

U. S. Department of
Homeland Security

United States
Coast Guard



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U. S. COAST GUARD

STATEMENT OF

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CHIEF OF STAFF**

ON THE

COAST GUARD BUDGET REQUEST FOR FISCAL YEAR 2009

BEFORE THE

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE

U. S. HOUSE OF REPRESENTATIVES

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INTRODUCTION

Good morning Mr. Chairman and distinguished members of the committee. I am pleased to be here and discuss the President's fiscal year 2009 budget request for the Coast Guard.

I would like to open by drawing your attention to the written testimony of Skip Bowen, Master Chief Petty Officer of the Coast Guard. He will tell you of the courage and commitment of the exceptional men and women of the United States Coast Guard. We have never fielded a more talented or devoted team, and it is crucial we keep faith with our obligations and their expectations for adequate compensation, housing, healthcare, childcare, education and other benefits. It is also imperative we keep pace with our fellow armed services as they strive for important new benefits and key reforms for veterans. Please embrace Master Chief Bowen's statement for the record, listen to his words, and share my enthusiasm for our exceptional Coast Guard team.

Before discussing the details of the request, I would like to explain how I view the roles and missions of the Coast Guard and the strategic direction in which Admiral Allen is taking the Service. The Coast Guard sources and operates to strategy, and our fiscal year 2009 request directly supports our strategic imperatives.

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).

Responsibilities

The U.S. Coast Guard is the principal Federal agency responsible for maritime **safety, security, and environmental stewardship**. As such, the Coast Guard protects vital economic and security interests of the United States including the safety and security of the maritime public, our natural and economic resources, the global transportation system, and the integrity of our maritime borders. The Coast Guard is committed to addressing all threats and all hazards throughout the maritime domain including in U.S. ports and inland waterways, along the coasts, on the high seas, and in other regions where U.S. maritime equities are at stake.

Service to the Public

The Coast Guard's value to the Nation resides in its multi-mission authorities, resources, and capabilities. The Service's **safety, security, and stewardship** missions are integrated like a tightly-knit fabric; valued for its protective durability and light weight. The Service's operational model is flexible, efficient, and effective across a wide range of complex maritime scenarios. Indeed, the Coast Guard's ability to field versatile platforms and personnel with broad authorities is the U.S. Government's most important strength in the maritime environment, adjacent coastal areas, and inland waterways. The Service is unique in the Nation and in the world.

Coast Guard roles and missions are *enduring* - long standing responsibilities, accrued over two centuries of service. They are inherently governmental, serve the collective good and accomplished most effectively by a single Federal maritime force. The Coast Guard creates value for the public through solid prevention and response efforts. Activities involving oversight and regulation, enforcement, maritime presence, and public and private partnership foster increased maritime safety, security, and stewardship. Additionally, *unified, immediately-*

deployable and adaptive force packages are always poised and available to respond to attacks, disasters, and casualties.

Multi-Mission Integration

Effective maritime governance hinges upon an integrated approach to safety, security, and stewardship.

The United States is a maritime nation, reliant upon the seas for trade, security, and access to critical natural resources. To protect our maritime interests, the U. S. Government must safeguard our sovereignty and protect the environment, facilitate the safe transportation of people and cargo, rescue people in distress, and preserve marine resources for future generations. None of these objectives is independent – they are interlocking challenges requiring an in-depth understanding of the maritime domain as a system of inter-related public and private activities.

The Coast Guard is ideally-structured to meet these challenges and advance the Nation’s maritime interests. Today, as in the past, the Coast Guard continues to leverage its multi-mission structure, diverse capabilities, and established partnerships to protect the American public and global marine transportation system.



