

**TESTIMONY OF ADMIRAL ROBERT J. PAPP, JR.
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“DEEPWATER MAJOR ACQUISITIONS UNACHIEVABLE”

**BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION**

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Chairman LoBiondo, Ranking Member Larsen, distinguished members of the Subcommittee, it is an honor to appear before you today to discuss the Coast Guard's top priority – recapitalizing our fleet of cutters and aircraft. I welcome the opportunity to update you on our acquisition efforts, and to discuss the GAO's report (11-743). But more importantly, I want to speak to you about how the ships and aircraft we buy today will not just shape, but in large part will define the Coast Guard's next fifty years of capability, and thus our value to America.

Let me begin by expressing my complete understanding and full appreciation for the historic times we are in – and for the challenges both you in Congress and the President face. Without question, the Nation faces fiscal challenges that are causing us – all of us – to confront some of the toughest choices we've faced in our respective public service roles; in my case, these are some of the toughest choices I've faced in my nearly 4 decades of Coast Guard Service.

I must admit I was a bit discouraged by the title of this hearing “Protecting the Taxpayer from an Unachievable Coast Guard Acquisition Program.” Every Coast Guardsman, including our acquisition professionals, knows that protecting Americans from maritime threats is Job # 1. But our Coast Guardsmen cannot fulfill this duty without the tools they need to do their job. So I welcome the opportunity to discuss our acquisition program, a portfolio of projects designed to PROTECT AMERICANS from Maritime threats – and to discuss why and how this project is not only achievable but also necessary.

As Service Chief, it is my responsibility and duty to convey my best military advice. For the Coast Guard, this Subcommittee serves as our defacto House Armed Service Committee. Just as my fellow Service Chiefs report to the HASC, it is my job to advise you on what my Service needs in order to provide the security and protection our taxpayers deserve.

In the midst of an economic crisis in the 1930's, the President and the Congress chose to invest in America's Coast Guard, building a class of 7 new major cutters. Why? Because America needed capable multi-mission ships to meet both its known maritime challenges – as well as unknown future challenges.

These 7 major cutters carried out missions never imagined in their original concept of operations – such as WWII convoy patrol, combat operations and weather stations.

They were able to do so because leaders foresaw that capable ships - ships with speed, endurance, and versatility – were a sound investment against an uncertain and what proved to be menacing half-century to come. The last of these cutters was decommissioned in the mid 1980s, at over 50-years old.

Then, as now, building multi-mission cutters was not merely a budget decision. It was a leadership decision...a leadership decision that required vision, fortitude and courage.

The current class of High Endurance Cutters (378s) were built in the late 1960s – when introduced, they were capable ships with space, endurance, and speed. They too were used for missions barely imagined, such as combat operations in the Vietnam War, and transitioning from Ocean Station duty to prosecute the new threat of maritime drug trafficking and illegal migration.

But this fleet is now well in excess of 40 years old. It is antiquated. Expensive to maintain. And unreliable to operate. What my shipmates, and this country desperately need is a modern, reliable fleet of vessels and aircraft equipped with effective command, control and communications systems to ably perform our expanding maritime missions.

And that, distinguished members of the Subcommittee, is why recapitalizing this fleet is my number one priority. And I reaffirm that the Coast Guard requires at least 8 National Security Cutters and 25 Offshore Patrol Cutters, the ONLY approved Acquisition Project Baseline.

This Subcommittee's oversight continues to play a vital role in our recapitalization. So do the GAO's thoughtful insights. The GAO report notes that we had already instituted reforms, and we continue to make significant progress. As our response to the GAO report indicates, we take its recommendations seriously, and I am personally committed to the continued improvement of our acquisition processes and program management.

But, it is also important to note that the GAO's report analyzed data that was collected over a year ago. So, today, I want to focus not on where we were, but where we are.

I am proud to report we are making real progress. On September 2nd, we accepted the on-time delivery of Cutter STRATTON – the 3rd National Security Cutter; fabrication of Cutter HAMILTON, NSC #4, started in August, and we awarded a fixed price contract for the Cutter JAMES, NSC #5, just last month.

These successes reflect the benefits we've realized from stable requirements and rigorous adherence to our acquisition processes: Of note, recently awarded NSC # 5 costs almost the exact same as NSC # 4, which is remarkable when you consider the enormous inflation in material costs between award periods. This demonstrates that the NSC program has turned the learning curve and has tremendous positive momentum – momentum that must be sustained.

The NSCs BERTHOLF and WAESCHE are both now operational. Initial mission results are impressive. During BERTHOLF's first Alaska patrol this spring, she demonstrated superior sea-keeping ability while launching her boats, recovering her helicopter and conducting over 40 fisheries boardings in the treacherous Bering Sea. Last year her enhanced C4ISR capabilities were instrumental in interdicting a drug smuggling vessel carrying a multi-ton load of cocaine.

In April and August, the first 2 Fast Response Cutters – the replacement for the venerable Island Class Patrol Boat – were launched. Production of hulls 3-8 is underway and we just exercised a fixed price option for production of hulls #9-12.

We have also delivered 12 of 36 HC-144 maritime patrol aircraft – 3 more are on order, each providing significantly more endurance and reliability than our existing aircraft. In December 2010, the HC-144A participated in its first successful drug interdiction out of Air Station Miami by tracking a vessel with forty-three bales of marijuana aboard for more than 5 hours until surface assets could arrive on scene and effect an end game. The HC-144A was also instrumental in clean up operations and wildlife evacuations during the BP Deepwater Horizon oil spill.

Are there challenges we must overcome to deliver the full set of capabilities and mission results the President, Congress and Americans demand of the Coast Guard? Certainly. Our dedicated and professional acquisition directorate has made great strides identifying and correcting gaps between projected and realized capability.

But it's also clear America needs these capabilities. These ships, boats, and aircraft will assist our crews in defending our homeland against maritime threats for the next half-century. Can we attain the program of record? I submit to you this is the very least Americans will demand of us.

Unachievable? I think not! We have stable prices and requirements – we simply need the courage, foresight and conviction to move forward recapitalizing our Coast Guard in order to protect our vital maritime interests – interests which impact every American.

Thank you for the opportunity to testify before you today, and for all that you do for the men and women of the United States Coast Guard. I look forward to answering your questions.

Semper Paratus.