

**DEPARTMENT OF HOMELAND SECURITY  
APPROPRIATIONS FOR FISCAL YEAR 2013**

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**WEDNESDAY, MAY 9, 2012**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:05 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mary L. Landrieu (chairman) presiding.

Present: Senators Landrieu, Lautenberg, Coats, Cochran, and Murkowski.

DEPARTMENT OF HOMELAND SECURITY

U.S. COAST GUARD

**STATEMENT OF ADMIRAL ROBERT J. PAPP, JR., COMMANDANT**

OPENING STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Good morning. It is my pleasure to call our subcommittee to order, and it is my distinct honor to welcome the Commandant of the United States Coast Guard, Admiral Robert Papp, to discuss the Coast Guard's 2013 budget request.

I particularly want to thank you, Admiral, for being here today so soon after undergoing a surgery, and I am happy to know that things are all working out fine. We wish you a speedy recovery. But we really appreciate the effort.

The Coast Guard, as you know, I have said to you many times, both in private and public, will forever be in my heart and the hearts of the constituents that I represent in Louisiana and that I try to represent along the gulf coast. Following Hurricanes Katrina and Rita particularly, we saw the Coast Guard in action. The Coast Guard, the best of the Coast Guard, we saw them in action.

We rescued 33,000 of our citizens during the largest search and rescue mission in the Coast Guard's history. I like to say that you all were complemented by our own Cajun flotilla and the entrepreneurs down in Cajun country that jumped in their boats to help save the day. It was a very dramatic moment in our Nation's history. But because of that, 33,000 people were saved, and the work to rebuild that great part of the United States is now underway.

The Coast Guard is one of five branches of the military, is responsible for the safety and security of our maritime interests in our U.S. ports, waterways, and on the high seas. As we gather here

today to examine the budget request for the Coast Guard, I can't help but think of the famous quote by Yogi Berra. "It is like déjà vu all over again."

Every year, Presidents submit budgets that are inadequate for the Coast Guard, and every year, Congress steps in to fortify them. Over the past 6 years, this subcommittee has increased the Coast Guard's budget by an average of \$124 million annually above the White House request. We have done that to fill operational and recapitalization shortfalls.

In the 2012 bill, which was the first year that I chaired this subcommittee, Senator Coats, Vice Chairman Lautenberg, Senator Cochran, and other members of the subcommittee and I worked very hard together to accomplish some important goals for the Coast Guard.

First, we strengthened the Coast Guard's capital program. We funded six fast response cutters (FRCs), long-lead time materials for the sixth national security cutter (NSC), plans and designs for new offshore patrol cutters (OPCs), and two maritime patrol aircraft.

Operationally, we added funding for enhanced oil spill response capabilities, maintenance of aging assets, and improved quality of life for Coast Guard families by increasing access to child care services.

Because I am from Louisiana, I think I have a bird's eye view of the work that the Coast Guard does day in and day out. I think that Senator Cochran from Mississippi, a strong advocate of the Coast Guard, also from his perch as the Senator, senior Senator, from Mississippi understands the multiple and important missions of the Coast Guard.

And I do believe that even our Senators, as my colleague here, from interior States—although they don't have the oceans lapping up at their shores—understand the importance of keeping a Coast Guard strong not just for your traditional search and rescue, which is sometimes what people perceive, but in your new missions and important missions of drug interdiction and now with oil spill response, as we hope oil and gas production will be increasing, not decreasing, off of our State shores and around the world.

Particularly off the coast of Cuba, which is a whole other issue, but interesting to know what our Coast Guard's role might be. Not, of course, in Cuban territory, but so close to the United States, just 90 miles from the coast of Florida.

The President's 2013 discretionary budget request for the Coast Guard is \$8.4 billion, 3.3 percent below enacted level, including the reduction of over 1,000 military billets and \$200 million less for capital expenditures. The budget includes \$658 million for the sixth national security cutter. But other priorities, like the fast response cutter, aircraft procurement, Coast Guard housing, and shore infrastructure, are substantially reduced below the 2012 level.

This budget also signals that funds will not be requested for the final two national security cutters, Nos. 7 and 8. I am also concerned about the delays in procurement for the fast response cutters. The decision to go from acquiring six boats per year to two boats eliminates \$30 million in savings. I want to say that the

budget, as presented to us, decreases saving opportunities, doesn't increase them, and I am concerned about that.

Finally, the budget proposes to decommission aging cutters before replacement assets are available, leaving operational gaps in important missions like drug interdiction, which I know is a priority for this Congress, both Republicans and Democrats. These cuts come at a critical time for the Coast Guard.

Following 9/11, the Coast Guard received several new responsibilities that have been carried out with assets, might I say, built for the last century. For instance, major Coast Guard cutters average over 43 years in age as compared to Navy ships of 20 years.

I understand that difficult tradeoffs need to be made in this particularly tight budget climate, but I believe the top line given to the Coast Guard in the President's budget is just not adequate. I believe this subcommittee has a responsibility to make sure the next generation of Coast Guard men and women have the tools they need to accomplish their many important missions, and I know that this goal is shared by our first and only witness today, Admiral Papp.

#### PREPARED STATEMENT

Now before I move on, I want to acknowledge, of course, my vice chairman, Senator Lautenberg. But both Senator Coats and Senator Cochran have an important intel briefing. So they may have to slip out. But let me turn it to Senator Coats, and then when Senator Cochran gets here, if you don't mind, we will go to Senator Cochran.

[The statement follows:]

#### PREPARED STATEMENT OF SENATOR MARY L. LANDRIEU

Good morning. I call the subcommittee to order.

Today I welcome the Commandant of the Coast Guard, Admiral Robert J. Papp to discuss the Coast Guard's fiscal year 2013 budget request. I particularly want to thank you Admiral for being here today so soon after undergoing surgery. I wish you a speedy recovery so you can get back to doing the job you love and do so well, leading the men and women of the Coast Guard.

The Coast Guard will forever be in my heart and in the hearts of my constituents after its heroic efforts following Hurricane Katrina. The Coast Guard rescued over 33,000 of our citizens during the largest search and rescue mission in Coast Guard history.

The Coast Guard is one of the five branches of the military and is responsible for the safety and security of our maritime interests in U.S. ports, waterways, and on the high seas.

As we gather today to examine the budget request for the Coast Guard, I can't help but think of that famous quote by Yogi Berra, "It's like déjà vu, all over again." Every year, Presidents submit their budgets that are inadequate for the Coast Guard and every year Congress steps in to bail them out.

Over the past 6 years, this subcommittee has increased the Coast Guard's budget by an average of \$124 million annually above White House request levels to fill operational and recapitalization shortfalls. In the fiscal year 2012 bill, which was the first year that I chaired this subcommittee, Senator Coats, Vice Chairman Lautenberg, Senator Cochran, other members of the subcommittee, and I worked together to accomplish some important goals for the Coast Guard. First, we strengthened the Coast Guard's capital program. We funded six fast response cutters, long lead time materials for the sixth national security cutter, plans and designs for new offshore patrol cutters, and two maritime patrol aircraft. Operationally, we added funding for enhanced oil spill response capabilities, maintenance of aging assets, and improved quality of life for Coast Guard families by increasing access to child care services.

The President's fiscal year 2013 discretionary budget request for the Coast Guard is \$8.4 billion, 3.3 percent below the enacted level, including the reduction of 1,000 military billets, and over \$200 million less for capital expenditures. The budget includes \$658 million for the sixth national security cutter, but other priorities like the fast response cutter, aircraft procurement, Coast Guard housing, and shore infrastructure are reduced substantially below the fiscal year 2012 level. The budget also signals that funds will not be requested for the final two national security cutters, Nos. 7 and 8. I am also concerned about the delays in the procurement of fast response cutters. The decision to go from acquiring six boats per year to two boats per year eliminates \$30 million in savings and delays the delivery of key mission capabilities. Finally, the budget proposes to decommission aging cutters before replacement assets are available, leaving operational gaps in important mission areas like drug interdiction.

These cuts come at a critical time for the Coast Guard. Following 9/11, the Coast Guard received several new responsibilities and they have been carried out with assets built for the last century. For instance, major Coast Guard cutters average over 43 years of age as compared to Navy ships that average 20 years of age.

I understand that difficult trade-offs need to be made in this budget climate, but I believe the topline given to the Coast Guard in the President's budget request is inadequate. I believe this subcommittee has a responsibility to make sure that the next generation of Coast Guard men and women has the tools they need to accomplish their many missions. I know that this is goal shared by our witness today, Admiral Papp.

I look forward to examining these issues so we can make sound decisions about the resources and assets Coast Guard men and women need today and in the future.

Before recognizing Senator Coats for any opening remarks he may wish to make, I understand that Senator Cochran needs to depart early, so I recognize Senator Cochran.

I now recognize Senator Coats for any opening remarks he may wish to make.

Senator LANDRIEU. Senator Coats.

#### STATEMENT OF SENATOR DANIEL COATS

Senator COATS. Madam Chairman, thank you very much.

Admiral, welcome. Good to see you here, and I apologize for having to not be here.

It is clear that post 9/11, the Coast Guard is now playing a role in the defense of our homeland security and is part of the entire package that we need to put together to keep our people safe from threats both from home and abroad, and we really appreciate the Coast Guard stepping up to the task here. So we do want to make sure that you have the assets necessary for you to continue to be a vital part of that whole national effort, and so we thank you for your engagement there.

Now, as someone from Indiana, we don't necessarily have the same direct engagement with the Coast Guard as the chairman, and I know Senator Murkowski very much appreciates this hearing also, given the role of the Coast Guard in her State of Alaska. But we do have some connections. Crane Naval Surface Warfare Center does some special ops and electronics work that is important to the Coast Guard, as well as all of our services, and we do have a small station up in Michigan City.

We do have some water that we look at. Not very much, but a little bit of slice of Indiana faces, is on the Great Lakes, and so we are privileged to have at least some connection to the Coast Guard.

What is important about this hearing is that we continue to deal with budget situations that put constraints on what we would like to do, and therefore, we have to pick out those priorities and make sure that the essential things that we need to do are adequately

funded and carried out. And so, I think that is really the key here to this hearing.

We know that as part of the submitted budget by the administration, that earmark is below fiscal year 2012 level and will require some adjustments on the part of the Coast Guard in terms of how these funds are allocated. And so, we want to make sure that while we are facing these difficult budget realities, we are not compromising the kind of vital and necessary effective services that you provide.

So, again, with apologies for having to leave, I thank the chairman for holding this, and I will get a full down brief on it from her.

Thank you, Admiral.

Senator LANDRIEU. Thank you. Senator Coats has been a very strong supporter of the Coast Guard. We appreciate it.

Senator Lautenberg.

#### STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Thanks, Madam Chairman.

And I am always glad to see the Coast Guard. Admiral, you represent a terrific unit, and we are proud of you and all of your people. I see them up close and often.

And New Jersey is the home for the most at-risk area in the country for a terrorist attack, a stretch that includes the port, airport, chemical plants, refineries, and railways. Protecting this region is not only protecting lives, it also protects the economy.

The Port of New York and New Jersey, the largest on the east coast, supports more than 270,000 jobs and \$37 billion in business income. Protecting this region not only protects lives, it protects the economy.

The men and women of the Coast Guard are America's eyes and ears on the seas, and we are safer because of them. And as you know, Admiral, I have marveled at the Coast Guard's ability to stretch, pull, push, and get more things done with fewer resources. And this is a very untimely thing to see a Coast Guard budget, in my view, being shrunken further. I am always surprised at the number of functions that we have the Coast Guard doing, whether it is as simple as navigational markers, fishing management.

But today, with security as it is, the Coast Guard part of homeland security, it is a different ball game. So we ask you once again to inform your people that we think very well of them, make sure that we are not going to ignore our responsibility to the Coast Guard. We need some more funding in our society, in our budget, and that is where the problem is.

But it is so important to support the Coast Guard and, again, asking you to do more with less. Unfortunately, discretionary spending has become the scapegoat of our deficit problems. This misguided "cut at any cost" approach has forced this year's reduction in the budget request for the Coast Guard and could lead to even more dangerous cuts next year.

The brave men and women of the Coast Guard never let us down, and it is critical that we give you and your people the resources they need to do the missions that they respond so effectively to. One important mission for New Jersey is the Coast Guard's role in upgrading the Bayonne Bridge. The height of the

bridge impedes the ability of larger ships to access the ports, and the game has changed substantially—with the opening of the Panama Canal, larger vessels, and we want those vessels to call on American ports.

This access will become even more critical in 2014 when the number of large ships will increase significantly. The Port Authority of New York and New Jersey is working with the Coast Guard to accommodate these ships by raising the height of the bridge.

So I look forward to hearing from Admiral Papp on the Coast Guard's efforts to advance this project and the impact. We are going to be asking questions, Admiral, as you would expect, what a reduced budget might do with the agency's operations.

Thank you for your service.

Senator LANDRIEU. Thank you.

And Senator Murkowski, if you had a brief opening statement, and then, of course, we will take questions later. Thank you for joining us.

