

U. S. Department of  
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**

**COAST GUARD FISCAL YEAR 2010 BUDGET REQUEST**

**BEFORE THE**

**COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE**

**SUBCOMMITTEE ON COAST GUARD & MARITIME TRANSPORTATION**

**U. S. HOUSE OF REPRESENTATIVES**

**13 MAY 2009**

## INTRODUCTION

Good afternoon Mr. Chairman and distinguished members of the Committee. Thank you for the enduring support you have shown to the men and women of the United States Coast Guard.

Over the past year, Coast Guard men and women – active duty, reserve, civilian and auxiliaries alike – continued a consistent trend of delivering premier service to the public. They performed superbly in the heartland, in our ports, and while deployed at sea and around the globe to safeguard America’s maritime interests. They saved over four thousand lives; worked closely with Department of Homeland Security (DHS) partners to respond to last summer’s damaging floods in Missouri and North Dakota; conducted 680 domestic icebreaking operations to facilitate the movement of more than \$2 billion in commerce; operated with other federal partners at sea and in the air to prevent nearly 400 thousand pounds of cocaine from reaching America’s borders or streets; and continued to serve on the front lines to support Operations Iraqi and Enduring Freedom.

When I became Commandant in 2006, one of my primary objectives was to evolve the Coast Guard into a change-centric organization through a modernized command, control and logistics support structure, an optimized workforce and improved business practices. Building upon the Coast Guard’s culture and bias for action, we have made significant strides toward those goals. As we have carried out our modernization efforts, the dedication, expertise and professionalism of your Coast Guard has been a constant. The impacts of the global economic crisis, climate change, activity in the polar regions, persistent conflict, piracy, drug and human smuggling, and the increasing expansion and complexity of the Marine Transportation System (MTS) call not only for a modernized Coast Guard, but for authorities and capabilities needed to carry out all of our safety, security and stewardship missions in a rapidly changing operating environment.

Coast Guard authorities must keep pace with evolving threats. The recent prosecution of the first self-propelled semi-submersible (SPSS) operator under the Drug Trafficking Vessel Interdiction Act of 2008 is an important example. This law provides our men and women with the tool necessary to deliver consequences to drug traffickers who would otherwise scuttle their vessels, destroying any evidence that may have been captured, and allowing them to return to their country of origin as a search and rescue victim. I applaud Congress for their responsiveness to this threat and appreciate



*Self-propelled semi-submersible*

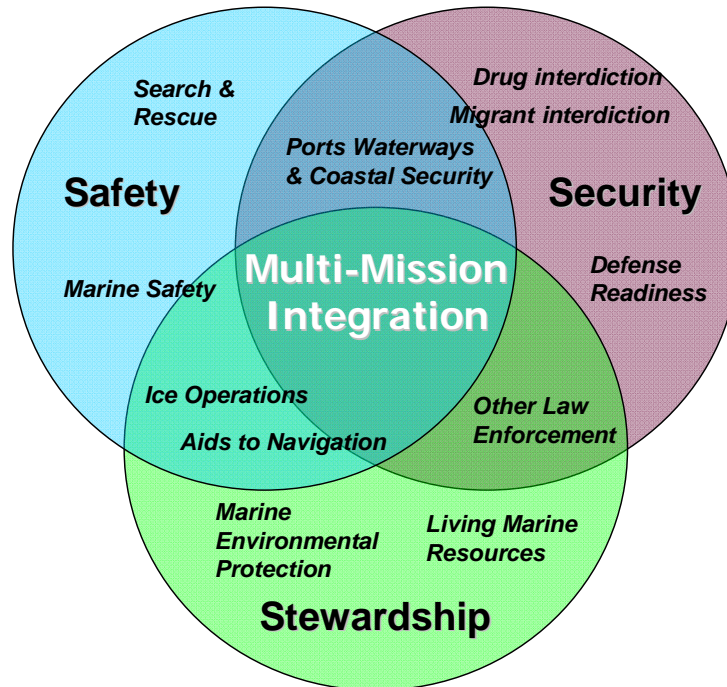
the close cooperation that led to the creation of this vital legislation.