STRATEGIES FOR SUCCESS IN THE MARITIME DOMAIN

Strategic Context: Emerging Threats

America's security, resilience and economic prosperity are intrinsically-linked to the oceans. Our maritime domain is larger than our land domain, providing shipping channels, recreational opportunities and access to natural resources that help to sustain the Nation and the world. *The maritime domain is also vulnerable to a wide range of threats and challenges. The U.S. Coast Guard must be prepared to meet these challenges today and in the future.*

Border Security

The United States has over 95,000 miles of shoreline that is in parts international border, coastal shipping route, tourist and recreation attraction, and home to a variety of economic enterprises. Criminals and terrorists seek to exploit the maritime border by smuggling people, weapons, illicit drugs and other items into the country. As controls over our land and air borders tighten, the sea borders become an attractive alternative for greater exploitation. The key to effective border security is a layered, networked system across the land, air, and maritime domains. *We must look beyond our borders to defeat threats far from our shorelines through the continual maturation of maritime security regimes, awareness, and operational capabilities.*



Safety & Security of the Marine Transportation System (MTS)

The global MTS is a complex, inter-connected system of public and private seaports, waterways, terminals, intermodal trans-shipment points, vessels, and people. This system is the economic lifeblood of the global economy and critical to U.S. national economic and security interests. Total global maritime cargo volume has tripled over the past 10 years, and seaborne trade through U.S. ports is expected to double by 2025. *The Coast Guard must have the capabilities and authorities needed to ensure the continued safety, security, and efficiency of the rapidly-growing global MTS.*

Transnational Terrorists and Criminals

Terrorists and criminals, including modern-day pirates, regularly seek to exploit the maritime domain and global transportation network. WMD, contraband smuggling, armed hijacking, and small vessel threats such as water-borne improvised explosive devices (WBIEDs) present the greatest terrorism and security risks to maritime commerce. Additionally, today's trafficking of illegal drugs and migrants is becoming increasingly sophisticated. *Defeating transnational terrorists and criminals in the maritime domain requires effective use of the Coast Guard's broad authorities and adaptable multi-mission capabilities.*

Expanded Use of the Arctic and Other Regions

Changing environmental conditions and advances in technology are expanding activity in the Arctic region, U.S. Exclusive Economic Zone (EEZ), and Outer Continental Shelf (OCS). The potential for access to new energy reserves and more efficient shipping routes is fueling demand. The U.S. EEZ covers over 3.4 million square nautical miles of ocean territory and is among the most valuable and productive natural resources on Earth. Continued growth in commerce, tourism and exploratory activities is increasing risks to mariners and eco-systems while challenging law enforcement regimes, operational capabilities, and conventional assumptions of sovereignty. *The U.S. Coast Guard must be capable of protecting America's interests in the Arctic Region, EEZ and OCS.*

Coastal Development

Coastal regions and ports have in recent years become heavily-developed and densely-populated. Catastrophic incidents, whether natural or man-made, have enormous consequences in coastal areas that quickly disrupt regional, national, and global commerce. The devastation of Hurricanes Katrina and Rita illustrates the potential scope of coastal disasters. *The Coast Guard must continue to provide immediately-deployable and adaptive force packages to mitigate the safety, security, and environmental impacts of catastrophic events.*

The Coast Guard is best-suited to address these challenges through its comprehensive, complementary authorities, flexible and adaptive operational capabilities, and centuries of expertise protecting America's national interests.

In the near term, the Coast Guard will defeat these threats by:

- *recapitalizing operating assets and sustaining aging infrastructure;*
- *enhancing our Marine Safety Program;*
- *improving command and control capabilities; and*
- *establishing comprehensive intelligence and awareness regimes.*

Strategic Intent: The Way Ahead

The Coast Guard sources and operates to strategy. Our near-term decisions are guided by a family of strategic documents outlining organizational imperatives and executive intent as articulated in the National Security Strategy and National Strategy for Homeland Security. These include *The National Strategy for Maritime Security*, the *DHS Strategic Plan*, *The Coast Guard Strategy for Maritime Safety, Security, and Stewardship*, and the joint, ground-breaking *A Cooperative Strategy for 21st Century Seapower* co-authored by the Navy, Marine Corps and Coast Guard. We will continue to refine strategy and doctrine to guide response and enforcement activities in the future. *Implementation of strategy requires effective integration of budget, programs, policy, and legislation.*

Coast Guard Modernization Strategy

The Coast Guard is modernizing its legacy command and control structures, support systems, and business practices to ensure continued superior mission execution in a changing global environment. Integral to this modernization effort is new authority to realign field-level leadership positions for improved service delivery.