STATEMENT OF SENATOR LISA MURKOWSKI

Senator MURKOWSKI. I do. Thank you.

Thank you, Madam Chairman and to the ranking member, thank you for holding this hearing. Incredibly important. I had asked that we have a very specific hearing focused just on the Coast Guard. And I appreciate, Admiral Papp, your leadership, of course, with all of our fine Coast Guard men and women and all that you do.

It has been kind of Coast Guard week for me already, and this is only Wednesday. We had an opportunity yesterday to have a very impressive presentation by Captain Havlik, who detailed the escort that the cutter *Healy* made last winter in escorting the Russian oil tanker *Renda* north to supply Nome and other coastal villages with fuel during a very, very cold winter.

It was a reminder of the capabilities of our Coast Guard. It is a reminder of what it is that we have available to us. But it is also a reminder that we have got a lot of work to do, and as an Arctic nation, that is becoming more and more clear.

I am looking at the threat areas map that has been presented to each of us at our desks here this morning, and I look at the threat areas and am very cognizant of my colleague's statement about the threats that New Jersey faces as a terrorist threat. But I look at the area around the State of Alaska and just the size and scope of what it is that we are facing, whether it is an increased presence in the Arctic because of resource development, the potential there, whether it is the activity that we see coming from the cruise industry coming across the top, whether it is the cargo traffic going between Alaska and Russia.

There is so much happening in the Arctic, and I see one very small orange dot there that indicates offshore patrol cutter. And I look at the area that you are charged with oversight, and I know that the challenges are great.

I know that from a budget perspective we are always cognizant of the responsibilities that we have directed toward the Coast Guard. And yet the resources, the revenues more often than not do not also accompany that.

I am going to spend most of my time this morning talking about the opportunities for us when it comes to icebreaking capacity. As an Arctic nation, we are woefully unprepared. You have said that we are behind the power curve regarding the Arctic. I agree with that. We need the assets. We need those resources up north.

I had an opportunity just yesterday to visit with a shipbuilder from Louisiana who has just completed an extraordinary vessel with icebreaking capacity, the *Aiviq*. It will be part of Shell's operations up north.

But I look at the opportunities that we have in front of us. We have got difficult budget decisions. We have an opportunity to perhaps do something on the private side. And while you and I have had a discussion about this, I think we recognize that we have got to figure out how we thread this needle when it comes to meeting our responsibilities and dealing with the budget issues and the concerns.

I am looking forward to this summer with the Arctic Shield deployment, where the Coast Guard will be testing the capabilities up there in the Arctic. I think we are all most interested to see that presence and see where our gaps truly are.

But Madam Chairman, I thank you again for holding this hearing. And Admiral Papp, I thank you for your leadership. Once again, the men and women of the Coast Guard continue to do us proud, and you are very ably leading those men and women. So I thank you.

Senator LANDRIEU. Thank you, Senator Murkowski. And I am looking forward to joining you and the Coast Guard in Alaska this summer to come visit and get a little bit better experience about what the magnitude and the dimensions of some of your threats there and challenges.

And let me turn it to Senator Cochran, who also is going to have to probably leave, I think, shortly for an intel hearing.

But before you came in, Senator, I said that you and I have two of the best positions really in the country to see the great work that the Coast Guard does, and we were grateful for them stepping up and saving about 33,000 of our citizens after Hurricanes Katrina and Rita, which was one of the bright chapters in many bright chapters of the Coast Guard history. And thank you for your support always of the Coast Guard.

Senator Cochran.

#### STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Madam Chair, thank you very much for your leadership in convening this hearing and in managing the requests we have for funding that we have to act on and make recommendations or Senate consideration.

It is a pleasure to see Admiral Papp here and to congratulate him for his continued excellent leadership as Commandant of the Coast Guard. We are impressed when we remember the terrible flooding challenges that we have had on the Mississippi River and tributaries there, too.

In the last few years, it seems like we have had more than our share of 100-year floods. Somebody doesn't know how to count. We

have got to change the way we talk about these things. But the Coast Guard is there.

I remember flying with the Commandant on his plane down to New Orleans for an inspection, really an overview of the flooding that we had had on the Mississippi River and the tributaries there, too. But I was quite impressed with the dedication to the responsibilities that the Coast Guard has under the law, and it gives us another opportunity to thank him and his colleagues in the Coast Guard for the fabulous job they have done over the years, but particularly in the recent past, when we have been challenged as we never have before, 100 years or less.

So we want to be sure we understand the priorities. We can't fund probably everything at the level that we would like to because of constraints on the budget and the limitations that we have imposed by the budget.

But we want to do what we think is best, in the best interests of the country. And with your assistance, we will identify those priorities in a thoughtful way and carry out the missions not only of the Coast Guard, but protect and save a lot of our valuable human resources and property that is very valuable to the economic future of our State and Nation.

Thank you.

Senator LANDRIEU. Thank you, Senator.

Admiral, we are prepared now for your opening statement.

STATEMENT OF ADMIRAL ROBERT J. PAPP, JR.

Admiral PAPP. Thank you, Chairman Landrieu, Ranking Member Coats, Senator Lautenberg, Senator Cochran, and Senator Murkowski.

It is a real honor for me to be here today and to be able to testify regarding our fiscal year 2013 budget. And on behalf of all the men and women of the Coast Guard, I want to thank you for that strong support that you spoke of in your opening statement over the last couple of years. It is gratifying to see the support from this subcommittee to help us to get the job done for this country.

And as this subcommittee is well aware and you have stated already, we are facing very serious challenging fiscal times. But we must not forget that America is, first and foremost, a maritime nation, and I think the reason why even interior States understand the value of the Coast Guard is because 95 percent of our foreign trade arrives or is shipped by sea.

The maritime transportation system accounts for nearly \$700 billion of the U.S. gross national product and supplies 51 million jobs to the U.S. economy. Our economy, our security, and our Nation's prosperity depend upon safe and secure maritime transportation routes.

But these same approaches can be used by criminals as well or people who choose to do us harm. In the offshore transit zones, we face growing transnational crime, drug and human trafficking, and piracy. And just over 1 month ago, one of our new HC-144 aircraft on its first flight of its first deployment to the Caribbean used its state-of-the-art sensors to detect a submersible smuggling vessel, a vessel capable of carrying 5 tons of cocaine inside.



I went to Colombia recently, and I toured a number of these seized vessels. They can carry anywhere between 5 to 7 or 8 tons of cocaine or other illicit material. Now that aircraft vectored in two Coast Guard cutters to interdict the sub. This was the fifth sub we have interdicted in the Caribbean since July 2001.

And as you can see from the handout that I have provided, drug subs are just one of the offshore threats that we are facing. Our natural resources are also threatened by illegal fishing, which is increasing pressure on our valuable fish stocks. Offshore exploration, driven by an expanding global thirst for fossil fuel, is also on the rise. Oil exploration is planned in the United States Arctic waters this summer, and even closer to our shores, we face the threat of a possible transboundary pollution that could be produced by drilling in Cuba's outer continental shelf.

Our Coast Guard is charged with ensuring the safety, security, and stewardship of this broad range of maritime activity. We protect people on the sea. We protect the Nation from threats delivered by the sea, and we protect the sea itself. There is no other United States agency that has the equivalent authorities, competencies, or capabilities to provide the Nation's maritime security and safety on the water and in the air and as far offshore as possible and within our ports.

Now this unique mosaic is a foundational characteristic. It is what makes the Coast Guard just as effective in dealing with major catastrophes like Hurricane Katrina and the Deepwater oil spill as it is at performing our day-to-day operations.

Our layered maritime security strategy focuses on three regions—overseas, offshore, and in-shore along the coast. This strategy seeks to optimize the use of our assets and authorities throughout the maritime continuum.

To ensure the Coast Guard remains capable of confronting future threats, however, we must judiciously invest in ships, boats, and aircraft that we need to effectively operate in each of these three areas or this layered security that I have talked about. In the decade since 9/11, we have focused on investing in resources to strengthen our capabilities to counter risks in our ports and in the coastal zone, the inner layer.

In the last 10 years, we have replaced almost our entire small boat fleet. We have added capable aircraft and more personnel to operate them. We have deployed the Rescue 21 distress communications system. We have unified field operations through the creation of sectors to fully integrate and leverage our prevention and response activities. We have enhanced regulatory inspection and compliance programs, and we have built effective deployable specialized forces.

We have also strengthened partnerships with the many agencies that we operate alongside. And although there will always be more work to do, these near-shore forces are far more prepared to address our risks than in the offshore layer. Simply put, what we have done over the last 10 years is we have built a strong defense in the inner layer—in our ports and along the coast—but the last place that you want to discover or confront a threat is near the shore or in your ports. That is playing goal-line defense.

So we need to now focus on building our offshore forces so that we can respond in that layer. But the offshore layer is also where I am most concerned because that is where our aging fleet is, and that is really the most expensive part of this layered security that we try to provide.

Our offshore fleet of cutters is aging. It is antiquated, and it is increasingly less effective. Even with the best efforts of my crews and the support from this subcommittee, the state of our major cutter fleet, most of which is in excess of 40 years old, is alarming.

Our 45-year-old average high endurance cutters are achieving only about 70 percent of their programmed underway hours, and more than 50 percent of the time, they sail with major casualties. This is a cause for concern because the key to interdicting threats offshore is maintaining a persistent presence to rapidly respond, interdict, and address any of those threats.

If we don't have capable and reliable offshore cutters, we can't mount a response. We cannot enforce our laws, and we cannot adequately protect our national interests. It is that simple.

This is why we must continue to build our new major cutters, such as the sixth national security cutter, as quickly as possible. I am thankful to Secretary Napolitano and the President for supporting the funding for production of No. 6 in the fiscal year 2013 budget. Maintaining shipbuilding momentum is what allowed us to get national security cutters Nos. 4 and 5 on contract this past year for nearly the same price.

We are now reaping the benefits of efficient shipyard processes and experienced shipbuilders. Now is the time to keep the production going. Now is the time to deliver these ships as inexpensively as possible. And now is the time to ensure the Coast Guard is capable of interdicting offshore threats for the next 30 to 50 years.

The fiscal year 2013 budget reflects the threshold I need to acquire new cutters and aircraft designed to address our greatest threats. Right now, we are delivering these new assets at minimum production levels. This ensures we keep the most critical acquisition projects moving forward while at the same time maintaining our front-line operations.

As this subcommittee clearly recognizes, given your strong support for the national security cutter program, we are balancing our investment in the future assets against resources required to maintain operations today. Doing so requires tradeoffs, but that is what leaders do. Leaders have to make tough choices in challenging times.

And leaders also have to look to the future to make sure their service and their country is prepared for future threats. As we work together to confront these challenges, the men and women of the Coast Guard are standing the watch to protect our Nation. The budget submitted to you seeks to provide them with the tools they require to continue performing our challenging maritime missions.

#### PREPARED STATEMENT

Thank you for the opportunity to testify before you today and for your continuing support of our Coast Guard. And I look forward to answering your questions.

[The statement follows:]

## PREPARED STATEMENT OF ADMIRAL ROBERT J. PAPP, JR.

Good morning Madam Chair and distinguished members of the subcommittee. Thank you for the continuing support you have shown to the men and women of the United States Coast Guard, including the funding provided in the fiscal year 2012 Consolidated Appropriations Act to recapitalize the aging fleet and sustain front-line operations.

This year marks our 222nd year of protecting Americans on the sea, America from threats delivered by the sea and the sea itself. Throughout this period, our unique authorities, capable assets and determined personnel have adapted to meet the Nation's evolving maritime safety, security, and stewardship needs. We are locally based, nationally deployed and globally connected.

I am here today to discuss the Coast Guard's fiscal year 2013 budget request. Before discussing the details of the request, I would like to take this opportunity to discuss some of the Coast Guard's recent operational successes, our value and role in the Department of Homeland Security, and in service to the Nation.

Over the past year, Coast Guard men and women—Active Duty, Reserve, civilian, and auxiliaries alike—continued to deliver premier service to the public. In the Midwest, Coast Guard disaster assistance response teams were among the first responders to residential areas impacted by severe flooding. In the Western Caribbean, Coast Guard medium endurance cutters and seagoing buoy tenders interdicted and supported the multi-agency recovery of self-propelled semi-submersible vessels. These “drug subs” are designed for one specific purpose—to deliver multi-ton loads of pure cocaine bound for our shores, streets, and schools. While the use of drug subs is increasingly popular in the Eastern Caribbean, these interdictions mark the first time we have encountered drug subs in the Western Caribbean. In the Arctic, the Coast Guard icebreaker *Healy* and her crew broke their way through 800 miles of Bering Sea ice to enable the motor vessel *Renda* to deliver 1.3 million gallons of fuel to the 3,600 people of Nome, Alaska after extreme weather and ice formation precluded safe delivery of this vital commodity.

