



**TESTIMONY OF ADMIRAL ROBERT J. PAPP, JR.
COMMANDANT, U.S. COAST GUARD**

“COAST GUARD ACQUISITION PROGRAM”

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

OCTOBER 4, 2011

INTRODUCTION

Good morning Mr. Chairman and distinguished members of the Subcommittee. It is an honor to appear before you today to discuss the Coast Guard's top priorities—recapitalizing our fleet of cutters and aircraft while simultaneously maintaining front line operations. The Coast Guard's ability to save lives, interdict drug and alien smugglers, and protect our ports, waterways, and natural resources depends on providing our highly trained people with a modern, reliable fleet of vessels and aircraft equipped with effective command, control and communications systems. On behalf of the 40,000 Coast Guard men and women I have the privilege to lead, I want to thank you for your continuing support.

I also appreciate the opportunity to discuss the Government Accountability Office (GAO) Report 11-743. The GAO's insights are valuable, and as our response to their report indicates, we take them seriously. We are absolutely committed to sound stewardship, and continuing improvement, and we welcome your robust oversight as we continue to recapitalize our fleet. Our growing record of acquisition successes reflects this reality. Recent examples include shifting the NSC project to a fixed-price construct, delivery of the NSC # 3, the official start of fabrication on NSC # 4, the award of the NSC # 5 for nearly the same price as NSC # 4, the launching of 2 FRCs and many other advancements that are set forth in further detail below.

While the fiscal climate has changed since the Deepwater acquisition program was initiated in 1996, the need for our unique military, maritime and multi-mission capabilities missions has not. Demand for our services continues. This is why we continue to make informed trade-offs amongst acquisition projects and within our budget as a whole. I remain committed to achieving a force structure that will assure the future viability and effectiveness of our Service. We are also working closely with the Department of Homeland Security (DHS), to ensure our plans address our most pressing acquisition needs.

The Nation expects the Coast Guard to be true to our motto – Semper Paratus – Always Ready – to perform its vital maritime missions. They also expect us to respond promptly and effectively to disasters like Hurricane Katrina, the Haitian Earthquake, the BP Deepwater Horizon Oil Spill, and Hurricane Irene. In order to give our Coast Guardsmen the tools they need to perform these missions, we must have the right assets to do the job.

COAST GUARD ACQUISITIONS – WHERE WE ARE TODAY

For the past five years, we have served as the Systems Integrator for all of our acquisition programs. In that capacity, we have identified gaps and inefficiencies in management and oversight. Accordingly, we have made significant changes to both the foundation of our acquisition enterprise and the processes we use to govern each life cycle step.

In alignment with the GAO’s recommendations, we are instituting reforms that lower risk and cost. As individual projects have matured, so too has our ability to more precisely estimate costs for individual assets. Furthermore, our shift from cost-plus to fixed-price contracts for the largest and most capital-intensive projects has further improved our ability to accurately assess out-year resource requirements. Within the past two months, we awarded fixed-price contracts for production of NSC # 5, the fifteenth Maritime Patrol Aircraft, a Training Simulator for the HC-144A Maritime Patrol Aircraft, and Fast Response Cutters #9-12.

We are currently managing more than twenty major and non-major acquisition projects. This necessitates that we provide stable requirements, control costs and establish realistic project schedules. Each project plan is built upon expectations of a stable and multiple-year cost, schedule and performance sequence of milestones. Instability increases costs and delays delivery of these critical assets to our men and women on the front lines.

As Commandant, I am committed to the continued improvement of our acquisition processes and program management. This includes the implementation of reforms enacted through the Coast Guard Authorization Act of 2010 and GAO’s recommendations. A detailed update on the status of our acquisition projects follows.

National Security Cutter 8 Planned, 5 Ordered, 3 Delivered

The centerpiece of our recapitalized fleet, the Legend-class National Security Cutter (NSC) is the largest and most technically advanced class of cutter in the Coast Guard. NSCs are replacing our 12 legacy 378-foot High Endurance Cutters – most of which are more than forty years old. The NSCs are more capable, more efficient and their return on investment will far exceed their cost.

