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COAST GUARD FISCAL YEAR 2012 BUDGET REQUEST

BEFORE THE HOUSE SUBCOMMITTEE ON COAST GUARD AND MARINE TRANSPORTATION

MARCH 1, 2011

INTRODUCTION

Good morning Mr. Chairman and distinguished members of the Committee. Thank you for the continuing support you have shown to the men and women of the United States Coast Guard. Most recently, your support in passage of the Coast Guard Authorization Act of 2010 provided the Coast Guard with improved acquisition oversight, enhanced workforce expertise and partnerships, and the ability to move forward with key modernization initiatives to enhance mission execution.

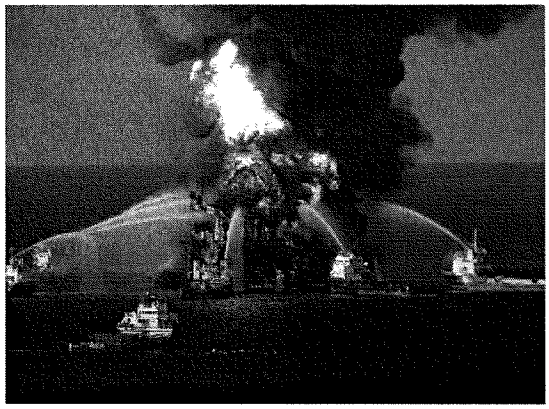
I am here today to discuss the Coast Guard's Fiscal Year (FY) 2012 Budget Request. Before I discuss the details of the request, I would like to take this opportunity to discuss the Coast Guard's value and role, some of our recent operations, including our recent response to the BP Deepwater Horizon Oil Spill, and the current budget environment.

For more than 220 years, the U.S. Coast Guard has safeguarded the Nation's maritime interests and natural resources on our rivers and ports, in the littoral regions, on the high seas, and around the world. The Coast Guard saves those in peril and protects the Nation's maritime border, marine transportation system, natural resources, and the environment. Over the past year, Coast Guard men and women – active duty, reserve, civilian and auxiliarists alike – continued to deliver premier service to the public. They saved over four thousand lives, protected our borders by stopping the flow of drugs and illegal migrants, and performed admirably in response to the largest spill in our nation's history – the Deepwater Horizon oil spill.

How does the Coast Guard operating model serve our public? The Coast Guard is an adaptable, responsive, military force of maritime professionals whose broad legal authorities, assets, geographic diversity, and expansive partnerships provide a persistent presence in the inland waters, ports, coastal regions, and far offshore areas of operations. This presence, coupled with over 220 years of experience as the Nation's maritime first responder, provides our Nation with tremendous value in service to the public.

The Coast Guard's value and role:

- We protect those on the sea: *leading responses to maritime disasters and threats, ensuring a safe and secure maritime transportation system, preventing incidents, and rescuing those in distress.*
- We protect America from threats delivered by sea: *enforcing laws and treaties, securing our ocean resources, and ensuring the integrity of our maritime domain from illegal activity.*
- We protect the sea itself: *regulating hazardous cargo transportation, holding responsible parties accountable for environmental damage and cleanup, and protecting living marine and natural resources.*



Fire boat response crews battle the blazing remnants of the off shore oil rig Deepwater Horizon. A Coast Guard MH-65C dolphin rescue helicopter and crew document the fire while searching for survivors on April 21, 2010.

The Coast Guard, working through DHS, led the Administration's response to the BP Deepwater Horizon oil spill, the first-ever Spill of National Significance, leveraging resources from across the country and around the world. The Coast Guard was the first agency on scene the night the Mobile Offshore Drilling Unit (MODU) Deepwater Horizon exploded, searching for those in distress and providing Federal on-scene presence. During the response, the Coast Guard worked closely with our Federal partners and industry to leverage resources where needed while carrying out our other missions throughout the world. From nearly every corner of the country the Coast Guard surged over 7,000 people, including members of the Coast Guard Reserve and Auxiliary, to support the response. Coast Guard members served in cutters and boats, in fixed and rotary-wing aircraft, and in the shore-side incident command system. The Coast Guard's adaptive operational model allowed for the:

- Integration of government and industry to contain the spill, recover more than 34.7 million gallons of oil-water mix, and perform controlled burns to remove more than 11 million gallons of oil from open water to protect the shoreline and wildlife.
- Deployment of 46 cutters and 22 aircraft. Surface assets included Medium Endurance Cutters (210-ft and 270-ft), Sea-going and Coastal Buoy Tenders (225-ft and 175-ft), Ice Breaking Tugs (140-ft) and Patrol Boats (179-ft, 110-ft and 87-ft). Air assets included Long and Medium-range Surveillance Aircraft (HC-130 and HC-144A) and Short and Medium Range helicopters (HH-60 and HH-65).

