

[Senate Hearing 111-]
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DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2011

TUESDAY, APRIL 13, 2010

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 2:33 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, Lautenberg, Voinovich, Cochran, and Murkowski.

DEPARTMENT OF HOMELAND SECURITY

U.S. Coast Guard

STATEMENT OF ADMIRAL THAD W. ALLEN, COMMANDANT

OPENING STATEMENT OF SENATOR ROBERT C. BYRD

Senator Byrd. The subcommittee will come to order. Today I welcome, along with my friend the ranking member, Mr. Voinovich, I welcome the Commandant of the Coast Guard, Admiral Thad Allen--there's a man on my left named ``Thad''. My wife's mother was an Allen, from Floyd County, Virginia. And today I welcome the Commandant of the Coast Guard, Admiral Thad Allen, to discuss the fiscal year 2011 budget request for the Coast Guard.

In May, the Commandant will conclude his 4-year term as the highest ranking member of the Coast Guard, and he has served his Nation with distinction.

Let the record show that there was applause.

The importance of our Coast Guard cannot--I say cannot--be overstated. It is the fifth branch of the military, and it is responsible for the safety and the security of our maritime interests in U.S. ports, waterways, and on the high seas.

The Coast Guard is also a critical first responder to natural disasters. While the Nation watched--while the Nation watched, the Coast Guard rescued over 33,000 people in the aftermath of Hurricane Katrina in 2005. This past January, the Coast Guard was the first, the first on the scene to evacuate over 1,000 U.S. citizens from Haiti following the most devastating earthquake ever to strike that country.

The Commandant of the Coast Guard has made significant organizational changes intended to improve Coast Guard business practices. In addition, the Commandant has made several changes to improve the management of Deepwater, the Coast Guard's

acquisition program intended to modernize its fleet of ships and planes. These changes--these changes, along with legislation that this subcommittee, our subcommittee, Senator Cochran, initiated in fiscal year 2007 in the Supplemental Appropriations Act, have stabilized this previously troubled acquisition program.

Despite these improvements, the Coast Guard is challenged with aging fleets, aging assets, a fragile infrastructure, and workforce shortfalls. That is why the cuts proposed in the 2011 President's budget are so puzzling, so puzzling to me. The President's budget request for the Coast Guard would cut, cut, cut, discretionary funding by \$71 million--now, that's not just chicken feed; that's \$71 million--and would reduce military strength by 1,112 billets. The Coast Guard is the only branch of the military to experience a personnel decrease in the President's budget proposal.

In addition, funding for acquisitions would be cut by 10 percent. The President's request does include important funding for critical acquisitions, such as the fifth national security cutter and four fast response cutters. But these proposals are overshadowed by plans to decommission five maritime safety and security teams, four high endurance cutters, one medium endurance cutter, four fixed wing aircraft, and five HH-65 helicopters.

Now, I'm troubled. I'm troubled. I'm very troubled that at the same time that the Coast Guard faces significant asset gaps in meeting existing mission requirements, the Office of Management and Budget is proposing to decommission existing assets before new assets come on line to replace them. Let me say that again: I'm troubled that at the same time that the Coast Guard faces significant asset gaps in meeting existing mission requirements, the Office of Management and Budget (OMB), is proposing to decommission existing assets before new assets come on line to replace them.

Such reductions raise serious concerns to this chairman. Let me say that again for emphasis: Such reductions raise serious concerns to this chairman. You better believe it.

The Coast Guard budget appears to be driven by a budget top line rather than by the need to effectively address the Coast Guard's mission requirements. Now let me say that once more: The Coast Guard budget appears to be driven by a budget top line rather than by the need to effectively address the Coast Guard's mission requirements.

Will the Coast Guard be able to maintain current capability to secure our ports, intercept illegal migrants, interdict drug smugglers, and save lives with this proposed funding plan? Sadly, and I repeat it: sadly--the answer is no. Two letters, the hardest word in the English language: No. The most difficult word. So the answer is no, putting our citizens who depend on the Coast Guard at risk.

We will explore these matters in more detail today. Following Senator Voinovich's opening remarks, we will hear from Admiral Allen. After we hear from the Commandant, each member, each member, will be recognized by seniority for up to 7 minutes for remarks and questions.

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

STATEMENT OF SENATOR GEORGE V. VOINOVICH

Senator Voinovich. Thank you, Mr. Chairman.

Welcome, Admiral Allen. I share with the chairman of the subcommittee that my wife Janet's maiden name was Allan.

Senator Byrd. Really? Say that again?

Senator Voinovich. I said my wife's mother's name was Allan.

Senator Byrd. How about that?

Senator Voinovich. Janet K. Allan, that was my wife's maiden name.

Senator Byrd. My wife's mother's name was Allen. You and I may be kinfolk.

Senator Voinovich. We may very well be.

Unfortunately, she went from Allan to Voinovich, so she used to be called on first and now she's at the end.

We're pleased that you're here with us this afternoon to present your budget request. As the chairman has said at the onset, I'd like to note for everyone that you do plan to retire after 38 years in the Coast Guard. I think this is quite an accomplishment, and I think as Commandant you've been an honest broker with the Congress and a great member of the Homeland Security team. We thank you from the bottom of our hearts for our Nation for the services that you have given our country during your years in service.

The Coast Guard was key to standing up the Department and providing continuity at a critical time. As far as I'm concerned, the Coast Guard has been the anchor since the beginning of the Department of Homeland Security. It is always first to respond, as it did following Hurricane Katrina, as the chairman has so eloquently mentioned. Recently when a devastating earthquake hit Haiti, the Coast Guard was there.