Strategic modernization is designed to create efficiencies that make the Coast Guard more capable of addressing 21st Century threats and challenges. The strategic modernization effort will improve resource allocation, financial management, risk management, training, and unity of effort within the DHS and across multiple layers of government. It will strengthen Headquarters and field alignment, improve readiness management, and greatly enhance mission execution in all areas.

Legislative Priorities - Coast Guard Authorization Act of Fiscal Year 2008

The Administration is seeking authorities to enhance the organization and operations of the Service and, by extension, the maritime safety, security, and stewardship of the United States. The more significant provisions of the *Coast Guard Authorization Act* would facilitate—

- ***The Coast Guard's strategic modernization effort***, by increasing alignment with other armed forces and Federal agencies, ensuring greater organizational flexibility, and enhancing command, control and system support improvements.
- ***The Government's prosecution of maritime alien smugglers***. The recent escalation of lucrative maritime human smuggling operations poses a significant threat to the lives of migrants and our national security. Although the Coast Guard continues to improve its ability to detect and interdict smugglers, current law impedes prosecution.
- ***The protection and fair treatment of seafarer witnesses***. This provision would facilitate the availability of foreign seafarer witnesses for Coast Guard investigations and support seafarers abandoned by shipowners in the United States. This provision fits into the Coast Guard's overall efforts to ensure the fair treatment of all seafarers in all circumstances.

The House of Representatives is poised to consider these provisions when it takes up H.R. 2830, the "Coast Guard Authorization Act of 2007." Although we have some important concerns with the H.R. 2830, we strongly support these provisions of the bill and note that a swift enactment of a bill that includes these provisions would significantly improve safety, security, and stewardship in the maritime domain.

Strategy for our People

The Coast Guard succeeds through the courage, devotion, and sacrifice of its people. Our Service members epitomize core values of honor, respect, and devotion to duty in words and deeds. Our future success hinges upon our ability to continue building competencies to meet emerging demands and mission responsibilities.

Our goal is to foster and deploy an energetic, diverse, well-educated, highly-capable workforce of active, reserve, and civilian personnel dedicated to mission execution and Coast Guard core values, supported by the Nation's premier volunteer organization, the U. S. Coast Guard Auxiliary.

Strategic Budget Priorities for Fiscal Year 2009

In order to meet emerging threats and growing demand for services, the Coast Guard is focusing on the following major strategic areas in fiscal year 2009. Our comprehensive effort to address these challenges requires coordinated budget, program, policy, and legislative action.

- ✓ Recapitalizing Operating Assets and Sustaining Aging Infrastructure;
- ✓ Enhancing the Marine Safety Program;
- ✓ Improving Command and Control Capabilities;
- ✓ Establishing Comprehensive Intelligence and Awareness Regimes

Recapitalizing Operating Assets and Sustaining Aging Infrastructure

The Coast Guard needs to replace aging vessels, aircraft, and shore infrastructure. The cost of maintaining and operating the out-dated assets is continually increasing, as are major unplanned maintenance evolutions and reductions in readiness. Vital shore infrastructure required to maintain our front line assets is also in critical need of renovation and repair. Ultimately, the future operational success of the Coast Guard is dependent upon a comprehensive recapitalization of front line assets and shore and support infrastructure.

In December 2007, the aging Medium Endurance Cutter USCGC ACUSHNET suffered a catastrophic mechanical casualty resulting in the loss of a significant portion of the propulsion shaft and the attached propeller. The cause of this damage is unknown and the cutter is now out of service awaiting extensive repairs. The ACUSHNET is a World War II veteran, originally commissioned as a U.S. naval salvage vessel in 1944. Though numerous modifications and refits to the ship have taken place over the past 60 years, ACUSHNET still uses the engine-order-telegraph system commonly used by ships of the 1940's to control engine speeds. Despite her 64 years of valiant service, the ACUSHNET is a preeminent example of the Coast Guard's need to recapitalize.