While 2010 was another exceptional "operational year" by any standard, these operations further stressed existing aged and obsolete cutters, boats, aircraft and support infrastructure that are in dire need of recapitalization. Furthermore, these extended surge operations strained workforce readiness due to increased op-tempo and deferred training. Even in the current fiscal environment where resources are scarce, we must continue to rebuild the Coast Guard, support front-line operations, invest in our people and families, and enhance maritime incident prevention and response capabilities to meet mission demands and ensure resiliency in the maritime domain.

FY 2012 REQUEST

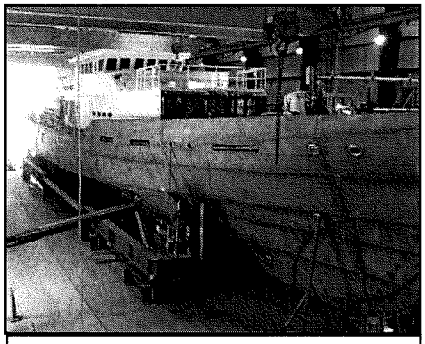
In Fiscal Year 2012, the Coast Guard will focus resources to advance strategic priorities. Through tough decisions and resource trade-offs, the Coast Guard's FY 2012 budget leverages savings generated through management efficiencies and offsets, and allocates funding toward higher order needs to support front-line operations. These offsets and reductions supported implementation of the following FY 2012 budget priorities:

- Rebuild the Coast Guard
- Sustain Front-line Operations
- Enhance Maritime Incident Prevention and Response
- Support Military Families

Highlights from our request are included in Appendix I.

Rebuild the Coast Guard

The Coast Guard's FY 2012 budget requests $1.4 billion to continue recapitalization of cutters; boats; aircraft; Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems; and infrastructure to improve mission readiness by replacing aged, obsolete, and unreliable assets. The FY 2012 budget requests funding for 40 Response Boats and six Fast Response Cutters, as well as a sizable investment in the renovation and restoration of shore facilities. This budget also provides resources to ensure that the Coast Guard's aviation fleet is mission-ready through the acquisition of two Maritime Patrol Aircraft, one HH-60 helicopter, and conversion and sustainment projects of multiple aircraft. Investment in Coast Guard recapitalization is essential to mission execution.



The replacement for the 110-ft Island Class Patrol Boat - the Fast Response Cutter (FRC) – is under construction at Bollinger Shipyards in Lockport, Louisiana.

Sustain Front-line Operations

To ensure the Coast Guard is able to meet the needs of the Nation, the FY 2012 budget balances resources between investments in capital assets, initiatives to sustain front-line operations, and measures to enhance mission execution. The FY 2012 budget requests $67.7 million to operate new assets delivered through asset recapitalization programs and provides funding to support personnel and in-service assets. Moreover, funding is included to operate CGC HEALY and support the operational reactivation of CGC POLAR STAR. The Coast Guard plans to decommission CGC POLAR SEA in FY 2011 and transition her crew to CGC POLAR STAR, enabling orderly transition to CGC POLAR STAR and facilitating her return to operations in FY 2013.

Enhance Maritime Incident Prevention and Response

Coast Guard Marine Safety and Environmental Response personnel promote safe and efficient travel, facilitate the flow of commerce in the maritime domain, and protect our natural resources. The FY 2012 budget requests $22.2 million to advance implementation of the Coast Guard's Marine Safety Performance Plan and Marine Environmental Response Mission Performance Plan. During the response to the Deepwater Horizon oil spill, Coast Guard incident responders established and executed the Incident Command System to lead an effective, unified effort. The

Coast Guard will enhance these core competencies in FY 2012 to keep pace with an ever-growing and evolving maritime industry and ensure continued proactive leadership to prevent disasters on the Nation's waters and remain ready to respond if they occur. Additionally, funding requested in the FY 2012 budget will assist in meeting Coast Guard Authorization Act of 2010 requirements regarding dockside examinations by adding examiners to improve fishing vessel safety.