Last year, the Coast Guard responded to 20,510 search and rescue cases and saved over 3,800 lives; seized over 75 metric tons of cocaine and 18 metric tons of marijuana destined for the United States; seized 40 vessels, detained 191 suspected smugglers; conducted over 10,400 annual inspections of U.S. flagged vessels; conducted 6,200 marine casualty investigations; conducted more than 9,000 Port State Control and Security examinations on foreign flagged vessels; and responded to 3,000 pollution incidents.

I am pleased to report the Coast Guard recently commissioned the lead Sentinel class fast response cutter, the *Bernard C. Webber*. Just over 60 years ago, on February 18, 1952, Boatswain's mate first class *Webber* and his three-man 36-foot motorized lifeboat crew rescued 32 souls, one by one, from the 503-foot tank vessel *Pendleton* after it broke in two in a nor'easter off Cape Cod featuring 60-foot seas, 70-knot winds and blinding snow. Petty Officer *Webber's* seamanship, courage, and leadership serve as an enduring reminder of the Coast Guard's value to the Nation.

The fiscal year 2013 budget represents a critical inflection point—the ships, boats, and aircraft we are investing in today are vital to ensuring the Coast Guard remains ready to respond to maritime threats and hazards, well into the future. Indeed, these resources will not just shape, but in a large part will define the Coast Guard's next 50 years of capability. We are also exercising resource and operational stewardship while simultaneously preparing for the future. We recently completed a review of doctrine, policy, and our operations and mission support structure to ensure we are focusing resources and forces where they are most needed. This prioritization is reflected in our fiscal year 2013 budget submission, which focuses on balancing current operations with our need to recapitalize for the future. However, we must do so in a manner that sustains our capability to safeguard lives, protect the environment and facilitate safe and secure commerce throughout our Maritime Transportation System—a system which carries 95 percent of all U.S. foreign trade and accounts for nearly \$700 billion of the U.S. gross domestic product and 51 million U.S. jobs.

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.

#### FISCAL YEAR 2013 REQUEST

In recognition of the current fiscal environment, the Coast Guard's fiscal year 2013 budget strikes the optimal balance between current operations and investment in future capability to sustain the Coast Guard's ability to execute its missions, and address the most pressing operational requirements. This budget request includes investment in new assets which are critical to ensure the Coast Guard remains capable of carrying out its missions today and well into the future. Accordingly, the Coast Guard's fiscal year 2013 budget priorities are to:

- Responsibly rebuild the Coast Guard;
- Efficiently preserve front-line operations;
- Strengthen resource and operational stewardship; and
- Prepare for the future.

Highlights from our request are included in appendix I.



*The Coast Guard cutter Waesche conducts at-sea refueling operations for the first time in the ship's history.*

#### *Responsibly Rebuild the Coast Guard*

The Coast Guard continues to focus resources on recapitalizing cutters, boats, aircraft, and command, control, communications, computers, intelligence, surveillance, and reconnaissance systems, critical to sustaining the ability to accomplish missions well into the future. This budget request fully funds the sixth national security cutter, strengthening the Coast Guard's long-term major cutter recapitalization effort to replace its aged, obsolete high endurance cutter fleet as quickly as possible. The fiscal year 2013 investments are critical to replacing and sustaining aging in-service assets, and are key to maintaining future capability.

#### *Efficiently Preserve Front-line Operations*

To ensure the Coast Guard remains ready to meet the Nation's safety and security requirements, the fiscal year 2013 budget request provides a balance between sustaining front-line operational capacity and rebuilding the Coast Guard. The fiscal year 2013 budget provides funding to operate and maintain Coast Guard assets and sustain essential front-line operations. Key investments include funding the operation of new assets delivered through acquisition programs and investment in military workforce pay and benefits.

*Strengthen Resource and Operational Stewardship*

The fiscal year 2013 budget meets essential mission needs while simultaneously preparing for new and exigent demands. Through a comprehensive internal review of doctrine, policy, operations and mission support structure, the Coast Guard has focused resources and forces where they are most needed, while recognizing the current fiscal challenges. The fiscal year 2013 budget also proposes administrative and programmatic reductions to improve efficiency and service delivery, while continuing investment in Coast Guard activities that provide the highest return on investment.

*Prepare for the Future*

The Coast Guard continuously identifies and prepares for emerging maritime threats facing the Service and the Nation. The fiscal year 2013 budget request recognizes the criticality of the Arctic as a strategic national priority, given increasing presence and interest by other nations, the preponderance of natural resources available in this region, and increasing maritime commercial and recreational activity.

## CONCLUSION

The role of the Coast Guard has never been more important. As we have done for well over two centuries, we remain “Always Ready” to meet the Nation’s ever-broadening maritime needs, supported by the fiscal year 2013 request. I request your full support for the funding requested for the Coast Guard in the President’s fiscal year 2013 budget. Again, thank you for the opportunity to testify before you today. I am pleased to answer your questions.

## APPENDIX I—FISCAL YEAR 2013 BUDGET REQUEST

*Responsibly Rebuild the Coast Guard**Surface Assets—\$879.5 Million (0 FTE)*

The budget provides \$879.5 million for surface asset recapitalization and sustainment initiatives, including:

- National Security Cutter (NSC)*.—Provides production funding for the sixth NSC; NSCs will replace the aging fleet of high endurance cutters, first commissioned in 1967. The acquisition of NSC No. 6 is vital for performing DHS missions in the far off-shore regions, including the harsh operating environment of the Pacific Ocean and Bering Sea, as well as providing for robust homeland security contingency response.
- Fast Response Cutter (FRC)*.—Provides production funding to procure fast response cutters (FRC) 19–20. These assets replace the aging fleet of 110-foot patrol boats, and provide the coastal capability to conduct search and rescue operations, enforce border security, interdict drugs, uphold immigration laws, prevent terrorism, and ensure resiliency to disasters. Hulls Nos. 17–20 will be procured in fiscal year 2013 using fiscal year 2012 and fiscal year 2013 funds, maintaining FRC production at the current rate.
- Offshore Patrol Cutter (OPC)*.—Continues 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.
- Medium Endurance Cutter (MEC)*.—Completes the Mission Effectiveness Program for the 270-foot MECs at the Coast Guard Yard.
- Survey and Design*.—Initiates survey and design work for a mid-life availability on the 175-foot Coastal Buoy Tender class.

*Air Assets—\$74.5 Million (0 FTE)*

The budget provides \$74.5 million for the following air asset recapitalization or enhancement initiatives, including:

- HC-144*.—Funds production of the 18th HC-144A Maritime Patrol Aircraft. The HC-144A fleet will provide enhanced maritime surveillance and medium airlift capability over the legacy HU-25 aircraft that they replace. The HU-25s will all be removed from service by the end of their planned service life, in fiscal year 2014.
- HH-65*.—Funds sustainment of key components requiring recapitalization.

*Asset Recapitalization; Other—\$76.5 Million (0 FTE)*

The budget provides \$76.5 million for the following equipment and services:

- Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR)*.—Deploys standardized C4ISR capability to newly fielded NSCs, C-130s and MPAs, and develops C4ISR capability for other new assets.

—*CG-Logistics Information Management System*.—Continues development and prototype deployment to Coast Guard operational assets and support facilities.  
 —*Nationwide Automatic Identification System (NAIS)*.—Continues recapitalizing the existing interim NAIS system in 58 ports and 11 coastal areas by replacing it with the permanent solution design and technology via the core system upgrade.

*Shore Units and Aids to Navigation (ATON)—\$69.4 Million (0 FTE)*

The budget provides \$69.4 million to recapitalize shore infrastructure for safe, functional, and modern shore facilities that effectively support Coast Guard assets and personnel:

- Station New York Boat Ramp*.—Constructs a boat ramp for launching small boats at Station New York, New York, for both the Station and Maritime Safety and Security Team New York.
- Air Station Barbers Point*.—Constructs an aircraft rinse rack facility to properly and effectively rinse C-130 aircraft at Air Station Barbers Point.
- Major Acquisition Systems Infrastructure*.—Commences construction of piers and support facilities for three FRC homeports; construction of an MPA training facility at Aviation Technical Training Center in Elizabeth City, North Carolina; construction of MPA maintenance facility hangar at the Aviation Logistics Center at Elizabeth City, North Carolina.
- ATON Infrastructure*.—Completes improvements to short-range aids and infrastructure to improve the safety of maritime transportation.

*Personnel and Management—\$117.4 Million (842 FTE)*

The budget provides \$117.4 million to provide pay and benefits for the Coast Guard's acquisition workforce.

*Efficiently Preserve Front-Line Operations*

*Pay and Allowances—\$88.9 Million (0 FTE)*

The budget provides \$88.9 million to fund the civilian pay raise and maintain parity of military pay, allowances, and healthcare with the 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, which includes pay and personnel benefits for the military workforce.

*Annualization of Fiscal Year 2012—\$54.2 Million (260 FTE)*

The budget provides \$54.2 million to continue critical fiscal year 2012 initiatives.

*Operating and Maintenance Funds for New Assets—\$47.6 Million (139 FTE)*

The budget provides a total of \$47.6 million to fund operations and maintenance of shore facilities and cutters, boats, aircraft, and associated C4ISR subsystems delivered through acquisition efforts. Funding is requested for the following assets and systems:

- Shore Facilities*.—Funding for the operation and maintenance of shore facility projects scheduled for completion prior to fiscal year 2013.
- Response Boat-Medium*.—Funding for operation and maintenance of 30 boats.
- Interagency Operations Center (IOC)*.—Funding for the operation and maintenance of the Watch Keeper system.
- Rescue 21 (R21)*.—Funding for the operation and maintenance of the R21 System in Sector Sault Ste. Marie and Sector Lake Michigan.
- FRC*.—Operating and maintenance funding for FRCs Nos. 8–9 and funding for crews Nos. 9–10. These assets will be homeported in Key West, Florida. Funding is also requested for shore-side maintenance personnel needed to support FRCs.
- HC-144A MPA*.—Operating and maintenance funding for aircraft Nos. 14–15 and personnel funding to operate and support aircraft Nos. 15–16.
- Air Station Cape Cod Transition*.—Funding to complete a change in aircraft type allowance, and programmed utilization rates.
- Training Systems for Engineering Personnel*.—Funding to support NSC and FRC training requirements at Training Center Yorktown.
- HC-130H Flight Simulator Training*.—Funding to support aircraft simulator training for HC-130H pilots, flight engineers, and navigators.

*St. Elizabeths Headquarters Consolidation—\$24.5 Million (0 FTE)*

Provides funding to support the Coast Guard's relocation to the DHS consolidated headquarters at the St. Elizabeths Campus in Washington, DC. Funding supports the systematic move of equipment, employees, and work functions to the new headquarters location, beginning in the third quarter of fiscal year 2013.

*Strengthen Resource and Operational Stewardship**Asset Decommissionings*

In fiscal year 2013, in addition to the planned decommissioning of legacy assets, the Coast Guard will make targeted operational reductions to prioritize front-line operational capacity and invest in critical recapitalization initiatives.

*High Endurance Cutter (HEC) Decommissionings—\$16.8 Million (–241 FTE)*

The Coast Guard will decommission the fourth and fifth of the original fleet of 12 HECs. With the average cutter age at 43 years, the HEC fleet has become increasingly difficult to maintain and sustain operationally. The decommissioning of two HECs is critical to support ongoing major cutter recapitalization efforts. National security cutters, including the sixth NSC which is fully funded by this budget request, replace the aging HEC fleet.

*110-ft Island Class Patrol Boat Decommissionings—\$2.0 Million (–35 FTE)*

The Coast Guard will decommission three 110-ft patrol boats in fiscal year 2013. The 110-ft patrol boats are being replaced by the FRC.

*High Tempo High Maintenance Patrol Boat Operations—\$33.5 Million (–206 FTE)*

The Coast Guard will terminate the high tempo high maintenance (HTHM) operations program that facilitates augmented operation of eight in-service 110-foot patrol boats. Termination of this program coincides with commissioning of new FRCs which will mitigate this lost capacity.

*Close Seasonal Air Facilities—\$5.2 Million (–34 FTE)*

The Coast Guard will improve the efficiency of domestic air operations by closing Seasonal Air Facilities and realigning rotary wing capacity to provide three medium-range H-60 helicopters to the Great Lakes region to replace the H-65s currently in service. Due to limited demand for services and improved endurance from the H-60, the Coast Guard will discontinue operations at two seasonal Coast Guard Air Facilities at Muskegon, Michigan, and Waukegan, Illinois.

*HU-25 Aircraft Retirements—\$5.5 Million (–20 FTE)*

The Coast Guard will retire the three remaining HU-25 aircraft assigned to Coast Guard Air Station (CGAS) Cape Cod to allow for the transition to HC-144A aircraft. In fiscal year 2013, the Coast Guard will deliver and place in full-operational status three HC-144A aircraft at CGAS Cape Cod.

*Management Efficiencies*

The budget proposes administrative and programmatic efficiencies to improve service delivery, while continuing investment in Coast Guard activities that provide the highest return on investment.