I also appreciate Congress’ continuing efforts to coordinate closely with the Coast Guard to support our progress in modernizing our acquisitions program. I look forward to working with the Committee on this effort and several other modernization, management and operational issues as we move together to achieve our shared goals of a stronger, more capable and effective Coast Guard across all of our safety, security and stewardship missions.

## ROLES AND MISSIONS

The U.S. Coast Guard is one of the five Armed Services of the United States and the only military organization within the Department of Homeland Security (DHS). Unique among the Armed Services, the Coast Guard is also a law enforcement and regulatory agency with broad domestic authorities. The Coast Guard delivers innovative solutions and services across a spectrum of authorities, capabilities, competencies, capacities, and partnerships (ACCCP). Today, as in the past, the Coast Guard continues to leverage its multi-mission structure, guardian ethos and established partnerships to protect the American public and global marine transportation system.

### Protecting America's Maritime Interests



### **Modernization**

The Coast Guard's modernization efforts represent our commitment to improving the effectiveness and efficiency of not only our mission execution, but also our stewardship of the public's trust and resources as well. The establishment of the Surface and Aviation Forces Logistics Centers introduced immediate improvements to our logistics system through the use of a proven, bi-level maintenance model that minimizes both costs and operational down time. Moreover, our Headquarters policy and management functions were streamlined as well with the establishment of the Deputy Commandant for Operations and Deputy Commandant for Mission Support. These organizations ensure our strategies, policies and human, information technology and capital resource management efforts focus on long-term planning, goals and objectives without sacrificing the organizational agility necessary to address emerging and evolving operational threats and national priorities.

Functional alignment and agility at all levels within our organizational structure are critical to our modernization effort. With the appropriate authorities, we will be able to continue to this effort with the stand up of the Operations Command (OPCOM) and the Force Readiness Command (FORCECOM).

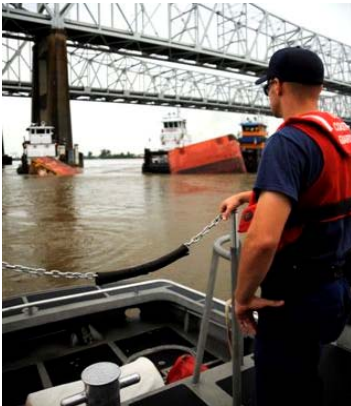
Although the current Area Commands have served us well, they create a bifurcated command, control and support structure that no longer meets our operational



coordination and readiness requirements. Increasingly complex transnational and regional threats demand a centralized command and control structure with the ability to allocate, coordinate and surge assets regionally and globally both independently and in cooperation with our DHS, Department of Defense and international partners. Similarly, we must be able to sustain our aging cutters, boats and aircraft, and train and equip our workforce to operate at maximum efficiency and effectiveness using standardized Coast Guard-wide procedures and processes. OPCOM and FORCECOM will give us the ability to meet these requirements and deliver unsurpassed service to the American people. The modernized command and control structure will significantly improve our ability to support and execute missions. I ask for your support to provide the Coast Guard with authority to carry out the remainder of our modernization efforts, which is known as the Admiral and Vice Admiral provision.

### Marine Safety

In 2007, I introduced the Coast Guard's Marine Safety Improvement Plan, which was followed shortly thereafter by the Marine Safety Performance Plan. Expanding the Coast Guard's capacity and continuing to develop the expertise of our marine safety workforce is



*Broken & sinking barge on the Mississippi River after a collision.*

an essential component of my plans to ensure the Coast Guard remains strong and ready to serve the nation and around the world. I appreciate Congress' support in the effort, but there remains a great deal of work to continue to achieve our shared goals in the Marine Safety program.

As I have stated before, there are still too many lives lost at sea, too many people injured, and too much property and environmental damage because of avoidable accidents in our nation's maritime industries. Commercial fishing continues to be one of the most dangerous occupations in the world, yet the Coast Guard has no mechanism to require uninspected fishing vessels to carry minimum safety equipment or meet minimum vessel safety standards. Maintaining such standards, in addition to expanded licensing requirements for towing vessels, would have a positive impact on our ability to protect lives and property in these vital industries.

The safety of recreational boaters and sport fishers is also an important component of the Coast Guard's efforts, in partnership with State and local authorities, to reduce the number of deaths and injuries in our nation's waterways. Reauthorization of the Sport Fish Restoration and Boating Trust Fund (SFRBTF) supports State boating safety and education and law enforcement.