Enhancing the Marine Safety Program

The success of the marine transportation system hinges upon an integrated approach to safety, security, waterways management, and environmental protection. The goals in preventing or responding to safety and security incidents in our ports and waterways are the same: save lives and protect property, the environment, and the global economy. We recognized the threat posed to our nation by radical extremists and took prompt and substantial action to fortify our ports, waterways, coastal areas, and maritime infrastructure after 9/11. Today, with maritime security needs better-addressed, we are continuing our long-standing efforts to enhance safety of the maritime transportation system.

The maritime industry is experiencing unprecedented growth and intermodal complexity, while also facing increased risk from transnational threats. The Coast Guard is acting now to improve marine safety capacity and performance, enhance service delivery to mariners, and expand outreach and advisory mechanisms. As a result of a comprehensive Marine Safety program review, the Coast Guard established a roadmap to improve the effectiveness, consistency, and responsiveness of the program to promote safe, secure, and environmentally sound marine transportation. This roadmap includes reinvigorating industry partnerships, improving mariner credentialing services, bolstering inspector and investigator capacity, improving technical competencies through new marine safety Centers of Excellence, and expanding rulemaking capability to ensure we meet current and future program needs. Additional details on the Coast Guard's strategy to enhance marine safety can be found under the "Marine Safety" tab at <http://homeport.uscg.mil>.

Improving Command and Control Capabilities

The maritime environment continues to grow in complexity as the global transportation system matures. The Coast Guard faces a critical need to update its command and control capability to better identify and classify safety and security threats in the maritime realm and coordinate an integrated response.

Polar Presence and Capabilities

Recent years have seen a significant increase in Polar activity, including efforts by multiple Arctic nations to define and claim Arctic seabed and access to natural resources. Energy security needs, protection of U.S. sovereignty, increased Arctic shipping, prevention and response activities, as well as the growing need for Arctic domain awareness will increase the tempo of Coast Guard operations in the region. The Coast Guard is often the sole federal presence in the Arctic and the only entity positioned and capable of protecting U.S. sovereignty while supporting scientific research. The Coast Guard is aggressively considering alternatives to improve and sustain operational presence in the Polar Regions.

Establishing Comprehensive Intelligence and Awareness Regimes

Collecting, fusing, and sharing intelligence is critical to securing the border and protecting the Nation against determined terrorists and criminals. It is equally important to safeguard our intelligence resources from compromise and exploitation. As a member of the Intelligence Community, the Coast Guard must be fully and properly vested in equipment and intellectual capital capable of meeting responsibilities of intelligence collection, information sharing, long-range tracking, and interagency partnerships.

FISCAL YEAR 2009 BUDGET REQUEST

The Coast Guard’s FY 2009 budget request sustains service delivery and continues critical recapitalization efforts while focusing on: *enhancing marine safety, improving command and control, and establishing comprehensive intelligence and awareness regimes.* Budget request highlights include:

Recapitalizing Aging Vessels, Aircraft, and Shore Infrastructure

Integrated Deepwater System (IDS) Surface Assets

\$540.7M

The budget requests \$540.7M for the following IDS surface asset recapitalization or enhancement initiatives:

- Completion of National Security Cutter #4.....\$353.7M
- Production of three Fast Response Cutters.....\$115.3M
- Operational enhancement of five Medium Endurance Cutters.....\$35.5M
- Operational enhancement of three 110-foot Patrol Boats.....\$30.8M
- Offshore Patrol Cutter requirements analysis.....\$3M
- Development/production of IDS Cutter Small Boat.....\$2.4M

Integrated Deepwater System (IDS) Air Assets

\$231.3M

The budget requests \$231.3M for the following IDS surface asset recapitalization or enhancement initiatives:

- Delivery of two HC-144A Maritime Patrol Aircraft.....86.6M
- HH-65 conversion to modernized components, cockpit, and enhanced interoperability for 22 aircraft\$64.5M
- HH-60 engine sustainment and avionics, wiring, and sensor upgrades for eight aircraft\$52.7M
- HC-130H avionics and sensor upgrades for nine aircraft and one center wing box replacements\$24.5M
- Unmanned Aircraft System project analysis.....\$3M