*DHS Enterprise-Wide Efficiencies—\$56.3 Million (–24 FTE)*

The Coast Guard will seek efficiencies and cost reductions in the areas of IT infrastructure, Government vehicles, professional services contracts, non-operational travel, GSA leases, permanent change of duty station relocation costs for military personnel, and logistics services by consolidating/centralizing functions in geographically concentrated areas.

*Programmatic Reductions*

In fiscal year 2013, the Coast Guard will make targeted reductions in base program areas. These base adjustments recognize changes in requirements for selected activities and redirect resources toward higher priorities, including critical recapitalization projects and essential front-line operations.

*Headquarters Personnel and Support Reduction—\$12.7 Million (–131 FTE)*

The Coast Guard will eliminate 222 headquarters positions through attrition and implementation of a civilian hiring freeze in the Washington, DC area. This reduction preserves the Coast Guard's critical capabilities to conduct front-line operations; mission support; and development and implementation of national policies and regulations.

*Recruiting Program Reduction—\$9.8 Million (–39 FTE)*

The Coast Guard will make reductions to the recruiting program and selective enlistment bonuses, which are not needed based on the current employment outlook.

*Other Targeted Program Reductions—\$6.2 Million (– 62 FTE)*

The Coast Guard will make targeted reductions to the intelligence workforce, organizational performance consultants, and non-reimbursable detached duty billets.

*Targeted Operational Reductions—\$3.7 Million (– 32 FTE)*

Based on an internal review and assessment of operational risk, the Coast Guard proposes to make targeted operational reductions by reorganizing the international Mobile Training Team, consolidating PWCS airborne use of force (AUF) capability at Elizabeth City, North Carolina; and San Diego, California, and eliminating the Vintage Vessel National Center of Expertise.

*Prepare for the Future**Polar Icebreaker—\$8.0 Million<sup>1</sup> (0 FTE)*

Initiates survey and design of a new polar icebreaker to ensure the Nation is able to maintain a surface presence in the Arctic well into the future.

*Alaska Shore Facilities—\$6.1 Million<sup>1</sup> (0 FTE)*

Provides funding to recapitalize and expand helicopter hangar facilities in Cold Bay, Alaska, and recapitalize aviation re-fueling facilities at Sitkinak, Alaska. These investments will sustain the Coast Guard's ability to establish effective presence in the Bering Sea and Aleutian Chain—the “gateway” to the Arctic.

Senator LANDRIEU. Thank you, Admiral.

Senator, do you have a question? Okay, perfect.

Senator Coats and Senator Cochran will submit questions for the record, and they have had to leave for an intel briefing.

## FAST RESPONSE CUTTERS: PRODUCTION

We will do 5 minutes each of rounds. Let me begin with the fast response cutters.

Of course, I am familiar with these because they are built in Louisiana, and I am proud to say in Lockport, Louisiana. I was there in April with others to commission the first fast response cutter, the *Bernard C. Webber*. Now these cutters are going to provide 2,500 annual operation hours, which will allow the Coast Guard to close a 25-percent shortfall in patrol boat hours.

In 2012, we fully funded the Department's request for six fast response cutters. The Department sold this subcommittee on the fact that building six maximizes the production line and actually saves taxpayers \$30 million when you get the efficiency of building a line and keeping the production going. It also obviously accelerates the delivery of these ships that are important in your priority.

Last year's budget request indicated that another six were necessary, but the budget before us includes funding for only two. Yesterday, the House Appropriations Committee released their draft, and it includes funds for four. If our Senate bill would include funds for four or more, will you be in a position to award a contract for six, continuing the savings and the efficiencies that we tried to create last year, Admiral?

Admiral PAPP. Yes, Chairman, absolutely. It is regrettable—and I understand the confidence and the support that you gave the Coast Guard by putting six patrol boats in last year's budget. Unfortunately, in trying to fit within the top line this year, acquisition funding was reduced by 20 percent.

I was forced into a position of having to maintain the minimum production levels in all our acquisition projects just to keep the

<sup>1</sup>Note: Funding amounts within this section are included in totals listed within the Responsibly Rebuild the Coast Guard section.



lines going so that we don't have to restart lines later on at great cost. So I admit that it is a little bit of a shell game. What I did was I fit in as many things as I could and ended up with two FRCs in the fiscal year 2013 budget. And I was hopeful that we would get permission to be able to use the 2012 money to keep the production line going at at least four per year.

But given the scenario that you have suggested here from the House mark, absolutely. If there are four FRCs in the 2013 budget, that will allow me to execute six this year. And that is absolutely the way ships should be produced.

You give the shipbuilder a constant stream of funding or a predictable stream of funding. They can keep their employees on. They can buy long-lead time parts. It is the most efficient way to run a shipyard. Much the same way as we need to run the national security cutter program as well at Huntington Ingalls. They need to have predictability and a steady funding stream, so that we can get the best efficiencies and get the best price for the taxpayer as we build these ships.

#### NATIONAL SECURITY CUTTERS: POSSIBLE SHARED FLEET WITH NAVY

Senator LANDRIEU. Thank you, and that leads into my exact second question with the national security cutter, which is built across the road in Mississippi. It is the most capable ship of the Coast Guard's recapitalization surface fleet. Each NSC is 418 feet long with an operational range of 12,000 nautical miles. It can remain at sea for over 2 months. The budget request includes funding for the sixth, but no funding is projected for out-years for the final two.

I know in the past that you have testified that Nos. 7 and 8 are necessary to meet your requirements. When Secretary Napolitano testified before the subcommittee in March, she said, "Before moving ahead on Nos. 7 and 8, we want to make sure we are coordinated with the Navy." Her point was to make sure the Coast Guard and the Navy fleets are not duplicative and complement each other.

Have you talked with the Chief of Naval Operations about your respective fleet plans? Did your conversation provide more clarity on the need for Nos. 7 and 8? And what are the impacts to our Nation if Nos. 7 and 8 are not built?

Admiral PAPP. The answer to your immediate question, Chairman, yes, I have spoken with Admiral Greenert. We meet regularly. We see each other usually about twice per week. But we held a specific meeting to discuss shipbuilding in particular to make sure that both of our services are giving the American citizens the best return on their investment.

And last week, even though I was still recovering, our staffs got together, and they compared our shipbuilding programs as well. And what we have determined is that the Navy is building ships that the Navy needs. The Coast Guard is building ships that the Coast Guard needs.

And while these fleets are complementary, for best service to the American people, we need to be able to be interoperable, share some systems. So that if the worst case happens, Coast Guard cutters can be used to support the Navy, and likewise under domestic or security situations, Navy assets can help supplement the Coast

Guard. So what we do is we build complementary vessels. But I can assure you they are nonredundant.

If you ask the Chief of Naval Operations, I am sure he will tell you he doesn't have enough ships to do all the thing he needs to do. And I will tell you that I don't have enough ships to do all the things I need to do.

As regards Nos. 7 and 8, I actually see a ray of optimism there. The fact of the matter is it remains the program of record, eight national security cutters, and Secretary Napolitano has confirmed that. And in fact, Nos. 7 and 8 are listed in the 5-year plan, and it is regrettable there are zeroes under there. I would like that to be different.

But having said that, when I look at the cumulative figures that have been projected by the administration and our 5-year plan, it really brings us closer to the level of funding that I think is adequate to recapitalize the Coast Guard. In fiscal year 2014, it calls for almost \$1.5 billion.

I have gone on record saying that I think the Coast Guard needs closer to \$2 billion per year to recapitalize, do proper recapitalization. And over that 5-year period, we build up to \$1.7 billion. So a ray of hope for me is that we are getting closer to what we need to recapitalize the service.

As regards the figures within the columns for each one of those years, I think we all know that, year to year, that is a negotiation process. It is a projection, but every year it seems to change.

So what the Secretary has done is she has said we need to compare with the Navy. We need to make sure that we are not building something that is redundant, that is an unfair burden on the taxpayers because the Navy can do it or vice versa. And I think that we have determined in my discussions with the Chief of Naval Operations that we are not.

Senator LANDRIEU. Okay. I really appreciate that clarification.

I am going to turn it over to Senator Lautenberg in a minute. But because the three of us serve on the Appropriations Committee, I wanted to say this because I think my colleagues are well aware of this.

I think the American people will continue to be surprised that the United States of America does not have a capital budget. I think the American people are just learning about how our budgets either operate or don't operate. I think they would be really shocked and somewhat disappointed that we don't have a capital budget.

I represented the State of Louisiana for many years. I served as a legislator and appropriator and a State treasurer. Senator Lautenberg has experience. Obviously, Senator Murkowski served as a leader in your house, did you not, Senator?

I mean, we had an operating budget. We had a capital budget. And so, for long-lead time things that we built, that took years to build, we would put in our capital budgets, managed our debt, maintained it, had an operational balanced budget.

When I look at what I am going to have to fund as the chair of this subcommittee in homeland security in terms of really big-ticket items—like finding the funding for your icebreaker that costs,

what, \$1 billion plus? Eight hundred to \$900 million. We have got to build an icebreaker. We have to build that icebreaker.

We also have to finish the headquarters complex. Now that could be some people might think yes or no. But you have got a new department that is very important. They need to have a building to operate. That has been put on hold.

So these big capital projects. And then I have got several members of my subcommittee clamoring to build a \$1 billion bio, what is it, agriculture bio in Kansas. And they want me to fund this out of our operating budget for homeland security?

I don't know, Senator. I mean, it is not for the discussion. But you all can appreciate specifically—and I think we are going to have to do some more things for Alaska, given the activity that is going on in Alaska, which has not been there for the last 50 or 100 or ever, I mean, since they came into statehood.

I could do a whole hearing on offshore Alaska and take up hours discussing it, which I might do, Senator Murkowski. So we can explain to people what is actually happening up your way.

But anyway, this is a great challenge for our subcommittee. I am open to suggestions, and I thank you for trying to be as efficient as you can be. But at some point, Senator Lautenberg, we are going to have to bring this to the attention of our chairman.

But let me turn it over to Senator Lautenberg now.

#### BAYONNE BRIDGE PROJECT

Senator LAUTENBERG. Thanks very much, Senator Landrieu. Spoken like a true leader.

I had a long business career before I got here. And capital budgets, you have an opportunity to amortize your investment over the life of the article, and so it reduces the need for cash on a constant basis and is more in keeping with the standard accounting procedures and giving us some latitude.

I look at the things that you are asked to do in the Coast Guard, and there is never a place almost that your people and your organization can't be of help, whether it is moving into a combat zone, whether it is helping in the case of landings or knowledge or what have you.

And the world is changing around us. Even though some here don't believe that global warming is happening, the fact of the matter is that it is happening, and it is happening in a way that will create more demand for Coast Guard presence.

And I know that Senator Murkowski is very conscious of what is happening up near Alaska with the ships of other countries now getting into places that were not available to them before. So you have to be a bit of a magician, Admiral, and we are going to try to help you get the goods.

As mentioned, the Bayonne Bridge in New Jersey is there, will be there to accommodate larger ships coming through the Panama Canal 2014, and it is essential to our region's economy and to our Nation's economy. And while we want a thorough environmental review, Admiral, we want it done as quickly as possible.

As a leader of the review process, can you commit to working with us, with me to expedite consideration of this project?

Admiral PAPP. Senator Lautenberg, I certainly do. We are committed to working that project as quickly as possible. We are already at work with the Port Authority and the local agencies. I, myself, understand the value of that project, having cut my teeth as a young officer working in Kill Van Kull and Newark Bay underneath that same Bayonne Bridge that needs to be replaced.

And I remember how tight it was there for ships even, I hate to say, 25 to 30 years ago when I was working there to get through that area. So that bridge, we wondered at that time, it probably should have been replaced then. So it is certainly in need of replacement now in order to keep the Port of Newark viable up there.

So we understand the importance, and I commit to you to track this and work with my people up in that area to make sure that we are moving this along as quickly as possible.

Senator LAUTENBERG. Thank you. More than 3 million vehicles cross the Bayonne Bridge every year. They connect two roads in the National Highway System. The Coast Guard is the lead agency on the Federal review, but the Department of Transportation (DOT) also is a key player. What steps are taken to involve DOT in this review process, Admiral?

Admiral PAPP. We work with the Department of Transportation very closely. Being our legacy department, we still have many contacts, and we have liaisons over there.

And currently, we are working on a very important project out on the Columbia River right now. And Secretary LaHood and I met with the Oregon and Washington State delegations to make sure that we are keeping that project going along. So we have contact at the highest levels and at the working level of the DOT to make sure that these high-priority projects get the proper attention.

#### FULFILLING CRITICAL MISSIONS

Senator LAUTENBERG. This budget has its shortcomings. We take whatever we can get, but doesn't mean we have to be happy along the way. You are having a difficult time, you said, meeting all the Coast Guard's missions under the current budget.

Now how will the Coast Guard fulfill its critical missions if automatic spending cuts further reduce your budget next year?

Admiral PAPP. Senator, I simply do not know. I mean, I can give you a lot of hyperbole right now talking about massive cuts, massive decommissionings of ships, and all of that is true. I don't have the details. Quite frankly, it is a nightmare scenario for us.