One of the things that I'd be interested in knowing is the impact of your participation there and what it's had on your 2010 budget. I think so often we compliment the American people for their generosity, and we have been generous to Haiti, but I think we fail to calculate how much money Haiti has cost to our various Federal agencies and how they're able to compensate for that and continue to do the other jobs that we have asked them to do.

The fiscal year 2011 budget request for the Coast Guard totals \$8.5 billion in discretionary spending, \$71 million less than fiscal year 2010. Quite frankly, \$71 million is a lot of money, but in terms of an \$8.5 billion budget--I'm still having people trying to figure out what percentage \$71 million is to \$8.5 billion--it's pretty, pretty, pretty small.

I am one of those who have been very concerned about growing debt and unbalancing our budgets, as far as I can see they're unbalanced. When I became Governor of Ohio, we were in kind of the same fix we are today, and I had a saying that said: ``Gone are the days when public officials will be judged on how much they spend on a problem. Public officials will be judged on whether they can work harder and smarter and do more with less.''

Admiral Allen, you indicate that strong fiscal discipline was applied to your request to make sure you're investing your

resources in, ``what works, cutting down on redundancy, eliminating spending on ineffective programs, and making improvements across the board.'' You indicate that the budget focuses resources on your highest priority, the continued acquisition of new cutters, aircraft, and infrastructure to replace the Coast Guard's aging assets.

Facing, as you mentioned, the Federal debt and skyrocketing deficits, I do not dispute what you say. We do need to curb our appetites and bring discipline to Federal spending. The question is do you feel confident that this budget gets the job done for the Coast Guard and for the American people, as the chairman has so eloquently stated?

The request proposes to reduce the Coast Guard's military strength by 1,112 billets. Many of my colleagues say this is too much, that this reduction in people, along with the decommissioning of operational assets and units, will seriously injure the capacity and capability of the Coast Guard to perform its many and varied missions.

I think that one of the things that you're going to have to do in your testimony and thereafter is to convince us that what you're suggesting here makes sense from the point of view of the Coast Guard. I have no reason to think that a man that's been in the Coast Guard for 38 years would be coming before us today and presenting a budget that he doesn't think will get the job done. But I think there is some real question here about whether or not that's the case. So you'll have to make that case.

Your candor will be greatly appreciated. As you know, it's the job of this subcommittee to not just look at your budget proposal, but at the proposed allocation of resources among all of the components in the Department to determine if we agree with the tradeoffs. Again, I'd like to say you probably know a whole lot more about that than we do because you are closer to it and live with it every day.

So I look forward to hearing your thoughts today as you present your budget.

Thank you, Mr. Chairman.

Senator Byrd. Thank you, Senator.

Admiral Allen, before we begin I want to recognize the hardworking employees of the Coast Guard Operations System Center, the National Vessel Documentation Center, and the National Maritime Center, all of which are in West Virginia. These West Virginians are proud to support the Coast Guard's many missions.

Admiral Allen, you're now recognized for your opening remarks.

SUMMARY STATEMENT OF ADMIRAL THAD W. ALLEN

Admiral Allen. Thank you, Mr. Chairman, Senator Voinovich and distinguished members of the subcommittee. Thank you for the opportunity to testify today on the Coast Guard's fiscal year 2011 budget. I ask that my entire written statement be submitted for the record. I have a short oral statement.

I would like to thank the subcommittee members for your continued support of our Coast Guard men and women and for your gracious comments here today. Mr. Chairman, on the 12th of

February I delivered my fourth and final State of the Coast Guard Address. I described our current state as ready and resilient, and I think this was clearly demonstrated following the devastating earthquake in Haiti, as you have noted. One hour after the earthquake struck, three cutters were ordered to proceed to Haiti. Arriving on scene the following morning, our units controlled aircraft movements until the airport tower was operational, conducted damage assessments, provided medical care and even delivered a baby on the flight deck of a Coast Guard cutter. Our aircraft began to evacuate American citizens and the most critically injured Haitians.

As the recovery ramped up, we deployed a reserve port security unit and a maritime transportation recovery unit, applying lessons learned from Hurricane Katrina. Our forces were instrumental in reopening Port au Prince Harbor to allow relief supplies to be delivered at a much higher volume via container. We partnered with the Department of Defense, State Department, Federal Emergency Management Agency, and our Homeland Security partners to support the U.S. Agency for International Development and our ambassador. At the same time, we actively patrolled and monitored departures from Haiti for any indication of a mass migration.

The Coast Guard was the first on scene because our operational forces and command and control structure are agile and flexible. We are a multi-mission military, whole of government, service and agency that is unique to this country and the world. We provide tremendous value to the American people and the global maritime community.

Even as we surged into Haiti, other Coast Guard assets were breaking ice on the Great Lakes and in New England, medically evacuating a heart attack victim 275 miles off San Diego, conducting fishing vessel safety patrols in the Bering Sea and detaining 12 foreign vessels around the country for violating International Maritime Organization conventions.

Our organizational genius is our operational model that emphasizes on-scene initiative and allows our field commanders to move resources where they are needed the most. That competency will be the key to effective performance as we face constrained funding levels.

As we discuss the fiscal year 2011 budget request, the constrained fiscal environment is the overarching issue. In his State of the Union Address, the President said: Families across the country are tightening their belts; the Federal Government should do the same. That sentiment is certainly reflected in our 2011 budget.

In my discussions with Secretary Napolitano, we had to make difficult tradeoffs between balancing our current operational capacity with the need for new cutters, aircraft, boats, and sensors. We made a conscious decision to continue to invest in our future. This budget contains nearly \$1.4 billion to acquire new assets while removing from service aging cutters and aircraft that are too costly to maintain. But I would note that level is \$156 million less than the current year appropriation and represents the absolute minimum investment level to sustain our future readiness to remain ready and resilient.