**Integrated Deepwater System (IDS) Other
\$218.4M**

The budget requests \$218.4M for the following IDS equipment and services:

- Upgrades to IDS command, control, computer, intelligence, surveillance, and reconnaissance (C4ISR) items\$88.1M
- Government Program Management for contract oversight and execution.....\$58M
- Development of logistics capability & facility upgrades.....\$37.7M
- Systems Engineering and Integration funds.....\$33.1M
- Prevention of IDS asset obsolescence by replacing aging technology.....\$1.5M

**Depot Level and Emergency Maintenance
\$29.2M**

The budget requests \$29.2M for urgent extraordinary maintenance requirements including vital crew safety needs on cutters, emergency maintenance, and post-casualty maintenance. Specifically, this request funds overhauls of habitability, sanitary, electrical, fire/flooding alarm systems and asbestos/lead remediation on cutters; restores required cutter dockside scope and intervals, restores aircraft repair intervals, funds required spare parts replenishment; and funds unanticipated repairs on legacy cutters and aircraft, unscheduled drydocks/dockside availabilities, and fire damage remediation.

**Inland River Assets
\$9M**

The budget requests \$4M in critical maintenance and renovation funding to address emergency safety and habitability needs on 25 aging Aids to Navigation (AtoN) cutters. This project will serve as a bridging strategy to future replacement. The \$5M AC&I request will be for survey and design funding to chart a suitable course of action which may include additional sustainment measures and/or a multi-mission replacement due to obsolescence. Although originally designed specifically for ATON work, many of these vessels serve as a critical Federal presence on the inland waterways.

**Response Boat-Medium (RB-M)
\$64M**

The budget requests \$64M for 14 boats to replace the aging 41-foot utility boat (UTB) and other non-standard boats with an asset more capable of meeting the USCG's multi-mission requirements.

Shore Facilities and ATON Recapitalization Projects

\$50M

The budget requests a total of \$50M, an increase of \$12.1M over FY 2008. The Coast Guard occupies more than 22,000 shore facilities with a replacement value of approximately \$7.4B. The FY 2009 funding is crucial to maintaining safe, functional and modern shore facilities that efficiently and effectively support USCG assets and personnel. FY 2009 projects include:

- Sector Delaware Bay – Construct new consolidated facilities; upgrade work spaces and living quarters.....\$13M
- CG Housing Cordova, AK - Six new duplex units.....\$11.6M
- CGA Chase Hall - Renovate cadet barracks.....\$10.3M
- AIRSTA Cape Cod - Replace runway lighting.....\$5M
- Waterways ATON Infrastructure.....\$4M
- TISCOM - Construct a 5,000 square-foot addition.....\$2.5M
- Survey and Design – Planning and engineering of outyear shore projects.....\$2.1M
- Station Montauk - Purchase three housing units.....\$1.6M

Operation & Maintenance (O&M) of Surface and Air Assets

\$40.2M / 199 positions

The budget requests a total of \$40.2 million to fund O&M of the following cutters, boats, aircraft and associated subsystems delivered through the IDS acquisition project:

- Four HC-144A aircraft.....\$24M
- C4ISR upgrades for legacy cutters, boats, aircraft, and operations centers\$7.1M
- National Security Cutters #1 - #2.....\$5.6M
- Fast Response Cutter (FRC-B) Primary Crew Assembly Facility ...\$1.4M
- FRC-B #1.....\$1.2M
- Airborne Use of Force aircraft & equipment.....\$0.8M

Enhancing the Marine Safety Program

Marine Inspection Program

\$20M / 276 positions

The budget requests \$20M for 276 additional Marine Inspectors to address growth in maritime commerce and the Nation’s regulated vessel fleet, including the inspection of approximately 5,200 towing vessels mandated by the FY 2004 Coast Guard Authorization Act. Inspection and investigation demand is expected to increase as a result of additional Liquefied Natural Gas ships and facilities, towing vessel examinations, non-tank vessel response plan reviews, ballast water management oversight, and regulatory development. This initiative is critical to maintaining the safety and efficiency of the Nation’s MTS.