For example, BERTHOLF (NSC # 1) has attained “Ready for Operations” status and has already completed patrols in the Eastern Pacific and the Bering Sea. BERTHOLF’s Sensitive Compartmented Information Facility (SCIF) is proving integral to operations, providing real-time tactical intelligence and classified information-sharing with our operational partners and recently supported the successful interdiction of approximately 5,300 kilograms of cocaine with a street value of more than \$153 million. WAESCHE (NSC # 2) was commissioned in May 2010 and has been preparing for Ready for Operations designation, including conducting

Combat Systems Ships Qualification Trails and at-sea refueling for the first time in May 2011. WAESCHE also recently completed her first patrol with an operational SCIF; the reach-back capability it provides to shore-side intelligence centers is a true force multiplier.

On September 2, we took preliminary acceptance of STRATTON (NSC # 3). STRATTON was delivered on schedule following very successful builder and acceptance trials where she received the fewest number of deficiencies of the class by U.S. Navy and Coast Guard evaluators. STRATTON has since been delivered to her crew in preparation for commissioning early next year. Fabrication of HAMILTON (NSC # 4) started in August, and we awarded a fixed-price production contract for JOSHUA JAMES (NSC # 5) last month.

We are achieving efficiencies in cost and schedule through the experience gained during the construction of the BERTHOLF, WAESCHE and STRATTON

Offshore Patrol Cutter

25 Planned, Zero Ordered, Zero Delivered

The Coast Guard's largest acquisition program in terms of investment, the Offshore Patrol Cutter (OPC) will replace our current fleet of twenty-nine Medium Endurance Cutters (WMECs), many of which are between twenty-five and forty years old. Earlier this year, we released the draft specification to industry which is based on the Operational Requirements Document approved and validated last year by DHS. We have received hundreds of comments and are adjudicating them to aid development of the Request for Proposal. We assisted DHS on the recently released Major Cutter Study and are using this analysis to inform final decisions on the number of OPCs needed and their capabilities in the context of overall cutter recapitalization.

We will continue to serve as systems integrator for the OPC project. The OPC project will also comply with the Major Systems Acquisition Manual and DHS acquisition policies. This will ensure the OPC program follows disciplined processes based on best practices.

We are employing a very deliberate process, to ensure the OPC is not only affordable but also provides the capabilities we need to meet our demanding operational requirements. This has resulted in some delay, but we are committed to getting the OPC right from the start.

Fast Response Cutter

58 Planned, 12 Ordered, 2 launched

The 154-foot Sentinel-class Fast Response Cutter (FRC) project will provide critically needed patrol boats to close our existing patrol boat gap and replace the aging 110-foot Island-class fleet. The FRCs, which are named after enlisted heroes, will offer a far wider range of capabilities over the 110-foot patrol boats they are replacing including increased speed, sea-keeping and better habitability. These enhanced capabilities will improve crew effectiveness, communications, and on-scene operational endurance. We are planning to deliver and conduct sea trials on the lead FRC, BERNARD C. WEBBER by early 2012. Production of hulls #2-8 is currently underway, and the Coast Guard recently exercised a fixed-price option for production of hulls #9-12. The President's Fiscal Year 2012 budget request includes funding for the Reprocurement Data and Licensing Package necessary to re-compete the FRC production contract in the future as well as funds to acquire hulls #13-18.

We have experienced some delay in the delivery of the lead hull. The additional time was required to complete contractual requirements and incorporate additional structural work to ensure performance of the vessel in all anticipated operating conditions throughout the FRC's planned service life. We anticipate the first FRC will be delivered in 2011.

Cutter Boats

Long Range Interceptor II: 8 Planned, Zero Ordered, Zero Delivered
Over the Horizon IV: 19 Planned, 1 Ordered, Zero Delivered

We are planning to acquire two classes of cutter boats to operate aboard and in conjunction with the NSCs. Each NSC will be equipped with 1 Long Range Interceptor II (LRI-II) and 2 Over the Horizon IV (OTH-IV) boats. Earlier this summer, we awarded the contract for the lead OTH-IV; however, production is on hold due to a contract protest. In August, the LRI-II acquisition entered into the analyze/select acquisition phase, and the Request for Proposal was released in September.