To permit recapitalization at that rate within a fixed top line, we also had to limit our operating costs. Accordingly,

the budget proposes consolidating activities, including the regionalization of our maritime safety and security teams and decommissioning of aging cutters.

Mr. Chairman, these were not easy choices, but they were necessary, and they result in the reduction of the 1,112 military personnel that you noted. These reductions will be challenging because we have also experienced unprecedented low-attrition and high-retention rates within our current workforce. As a result, we have higher personnel levels this year than were forecasted. To manage the workforce this year and next year, depending on the funding appropriated, we will be looking at a range of programs from reduced accessions to waivers for obligated service so that we can manage the workforce at the funded level.

Because our people are our most valuable asset, we will carefully study the impacts on our workforce and their families before implementing any measures, and we are committed to transparency in this process.

Sir, the bottom line is we have less capacity in 2011 than we did in 2010. As I noted earlier, faced with these restraints, we will manage risk and allocate resources provided to the highest priority, just as we have always done under our business model. Recapitalizing the fleet is my top priority. It has to be because our future readiness is at stake. Of the 12 cutters that initially responded to Haiti, 10 suffered severe, mission-affecting casualties. With each passing year our operating capability erodes, putting our people at risk and endangering our ability to execute our statutory responsibilities.

I might add, the earthquake in Haiti was also the first test of our modernized support system, and that was highly successful. By providing product line support and forward-deploying support personnel through the chain of command, we were able to sustain our Haiti relief efforts while still executing other missions, despite the casualties I mentioned.

To fully implement our modernization, however, I ask the Congress to pass authorizing legislation so we can move forward. I also ask for your support with our authorizing committees. In addition to transforming our maintenance and logistics processes, we made significant progress toward building an acquisition organization capable of assuming the lead systems integrator role, not only for Deepwater but all Coast Guard programs.

The contract for the fast response cutter (FRC) was lauded by the Government Accountability Office for its thoroughness, and last Friday we held a keel-laying ceremony for our first FRC, the Bernard C. Weber. The lessons learned from the Bertholf, our first national security cutter, were rolled into the Waesche, which will be commissioned on the 7th of May. Waesche achieved the authority to operate classified systems 1 year earlier and at 50 percent fewer trial cards, or discrepancies after acceptance, than Bertholf. Although these are signs of progress, there is certainly more work to be done.

I understand the subcommittee's frustration with the timeliness of acquisition-related reports. We are working at best speed to rectify that situation. We delivered the 2009 Deepwater expenditure report at the beginning of March, and our

2010 Deepwater implementation plan is under administration review. Mr. Chairman, it is my personal goal to give that report to you before I retire as Commandant.

I fully understand the challenges you face in making decisions and the importance of information in these reports. You deserve to have this information when you receive your budget justifications, and we will continue to work with your staffs to meet the reporting requirements.

PREPARED STATEMENT

Mr. Chairman, as I indicated earlier, the state of the Coast Guard is ready and resilient, but our fleet is fragile and approaching the limits of supportability because of age. We must recapitalize our fleet at best speed to ensure we can deliver superior service to the Nation. Our guardians deserve our best because that's what they give us.

I'd be glad to answer your questions, sir.

[The statement follows:]

Prepared Statement of Admiral Thad W. Allen
introduction

Good afternoon Mr. Chairman and distinguished members of the subcommittee. Thank you for the enduring support you have shown to the men and women of the United States Coast Guard.

I am here today to discuss the Coast Guard's fiscal year 2011 budget request. Before I discuss the details of the request, I would like to take this opportunity to explain how I view the principles of Coast Guard operations, our most recent actions in Haiti, and the current budget environment.

For over two centuries the U.S. Coast Guard has safeguarded the Nation's maritime interests at home and around the globe. The Coast Guard saves those in peril and protects the Nation's maritime transportation system, resources, and environment. Over the past year, Coast Guard men and women--active duty, reserve, civilian and auxiliarists alike--continued to deliver premier service to the public. They performed superbly in the heartland, in our ports, and while deployed at sea and around the globe. They saved over four thousand lives and worked closely with interagency partners to ensure resilience to natural disasters at home and abroad.

The Coast Guard's military, multi-mission, maritime assets provide agile and adaptable operational capabilities that are well-suited to serve the Nation's interests. The national benefit of this multi-mission character is exemplified at the field level by an individual asset's ability to seamlessly, and at times simultaneously, carry out distinct yet complimentary functions in the maritime domain--law enforcement, national defense, facilitation of maritime commerce, maritime safety, environmental protection, and humanitarian response. In short, whether in our Nation's intercoastal waterways, ports, coastal areas, or maritime approaches, the Coast Guard is here to protect, ready to rescue.

The Coast Guard's ability to conduct surge operations and leverage partnerships in response to nationally significant safety, security, or environmental threats is critical to disaster recovery and exemplifies the resiliency of the Coast Guard and the Department of Homeland Security (DHS).