### **Maritime Security**

As the violence by Mexican drug cartels increases along our Southwest border, it has become abundantly clear more must be done to stop of the flow of drugs into Mexico and across our borders. The Coast Guard plays a vital role in reducing the flow of cocaine trafficked through Mexico and the rest of Latin America from South America with record cocaine removals in 2007 and 2008. By the end of 2009, it is likely the Coast Guard, in cooperation with our partners in support of Joint Interagency Task Force – South, will have stopped over one million pounds of cocaine from reaching the United States over the last three years. Our modernization efforts and sustained recapitalization of our aging cutters and aircraft is essential if we are going to address this persistent threat to our Nation.

Similarly, alien migrant smuggling presents a persistent threat to the security of our Nation. Human smugglers are following the lead of Drug Trafficking Organizations (DTO) and are using more aggressive and dangerous tactics including the use of go-fast vessels to evade Coast Guard interdiction assets. As efforts continue to increase security at the land border, I am concerned smugglers will shift to maritime vectors, where the unique operating environment and current legal constraints make consequence delivery more difficult. I am grateful for Congress' ongoing consideration of the Maritime Alien Smuggling Law Enforcement Act (MASLEA) to address the shortfalls in current statute and provide the U.S. Government with appropriate law enforcement and prosecutorial tools that are uniquely tailored to the maritime environment in which this crime occurs.

As we pursue strategies, tactics and authorities to secure our borders from entry of dangerous materials and people, we must also consider the security of legitimate commerce in the maritime domain. This is particularly important when considering the health and safety risks vessels carrying Certain Dangerous Cargoes (CDCs) such as Liquefied Natural Gas (LNG), chlorine, anhydrous ammonia and various petroleum products present in our ports, waterways and adjacent population centers. The expansion of LNG facilities and corresponding increase in waterborne LNG shipments to meet our nation's energy demands is well known. However, LNG is just one of many CDCs transported through the MTS that must be considered in a national dialogue on cargo and energy infrastructure security.



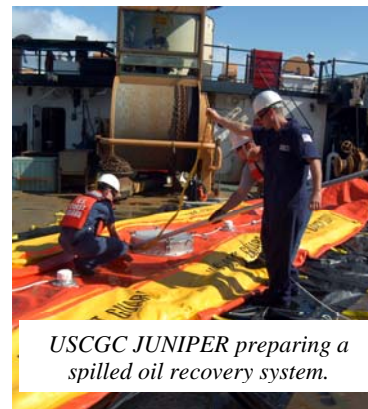
*LNG Tanker security zone enforced  
by Coast Guard small boat.*

In their maritime security plans, LNG, high capacity passenger vessels and critical maritime infrastructure must pay particular attention to vulnerabilities to small vessel attacks. Since small vessels are not required to participate in a tracking or reporting regime as larger, commercial vessels, they can operate virtually without restriction in our ports and waterways. In 2008, DHS promulgated the Small Vessel Security Strategy. The Coast Guard was an integral part of the development of this strategy in partnership with the Department and other DHS components including Customs and Border Protection. The Coast Guard is currently working with our DHS partners to develop an implementation plan.

Small boats are also the conveyance of choice for pirates to use in assaulting commercial vessels. Piracy presents an international maritime security challenge. Similar to the shared security responsibilities associated with Especially Hazardous Cargo vessels, the security of commercial vessels against piratical acts requires a coordinated strategy across the Federal government, industry and the international community. Although the U.S. Government has been successful negotiating an arrangement with the Government of Kenya to begin prosecuting Somali pirates captured in the Horn of Africa, more international engagement and coordination on this issue is required. .