Mission Effectiveness Project

44 Availabilities Planned, 36 Availabilities Completed

Under the Mission Effectiveness Project (MEP), 210-foot and 270-foot WMECs as well as 110-foot Island-class patrol boats are undergoing extended refurbishment at the Coast Guard Yard in Curtis Bay, MD. The MEP is designed to maintain and enhance legacy Coast Guard cutters until they are scheduled to be replaced with recapitalized assets. The MEP provides selected equipment upgrades and enhancements to sustain performance and stabilize future maintenance costs. The fourteenth and final 210-foot WMEC completed MEP availability in September 2010. Eight of nineteen 270-foot WMEC availabilities have also been completed. Additionally, fourteen 110-foot patrol boats have completed MEP.

HC-144A Maritime Patrol Aircraft

36 Planned, 15 Ordered, 12 Delivered

The HC-144A fixed-wing Ocean Sentry Maritime Patrol Aircraft (MPA) is replacing the fleet of aging HU-25 Falcon jets. The HC-144A gives our crews significantly more endurance to remain on scene to prosecute missions than its predecessor. MPAs are equipped with a Mission Systems Pallet (MSP) that provides new command-and-control, surveillance and intelligence technologies to enhance maritime domain awareness. The Ocean Sentry is a multi-mission aircraft that will perform maritime patrol, law enforcement, search and rescue, disaster response, and cargo and personnel transport. MPAs are currently standing watch at two air stations; a third air station will be fully operational by next year. We are also making major infrastructure improvements, including the construction of a new hangar at Air Station Cape Cod, to support operation of the HC-144A.

In December 2010, the HC-144A conducted its first drug interdiction out of Air Station Miami by tracking a vessel with forty-three bales of marijuana aboard until surface assets could arrive on scene. The HC-144A's increased endurance allowed the crew to maintain contact with the vessel for more than five hours until it could be interdicted by Coast Guard surface assets. The HC-144A was also instrumental in clean up operations and wildlife evacuations during the BP Deepwater Horizon oil spill.

Last year, we awarded a fixed-price contract for delivery of three additional HC-144As to EADS-North America, with options available for six additional aircraft. The first of these aircraft was delivered in July of this year, four months ahead of schedule, with the next two aircraft moving at or ahead of schedule. In August, we also awarded the first option to acquire the fifteenth MPA.

Long Range Surveillance Aircraft

HC-130J: 11 Planned, 6 Ordered, 6 Delivered

HC-130H: 11 Planned, 23 Ordered, 23 Delivered

Our Long Range Surveillance (LRS) aircraft fleet currently consists of 6 HC-130J and twenty-three HC-130H Hercules models, for a total of thirty LRS aircraft.

The C-130J is based on the robust and long-serving C-130 airframe design but with advanced engines, propellers, avionics and cargo-handling equipment, and is the model currently in production. The Coast Guard-unique HC-130J is configured for our mission set through a 9-month refit to install a suite of sensor and communications systems. This is the first C-130 aircraft in the world to feature a 360-degree, belly-mounted surface search radar giving our operators more than one chance to see a person in the water—a capability that can truly mean the difference between life and death. We are working with our Air Force and Navy partners to acquire and missionize two additional HC-130J aircraft authorized for the Coast Guard in the FY 2010 Supplemental. We are simultaneously revising our basing and support plans for these aircraft to make best use of their advanced capabilities when they are delivered in 2015.

We are also upgrading our legacy HC-130H fleet. All HC-130Hs have been modified to operate a state-of-the-market Active Electronically-Scanned Array (AESA) surface search radar, which has already proven its value in search and rescue missions. This year, we will induct our first HC-130H into the Air Force's maintenance depot to extend its airframe service-life by replacing life-limiting center wing-boxes. We will also complete our design and integration efforts to provide an upgraded avionics suite that will improve interoperability, comply with increasingly stringent global air traffic management requirements, and replace obsolete systems.