At a time when ``whole of government'' approaches are critical to achieving national objectives across a broad spectrum of strategic

challenges, it must be recognized that the Coast Guard provides a unique and invaluable contribution to maritime safety and security. There is no finer example of the ability of the service to respond to all threats and hazards than our recent response to the earthquake in Haiti. The first Coast Guard asset was on scene in Port-au-Prince less than 18 hours after the earthquake. Coast Guard units were the first on scene and have been working around the clock with our interagency partners to provide humanitarian assistance, evacuate U.S. citizens, and help the most seriously wounded. As Commandant, I could not be more proud of our response efforts in Haiti. Our actions were guided by the Principles of Coast Guard Operations contained in Coast Guard Publication One, U.S. Coast Guard: America's Maritime Guardian. All six principles were evident during our efforts in Haiti:

- Clear Objective.--The first cutters and aircraft that arrived in Haiti knew what needed to be done and reconciled their unit's competencies with the opportunities.
- Effective Presence.--We were already in position to respond quickly to Haiti and our continued presence in the ports and oceans make us critical first responders.
- Unity of Effort.--We are bureaucratically multi-lingual which helped us quickly integrate our operations within DHS as well as with U.S. Agency for International Development, Department of Defense, and other interagency partners.
- On-Scene Initiative.--We expect our people to take action without having to wait for orders. That is part of our very make up and what separates us from other entities.
- Flexibility.--By our nature, we are multi-mission and this greatly enhances our value to the Nation and the global maritime community.
- Managed Risk.--We allocate the right mix of units and people, as well as leveraging all partnerships, to achieve desired effects.
- Restraint.--We are sensitive to the broader context of our operations. We understand how our operations impact the public we serve.

The principles are as relevant today as they were in 1790, and will guide our implementation of the initiatives proposed in the fiscal year 2011 budget.

fiscal year 2011 request

The fiscal year 2011 budget presents the most efficient and effective use our resources. We applied strong fiscal discipline to make sure that in 2011 we will be investing our resources in what works, cutting down on redundancy, eliminating spending on ineffective programs and making improvements across the board. We took as our highest priority the continued acquisition of new cutters, aircraft, and infrastructure. This commitment is vital to our ability to protect, defend, and save well into the 21st century.

The Coast Guard's fiscal year 2011 budget request focuses resources on our top budget priority--continued recapitalization of aging assets and infrastructure. In addition to recapitalization, the fiscal year 2011 budget includes pay and standard personnel costs associated with the military workforce, training, operating funds for new assets, and unit and depot level maintenance. Highlights from our request are included in Appendix I.

recapitalizing to preserve future capability

The fiscal year 2011 budget continues funding for recapitalization of aging assets (e.g. cutters, aircraft, boats, Command, Control,

Communication, Computers, Intelligence, Surveillance, and Reconnaissance, and infrastructure). I cannot emphasize enough that recapitalization is critical to preserving future surface, air, and shore asset capability; this is an essential investment for the Coast Guard. What the Coast Guard builds today will help secure the Nation's borders, rescue those in peril, preserve our maritime resources and vitality, and protect the environment for decades to come.

The fiscal year 2011 budget continues the disposition of legacy assets where new surface and air assets are coming online. Additionally, savings from targeted reallocations of operational capacity, efficiencies, and consolidation initiatives are redirected to support continued recapitalization of aging assets and infrastructure. These capacity shifts could create short-term impacts on Coast Guard service delivery if recapitalization schedules are not met, however, operational commanders will always allocate resources to meet the Nation's highest order maritime safety, security, and stewardship needs. As such, monitoring performance and adapting through risk management will be a key strategic aim for the Coast Guard in fiscal year 2011. In general, long-term Coast Guard performance ultimately depends on the pace and stability of future recapitalization, which in turn depends on our ability to manage the cost, schedule and quality of our acquisition programs.

Preservation of the Coast Guard's maritime capability through the recapitalization of surface and air assets is a strategic imperative for DHS and the Coast Guard. The fiscal year 2011 budget continues major cutter recapitalization by funding production of the fifth National Security Cutter (NSC), refurbishment of another 270-foot Medium Endurance Cutter, design of the Offshore Patrol Cutter (OPC), and construction of four more Fast Response Cutters (FRCs). Another fiscal year 2011 recapitalization priority is the HC-144A Maritime Patrol Aircraft (MPA) which will replace the HU-25 Falcon, approaching the end of its service life.

At the requested funding level of \$1.4 billion, we will maintain a robust and stable capital investment funding profile, which is my highest priority for the Coast Guard. I appreciate Congress' continuing efforts to coordinate closely with the Coast Guard to support our acquisition reform initiatives.

delivering value to the nation

In fiscal year 2011, the Coast Guard will continue to provide exceptional service to the Nation. The fiscal year 2011 budget provides \$87 million more for the operating expenses of Coast Guard, including personnel pay and allowances, training and recruiting, operating funds for newly acquired assets delivered through Coast Guard recapitalization programs, and unit and depot level maintenance. Further, the budget annualizes new funding provided by Congress in fiscal year 2010 for marine safety, financial management oversight, armed helicopters, Biometrics at Sea, the Seahawk Charleston Interagency Operations Center, counternarcotics enforcement, and new watchstanders. It also enhances deployable law enforcement capacity to mitigate emergent terrorism and border security risks.

workforce optimization

In fiscal year 2011, the Coast Guard will sustain previous enhancements to the acquisition, financial management, and marine safety workforces, and it will continue to promote a diverse and competent workforce that can adapt to employ new and improved assets to meet evolving mission demands.

Maintaining the welfare of our workforce remains one of my top

priorities. The fiscal year 2011 budget supports our need to improve military housing. The Coast Guard currently owns 4,020 military housing units, the average age of which is over 40 years. Many of the Coast Guard's housing assets require recapitalization due to safety and habitability issues. The budget funds the recapitalization, improvement, and acquisition of 18 military family housing units in critical areas where we struggle to provide suitable and affordable housing for our members.