It would cause us to have to reduce our force significantly. I am not talking about 1,000 people like in this budget. It would be multiple thousands of people from the Coast Guard and likely front-line operational units that would have to be decommissioned, perhaps training centers.

It would be going back to some of the things that we were confronting in the late 1990s as our budget was whittled down over time.

#### DRUG INTERDICTION

Senator LAUTENBERG. Madam Chairman, we have to fight our way to not let that happen. And I am sure, Senator Murkowski, you agree. We are both water-contacted States. Not quite as much

as you, but little New Jersey has got a lot of coastline for the size of the land mass.

The new things that occur outside of your bailiwick that fall to further responsibilities for you. You mentioned these drug subs and people out there trying to create ways to get past the Coast Guard's purview and the rest of our law enforcement organizations. And according to the military, limited resources allow for only one-third of the drug shipments that the United States knows about to be intercepted.

Now you said recently the Coast Guard will likely have to reduce its drug interdiction role in Latin America with limited resources. Now we pay for these deficiencies, one way or another. We pay for it in advance and prepare ourselves to stop these things before they become problems in both pain and suffering in so many ways.

Costs continue to be there, whether it is incarceration or trials or whatever. And if we can cut the supply short before it gets here, we are a lot better off. If the Coast Guard's role is reduced, what is going to be the impact on our ability to prevent drugs from entering?

Admiral PAPP. Sir, this is one of those scenarios that doesn't make sense to me. I talked about the drug sub that we interdicted just this last month. There was another one just a couple of weeks ahead of that where we got 2 tons of cocaine, which we actually seized. We estimate in this sub, because they scuttled it, but ordinarily those that we have captured carry around 5 tons of cocaine.

We interdict or stop, the Coast Guard, in the transit zone between South America and where it enters Central America annually roughly about 100 tons of pure cocaine. There is about 700 tons that are produced in South America. There is a market for about 400 tons in the United States. We interdict about 100 tons.

The entire law enforcement establishment of the United States in the lower 48—Federal, State, and local—only seize 40 tons each year. So if we can take it out of the transit zone before it reaches Central America, where it destabilizes countries and creates violence, and that violence is approaching our southwest borders, I think we are much better off.

But the only way we can do that is by having substantial off-shore cutters that we can deploy down to the deep Caribbean and to the Eastern Pacific to sit off Colombia and the other surrounding countries to interdict those vessels as they try to make their way up to Central America. Ninety percent of the cocaine produced goes by maritime routes.

We know at least through South America; it has to transit the maritime to get into Central America. And as you say, out of all the intelligence that we have queued, we are only able to prosecute about 30 percent of that intelligence.

Senator LAUTENBERG. Thanks very much, Admiral. Keep the ports tight and ready, and we will try to give you the equipment and you bring the spirit. Thank you very much.

Admiral PAPP. Thank you, Senator.

Senator LANDRIEU. Senator Murkowski.

ICEBREAKERS

Senator MURKOWSKI. Thank you, Madam Chairman.

And you remind us all, and I think this bears repeating, that what we are seeing in the Arctic right now is absolutely unprecedented, unprecedented in our Nation's history, in the history of the globe. Because what we are seeing is we are seeing more water up there. And as Admiral Allen said before you, Admiral Papp, I don't know whether it is climate change or what it is, but all I know is that the Coast Guard has more water that we are in charge of.

So what we have done with our Coast Guard is the mission has expanded because we are seeing a change in the Arctic. We are seeing more water that the Coast Guard is now charged with, and yet what we haven't done as a Congress is step up to that responsibility, acknowledge that as an Arctic nation, we need to have an icebreaker. We haven't stepped forward with the resources necessary or the manpower or the assets.

And so, we have got to recognize our role here and provide the requisite support for our Coast Guard. As I mentioned in my opening comments, Admiral, you have stated that the United States is behind the power curve regarding the Arctic. There was a Naval War College Gaming Department report that found that the Navy is also woefully unprepared and ill-equipped for activities in the Arctic.

So we have got a situation here, whether it is potential for resource development that we are hopeful we will move forward this summer, or whether it is the increased traffic that we are seeing with just commercial activities and container ships moving minerals from Russia, moving through the straits there, or whether it is cruise ship activity, there is greatly stepped up activity in the north.

So, Admiral, I would ask you to dream just a little bit for me. And I know that you are hesitant to say truly what you need. But as an Arctic nation, we don't have icebreaking capacity right now. The *Polar Sea* is being decommissioned. The *Polar Star* is being refurbished. She will be back in the waters in 1.5 years, but she has got a limited life expectancy, I understand, of just about another 10 years.

We have got the *Healy* that is our research medium-strength cutter, but we don't have any icebreakers. What do we need as an Arctic nation to meet the responsibilities that we have?

Admiral PAPP. Senator, part of the problem is, you and I understand that we are an Arctic nation. It is hard to get the rest of the Nation's attention on—

Senator MURKOWSKI. So if you and I were in charge?

Admiral PAPP. First of all is educating people. This chart that I put down in front of you, the Chief of Naval Operations had an equivalent chart as well, and he showed where all his threats are. And one of the things that I found interesting is he had a little symbol for chokepoints. In other words, in the Straits of Malacca, in the Straits of Gibraltar, and other places, he had these symbols that indicate that they were chokepoints. And those are very important to freedom of the seas for the United States.

And when I looked across his chart, I said you missed two key areas. And he said what do you mean? I said the Bering Strait and Unimak Pass. For our Nation's prosperity, those are two key chokepoints, but the Chief of Naval Operations for the United

States didn't even recognize that because there are no threats for him to deal with up there at present.

Senator MURKOWSKI. And if we could just tell our colleagues here that with there, the Bering Straits, as I understand, is about 52, 57 miles, or something like that?

Admiral PAPP. That is about it between us and Russia, yes, ma'am.

Senator MURKOWSKI. Pretty close.

Admiral PAPP. And Unimak Pass, which is even less than that, between two islands is on the great circle route between the Asian Pacific and our west coast ports, and there are literally thousands of ships that transit through there, carrying fuel and other things that put us at risk for environmental disasters, sinkings, and other things.

So these are key issues for the U.S. Coast Guard.

Senator MURKOWSKI. So how many ships, how many icebreakers do we need?

Admiral PAPP. Icebreakers, we have done a study. Our high-latitude study said that, optimally, we should have three heavy icebreakers and three medium icebreakers. But that is also because we have responsibilities in Antarctica right now as well.

With our present laydown of icebreakers, we are at an at-risk position. In fact, I lucked out this particular year or we lucked out because the National Science Foundation lost their lease for the Swedish icebreaker that they were contracting to break out *McMurdo* in Antarctica this year, and they came to me and asked if I would change *Healy's* operational schedule and deploy *Healy* down to Antarctica.

And my response was, no, I wanted to keep *Healy* close because we are at an at-risk position. And then, lo and behold, we had Nome freeze in, and we had to do that emergency fuel delivery—

Senator MURKOWSKI. We appreciate your foresight in not sending *Healy* down south.

Admiral PAPP. I am delighted that I don't have to sit here today and explain to you why *Healy* was in Antarctica when Nome was starving for fuel. But the truth of the matter is we simply lucked out.

Senator MURKOWSKI. Let me just finish up then because my time has expired here. We have got \$8 million now in the budget requested for the study and the design of the new icebreaker. I have indicated to my colleague that it is somewhere between \$800 million and \$900 million, an 8-year build-out for an icebreaker.

Can you give me a little bit of detail in terms of what is next in the acquisition process, what we can realistically expect in terms of a timeframe for a new icebreaker to be launched?

Admiral PAPP. Yes, ma'am. I would say the \$8 million is a good start. Survey and design. We need to survey the interagency. This is not just a Coast Guard icebreaker. It is a United States icebreaker and a very valuable asset to this country.

So we need to make sure that the Department of Defense is served, the National Science Foundation is served, the Department of the Interior is served. We need to reach out across the interagency to make sure we are making accommodations for everybody. We didn't necessarily do that in the past.

Although *Polar Star* and *Polar Sea* were the best icebreakers in the world 30 years ago, they weren't really conducive for some of the things that the National Science Foundation has to do and other agencies. We built great icebreakers, but they weren't necessarily great scientific vessels.

So if we are going to invest this much of our taxpayers' money, we really need the time to go across the interagency. Nobody really comes together until you have some money in hand. We now have the money in hand. People will come. We will consult with the interagency and come up with the design that best serves the United States.

Given that deliberative process and our current acquisition rules, I would say that 10 years is probably a reasonable time period to figure before we have that ship delivered and able to start operations. That is why we have invested in *Polar Star*, to return her to service, so that we can gap that period for at least 10 years until we get the new icebreaker in the water.

Senator MURKOWSKI. I appreciate your statement there, Admiral, and I recognize the difficulties. I think we do want to make sure that we have got good design that does fit well with the needs that are out there.

But I think we are doing a better job in terms of reminding people that we do have responsibilities as an Arctic nation, and that we are unprepared. And what can we do to expedite the process? What can we do to perhaps look to different alternatives?

And that is why I mentioned in my opening comments, maybe it is time that we look to some of the other alternatives that might be out there in the private sector. I know that leasing is something that the Coast Guard has said you have got some real reservations about. But given what we are dealing with with budget issues and dealing with the time period that we are all talking about here, it causes me to wonder.

Because I don't want us to be sitting 5 years from now not being able to meet the needs and wishing that we had done something either interim or had tried to expedite the process. I think we are all very concerned that we have got some real gaps currently, and how we deal with that is going to be very, very critical.

Admiral PAPP. Yes, ma'am. And I didn't want to leave you with the thought that I am not open to other ideas. I am. It has been suggested on the House side as well, and we will look at the leasing opportunities and assess how that works.

I have just watched Shell Oil go out and get one built very quickly. It may not be the type of icebreaker that we would want. But on the other hand, you can get it done quickly. And if we can get it done quickly for less money, we are always open to something like that. So we will investigate that possibility.

Senator MURKOWSKI. Appreciate that. I will have more questions in the next round.

Thank you, Madam Chair.

Senator LANDRIEU. Thank you, Senator.

#### INNOVATIVE FINANCING SOLUTIONS

And that really leads into the question that I wanted to ask about options for meeting the challenge that we have. We have al-



ready made it clear that the need is there. The budget, as we have been budgeting, is not going to meet that need.

So I am either going to do two things. We are either going to create a capital budget for this subcommittee, or we are going to look for some innovative financing solutions. And I would like you to talk for 1 minute about innovative financing solutions that either the Coast Guard has considered or you have observed the Navy.

And you don't have to go into too much detail, but give us some idea that there might be a way or two out of the situation that we are in. Take 1 minute or 2 to describe what you are hearing or what you are observing, what you consider, and if you have the current authority to do that. And if not, do you need this subcommittee or another committee to provide you with the authority you need?

Admiral PAPP. Thank you, Chairman.

Going back to your last round of questioning and the statement you made about the capital investment plan and your comments now, a point that I would like to make is you frequently use the word "leadership." And I think that is a key element to all of this that you are talking about.

Leaders have to be concerned about year-to-year, but if you are a true leader and not a manager, you are looking out. You have vision. You have a plan. You take your service or your agency, you have an objective 10, 20, 30, or 40 years down the road that you are building toward because you have to have that vision to take into consideration the potential threats that your country is going to face along the line.

The challenge for leaders in this town is we are consumed by people whose vision only goes from year-to-year. And we spend about 75 percent of our time dealing with people who do not have vision, that only focus on year-to-year challenges and how to fit within a top line, and it consumes us.

If we had some way to have stable, predictable, consistent funding for our projects, you gain the efficiencies of being able to transfer that to industry, which looks for stable, consistent, predictable funding for the projects and their workforces and their capital plans all along the line.

Part of the challenge that I face is in order to comply with A-11 requirements, we have in the past had to try to fit entire costs of one ship into one budget year. And when the total cost, long-lead production and post-production cost for, let us say, a national security cutter gets up in the vicinity of about \$700 million, and I am only getting \$1.2 billion or \$1.4 billion in acquisition money, that is half our acquisition budget right there.

Senator LANDRIEU. So what is an alternative? I mean, just roughly. I mean, some other countries must be experiencing some of these challenges. The private sector experiences some similar challenges.

So what are some options that you hear about? Is a leasing arrangement possible? And if so, are you authorized to consider it, or do you need new authorizations?

Admiral PAPP. I will have to get back to you for the record on that. We are looking at that because the question has come up so often, and I think we are—

Senator LANDRIEU. I appreciate you taking a look at it.

Admiral PAPP. We are all a little reluctant. I mean, I have leased cars in the past. And I spend a lot of money, and at the end of 3 years, I don't have a car.

So the Coast Guard's practice, because of our funding levels for two centuries now, is we generally get a lot more out of our assets than any other agency. There is no other navy in the world, certainly not the U.S. Navy, that would keep ships like ours around 40, 45 years. They are generally decommissioned at about 25 years.