Support Military Families

The Administration is committed to improving the quality of life for military members and their families. The health and welfare of families is the heart of operational readiness. The FY 2012 budget includes $29.3 million to address critical housing shortfalls and improve access to affordable, quality childcare. These initiatives will ensure Coast Guard members are *Semper Paratus* for all hazards and all threats.

CONCLUSION

The demands on the Coast Guard remain high. As we have for over 220 years, we remain ready to meet the Nation's many maritime needs supported by the FY 2012 request. We will always fulfill our duties and obligations to the American people, true to "Semper Paratus, Always Ready." I request your full support for the President's FY 2012 request. Again, thank you for the opportunity to testify before you today. I am pleased to answer your questions.

Appendix I - FISCAL YEAR 2012 BUDGET REQUEST

REBUILD THE COAST GUARD

Surface Assets
$642M (0 FTE)

The budget provides $642 million for surface asset recapitalization and sustainment initiatives, including:

- **National Security Cutter (NSC)** – Fully funds NSC-5 (anticipates $615 million provided for NSC-5 in 2011). The NSC is replacing the High Endurance Class.
- **Offshore Patrol Cutter (OPC)** – Sustains initial acquisition work and design of the OPC. The OPC will replace the Medium Endurance Cutter class to conduct missions on the high seas and coastal approaches.
- **Fast Response Cutter (FRC)** – Provides production funding for six FRCs to replace the 110-ft Island Class Patrol Boat.
- **Response-Boat Medium (RB-M)** – Provides production funding for 40 boats.
- **Medium Endurance Cutter (MEC)** – Provides for operational enhancement of five MECs at the Coast Guard Yard through the Mission Effectiveness Program.

Air Assets
$289.9M (0 FTE)

The budget provides $289.9 million for the following air asset recapitalization or enhancement initiatives, including:

- **MH-60T** – Replaces one Jayhawk lost in an operational crash in 2010.
- **HC-144** – Funds production of two Maritime Patrol Aircraft and procurement of up to five Mission System Pallets and associated spare parts to complete outfitting of the fleet.
- **HH-60** – Funds service life extension and component upgrades for eight aircraft.
- **HH-65** – Funds sustainment of key components.
- **HC-130H** - Funds Avionics Upgrade and Center Wing Box (CWB) replacements.

Asset Recapitalization – Other
$166.1M (0 FTE)

The budget provides $166.1 million for the following equipment and services:

- **Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR)** – Deploys standardized C4ISR capability to newly fielded NSCs and MPAs, and develops C4ISR capability for the OPC. Interoperable and integrated C4ISR is essential to the efficient and effective operation of these assets.
- **CG-Logistics Information Management System (CG-LIMS)** – Continues development and prototype deployment to Coast Guard operational assets and support facilities.
- **Rescue 21** – Completes deployment at Sectors Lake Michigan, San Juan, PR, Honolulu, HI, Guam; and continues replacement of legacy VHF systems in the Western Rivers.

- **Interagency Operations Center (IOC)** – Deploys Watchkeeper Information Sharing capability to three IOC locations. Commences deployment of the sensor management capability; resulting in improved capability to see, understand, and share tactical information critical to security and interagency coordination in vulnerable ports and coastal areas.

Shore Units and Aids to Navigation (ATON)
$193.7M (0 FTE)

The budget provides $193.7 million to recapitalize shore infrastructure for safe, functional and modern shore facilities that effectively support Coast Guard assets and personnel:

- Cape May, NJ – Replaces a condemned pier critical to execution of patrol boat missions.
- Corpus Christi, TX – Implements Sector/Air Station Corpus Christi consolidation in order to properly hangar, maintain, and operate MPA and and enhance mission effectiveness.
- Chase Hall Barracks, New London, CT – Continues renovations at the Coast Guard Academy by modernizing cadet barracks.
- Commences construction of the #3-6 FRC homeports, C4ISR training facility, and continues modifications to Air Station Miami to accommodate new MPA.
- Station Memensha Boathouse, Chilmark, MA – Replaces the boathouse destroyed by a fire in July 2010 essential to supporting coastal law enforcement, security and safety operations.
- TRACEN Petaluma, CA Wastewater Treatment Plant – Recapitalizes and expands the capability of the Wastewater Treatment Plant to ensure compliance with environmental regulations.
- Station Fairport, Ohio – Recapitalizes multi-mission boat station, originally constructed in 1918, to facilitate current-day operations.
- ATON Infrastructure –Improves short-range aids and infrastructure to promote the safety of maritime transportation.

Personnel and Management
$110.2M (794 FTE)

The budget provides $110.2 million to provide pay and benefits for the Coast Guard's acquisition workforce. The budget includes additional resources to support the government-wide Acquisition Workforce Initiative to bolster the professional development and capacity of the acquisition workforce.

SUSTAIN FRONT-LINE OPERATIONS

Pay & Allowances
$66.1M (0 FTE)

The budget provides $66.1 million to maintain parity of military pay, allowances, and health care with the Department of Defense (DOD). As a branch of the Armed Forces of the United States, the Coast Guard is subject to the provisions of the National Defense Authorization Act (NDAA), which includes pay and personnel benefits for the military workforce.

Annualization of Fiscal Year 2011
$53.9M (194 FTE)

The budget provides $53.9 million to continue new initiatives begun in the prior year, including increased counternarcotics enforcement through enhanced Law Enforcement Detachment (LEDET) capacity and follow-on funding for new assets (e.g., NSC, FRC, MPA, etc.).

Surface and Air Asset Follow-on
$50.8M (220 FTE)

The budget provides a total of $50.8 million to fund operations and maintenance of cutters, boats, aircraft, and associated subsystems delivered through major cutter, aircraft, and associated C4ISR acquisition efforts. Funding is requested for the following assets:

- RB-M-Funding for maintenance, repair and operational costs.
- FRC – Operating and maintenance funding for FRCs #6-8 and funding for crews #9-10. These assets will be homeported in Miami and Key West, FL. Funding is also requested for shore-side maintenance personnel needed to support FRCs.
- NSC – Signals Intelligence Capability follow-on and Crew Rotational Concept implementation for three NSCs located in Alameda, CA.
- HC-144A MPA – Operating and maintenance funding for aircraft #14; support and maintenance of Mission System Pallets 1-12.
- C4ISR Follow-on – Funding to maintain more than 200 C4ISR systems deployed and delivered by the Coast Guard C4ISR Program.
- Helicopter Systems – Funding to operate and maintain communications and sensor systems for HH-60 and HH-65 helicopters.
- Asset Training System Engineering Personnel - Funding to support NSC and FRC training requirements at Training Center Yorktown.

Polar Icebreaking Program
$39M (180 FTE)

The budget requests $39 million in polar icebreaking budget authority. Funding will support the operation and maintenance of CGC HEALY and prepare for the operational reactivation of CGC POLAR STAR. The Coast Guard plans to decommission CGC POLAR SEA in FY 2011 and transition her crew to CGC POLAR STAR, enabling efficient transition to CGC POLAR STAR and facilitating her return to operations in FY 2013.

Critical Depot Level Maintenance
$28.7M (0 FTE)

The budget provides $28.7 million for critical depot level maintenance and asset sustainment for vessels, aircraft, and shore infrastructure. Funding will increase support levels for the 140-, 175-, and 225-foot classes of cutters, restore aircraft spare parts and provide sustainment for aging shore infrastructure.

Distress Alerting Satellite System (DASS)
$6.3M (1 FTE)

The budget provides $6.3 million to begin replacement of the Search and Rescue Satellite Aided Tracking (SARSAT) system with the Distress Alerting Satellite System (DASS). This multi-agency partnership also includes the National Aeronautics and Space Administration (NASA), the National Oceanic and Atmospheric Administration (NOAA), the U.S. Air Force (USAF). Recapitalization of the SARSAT system beginning in FY 2012 is critical to ensure no loss of coverage in distress notification and life saving response during the planned deactivation of the legacy SARSAT system.