Through strong efforts and a commitment to the workforce, the Coast Guard will continue to foster an environment in which every individual has opportunity to prosper. In 2009, the Coast Guard launched its Diversity Strategic Plan. This plan builds upon the significant progress we have achieved to date and provides direction for our collective efforts to make the Coast Guard a leader in diversity development and a model for the Nation.

savings and decommissionings

The safety and security of the American people are our highest priorities, and the Coast Guard will continue to meet national search and rescue standards across the country. The Coast Guard will leverage available efficiencies to maximize service delivery and provide the Nation with the highest possible return on investment. Proposed efficiency highlights include small boat logistics management improvements, contract in sourcing, headquarters management efficiencies, and the consolidation of intelligence fusion centers under a single operational command. The fiscal year 2011 budget also includes the decommissioning of legacy assets, the restructuring of deployable forces, and the realignment of helicopter capacity to the Great Lakes region. Four HECs, which have been in service since Vietnam, are being recapitalized with newer, more capable NSCs. A new regionalized construct for Maritime Safety and Security Teams (MSSTs) will enable the Coast Guard to rapidly deploy teams of skilled professionals to ports and operating areas across the country based on risk and threats as needed. Rotary wing realignment reallocates existing highly capable aircraft to the Ninth Coast Guard District where they will be more operationally effective in executing assigned missions, thus allowing the closure of two seasonal Air Facilities.

modernization of business practices

Coast Guard Modernization is the centerpiece of an overarching strategy to transform our legacy command and control structures, support systems, and business processes into an adaptive, change-centric, learning organization. This transition from a geographically based structure to a functionally aligned organization enables the Coast Guard to optimize sustained mission execution and support, and increase alignment within DHS and with our fellow Armed Forces. By positioning ourselves to be more flexible, agile, and change-centric, we will improve our service to the Nation and enhance every Guardian's ability to protect, defend, and save.

Our recent experience and support of Haiti response and relief operations is instructive. As I have noted in the past, the Coast Guard operates one of the oldest fleets in the world. Of the 12 major cutters assigned to Haiti relief operations, 10 cutters, or 83 percent, suffered severe mission affecting casualties, two were forced to return to port for emergency repairs, and one proceeded to an emergency dry dock. We also had to divert air resources away from evacuation efforts to deliver repair parts. This process was coordinated flawlessly through our new logistics structure, including the creation of a forward-deployed logistics structure at Guantanamo Bay. The response

was a triumph for our modernized mission support organization. It also underscores the condition of our fleet and the responsible actions we are taking to decommission those assets with liabilities that outweigh their service value.

We are creating a better Coast Guard through modernization, and the recent positive endorsement our efforts received from the National Academy of Public Administration reinforces the need to continue moving forward. As I enter my final months of service as Commandant, I ask for your support to provide the Coast Guard with authority to carry out the remainder of our modernization efforts.

conclusion

Regarding our ongoing efforts in Haiti, many have questioned how the Coast Guard can do so much so quickly, and I simply reply: ``This is what we do.'' Our Guardians are committed to protecting, defending, and saving without having to be told to do so. Along with all Americans, I am truly inspired by the Coast Guard men and women operating in theater, backfilling for deployed units, or providing the necessary support to make it all possible. As always, our Guardians are here to protect and ready to rescue at a moment's notice. That is who we are and why we serve.

I look forward to working with the subcommittee as we move together to achieve our shared goals of a stronger, more capable and effective Coast Guard across all of our safety, security and stewardship missions. Again, thank you for the opportunity to testify before you today. I am pleased to answer your questions.

appendix i--fiscal year 2011 budget request

The fiscal year 2011 President's budget continues funding for recapitalization of aging assets (e.g., cutters, aircraft, boats, and command, control, computer, communications, intelligence, surveillance, and reconnaissance (C4ISR) and infrastructure. Recapitalization is vital to preserving future surface, air, and shore asset capability, and is an essential investment for the Nation. In addition to recapitalization, the fiscal year 2011 President's budget includes pay and standard personnel costs associated with the military workforce, training, operating funds for new assets, and unit and depot maintenance.

fiscal year 2011 initiatives and enhancements

Recapitalize Operating Assets and Sustain Infrastructure

Surface Assets--\$856.0 Million, 0 FTE

The budget provides \$856.0 million for surface asset recapitalization or enhancement initiatives: production of National Security Cutter (NSC) #5; continued analysis and design of the Offshore Patrol Cutter (OPC); production of Fast Response Cutters (FRC) #9-12; production of Cutter Small Boats--one Long Range Interceptor and one Short Range Prosecutor; and operational enhancement of three Medium Endurance Cutters at the Coast Guard Yard through the Mission Effectiveness Project.

Air Assets--\$101.0 Million, 0 FTE

The budget provides \$101.0 million for the following air asset recapitalization or enhancement initiatives: production of HC-144A Maritime Patrol Aircraft #15; HH-60 engine sustainment and avionics, wiring and sensor upgrades for eight aircraft; HC-130H avionics and sensor development and testing, and the acquisition of components for two center wing box replacements; and HC-C130J fleet introduction.

Asset Recapitalization--Other--\$155.5 Million, 0 FTE

The budget provides \$155.5 million for the following equipment and services: continued development of logistics capability and facility

upgrades at shore sites where new assets will be homeported; and design and development of C4ISR-integrated hardware and software systems for surface and air assets.

Response Boat Medium (RBM)--\$42.0 Million, 0 FTE

The budget provides \$42 million to order 10 boats to replace the aging 41-foot utility boat and other non-standard boats with an asset more capable of meeting the Coast Guard's multi-mission requirements.

Rescue 21--\$36.0 Million, 0 FTE

The budget provides \$36.0 million to complete deployment at Sectors Detroit, MI; Los Angeles/Long Beach, CA; Honolulu, HI; San Juan, PR; Guam; and Buffalo, NY; and continue deployment at Sectors Lake Michigan and Sault Sainte Marie, MI; Ohio River Valley, KY; Upper Mississippi River, MO; and Lower Mississippi River, TN. The Rescue 21 system is the Coast Guard's primary communications, command, and control system for all inland and coastal missions.