So we have this mindset of taking care of things for long periods of time. Maybe there is a better way of doing it. Getting for short term and then turning around and getting newer things. But we will—

Senator LANDRIEU. Okay. I just want you to know that this subcommittee is not interested in managing on the margins. Our subcommittee is interested in helping you build the Coast Guard we need for the country. And in that, I need you to provide us with some options and some information.

[The information follows:]

For purposes of executing the duties and functions of the Coast Guard, the Secretary of the Department of Homeland Security, under 14 U.S.C. 92, may within the limits of available appropriations "design or cause to be designed, cause to be constructed, accept as gift, or otherwise acquire vessels. . . ." The Federal Acquisition Regulation defines "acquisition" as "acquiring by contract with appropriated funds supplies or services. . . by and through purchase or lease. . . ." The Federal Acquisition Regulation further provides that leasing is appropriate if entering into a lease is advantageous to the Government. These basic authorities establish that the Secretary has the ability to acquire a vessel for the Coast Guard, through a lease arrangement. Whether a lease is advantageous must be evaluated based on a host of factors, including the likelihood of sufficient budget authority and funding to support the lease, and the comparative costs between leasing and outright purchase.

While there are ways to mitigate risks and costs associated with leasing, the reality for the Coast Guard is that given the need for a domestic producer to design and construct a specific vessel unique to Coast Guard multi-mission requirements, the risks are enormous for the shipbuilder. The shipbuilder will seek to shift those risks and costs to the Coast Guard. That dynamic is likely to undermine many of the advantages the Coast Guard would seek to exploit by pursuing a lease.

The Coast Guard has traditionally acquired its capital assets through procurement. This approach is undertaken primarily due to the length of time the Coast Guard maintains these assets in service. For example, the majority of the Coast Guard's major cutters have been in service for more than 40 years, which from a business case perspective, generally makes acquisition more cost effective than leasing.

Senator LANDRIEU. I think Senator Murkowski and I are in a great position in the leadership positions that we hold, both on Appropriations and Energy, et cetera, to think outside of the box and to make some things happen. I have no intention of serving as chairman of the Homeland Security Committee and operating around the margins.

I will not be constrained by the current nonsense that I hear about the budget of the United States. And so, while I realize that resources are limited, ideas are not limited. And dreams are not limited, and new approaches aren't limited. And so, we are going to explore them because I intend to build and support the Coast Guard the country needs.

We can't close our eyes to the things happening around the world. I mean, what the Senator described in Alaska, whether peo-

ple acknowledge it or not has no bearing on whether it is true. I mean, it is true, period. Their acknowledgment of it or their education of it matters nothing to me because we know what we have to do.

And when I look at the budget that I have, I honestly have to say I can't do it, and I am not prepared to not do it. So I have really got a big challenge here, and I need you to help me.

#### HOUSING AND CHILD CARE FACILITIES

Let me just move to one more question and then I am going to submit the rest for writing. But I am very interested in this issue. First Lady Michelle Obama and Dr. Biden have spent a lot of their time on something that I think is very important, and that is really meeting our commitment to the men and women in the military by caring for their families.

Everybody I have ever met that served in any service has said to me over and over again, and I am sure, Senator, to you. "Please, Senator, don't worry about me. I want you to take care of my spouse. I want you to take care of my children."

So I have taken that to heart, and we have tried to focus some efforts as appropriators on housing, on daycare, on good education systems for our men and women in uniform. I am sure that the men and women of the Coast Guard tell you the same thing.

So, in our budget last year, we plussed up a little bit what we could on our daycare and our education. But unlike the Army and the Navy, of which I serve on the Milcon subcommittee, which are in cities and near urban areas, the Coast Guard finds itself in very rural areas, just by the nature of your mission.

I mean, you are on the coast. Sometimes there are big cities there, but sometimes, often—and I am sure this is true in Alaska—it is very rural. So what are we doing to help our Coast Guard families? Could we suggest some things, some new opportunities for financing, and how tough is the situation that you are facing?

And if you could sort of describe the general housing that your Coast Guard people and families are living in. Is it very good? Is it mediocre? Is it very poor? If you could help us understand what we might be able to do because we want to make sure our families are safe and that we really do honor their service by providing them a safe and adequate place to live.

Admiral PAPP. Thank you, ma'am.

I think, as you know, my wife Linda and I have taken this to heart. Two of our highest-priority projects that we have been working in all the extra time that we have in our visits as we travel around the country is housing for our people and getting proper child care facilities for our people as well.

That is why we so deeply appreciated the plus-up that we received last year, and we have put that to good use. We have lowered cost for our junior families to be able to put their children in child care centers. We have brought on new instructors. We have trained people so that they can do at-home daycare as well. We have also had the opportunity to take on a couple of housing projects that we desperately need.

But I would categorize housing for our people, because that is a specific question, I would say mediocre to poor for the most part,

particularly when you compare it to what the Department of Defense has. And I will qualify that by saying that we have been able to take advantage of, in numerous areas now, the authorities that the Department of Defense has for public-private ventures.

I was just out in the 14th Coast Guard district, Hawaii, recently to do some official visits out there. We transferred property. It used to be the Coast Guard Red Hill housing area. We transferred that property to the Army, and the Army took it over as the manager. The Army used its authorities, and it built brand-new houses. And I toured a couple of those.

Senator LANDRIEU. Aren't they amazing?

Admiral PAPP. I am proud to say our Coast Guard people live in those houses. I, myself, live in a public-private venture house. Now we sold the Commandant's home that we had for 40 years, and we went public-private venture with the Air Force over at Bolling. So I know the benefits of that process.

The challenge for the Coast Guard is we will never have enough money in our budget to be able to score against contracts. Plus, it is hard to get contractors to come in because we are so widely dispersed. They really need a large focused area. That is why we are using the Department of Defense, and I think that is the best route for us right now.

We are doing it in Puerto Rico. We are doing it in the Alameda area, San Francisco area and, as I said, out in Hawaii, and it is working very well for us.

To take care of that mediocre to poor housing, we have taken some of our money, and we have done a complete survey of all our housing across the Coast Guard. We will probably divest ourselves of some of that poor housing in order to take the limited resources that we have and improve the mediocre up to good.

And we are well into that project. We have created a project line at one of our civil engineering units that is focused solely on our Coast Guard housing, and we are moving out smartly to make sure that we do better for our people.

In Alaska, for instance in Juneau, we found that there were people waiting 6 months for housing up there in some cases. And we have now instituted Government leases, and we have relieved that challenge that we face. So it is a multivariable problem for us that we are confronted with because we are so widely dispersed and that we don't have the same authorities as the Department of Defense.

One of the other things that we are very proud of as well is we have taken our limited money, and some of our commanding officers out there have initiated self-help projects. Our people who live in the housing, with limited funding that we have to buy paint and materials, have done self-help projects and done significant repairs and improvements to the housing.

We had hoped to be able to take the proceeds from the sales of Coast Guard properties like the Commandant's house. We sold the Commandant's house for nearly \$2 million. And we thought that that was going to go in a revolving fund that we would be able to then take out and use for improvements to the housing that we already own.

What I have discovered is the way the law was written or the bill was written, it is a little challenging, and it gets scored against our other budget. So we have got that money in escrow right now, and we are investigating to see what we need to do to—

Senator LANDRIEU. I am going to help you fix that, and I am going to put language in my bill to make sure that when you sell surplus property, you get to keep the proceeds to invest back into your housing. And I don't know how much pushback I am going to get, but I am going to try to do it.

Senator Murkowski, go ahead.

#### SHORE-SIDE SUPPORT ASSETS

Senator MURKOWSKI. Thank you, Madam Chairman.

I appreciate that you brought up the quality of life issues and what we are doing for our families. And Admiral, please convey my personal thanks to your wife. Linda has taken a true leadership role and in doing I think a very considerable reach-out to the families and to look at issues that I think we recognize is the quality of life things that will keep our men and women within the Coast Guard. So it is very, very important.

And I would also be remiss if I did not acknowledge the very difficult situation that the men and women in Kodiak are facing currently. We had a double homicide on the Kodiak air base there that is as yet unresolved. And in a small island community like Kodiak, it is, I think, quite nerve-wracking for the families concerned about their security.

I know the Federal agencies are working hard and with the great help of the Coast Guard to try to resolve this. But when we talk about the health and safety, I think we are always concerned when there is something of this nature. So my thoughts and prayers go out to all those that are working so hard to resolve this.

I have spent most of my focus this morning on the issue of ice-breakers, but I think we recognize that we are also going to require some shore-side support facilities, both for surface and afloat assets. Contained within your budget here is support for the shore-side facility, \$6.1 million to recapitalize and expand the hangar facilities there in Cold Bay and also the refueling facilities there at Sitkinak. Very important.

But I think it is important for people to understand that when we are talking about servicing, using our helicopters going from Kodiak to respond up to Barrow, it would be the equivalent, if you will, of basing yourself in Miami and flying across to San Diego to respond. This is what we are talking about.

And so, not only are our helicopter assets limited, but where do you stop to fuel up? How do you get from point A to point B when the weather is difficult? So having these additional facilities, I think, is going to be key and will be part of what we have to move forward in the Arctic.

We have got community leaders, as you know, in spots along the Northwest that are all advocating for improved infrastructure, whether it is Nome or Kotzebue, Port Clarence, the other locations that are willing to help meet the needs of this changing Arctic, focus on the deepwater port, and the study that we are all awaiting.

And I guess the question to you this morning, Admiral, on that is what is the Coast Guard's involvement at this point in time in the planning for these locations? Are you working with the Corps of Engineers on this? Where are we with regards to the deepwater port, as well as some of the onshore infrastructure, the shore-side assets that we are talking about?

Admiral PAPP. Right. As far as the deepwater port project goes, certainly that is of interest to me because we are going to be increasingly sending our ships, our aircraft, our people up there, and we need a means of support for them as well. I will admit to you that I don't have the details of where we are as of today.

Admiral Ostebo and his folks up in Juneau and Anchorage have been monitoring and working with the Corps of Engineers and the State to look at recommendations and make determinations as to where we should go up there.

Senator MURKOWSKI. Who is the lead agency on that? Is it the Corps of Engineers? Is it Coast Guard? Do you know?

Admiral PAPP. My belief—it would be the Corps of Engineers—is inevitably, whatever you have to do, there is going to be structures that are placed in the water, perhaps some dredging that has to occur. And all of that is a challenge up there for any one of those ports.

Senator MURKOWSKI. And it may just be that I need to visit with Admiral Ostebo myself and just get a better understanding in terms of where we are. Because I have streams of folks coming in, wanting to know where we are, whether or not—wherever it is Nome, Kotzebue, Port Clarence, wherever, what the situation is on the ground. And I would like to have a little better understanding.

At a minimum, I think what I would like is to know what the requirements are for the deepwater port, the pier service location because it may be if we know what the requirements are ahead of time, you will have communities say, we can't meet that or we can meet that. So that they know whether or not there is more that they might be able to offer up. Are you aware of whether or not we have pinned any of that down yet?

Admiral PAPP. No, we haven't. And quite frankly, what I have been focused on is what are the infrastructure needs that the Coast Guard will need up there operating?

Senator MURKOWSKI. Right.

Admiral PAPP. We haven't projected any shore-side construction. I mean, at a minimum right now, there is a need for hangar space in Barrow.

Senator MURKOWSKI. Right.

Admiral PAPP. And we are not talking deepwater port when we talk that. But in terms of conducting Coast Guard operations, at some point in time, we are going to need a communications infrastructure across the North Slope. We are probably going to need expanded landing strip capability, tarmacs, a hangar, places to put people, all of which don't exist in Barrow right now, but that is the optimal spot for it.

The challenge I face is I have probably about, right now as we speak, a \$2 billion shore backlog of repairs and improvements needed for shore infrastructure, and we haven't even begun to consider what we might need on the North Slope up there. In this

year's budget, I think we try to get about \$200 million a year in the budget to try chipping away at that backlog.

Last year, we got close to \$200 million. We are down to about \$70 million because of tough tradeoffs we had to make in the budget this year. So, suffice it to say, we aren't making a lot of progress against that backlog, and it is very difficult to take on new projects for infrastructure as well.

That is why it is so important for this national security cutter. For the foreseeable future—I would say the next 5 years—we are going to be safe and secure up there during the months that Shell and the other companies are up there drilling, and the influx of people and ships that will bring. Because a national security cutter, quite frankly, is floating infrastructure.

It has a flight deck. It has worldwide communications, command, and control. It can sustain itself for 90 or more days with fuel, water, and supplies that it brings on. And it is like having a sector Anchorage and being able to uproot it and sail it up there off the North Slope. So it will serve us well for the next 5 years or so as we start putting together plans for what we need for infrastructure up there in the Arctic.

#### NUMBER OF FAST RESPONSE CUTTERS

Senator MURKOWSKI. Yes, the national security cutters are incredibly impressive. Let me ask one more question, if I may, Madam Chairman, and then I will submit additional questions for the record.

