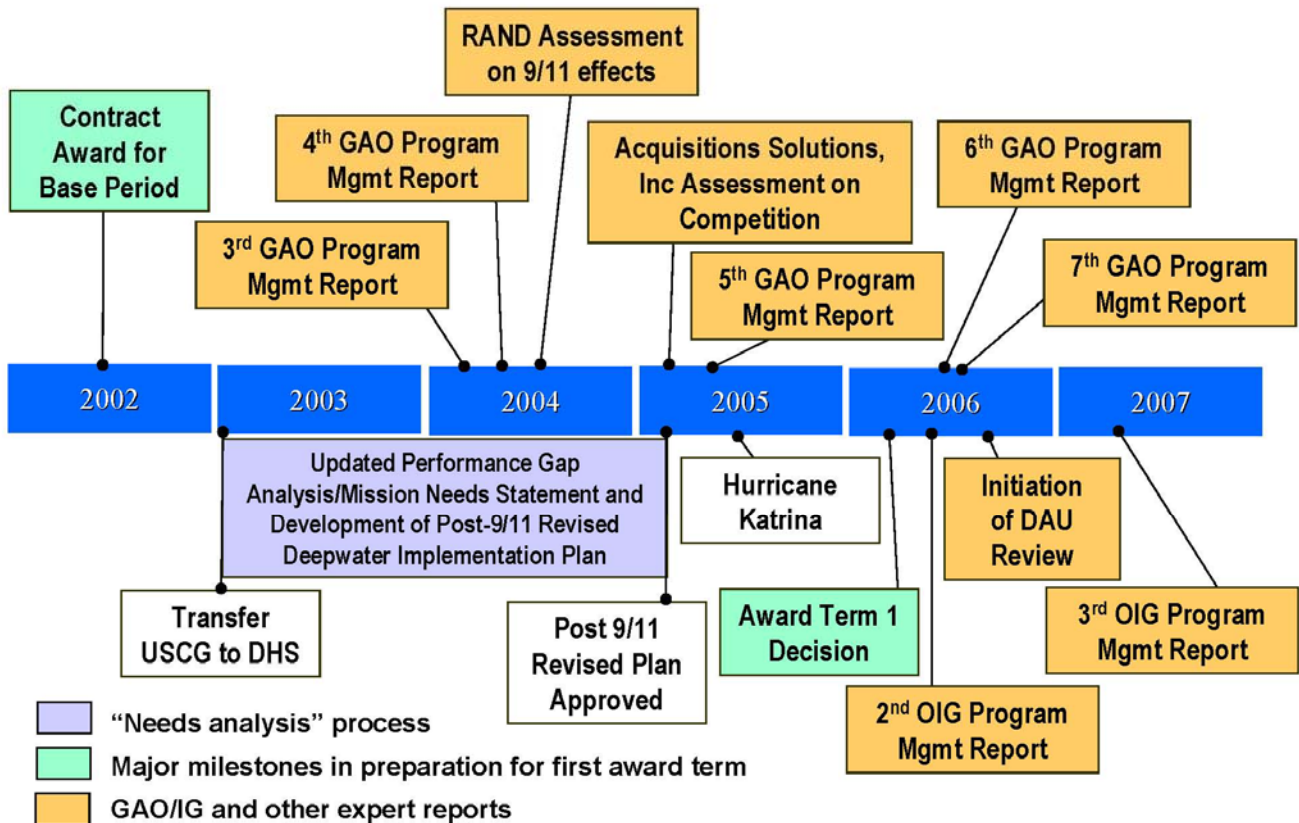
The Coast Guard has already taken important measures in many areas that will reduce security risk in the maritime domain. Since September 11th the Service accelerated efforts to improve the nation's maritime regimes, awareness and operational capabilities. Efforts are also underway to integrate initiatives, build collaboration, and increase unity of effort—as called for by the *National Strategy for Maritime Security*. But much work remains to be done. Gaps in safety, security, and stewardship are broadly recognized, and the Coast Guard and DHS will work with the Executive Branch, Congress and other federal, state, local, private, and international partners to make needed changes.

Events, such as the September 11th terrorist attacks and Hurricane Katrina, have demonstrated the importance of preparing for complex threat situations and highlight America's growing vulnerability. Although the U.S. capacity to save lives in the aftermath of these tragedies proved unparalleled, more can be done to prepare for and respond to the next major disaster.

No one can predict the next catastrophic event, nonetheless, history tells us it will come. When it does, it will be vital to have an “all threats, all hazards” Coast Guard - Semper Paratus. The character of Coast Guard men and women has been tested from the rooftops of New Orleans to the oil platforms of the Persian Gulf and throughout our history there remains one constant; if Coast Guard men and women are provided the training and equipment to do the job, they won't let us down.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Deepwater History/Timeline (2002 – 2007)



Deepwater History/Timeline (1993 – 2002)