DHS Regulatory Program

\$2.6M

The budget requests \$2.6M to fund additional contract support and improve rulemaking throughput and capacity. Before 9/11, there were 59 Coast Guard rulemaking projects outstanding. In the year following 9/11, this backlog increased to 75 and now stands at approximately 100 rulemaking projects. This initiative provides much needed technical writers and environmental and economic analyses critical to the development of safety, security, and environmental protection regulatory regimes. In the interim, we are completing a rulemaking review and reform project and implementing performance measures to maximize throughput.

Improving Command and Control

Rescue 21

\$87.6M / 97 positions

The budget requests \$87.6M to continue full rate production of towers and equipment for sectors including Great Lakes, Hawaii, Guam, and Puerto Rico. This request also includes funding for one additional watch section (five persons) at 15 of the busiest Sector Command Centers. Rescue 21 replaces the existing National Distress and Response System and enhances the Coast Guard's ability to execute all of its missions through improved communications and command and control capabilities in the coastal zone. The additional watchstanders included in this request support the increased capability provided by Rescue 21 and ensure proper monitoring of the additional communications circuits and coordination of response operations.

Situation Unit Watchstanders

\$6.3M / 101 positions

The budget requests \$6.3M for additional watchstanders at Sectors, Districts, Area, and Headquarters Command Centers to meet increasing operational demands and support the additional vessel monitoring, information collection and interagency coordination capability provided by the Command 21 initiative. The additional watchstanders are responsible for fusing intelligence and information with vessel movements and other port activities to increase Maritime Domain Awareness (MDA) and maintain a thorough, integrated local tactical picture.

Acquisitions Directorate Personnel Increase

\$9M / 65 positions

The budget requests \$9M to complete consolidation of the Integrated Deepwater System, the existing Acquisition Directorate, the Head Contracting Authority, and the procurement policy staff into a combined Acquisition Directorate (CG-9). This request provides funding for 65 personnel to perform the lead system integrator role for all acquisition projects, and develop lifecycle support plans for newly delivered Deepwater assets. This initiative complement's the Acquisition Directorate's formal assignment of technical authority to the Directorates for Engineering & Logistics, Personnel, and Information Management for all acquisition projects.

Establishing Comprehensive Intelligence and Awareness Regimes

Nationwide Automatic Identification System (NAIS)

\$25.5M / 10 positions

The budget requests \$14.6M to provide Initial Operational Capability for Increment Two of NAIS, providing receive coverage out to 50 nautical miles and transmit coverage out to 24 nautical miles for CG Sectors Hampton Roads, Delaware Bay, and Mobile. This request also includes \$10.9M for network operating and maintenance requirements for Increment One of NAIS already installed in 55 ports and nine coastal areas.

MAGNet 2.0

\$12.3M / 17 positions

The budget requests \$12.28M for Maritime Awareness Global Network (MAGNet) 2.0. MAGNet 2.0 provides the intelligence information technology capability that serves as a data repository, fusion platform and enterprise-sharing device to consolidate information from 20 separate national level sources and provide timely intelligence and maritime related information to operational commanders, interagency, and port partners. MAGNET is a proven, robust intelligence-sharing architecture.

Command 21

\$1M

The budget requests \$1M for Command 21 to continue the survey and design, software development and project management initially funded in FY 2008. Command 21 provides an integrated system of “surveillance and notice” to meet the requirements of the Maritime Transportation Security Act (MTSA) and the SAFE Port Act, which states, “*the Secretary shall establish interagency operational centers for port security at all high-priority ports....*” Command 21 will support interagency operations centers at Coast Guard Sectors by providing information-sharing and situational awareness tools to close the gaps in our current port and coastal surveillance capability while facilitating greater cooperation and coordination with port partners.