And this relates, too, to the fast response cutters. I guess the question would be what the ideal number is. It is my understanding that if we don't move forward with what I am assuming would be the ideal number out there, that the proposal currently, which is Ketchikan receiving two of the FRCs—and I understand also Hawaii would receive two additionally—that those are then not necessarily off the table, but for the foreseeable future we may not be seeing those assets coming north. Is that your understanding?

Admiral PAPP. I have high confidence that this project is going to continue through to completion. With this budget, we will be up to 20 of the fast response cutters of the 58 that we planned to build out in the program of record, and it has got great support. So I see us continuing.

Now given the funding levels in any particular year, yes, there could be some delays in how they are and when they are delivered. We are hopeful that we can keep up the schedule that we currently have.

Under the scenario that was given earlier, we put six back into 2012. And if we were to build four or more in 2013, that keeps us on track and moving along. It also gives us substantial savings as well. When you are building six per year down in Lockport, you are saving yourselves probably about, saving us and the taxpayers about \$30 million a year.

Senator MURKOWSKI. And keeping that production moving is good again for the efficiencies, but there is also a real concern that if we do reduce it—you are talking about minimum production levels. If we go below those minimums, I think there is real concern

about how we meet that ideal number, that number that I think you and I would agree is necessary to provide for the work that needs to be done.

Admiral PAPP. Yes, ma'am.

Senator MURKOWSKI. Thank you, Madam Chairman.

#### NATIONAL SECURITY CUTTER COST

Senator LANDRIEU. Thank you, Senator.

And I have just two brief questions. We are going to close out by 11:30 a.m.

Following up the long-lead time on the national security cutter, our subcommittee included \$77 million above the request for the Coast Guard to acquire long-lead time materials for national security cutter No. 6 in advance of production. We have talked about this, but I just want to be clear. How has this funding helped minimize the cost for the national security cutter?

And if no funding is provided for NSC No. 7, will there be a likely break in production? And for each delay, what are the projected cost increases for those cutters?

Admiral PAPP. Yes. First of all, we are deeply appreciative that we received that \$77 million last year. And in fact, just to show the efficiencies of having predictability and a funding stream and everything else, my recollection is we actually came in \$2 million below that for the long-lead materials because they were able to gain some efficiencies through their purchasing processes, and we executed that.

Having those materials on hand allows the ship to be constructed. Our estimate is between \$30 million to \$40 million in savings, and it gets us the ship delivered a year earlier. So if there is any break in subsequent funding for follow-on national security cutters, you can expect probably a cost increase, an every year delay of probably about 10 percent is what we estimate. And a commensurate delay in delivery.

Senator LANDRIEU. Okay. Let me just close out with some comments about the Panama Canal because I think this is something that is also, Senator Murkowski, just game-changing for our country. I have some information here that I want to submit to the record about these new Panamax cruise ships.

The length of the new Panamax cruise ship is 1,200 feet. The current lock, the length of the current, the old lock is 1,050 feet. So when the new locks are built, the new locks are going to 1,400 feet to accommodate a new length for these huge cruise ships of 1,200 feet.

So for people to understand, the cruise ships that are coming through, that want to come through the Panama Canal, physically cannot fit through the canal today, and that is why it is being expanded. In addition to the tremendous potential growth in cruise ships, which the Coast Guard is responsible—not the Navy—but the Coast Guard is responsible for the safety of the souls on these cruise ships, and there are more and more souls now that are going to be on the cruise ships in the event that something would happen.

You also, I think, have some obligation for any pollution or discharges that are illegal. And it is growing industry of which your



State, of course, benefits. So does my State. But these are the kinds of extraordinary changes that are taking place that I don't think our budgets, Senator, are preparing us to accommodate.

This is just one industry. This isn't the cargo. The large, large containers of cargo that are going to be unloading three times to four times the amount of the containers. So I know we have a real challenge before our budget, and I am not going to spend the next 5 years, 6 years, or 10 years, as long as I am here, nibbling around the margins. Not going to happen.

So we are going to have to find a way forward that accommodates the reality of industry and life and challenges in the United States, and we have a big job to do.

#### ADDITIONAL COMMITTEE QUESTIONS

So I thank you, Admiral, for your testimony. Please submit anything else about the Panama Canal for the record, about Alaska, about our lease opportunities, about new ways of doing things, because we obviously can't continue to put the pencil to this budget and wake up in 20 years and think we have done our job. Because our job will not have been done well.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

##### SUPPORT FOR MILITARY FAMILIES

*Question.* Last year, First Lady Michelle Obama and Dr. Jill Biden launched efforts to strengthen support for military families and set four strategic priorities:

- Enhance the psychological health of the military family;
- Ensure excellence in military children's education and development;
- Develop career and educational opportunities for military spouses; and
- Improve the quality and availability of child care services.

In fiscal year 2012, we included \$9.3 million to help Coast Guard families offset the costs for child care. We also included \$20 million to address a shortage of military housing in areas where there is a lack of affordable accommodations.

Can you describe what the Coast Guard is doing to make additional improvements in these areas?

*Answer.* The Coast Guard is using the fiscal year 2012 appropriation of \$20 million to build 15 family units and complete initial site work for future phases of housing construction in Columbia River Astoria, Oregon and renovate one wing of unaccompanied personnel housing to meet current construction code and habitability standards in Cape Cod, Massachusetts. These two initiatives will enable the Coast Guard to address critical housing shortfalls affecting military family readiness and provide for the well-being of our junior enlisted personnel. Additionally, the Coast Guard leases residential housing for military families in locations that lack adequate affordable housing, and most recently entered into leases in Juneau, Alaska for single non-rated personnel assigned to afloat units and not entitled to basic allowance for housing. The Coast Guard continues to look for situations where we can partner with DOD and leverage their housing programs. In the past, we have successfully partnered with DOD and their housing areas, such as the joint Army-Coast Guard project at Red Hill, Hawaii, and the Navy-Coast Guard partnership at Belle Chase, Louisiana.

The Coast Guard is using the additional \$9.3 million to expand our Childcare Subsidy Program. The Coast Guard has adjusted income categories to align with DOD child care programs and increase the total family income cap, offsetting the cost of child care for additional Coast Guard families. In addition, the Coast Guard received funding for seven training and curriculum specialist (TAC) and five child development services specialist (CDSS) positions. Recruitment efforts for these positions are currently in progress. The seven TACs will be assigned to our Child Development Centers (CDC) to ensure the centers' continued accreditation by providing

consistent, enhanced curriculum for both CDC staff and the children attending the CDCs. The five CDSSs will allow the Coast Guard to sustain and expand our Family (In-Home) Child Care Program, increasing the availability and accessibility of child care for families in Coast Guard-owned and leased housing. The CDSSs will also assist both the CDCs and Coast Guard families in addressing child educational and developmental issues.

*Question.* Has the Coast Guard asked the authorization committees for authority to spend receipts deposited in the Coast Guard Housing Fund on military housing without the funds being subject to appropriation? If so, what is the status of that request? Does the Coast Guard have an estimate of potential receipts from the sale of surplus property?

*Answer.* The Coast Guard has not requested the authority to spend Coast Guard Housing Fund moneys without an appropriation.

The table below depicts the receipts and expected receipts from the sale of real properties.

#### REAL PROPERTY SALES RECEIPTS

Property	Sale status	Coast Guard sale proceeds	Date sold
Kennedy Drive, Chevy Chase, MD .....	Sold .....	\$1,700,000	Sep 2011
Snug Hill Lane, Potomac, MD .....	Sold .....	845,000	Aug 2011
Goldsboro, Bethesda, MD .....	Sold .....	1,400,000	Oct 2011
Clyde Hill, Seattle, WA .....	Sold .....	635,000	Feb 2012
Parcel 1, Maui, HI .....	Sold .....	<sup>1</sup> 270,000	May 2012
Parcel 2, Maui, HI .....	Sold .....	<sup>1</sup> 271,400	May 2012
Parcel 3, Maui, HI .....	Sold .....	<sup>1</sup> 278,000	May 2012
Parcel 4, Maui, HI .....	Sold .....	<sup>1</sup> 231,100	May 2012
Parcel 5, Maui, HI .....	Sold .....	<sup>1</sup> 274,000	May 2012
Parcel 6, Maui, HI .....	Sold .....	<sup>1</sup> 285,000	May 2012
Buxton Housing, Cape Hatteras, NC .....	Awarded <sup>2</sup> .....	2,625,000	July 2012 (pending)
Total Receipts .....	.....	8,814,500	

<sup>1</sup> Receipts from sale have not been transferred to the Coast Guard.

<sup>2</sup> Awarded indicates the selection of a buyer following the end of the auction period.

*Question.* Please evaluate existing laws for the Department of Defense which provide authority or guidelines for incremental funding of major assets and housing and provide to the subcommittee your assessment of the value of such authorities or guidelines were they to be applied to the Coast Guard.

*Answer.*

*Housing.*—The Coast Guard is unaware of any instance where Congress has granted permanent or project-specific authority to the Department of Defense that would allow for the use of appropriated funds, on an incremental basis, for the acquisition of real property, the improvement of undeveloped land, or the rehabilitation or redevelopment of existing improvements.

*Major Assets.*—Limitations on the use of funds through the Anti-Deficiency Act (31 U.S.C. section 1341, 31 U.S.C. section 1342 and 31 U.S.C. section 1517) serve as the foundation of the full-funding policy and preclude incremental funding.

#### ARCTIC OPERATIONS

*Question.* Currently, the Coast Guard has two heavy polar icebreakers, the *Polar Sea* and the *Polar Star*. The Coast Guard is planning to decommission the *Polar Sea* and the *Polar Star* is being refurbished and will be reactivated in 2013 for another 10 years of service. The budget request includes initial funding for a new icebreaker, but it will take 8–10 years to complete, assuming funding is provided.

Royal Dutch Shell hopes to begin exploratory drilling operations in U.S. Arctic waters this summer.

Following the Deepwater Horizon spill in 2010, over 47,000 personnel and 7,000 vessels were deployed in response.

Can you discuss the Coast Guard's offshore response capabilities in the Arctic region today?

*Answer.* A spill response by Coast Guard in the Arctic would primarily differ compared to a spill in non-Arctic regions because of the distance to remote spill locations, lack of pre-staged equipment, and lack of supporting shore-based infrastructure. Adverse weather conditions such as ice, low visibility, and prolonged darkness also reduces the effectiveness of a response effort. However, exploratory drilling in

the Arctic is at much shallower depths, with significantly lower well pressures and therefore smaller worst case discharge as compared to deepwater wells in the Gulf of Mexico.

Unlike smaller commercial entities operating in the Gulf of Mexico, drilling projects in the Arctic maritime are currently feasible only for highly capitalized companies such as Shell. Such companies are able and committed to bringing substantial resources to the region to fulfill their regulatory mandate to provide spill response equipment. Also, the Department of the Interior and the Coast Guard review prior to approval to move/activate drilling equipment into the drilling region the following items: whether the rig conforms with international safety and security standards; performance of safety equipment (i.e., the blowout preventer, emergency generators, lifesaving and firefighting equipment); and crew certifications. Cascading additional private resources into the region after an incident will be a challenge due to distances involved and a lack of supporting infrastructure in the Arctic. Cascading Coast Guard oil spill response resources into the Arctic would face similar logistical challenges.

In the event of a spill, the responsible party is accountable for controlling the release and mitigating any damage. As a regulatory agency and Federal first responder, the Coast Guard has worked closely with other Federal, State, tribal, and industry stakeholders to review contingency plans so that if an incident does occur, the Coast Guard can, with its partners, assist the responsible party to minimize adverse impacts to the environment, individuals, and commerce.

The Coast Guard has conducted extensive oil spill planning at the regional response team and local sub-area committee levels to address the challenges of responding to an incident in the Arctic region. The Alaska Federal/State Preparedness Plan for Response to Oil and Hazardous Substance Discharges/Releases is referred to as the Alaska Unified Plan. The North Slope and the Northwest Arctic Subarea Contingency Plans are 2 of 10 subarea plans that make up the Alaska Unified Plan. These plans represent a coordinated and cooperative planning effort between members of the Environmental Protection Agency, U.S. Coast Guard, Alaska Department of Environmental Conservation, U.S. Department of the Interior, and numerous other Federal, State, local, and native as well as industry participants. These plans include site-specific response strategies known as geographic response strategies that are tailored to protect sensitive areas threatened by an oil spill. The Alaska Unified Plan and its Sub-Area Contingency Plans contain extensive guidance on response procedures that have been developed for the challenges specific to Alaska and the Arctic including response to oil spills in or near ice conditions. The Coast Guard, the Alaska regional response team, in coordination with the private sector and local community, have actively updated these plans to address the challenges presented by offshore drilling within the last 6 months.

This summer, the Coast Guard is planning Operation Arctic Shield 2012 that will stage ships and aircraft in the vicinity of proposed Arctic drilling sites (Chukchi and Beaufort Seas). These assets will be prepared to respond to and provide command and control for search and rescue, law enforcement, and oil spill response incidents should they occur.

Operation Arctic Shield 2012 will be supported by a mixture of Coast Guard flight-deck equipped cutters, sea-going buoy tenders, fixed-wing aircraft and helicopters, and shore forces.