Shore Facilities and Aids to Navigation (ATON) Recap
Projects--\$69.2 Million, 0 FTE

The budget provides \$69.2 million to recapitalize shore infrastructure for safe, functional, and modern shore facilities that effectively support Coast Guard assets and personnel. fiscal year 2011 funding supports:

- Survey and Design--Planning and engineering of out-year shore projects.
- Minor Shore Projects--Completion of minor shore construction projects that are less complex but enable the Coast Guard to respond to critical operational and life safety issues associated with degraded shore facilities.
- ATON Infrastructure--Improvements to short-range aids and infrastructure.
- Chase Hall Barracks--Continued renovations to the Coast Guard Academy's Chase Hall by modernizing and improving habitability of the cadet barracks.
- Newport, RI Pier--Improving an existing pier face to provide over 800+ linear feet of moorings for Coast Guard Cutters Juniper, Willow, and Ida Lewis, and creates the necessary pierside support facilities.
- Aviation Technical Training Center--Building upon efforts funded under the American Recovery and Reinvestment Act (ARRA) to rehabilitate Thrun Hall at the Aviation Technical Training Center in Elizabeth City, NC.

Housing--\$14.0 Million, 0 FTE

The budget provides \$14.0 million for the construction, renovation, and improvement of Coast Guard military family housing. The Coast Guard currently owns 4,020 military housing units, the average age of which is over 40 years. Funding is critical to improving Coast Guard-owned housing facilities, enhancing the quality of life of the military workforce and their families, and reducing the overall shore infrastructure maintenance backlog.

Military Workforce--\$86.2 Million, 0 FTE

The budget provides \$86.2 million to maintain parity of military pay, allowances, and healthcare with the Department of Defense. 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. The Coast Guard's multi-mission military workforce is unique within DHS. This request includes funding for basic allowance for housing, childcare benefits for Coast Guard members, permanent change of station

costs, and military healthcare costs.

Shore Facilities--\$4.3 Million, 0 FTE

The budget provides \$4.3 million for the operation and maintenance of acquisition, construction and improvement shore facility projects scheduled for completion prior to fiscal year 2011. Funding is required for daily operating costs for energy, utility services, grounds maintenance, routine repairs, and housekeeping. These costs also include the operation and maintenance of the ATON's day/night/sound/electronic signal, power system, and support structure.

Response Boat-Medium (RB-M) Maintenance--\$2.0 Million, +5 FTE

The budget provides \$2.0 million for fiscal year 2011 operations and maintenance costs associated with delivery of 18 RB-Ms. This request also includes electrical support personnel and associated personal protective equipment to support the platform's increased capability.

Rescue 21 Follow-on--\$7.1 Million, +1 FTE

The budget provides \$7.1 million for follow-on funding to operate Rescue 21, the Coast Guard's primary system for performing the functional tasks of command, control, and communications in the inland and coastal zones for Coast Guard operations including search and rescue and maritime security missions. This funding will support five distinct cost categories that sustain Rescue 21: equipment operation and maintenance, circuit connectivity, property and power, training, and technology refresh.

Rescue Swimmer Training Facility (RSTF)--\$1.9 Million, +7 FTE

The budget provides \$1.9 million for the operation and maintenance of the RSTF, its Modular Egress Training Simulator, and recurring training costs. The RSTF will directly support Aviation Survival Technician (rescue swimmer) training and qualification standards, as well as egress certification and recertification for air crews and some small boat crews.

Surface and Air Asset Follow-on--\$62.5 Million, +173 FTE

The budget provides a total of \$62.5 million to fund operations and maintenance of cutters, boats, aircraft, and associated subsystems delivered through major cutter, aircraft, and associated C4ISR acquisition efforts. Funding is requested for the following assets:

- NSC--Shoreside logistics support and maintenance funding necessary for three NSCs located in Alameda, CA; unit operations and maintenance funding for the third NSC scheduled for delivery in fiscal year 2011.
- Training System Personnel--Funding and training personnel for the NSC C4ISR training suite at Training Center Petaluma, CA.
- FRC--Operating and maintenance funding for the first five FRCs scheduled for delivery in fiscal year 2011 and homeported in Miami, FL; shore-side maintenance personnel needed to support FRCs being delivered in fiscal year 2011; and, personnel to operate and maintain the seventh and eighth FRCs scheduled for delivery early in 2012.
- Transition Aviation Training Center Mobile and Air Station Miami to HC-144A Maritime Patrol Aircraft (MPA)--Funding to support a change in aircraft type, allowance, and programmed utilization rates at Aviation Training Center Mobile, AL and Air Station Miami, FL.
- HC-144A MPA--Operating and maintenance funding and personnel for aircraft #12 and personnel for aircraft #13; logistics support

personnel and maintenance funding for the HC-144A product line.
--Armed Helicopters for Homeland Security Follow-on--Recurring funds to maintain Airborne Use of Force (AUF) Kit ``A'' equipment for 22 HH-65C helicopters.

--C4ISR Follow-on--Funding to maintain new high-speed Ku-band satellite communications systems installed on major cutters prior to fiscal year 2011.

fiscal year 2011 efficiencies, reallocations, and decommissionings

The fiscal year 2011 President's budget includes efficiencies, consolidation initiatives, decommissionings, and operational restructuring. Savings associated with targeted efficiencies and consolidation initiatives have been redirected to support operations and maintenance and recapitalization priorities.

Maritime Safety and Security Teams-- -\$18.2 Million, -196 FTE

In fiscal year 2011, Maritime Safety and Security Teams (MSSTs) Anchorage, Kings Bay, New Orleans, New York, and San Francisco will be decommissioned. The seven remaining MSSTs will provide the same geographic coverage by deploying regionally to mitigate the highest prevailing port security risks in the Nation's critical ports.