Cryptologic Service Group & Direct Support

\$3.3M / 46 positions

The budget requests \$3.34M to establish three Coast Guard Cryptologic Service Groups and five Direct Support Teams for deployment on legacy cutters. Cryptologic capabilities greatly contribute to the number of successful security and intelligence-related missions at-sea, including security and law enforcement interceptions, vessel boardings, and drug and migrant interdictions. DOD’s current personnel support for Coast Guard cryptologic needs terminates in FY 2009.

Counter-Intelligence (CI) Service Initiative

\$2.0M / 29 positions

The budget requests \$2M to bring the Coast Guard’s Counter-intelligence Service to a minimum staffing level necessary to execute counter-intelligence activities. A functional counter-intelligence service will preserve the operational integrity of the Coast Guard by shielding its operations, personnel, systems, facilities, and information from the intelligence activities of foreign powers, terrorist groups, and criminal organizations.

Fiscal Year 2009 Organizational Reinvestments

The Coast Guard’s FY 2009 budget request creates efficiencies which shift resources to support new assets scheduled for delivery in FY 2009 and offset required annualizations from FY 2008 program initiatives.

Organizational Reinvestments

(\$139.4M) / (295 positions)

FY 2009 savings include:

- Termination of FY 2008 one-time costs.....(\$36.2M)
- Management Efficiencies.....(\$68.2M)
- Decommissioning of six aging aircraft.....(\$22.4M)

- Decommissioning of four aging cutters.....(\$9.5M)
- Annualization of FY 2008 Management of Technology Efficiencies.....(\$3.1M)

Migrating LORAN-C to DHS Directorate for National Preparedness and Protection

LORAN-C Modernization (\$34.5M) / [294positions]

The administration of the LORAN-C program will migrate to the DHS National Protection and Programs Directorate (NPPD) in preparation for conversion of LORAN-C operations to Enhanced LORAN (eLORAN). NPPD will oversee the development of eLORAN to provide national backup capabilities for position, navigation, and timing. The 2009 request reflects transfer of LORAN-C operations to NPPD, however the Coast Guard will continue operation of the system in 2009 on a reimbursable basis.

UNPRECEDENTED SERVICE TO THE PUBLIC DURING FY 2007

The President’s fiscal year 2009 budget request for the Coast Guard builds on our recent mission successes. Coast Guard professionals delivered unprecedented operational service and record results for the American public in 2007:

- Celebrated *one million lives saved* since the Service’s inception in 1790.
- Seized/removed a record 355,000 lbs of cocaine, 12,000 lbs of marijuana, and 350 pounds of heroin from the global narcotics stream, including a 33,359 lbs cocaine seizure from the Panamanian flagged motor vessel GATUN -- the largest cocaine seizure in Coast Guard history.
- Responded to over 27,000 Search and Rescue cases and saved over 5,000 lives.
- Supported the Global War on Terror through both Operation Iraqi Freedom and Operation Enduring Freedom with over 800 active and reserve personnel deployed around the world.
- Interdicted over 6,000 migrants attempting to gain illegal entry to the United States.
- Interdicted and seized six Chinese High Seas Drift Net (HSDN) vessels during the 2007 multi-national HSDN enforcement campaign, Operation North Pacific Watch.
- Conducted 44,896 domestic commercial vessel certification or general compliance inspections, 38,837 of which were on commercial vessels requiring a Certificate of Inspection for operation.
- Completed 8,840 Port State Control safety and environmental examinations and 8,814 International Ship and Port Facility Security Code examinations of foreign vessels arriving at U.S. ports.

- Collected biometric information from over 1,100 migrants in the Mona Pass using state-of-the-art handheld scanners. As a result of integration with the US-VISIT database, 257 migrants with criminal records were identified and 72 were brought ashore for prosecution under U.S. laws. Under this program, migrants with criminal histories were detained and prosecuted instead of repeatedly repatriated.
- Asserted U.S. rights of sovereignty, facilitated maritime commerce and supported Operation Deep Freeze (a 40- nation collaborative research project) in the Polar Regions.
- Protected and safely escorted 75 military sealift movements carrying over 6,000,000 square feet of indispensable military cargo in support of ongoing Global War on Terror operations.
- Partnered with FEMA, DHS and other agencies to revise and improve the National Response Plan, now referred to as the National Response Framework.