### **Stewardship**

Whether enforcing fisheries in the Arctic or responding to hazardous materials spills in the Gulf of Mexico in the aftermath of a hurricane, I am committed to ensuring the Coast Guard maintains the capability to protect our environment and our natural resources. The Coast Guard's authorities under our stewardship missions are extensive. We are currently developing new Ballast Water Discharge and Non-Tank Vessel Response Plan regulations to decrease the introduction of invasive species in U.S. internal waters and ensure industry has sufficient response capability to minimize the impact of hazardous materials spills. The Coast Guard routinely investigates allegations of wrongdoing that turn on the availability of a foreign seafarer witness who possesses direct knowledge of how damage to the environment, cargo, and vessel, as well as loss of life, occurred. The ship owner—who is aware of the importance of foreign seafarer witnesses to an investigation, as well as his practical ability to control the continued availability of the witnesses in the United States—will threaten to abandon the crew to protect his interests in a criminal or administrative investigation. Without the ability to protect and temporarily support these crewmembers in the case of abandonment, the Coast Guard's ability to investigate alleged criminal or illegal activity is severely impaired. In addition, seafarers may be abandoned in the United States for purely economic reasons. There is currently no authority nor resources for the Coast Guard to assist these seafarers, and no incentive for other nations to assist American seafarers in a similar situation.



## CONCLUSION

As a maritime Nation and leader in the global maritime environment, our security, resilience, and economic prosperity are intrinsically linked to the oceans. Safety and freedom of transit on the high seas are essential to our well-being, yet are very fragile. Threats to border security, growth in the global marine transportation system, expanded use of the Arctic, and burgeoning coastal development are challenging conventional paradigms. *The Coast Guard is ideally-suited to help the Nation address these and other challenges through its comprehensive, complementary authorities, flexible and adaptive operational capabilities, and centuries of experience protecting America's maritime security interests.* Full support for the President's FY 2010 budget request is an important step forward. Our ability to optimize our broad spectrum of authorities, capabilities and partnerships remains critical to effectively allocating resources across the Coast Guard's broad mission portfolio.

As our Nation faces the challenges of a global economy, the environmental impacts of climate change, piracy, and the long-term struggle against radical extremism; the Coast Guard must be equipped to conduct preparedness and response operations across a broad spectrum of potential risks, threats and hazards. The men and women of the Coast Guard perform with courage, sacrifice and dignity and are eager and prepared to answer the Nation's call now and into the future.

Thank you for the opportunity to testify before you today. I am pleased to answer your questions.

## **Appendix I - FISCAL YEAR 2010 BUDGET REQUEST**

The Coast Guard's FY 2010 budget request maintains DoD Parity for its workforce and continues critical recapitalization efforts while focusing on: *enhancing maritime safety and security and modernizing business practice. Highlights include:*

### **Recapitalizing Aging Assets**

#### **Deepwater - Surface Assets**

**\$591.4M (50 Full-Time Equivalent (FTE))**

The President's Budget requests \$591.4M for the following surface asset recapitalization or enhancement initiatives: completion of National Security Cutter #4; continued analysis and design for the Offshore Patrol Cutter (OPC); production of Fast Response Cutters #5-#8; production of Deepwater Cutter Small Boats; and crucial operational enhancement of five Medium Endurance Cutters and three 110-foot Patrol Boats at the Coast Guard Yard through the Mission Effectiveness Program.

#### **Deepwater - Air Assets**

**\$305.5M (0 FTE)**

The President's Budget requests \$305.5M for the following air asset recapitalization or enhancement initiatives: delivery of HC-144A Maritime Patrol Aircraft #13-#14; HH-60 engine sustainment and avionics, wiring, and sensor upgrades for eight aircraft; HH-65 conversion to modernized components, cockpit, and enhanced interoperability for 22 aircraft; and HC-130H avionics and sensor upgrades for eight aircraft, as well as four center wing box replacements.

#### **Deepwater - Other**

**\$154.6M (0 FTE)**

The President's Budget requests \$154.6M for the following equipment and services: Government Program Management funds for critical oversight and contract management; Systems Engineering and Integration funds for continued integration of complex and diverse technical configurations for all projects; continued development of logistics capability and facility upgrades at shore sites where new assets will be homeported; upgrades to command, control, communications, computer, intelligence, surveillance and reconnaissance (C4ISR) items; and prevention of asset obsolescence by replacing aging technology.

#### **Response Boat Medium (RB-M)**

**\$103M (0 FTE)**

The President's Budget requests \$103M to order 30 boats to replace the aging 41-foot utility boat and other non-standard boats with an asset more capable of meeting the Coast Guard's multi-mission requirements.