Coast Guard Network Security
$8.6M (0 FTE)

The budget provides funding for the Coast Guard to transition from its commercially provided Internet Access Points (IAPs) to DOD IAPs via the Defense Information Systems Agency (DISA) to ensure security of vital networks and meet cyber security requirements.

ENHANCE MARITIME INCIDENT PREVENTION AND RESPONSE

Marine Safety Enhancement
$10.7M (53 FTE)

The budget provides $10.7 million and 105 personnel to implement the next segment of the Marine Safety Performance Plan by investing in Marine Safety Inspectors, Investigators, and Fishing Vessel Safety Examiners at Coast Guard Sectors. This initiative furthers the Coast Guard's efforts to achieve an appropriate mix of military and civilian personnel with the necessary skill-sets and experience to perform Marine Safety inspections and investigations.

Marine Environmental Response Enhancement
$11.5M (44 FTE)

The budget provides $11.5 million and 87 personnel to enhance Marine Environmental Response (MER) capacity. This initiative supports the Marine Environmental Protection Mission by providing funding for an MER Incident Management and Assist Team (IMAT) and increasing technical expertise and strengthening MER career paths at Coast Guard Sectors and Strike Teams. The request is the initial investment in the Coast Guard's initiative to improve mission performance in accordance with the MER Mission Performance Plan.

SUPPORT MILITARY FAMILIES

Child Development Services
$9.3M (6 FTE)

The budget provides $9.3 million to increase access to child care services for Coast Guard families with dependents under the age of 12, better aligning the Coast Guard with the Department of Defense (DOD) child care standards. Additionally, this request funds 12 new positions critical to ensuring continued accreditation of the Coast Guard's nine child development centers by the National Association for the Education of Young Children.

Military Housing
$20.0M (0 FTE)

The budget provides $20.0 million to build family housing units at Sector Columbia River and recapitalize the Air Station Cape Cod Unaccompanied Personnel Housing, the highest priority housing projects, critical to the well-being of military personnel and their families assigned to these geographic regions.

DECOMMISSIONINGS, EFFICIENCIES, AND SAVINGS

High Endurance Cutter Decommissioning
-$6.7M (-92 FTE)

As part of its long-term recapitalization plan, the Coast Guard is decommissioning HECs as NSCs are delivered and made operational. The average age of the HEC fleet is 43 years and these assets are failing at an increased rate resulting in lost operational days and increased maintenance costs. The Coast Guard will decommission one High Endurance Cutter (HEC) in FY 2012.

PC-179 Patrol Coastal Decommissioning
-$16.4M (-108 FTE)

The three remaining 179-foot Patrol Coastal (PC) vessels will be decommissioned per a January, 2007 Memorandum of Agreement (MOA) with the U.S. Navy. These vessels will be returned to the U.S. Navy in FY 2012.

Standard Workstation Help Desk consolidation
-$6.9M (0 FTE)

Consolidates computer workstation support into two regional centers, eliminating 56 contractors.

Program Support Reduction
-$13.6M (0 FTE)

Reduction in programmatic support across the Coast Guard including support reductions for: small boat replacement, reservist and contract support for audit remediation, innovation program funding, recruiting, and training opportunities.

ADMINISTRATIVE SAVINGS INITIATIVES

In FY 2012 the Coast Guard will seek efficiencies and make targeted reductions in order to sustain front-line operational capacity and invest in critical recapitalization initiatives.

Management Efficiencies
-$61.1M (0 FTE)

Consistent with the Secretary of Homeland Security's Efficiency Review and building upon efforts in previous fiscal years, efficiencies will be generated by leveraging centralized purchasing and software licensing agreements, reductions in printing and publications, reductions in shipping and the transportation of things, reductions in advisory and assistance

contracts, minimizing purchases of supplies and materials, office equipment consolidation, implementing automation and energy conservation/savings measures, and limiting government usage of commercial facilities.

Professional Services Reduction
-$15.2M (0 FTE)

A reduction in professional services contracts for enterprise-wide mission support and operational support activities.

Non-Operational Travel Reduction
-$10.0M (0 FTE)

A 25% reduction in Coast Guard-wide non-operational travel, including travel for training, professional development, conferences, and international engagement.