*Question.* If a spill of significance occurred in the Arctic, how long would it take to get response personnel and vessels in place?

Answer. Shell oil spill response vessels and crews, as well as other private sector resources will be pre-positioned near the proposed drilling sites available for response to potential oil spills while drilling activities are underway.

The Coast Guard will have ships and aircraft in the vicinity of proposed Arctic drilling sites (Chukchi and Beaufort Seas) that, in conjunction with our partners and industry, can respond to and provide command and control for an oil spill incident.

Additional response equipment is located throughout Alaska and the United States, and can be cascaded into the affected area in the event of a spill but will be a challenge due to vast distances and lack of supporting infrastructure. Any cleanup operation that occurs beyond that period into the Arctic winter months would present significant challenges; due to extremely harsh operating environment, including adverse weather, cold temperatures, ice, and periods of extended darkness.

Effective preparedness and response is dependent on the equipment, capabilities, and logistical infrastructure the private sector (vessel, facility, and offshore platform operators) has in place coupled with diligent Federal and State oversight and coop-

erative exercise to ensure that systems are in place and manageable during an event.

#### C-27J AIRCRAFT

*Question.* The U.S. Air Force has targeted over 280 aircraft for elimination over the next 5 years, including 21 new C-27Js that are essentially brand new planes that haven't been used. The Coast Guard has a significant need for similar type planes.

Could these aircraft be used for Coast Guard missions and are you looking at the possibility of acquiring them from the Air Force?

*Answer.* The Coast Guard has previously established that the C-27J meets the key performance parameters of a medium-range surveillance maritime patrol aircraft. However, in its current state, the aircraft would require maritime missionization to meet all Coast Guard requirements. The Coast Guard is conducting a holistic cost analysis to identify the feasibility and specifically what funding would be required to operate the aircraft as part of the Coast Guard fleet; the Coast Guard has communicated our potential intent to the Air Force.

*Question.* What are the potential budgetary savings if the Air Force were to transfer these C-27Js to the Coast Guard as compared to buying new aircraft?

*Answer.* Coast Guard's preliminary business case analysis estimates that the transfer of C-27J aircraft to the Coast Guard would result in an approximately \$900 million capital cost avoidance as compared to the Program of Record. The estimated savings considers only the cost of the acquisition of those airframes and does not include the net cost to missionize the asset, infrastructure costs, or cost to crew, operate, and maintain the C-27.

#### SEMI-SUBMERSIBLES "DRUG SUBS"

*Question.* As you know, there is a troubling trend of semi-submersible vessels being used by smugglers to transport cocaine to the United States. The Coast Guard recently intercepted its 31st semi-submersible in the Western Caribbean. Over the last 6 years the Coast Guard has intercepted 26 of these vessels in the eastern Pacific and five in Caribbean waters.

What is the most effective strategy to counter this threat and is the Coast Guard properly resourced to address it?

*Answer.* Transnational criminal organizations (TCO) use self-propelled semi-submersible (SPSS) vessels whenever they believe that these more costly vessels will have the best chance of successfully delivering drugs to their initial landside transit point. The Coast Guard employs specific tactics, techniques, and procedures for detecting and interdicting SPSS vessels at sea. The Coast Guard utilizes various surface and air assets for detection of SPSS vessels including maritime patrol aircraft (MPA), cutter-based helicopters, and boats and cutters. The Coast Guard also deploys law enforcement detachments onboard U.S. and Allied Naval vessels that deploy to the drug transit zones and operate under the control of the Coast Guard or joint task force. All of these assets possess both day/night optical detection equipment, including but not limited, to night vision, infrared cameras, and radars. As the Coast Guard recapitalizes its aging fleet, we are increasingly effective at implementing these tactics.

The Coast Guard and Joint Interagency Task Force South (JIATF-S) partner to conduct the detection and monitoring (JIATF-S led) and interdiction and apprehension (Coast Guard led) missions against counter-drug threats, including SPSS vessels. The Coast Guard, U.S. Navy, and certain Allied Partners deploy surface and air assets to JIATF-S, which best positions these assets to detect and interdict SPSS.

The best strategy is to deter TCOs from building and employing SPSS vessels. The Drug Trafficking Vessel Interdiction Act of 2008 (Public Law 110-407) criminalizing the operation of and embarkation in stateless submersible and semi-submersible vessels navigated outside the territorial seas of any country with intent to evade detection, provides a necessary legislative tool to counter this threat. Subjecting the crew of interdicted SPSS to prosecution in U.S. courts can lead to new intelligence for identifying SPSS points of origin and positioning assets for future interdictions.

#### PANAMA CANAL

*Question.* The Panama Canal is being widened to accommodate larger cargo vessels. This expansion is expected to be completed in 2015. Some U.S. ports are anticipating larger ships and increased ship traffic after the expansion project is completed.

What is the Coast Guard doing to respond to this development and are there any budget implications?

Answer. The Coast Guard's Port State Control program is not anticipating a significant increase in workload as a result of the arrival of larger vessels that may result from the widening of the Panama Canal. Larger vessels may reduce the number of calls in certain ports and increase in others. Workforce adjustments can be made as a result of workload changes, if necessary.

Coast Guard aids to navigation (ATON) may be affected if channels are required to be widened to accommodate larger ships. The U.S. Army Corps of Engineers would be responsible for providing notification to the Coast Guard for any congressionally approved channel improvement project that will affect Federal ATON; this notification will provide the Coast Guard with time to analyze the current ATON system and assess impacts. As these impacts are not yet known, there are currently no estimated budget implications.

#### UNMANNED MARITIME VEHICLES

*Question.* Do you support increased use of these alternative platforms that may provide the potential for cost savings and improved performance to the Coast Guard for diverse missions such as improved situational awareness, search and rescue, and oil spill detection and response?

Answer. The Coast Guard supports the employment of unmanned capabilities as a complement to manned assets. The Coast Guard is currently preparing to test a cutter-based unmanned aircraft system (UAS) onboard a national security cutter this summer. Unmanned aerial maritime vehicles are expected to provide increased surveillance and detection capability, and reduce the exposure of Coast Guard personnel to hazardous operating environments.

#### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

*Question.* If you do not achieve your National Security Cutter Program of Record, how will this impact Coast Guard operations? Would you have to sacrifice execution of some missions as a result?

Answer. There has been no decision to change the current Program of Record. The major cutter acquisition programs (NSC and OPC) are currently under review to assess whether alternative mixes of these assets would achieve similar overall performance or better. The Coast Guard will continue to assign available resources to address the greatest risk areas.

*Question.* Is it feasible and cost-effective to keep the remaining high endurance cutters running?

Answer. Maintaining the remaining high endurance cutters (HECs) is necessary to continue front-line operations, but doing so long-term is not effective from a return on investment standpoint. Built between 1967 and 1972, the HECs are currently operating beyond their economic service life and experiencing decreased operational availability and increased maintenance costs. Now approaching 50 years of service life, the Coast Guard is continuing to spend considerable additional maintenance funds in order to keep these cutters operational; thus, the priority of the Coast Guard is recapitalizing the major cutter fleet.

*Question.* Your fiscal year 2013 budget request reflects plans to decommission two high endurance cutters, three patrol boats, and termination of the high tempo high maintenance patrol boat program. If this happens, will the Coast Guard face challenges with regard to meeting its statutory operational requirements? If so, how large and how long will the gap in operational capabilities be? What can be done to mitigate the effects of these potential gaps?

Answer. The Coast Guard is decommissioning legacy cutters as new and more capable assets become operational; five fast response cutters (FRC) and three national security cutters (NSC) are expected to be fully operational by the end of fiscal year 2013. Each FRC will provide 20 percent more capacity in terms of operational hours than the 110-foot patrol boats that they are replacing.

In fiscal year 2013 major cutter capacity will drop by 2,498 programmed hours as older in-service assets are decommissioned and newer, more capable cutters are brought on-line. Also patrol cutter capacity will drop by 13,750 programmed underway hours, primarily reflecting cessation of high tempo high maintenance operations.

The 110-foot Patrol Boat Mission Effectiveness Project, which will complete the final hull in summer 2012, has improved patrol boat reliability for remaining in-service hulls, until transition to the FRC fleet is completed. The Coast Guard will continue to assign available resources to address the greatest risk areas.

*Question.* Admiral, with your statement in February 2012 that national security cutter No. 1, *Bertholf* will deploy to the Arctic this year, does this mean that other national security cutters will continue to deploy there? If so, how will that impact other future missions and major cutter availabilities? What is the long-term strategy with respect to supporting the myriad of missions the Coast Guard capably performs given the current resource constraints that you face?

Answer. Similar to the legacy high endurance cutters that operate in the Arctic, the national security cutter will patrol and provide a response and command and control platform during the ice-free portion of the summer, with some enhanced operating capability. The Coast Guard will continue to utilize the most appropriate assets to balance risk across all mission areas.

The Coast Guard will continue to allocate resources in a manner that strikes the optimal balance between sustaining current operations and investment in future capabilities required to sustain the ability to execute missions and address the most pressing operational requirements.

The Coast Guard strategy includes the four following priorities:

- Responsibly rebuild the Coast Guard;
- Efficiently preserve front-line operations;
- Strengthen resource and operational stewardship; and
- Prepare for the future.

Responsibly rebuilding the Coast Guard requires a continued focus of resources on recapitalizing cutters, boats, aircraft, and command, control, communications, computers, intelligence, surveillance, and reconnaissance systems as quickly and cost-effectively as possible.

To preserve front-line operational capacity, the Coast Guard will prioritize investments for the operation of new assets delivered through acquisition programs.

Strengthening resources and operational stewardship is achieved through a doctrine, policy, operations, and mission support structure that focuses resources and forces where they are most needed.

To prepare for the future, the Coast Guard continuously assesses emerging maritime threats facing the Service and the Nation and feeds that information to the DHS Future Years Homeland Security planning process.

*Question.* Please describe the Coast Guard's current acquisitions strategy for unmanned aircraft systems. What specific challenges are you facing today with regard to testing and integrating possible vertical take-off UAS?

Answer. The Coast Guard's unmanned aircraft systems (UAS) strategy is to acquire existing cutter-based and mid-altitude land-based UASs while emphasizing commonality with existing Department of Homeland Security and Department of Defense programs that are technologically mature. To that end, the Coast Guard's UAS project is now in the pre-acquisition "need" phase.

The Coast Guard established a Joint Program Office with U.S. Customs and Border Protection (CBP) to jointly operate the CBP's Guardian UAS in maritime missions. The Coast Guard has eight pilots and four system sensor operators qualified in and flying Guardian missions.

The Coast Guard has also established a formal partnership with the Navy's vertical takeoff unmanned aerial vehicle (UAV) (Fire Scout) program office to collaborate on a cutter-based solution. Utilizing fiscal year 2012 Coast Guard research, development, test and evaluation funds, the Coast Guard intends to procure and install the ground control segment of a Fire Scout system aboard a national security cutter (NSC) to facilitate a future at-sea technical demonstration. Ultimate completion of the underway demonstration is contingent upon Navy Fire Scout air vehicle accessibility for Coast Guard use. Other challenges to address include coordinating Navy technical assistance for Fire Scout shipboard analysis, equipment maintenance and installation aboard an NSC, logistics support of the MQ-8B as the Navy begins production of the larger MQ-8C and Fire Scout reliability and overall system maturity.

The Coast Guard is also pursuing a non-major system acquisition of a small ScanEagle UAS for the NSC, as an interim, cost-effective UAS capability. To support this strategy, the Coast Guard plans to conduct technical demonstrations of the ScanEagle aboard an NSC during fiscal years 2012 and 2013.

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QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

PORT CLARENCE LORAN STATION

*Question.* A memo to me from Coast Guard CEU Juneau dated February 7, 2012, states that the Coast Guard "is proposing to issue a Finding Of No Significant Im-

pact (FONSI)" following an environmental assessment of the divestiture of the LORAN-C station Port Clarence, Alaska. These actions would result in the relinquishment of the 1962 land withdrawal for Port Clarence and transfer the property back to BLM. Has the FONSI been issued yet?

Answer. The Loran Station Port Clarence final environmental assessment and finding of no significant impact has been approved and signed.

*Question.* How long do you expect that it will take for the approval of the Coast Guard's environmental assessment and the acceptance of the notice of release of property by BLM?

Answer. The Coast Guard plans to submit a notice of intent to relinquish letter to the Bureau of Land Management (BLM) in June 2012 stating that the Port Clarence Loran Station is no longer needed by the Coast Guard. BLM will decide whether to accept the land for return to the public domain or issue a public land order permanently withdrawing the land.

#### CONCLUSION OF HEARINGS

Senator LANDRIEU. Thank you, and we will reconvene in a couple of weeks on another subject.

Admiral PAPP. Thank you, ma'am.

Senator LANDRIEU. The subcommittee stands in recess, subject to the call of the Chair.

[Whereupon, at 11:27 a.m., Wednesday, May 9, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]