Established the Deployable Operations Group (DOG)

- Aligned all Coast Guard deployable, specialized forces under a single, unified command, providing “one-stop shopping” for Coast Guard and interagency partners seeking adaptive, tailored force packages for rapid response to worldwide threats. The DOG encompasses 3,000 Coast Guard personnel from 12 Maritime Safety and Security Teams, one Maritime Security Response Team, two Tactical Law Enforcement Teams, eight Port Security Units, and the National Strike Force.

Conducted a Major National Environmental Stewardship Exercise

- Co-sponsored (with EPA) the largest SONS exercise to date, involving 11 states, 14 federal agencies, two Coast Guard Districts, four Coast Guard Sectors, 15 industry partners, and over 5,000 emergency management personnel.

Created the Centralized Acquisition Directorate

- Created a centralized acquisition directorate to be responsible for the Coast Guard’s major acquisition projects. As part of this reorganization, the Coast Guard implemented the *Blueprint for Acquisition Reform* to enhance mission execution, creating a more responsive, competent and efficient acquisition organization. Since inception, program execution, contracting practices, research and development, and industry oversight have significantly improved.
- Commenced an Alternatives Analysis for major Deepwater assets, designated technical authorities for Hull, Mechanical, Engineering and C4ISR design review, and resolved many outstanding contractual issues on the National Security Cutter through an acquisition and academic best-practice known as a Consolidated Contracting Action (CCA).

Recapitalized Aging Assets, Maintaining & Improving Capability

- Improved Search and Rescue capability by establishing state of the art Rescue 21 VHF-FM communications systems in three additional major coastal areas.

- Achieved NAIS “receive” capability in 55 ports and nine coastal waterways. The NAIS system substantially enhances MDA by providing the ability to continuously track the movement of AIS-equipped vessels both within and in the approaches to major ports.
- Leveraged existing organic maintenance capability to complete successful Mission Effectiveness Projects (MEPs) on four 210-foot/270-foot Medium Endurance Cutters (MECs) and one 110-foot Patrol Boat (WPB). MEP replaces obsolete, unsupportable and maintenance-intensive systems allowing for the continued operation of the current MEC and WPB fleets in a more economical manner until they are replaced by more capable IDS assets. Post-MEP MECs have shown a 22% improvement in Percent of Time Free of major casualties.
- Completed replacement of engines on 95 HH-65 helicopters on budget and ahead of schedule. This replacement increased aircraft power by 40%, significantly increasing aircraft capability and operating safety margins.
- Established an in-house maintenance capability to overhaul HC-130s at the Aircraft Repair and Supply Center in Elizabeth City, NC. In 2007, the Coast Guard achieved the best C-130 quality and schedule for Progressive Structural Inspections in agency history. This directly resulted in higher availability rates, fewer operational gaps, and the ability to respond quickly to mandated inspections of an aging aircraft.

CONCLUSION

As a maritime Nation, 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. Moreover, 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 address these and other challenges through its comprehensive, complementary authorities, flexible and adaptive operational capabilities, and centuries of experience protecting America’s national security interests. *The Coast Guard’s integrated approach to safety, security, and stewardship remains the most effective method of governance in the maritime domain.*

The people of the Coast Guard delivered record national results in 2007. Punctuated by the celebration of over *one million lives saved* since 1790 and removal/seizure of over 350,000 pounds of cocaine, “*Semper Paratus*,” the Coast Guard motto, guides our effort every day and in every mission. Our men and women performed with courage, sacrifice and dignity, and are eager and prepared to answer the Nation’s call now and into the future.

As our Nation faces the long-term struggle against radical extremism in a period of persistent conflict, the Coast Guard must be prepared to conduct operations across a broad spectrum of threats and hazards. We must position America’s Coast Guard to answer the call, to be *Semper Paratus* and to execute the mission. While much has been achieved, developing comprehensive maritime safety, security, and stewardship regimes for the Nation remains a work in progress. Our fiscal year 2009 budget request and current legislative priorities are critical steps in the right direction.

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