HH/MH-60 Helicopter Conversion

42 Planned, 42 Ordered, 18 Delivered

Our legacy HH-60J helicopters are being upgraded to MH-60Ts for use as medium-range responders for offshore operations, shore-based aviation surveillance and transport. These conversions are being performed entirely organically by our Aviation Logistics Center (ALC). To date, twenty-one out of forty in-service MH-60Ts have been delivered with upgraded avionics in the first discrete segment of this project, and eighteen aircraft have been converted

with enhanced electro-optic/infrared sensor systems (EOIR) which have proved especially useful in locating people in cold surroundings such as water or snow where survival time is fleeting. Four air stations—Air Station Elizabeth City, Air Station San Diego, Air Station Sitka, and Air Station Kodiak—are operational with MH-60Ts. One-hundred and fifty-eight Coast Guard pilots have been fully qualified to operate the MH-60T model.

HH/MH-65 Helicopter Conversions **102 Planned, 102 Ordered, 84 Delivered**

Our MH-65 multi-mission cutter helicopters perform search and rescue, law enforcement and homeland security missions; this project will extend their service lives through 2025. We have replaced the engines on all 95 original in-service aircraft and also procured 7 additional aircraft to conduct the National Capital Region Air Defense mission. Additionally, eighty-four of one-hundred and two aircraft have been upgraded to MH-65C models with Airborne Use of Force capability. Since August of 2010, we have been conducting obsolete component modernization, which is a significant enough upgrade to warrant re-designating the aircraft as MH-65D. These upgrades are being conducted entirely at the ALC. To date we have delivered seventeen modified aircraft, which feature a new dual-digital embedded GPS/inertial navigation system used by the Department of Defense (DoD) that improves interoperability, mission planning, reliability and reduces aircraft weight resulting in better performance.

Unmanned Aircraft Systems

Upon taking over Systems Integrator responsibilities, we terminated the legacy Deepwater Vertical Unmanned Aerial Vehicles (VUAV) project because of concerns regarding the rate of technology development and cost risk. Although this action has resulted in a delay of our planned Unmanned Aircraft Systems (UAS), it was unquestionably the right decision. We continue to work with the U.S. Navy and U.S. Customs and Border Protection (CBP) to leverage UAS development. We are also evaluating a smaller UAS that has successfully operated from U.S. Navy assets. While this smaller UAS will not be able to meet all of our requirements, for a limited investment, we anticipate it will expand our surveillance capabilities from the NSC while we continue to develop a concept of operations to leverage emerging UAS technology.

C4ISR

Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems are important for interoperability among our many resources and missions. C4ISR equipment and software provide situational awareness, data processing and information exchange tools required to modernize and recapitalize our shore sites, surface and aviation assets. Accomplishments include forty-two, class-wide system improvements and capability upgrades for surface and aviation assets. The C4ISR project has provided an updated training facility in Petaluma, CA, with a new NSC C4ISR Suite. The project also established a Coast Guard Independent Validation and Verification capability in Moorestown, NJ, for software testing and delivered a new NSC C4ISR design baseline to C3CEN in Portsmouth, VA, which includes new hardware and hardening against emerging information assurance threats. Finally, the C4ISR project has allowed us to shift to open architecture to sustain interoperability with DHS and the U.S. Navy, and to increase information assurance and security.

CONCLUSION

Our dedicated and heroic Coast Guard men and women deserve nothing less than modern ships—which they not only serve aboard, but live aboard while at sea, as well as modern aircraft, boats and state of the art systems to perform our challenging maritime missions – missions that are vital to our security and our economy.

Our acquisition outlook is positive. We are on the path of continuous improvement. We have already completed and fielded several new assets, and they are already saving lives, protecting our fish stocks, and keeping dangerous drugs from reaching our shores and streets.

We recognize that there are significant challenges that we must overcome to continue to deliver these assets within the current fiscal environment. Our dedicated and outstanding acquisition professionals have made great strides in identifying and correcting shortfalls in our processes and procedures. They have been greatly assisted by the oversight of this Subcommittee, the Congress and the GAO, as they continue the work to provide our Coast Guard with the assets it needs to remain Semper Paratus – Always Ready – into our third century of service to the Nation.

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