MSSTs will continue to escort vessels, patrol critical infrastructure, perform counter terrorism activities, enforce laws aboard high interest vessels, and respond to unanticipated surge operations (e.g., mass migration response, hurricane response, terrorist attack, etc.) consistent with regional threats.

As part of this initiative, the Coast Guard will reinvest partial MSST savings in the Law Enforcement Detachment (LEDET) program to address increased demand for LEDET services in support of Coast Guard missions. The fiscal year 2011 investment increases the roster of all 17 existing LEDETS from 11 to 12 members per team, and creates one new 12-person LEDET. LEDETS are high return-on-investment national assets that augment defense operations in support of combatant commanders and counter drug operations in the Caribbean and Eastern Pacific.

High Endurance Cutters-- -\$28.2 Million, -383 FTE

In fiscal year 2011, the Coast Guard will decommission four High Endurance Cutters (HEC): RUSH, JARVIS, CHASE, and HAMILTON. The average age of the HEC fleet is 42 years. A disproportionate share of the depot level maintenance budget is being used to sustain these aging assets. With two NSCs anticipated to be operational by 2011, the Coast Guard is positioned to begin decommissioning these legacy assets.

Medium Endurance Cutter-- -\$2.8 Million, -43 FTE

In fiscal year 2011, the Coast Guard will retire the Medium Endurance Cutter Acushnet. Acushnet is well past its useful service life and has unique systems that are costly and difficult to sustain.

HU-25 Aircraft-- -\$7.7 Million, -32 FTE

In fiscal year 2011, Coast Guard will decommission four HU-25 fixed winged aircraft. Three aircraft will be immediately replaced by the new HC-144A aircraft. The fourth HU-25 will be retired from service at Coast Guard Air Station (A/S) Cape Cod, MA, reducing aircraft allowance at this station from four to three until a replacement HC-144A arrives. Three aircraft provide the minimum manning required to maintain 24/7 Search and Rescue capability.

Rotary Wing Capacity-- -\$5.5 Million, -34 FTE

In fiscal year 2011, the Coast Guard will realign rotary wing capacity to provide four medium-range HH-60 helicopters to the Great Lakes region. To facilitate this delivery of enhanced multi-mission capability, two HH-60 helicopters from Operations Bahamas Turks and

Caicos, and two HH-60s from Maritime Security Response Team (MSRT) in Chesapeake, VA will be permanently relocated to Coast Guard Air Station Traverse City, MI. Upon arrival of the four HH-60s, five HH-65 helicopters presently stationed at Air Station Traverse City will be removed from active service.

The HH-60 helicopter has the added capability over the HH-65 to operate in extreme cold weather conditions, including icing, which persist in the Air Station Traverse City area of responsibility approximately 5 months per year. In addition, the HH-60 helicopter has double the flight time endurance of the HH-65 providing additional operational range for search and rescue (SAR) missions and security patrols in the Great Lakes region and along the northern maritime border. Enhancing the operational capability of Air Station Traverse City helicopters will also enable the closure of two seasonal Coast Guard Air Facilities at Muskegon, MI and Waukegan, IL while still meeting SAR program response requirements.

PRIORITIES IF FUNDING WERE AVAILABLE

Senator Byrd. I thank you for your excellent statement, Admiral. My instinct tells me--and I have pretty good instincts that when it comes to this budget, you were dealt a bad hand by OMB, the Office of Management and Budget. You were told to do the best you could with an inadequate top line. You did so. But, as Popeye used to say, ``I am what I am and that's all I am.' ' This budget is what it is and that's all it is.

I need your candid views, on the consequences of the proposed budget. I'm troubled by the budget request to reduce Coast Guard military strength by 1,112 positions. The Coast Guard is the only branch of the military to see its workforce decreased in the President's budget. But--I repeat the proposition--but you have said publicly that the Coast Guard could grow by as much as 2,000 positions, by as much as 2,000 positions per year, to meet operational demands.

I understand that tough choices had to be made because of the administration's budget top line for the Coast Guard. But--I repeat that conjunction--but if the funding were available, how, how would you allocate the 1,112 billets and what could those Coast Guard personnel accomplish?

Admiral Allen. Mr. Chairman, if funding were to be made available against that deficit we had right now, my priorities would be to retain the five H-65 helicopters that are currently offset in the budget, to restore four of the marine safety and security teams and two of the high endurance cutters, to recover those operating hours pending delivery of new national security cutters to replace them and to request critical funding for maintenance of our aircraft and our cutters and our small boats.

OPERATING WITH FEWER CUTTERS

Senator Byrd. The Coast Guard estimates that with its current resources it is unable to provide 6,840 cutter hours necessary to secure our ports, interdict illegal migrants, seize drugs, and save lives. And yet this budget would decommission four high endurance cutters and replace them with only two in fiscal year 2011. Let me repeat that: The budget

would decommission four high endurance cutters and replace them with only two in fiscal year 2011.

In 2009, these cutters that you plan to decommission contributed to the removal of 35,100 pounds of cocaine and 400 pounds of marijuana, with an estimated value of \$493 million. In addition, one of the cutters that you propose to decommission served admirably in response to the Haiti earthquake.

If we decommission four cutters as OMB has proposed, the mission hour gap--let me repeat that--the mission hour gap would increase from 6,840 to 11,790 hours, almost double.

Are the existing ships capable of serving another 2 years? If Congress were to provide sufficient funds to decommission ships only when new assets are available to replace them, what additional missions would be undertaken? Let me repeat that: If Congress were to provide sufficient funds to decommission ships only when new assets are available to replace them, what additional missions would be undertaken?