#### **Rescue 21**

**\$117M (0 FTE)**

The President's Budget requests \$117M for California and New England Sectors to receive Rescue 21 capability, and continued development of Great Lakes, Hawaii, Guam, and Puerto Rico Sectors.



## **Shore Facilities and ATON Recap Projects**

**\$10M (0 FTE)**

The President's Budget requests \$10M to support shore facility and ATON recapitalization. The Coast Guard received \$88M from Recovery Act funding for shore projects. The Coast Guard occupies more than 22,000 shore facilities with a replacement value of approximately \$7.4B. FY 2010 funding supports \$6M for Survey and Design (planning and engineering of outyear shore projects) and \$4M for ATON infrastructure (improvements to short-range aids and infrastructure).

## **Enhancing Maritime Safety and Security**

### **Marine Safety Program**

**\$7.5M (37 FTE)**

The President's Budget requests \$7.5M to support 74 additional personnel including marine inspectors and investigating officers at field units, marine inspector training officers at feeder ports, staffing for the Steam and Vintage Vessels Center of Expertise, engineers for standards development and review, and expanded training curricula at the Marine Safety School in Yorktown, VA.

### **Armed Helicopters Enhancement**

**\$0.845M (7 FTE)**

The President's Budget requests \$845K for 14 gunners to support an additional 450 armed deployed days away from home station (DDAS), increasing the total DDAS to 1,450. This additional capability will significantly improve the Coast Guard's ability to deter drug trafficking and maritime threats, and will play a vital role in establishing an integrated, interoperable border security system.

### **Biometrics at Sea System**

**\$1.183M (1 FTE)**

The President's Budget requests \$1.183M to purchase equipment and provide maintenance on 18 cutters currently operating the Biometrics at Sea system (BASS), as well as engineering development and program management. BASS enables Coast Guard personnel to identify dangerous individuals documented in the U.S. Visitor and Immigration Status Indicator Technology (US-VISIT) database including known felons, those under deportation orders, and those on a terrorist watchlist. With a nearly 75 percent reduction in undocumented migrant flow from the Dominican Republic, the BASS pilot program demonstrated its effectiveness in deterring attempts by undocumented migrants to enter the United States illegally.

### **SeaHawk Charleston IOC Sustainment**

**\$1.088M (1 FTE)**

The President's Budget requests \$1.088M to fund SeaHawk Charleston. SeaHawk is a multi-agency collaborative, unified command-based work environment with the cooperative and complementary capabilities of an intelligence cell. Members include the Federal Bureau of Investigation, Joint Terrorism Task Force, Coast Guard, Customs and Border Protection, Immigration and Customs Enforcement, and other Federal, state, and local agencies.

## Modernizing Business Practices

### Financial Management Oversight

**\$20M (44 FTE)**

The President's Budget requests \$20M to support critical modernization of the Coast Guard's financial management structure, which includes processes, internal controls, IT systems, and human resources. The goals of this transformation are to improve the Service's ability to link mission performance to budget and ensure compliance with the DHS Financial Accountability Act. Financial management modernization will create an environment for a sustainable clean audit opinion on annual financial statements.

### Reinvestments

**(88.4M) (399 Full-Time Positions (FTP))**

FY 2010 savings include:

Termination of FY 2009 one-time costs..... (\$32.7M)

Decommissioning of four aging aircraft ..... (\$11.2M)

Annualization of FY 2009 management of  
technology efficiencies.....(\$4.9M)

LORAN-C termination ..... (\$36M)

OSC Martinsburg earmark reduction.....(\$3.6M)

### LORAN-C Termination

As a result of technological advancements over the last 20 years and the emergence of the U.S. Global Positioning System (GPS), LORAN-C is no longer required by the Armed Forces, the transportation sector, or the Nation's security interests. The LORAN-C system was not established as or intended to be a viable backup for GPS. Consistent with the Administration's pledge to eliminate unnecessary Federal programs and systems, Federal broadcast of the LORAN-C signal will be terminated in FY 2010 after satisfying domestic and international notification obligations. The Coast Guard will systematically close, harden, and de-staff its 24 LORAN-C stations and associated support units.

Termination of LORAN-C will result in a savings of \$36M in FY 2010 and \$190M over five years. In total, 293 FTP associated with LORAN-C will be eliminated during the fiscal year and military personnel will be reassigned to other missions.