Admiral Allen. Thank you for the question, chairman. The budget as submitted would retire two cutters without replacement. You are correct in that statement. The way the Coast Guard would handle those reductions would be, frankly, assumed risk and managed risk. We do that right now because we have multi-mission cutters that can't be everywhere, and we go through a risk management process in the current allocation of our resources. That would just become more acute and will put the onus on our field commanders to establish the highest priority to apply the cutter hours that they have.

Generally, our high endurance cutters conduct directed patrol missions in certain mission areas, for instance, long-range missions down South in drug interdiction; long-range missions in the middle of the Pacific for illegal, unregulated, unreported fishing; fishing enforcement in the Bering Sea--in places where the high endurance cutters' sea-keeping ability and their endurance allow them to stay on scene.

So the mission areas that will be most impacted would be drug interdiction, fisheries enforcement in the 17th District and in the 14th District and illegal, unreported and unregulated fishing.

Senator Byrd. Thank you.

Senator Voinovich.

Senator Voinovich. Thank you, Mr. Chairman.

DECOMMISSIONING MARITIME SAFETY AND SECURITY TEAMS

A large percentage of the reductions in personnel, 400 full-time positions, come from the decommissioning of maritime safety and security teams, the MSSTs. These teams were designed to deter potential terrorists, respond to security-related incidents, and assist with port vulnerability assessments. These teams which your budget proposes to reduce were created by the Maritime Transportation Security Act adopted unanimously by the Senate in 2002.

When we passed that legislation, there was an anticipation that these would be needed in terms of the security of our Nation. Has it been the experience of the Coast Guard that that vulnerability or that need in effect did not materialize and

that these folks are no longer needed to get the job done, or in the alternative that those that remain will be able to handle the work?

Admiral Allen. Sir, the proposal to decommission the Marine Safety and Security Teams (MSSTs) was not based on any significant change in the threat or the vulnerability situation. There was an effort to achieve economies and regionally provide deployable specialized forces in addition to our fixed-base, search-and-rescue stations and aviation stations.

MSSTs are what we call a deployable specialized force. They are capable of moving anywhere in the country, anywhere in the world that we need them. Although they are based in one particular geographical area, they are actually deployed to other places in the country.

So what we are doing is we're expanding the regional coverage of the remaining MSSTs in the same manner as operating with less cutter hours when you have less deployable MSST days. You're just going to manage risk and allocate what you have to the highest priority, sir.

Senator Voinovich. Well, the fact of the matter is that you're confident that the remaining teams that are in place can continue to get the job done?

Admiral Allen. They will be able to respond. If you have-- for instance, we are proposing to remove a team from New York and keep one in Boston, which is very close to a field where they can be airlifted. There will be a delta or a difference in the time to respond to those areas based on the distance they have to travel, but there will be a team capable of responding in each region, sir.

Senator Voinovich. I'd be interested to know since this group was set up, the number of incidents where they were involved. It may not be something you can talk about publicly, but even if it's something that's confidential, I'd certainly like to know just how much action those teams have had during this period of time and what's the current threat assessment.

Admiral Allen. Yes, sir. We can give you a breakdown on the days deployed and where they're deployed and the mission that they were deployed upon for all teams. We can give that to you for the record, sir.

[The information follows:]

MSST ANCHORAGE: Deployed elements 12 times for 124 days to the following locations: Anchorage, AK (3 times); Tacoma, WA (2 times); Seattle, WA; Juneau, AK; San Francisco, CA; Jacksonville, FL; Beaumont, TX; Portland, OR; and Prudhoe Bay, AK. Missions included: VPOTUS Protection, High Interest Vessel Boardings, Military Outloads, High Value Unit Escorts, PWCS, and Ferry Escorts.

MSST SEATTLE: Deployed elements 16 times for 214 days to the following locations: Tacoma, WA (4 times); Seattle, WA (9 times); Corpus Christie, TX; San Francisco, CA; including 136 days in Guantanamo Bay, CU. Missions included PWCS: Ferry Escorts, Critical Infrastructure Patrols, Military Outloads, and Harbor Security for Guantanamo Bay. Additionally K9 teams supported local efforts for 16 missions in the Seattle Metro Region such as Ferry Sweeps and Terminal Security.

MSST SAN FRANCISCO: Deployed elements 12 times for 189 days to the

following locations: San Francisco, CA (7 times); Seattle, WA (2 times); Jacksonville, FL; San Diego, CA; CENTCOM. Missions included: High Value Unit Escorts, PWCS, Military Outloads, Flood Relief, and Visit Board Search & Seizure.

MSST SAN PEDRO: Deployed elements 18 times for 153 days to the following locations: San Francisco, CA (2 times); Los Angeles, CA (9 times); Miami, FL; Australia; Corpus Christi, TX; Tacoma, WA; and Seattle, WA (2 times); San Diego, CA. Missions included: Fleet Week; Republican Governor's Convention; Rose Bowl; PWCS: High Capacity Passenger Vessel Escorts, Critical Infrastructure Patrols, Safety/Security Zone Enforcement; High Interest Vessel Boardings and International Underwater Harbor Security Trial.

MSST SAN DIEGO: Deployed elements 21 times for 155 days to the following locations: San Diego, CA (13 times); Tacoma, WA; Seattle, WA (2 times); Charleston, SC; Honolulu, HI (2 times); Pittsburgh, PA; and Yokosuka, JA. Missions included Training, Counter Illicit Trafficking, PWCS: High Capacity Passenger Vessel Escorts, Critical Infrastructure Patrols, Safety/Security Zone Enforcement; High Interest Vessel Boardings, G20 Summit and Defense Readiness Exercise Support.

MSST HONOLULU: Deployed elements 34 times for 321 days to the following locations: Honolulu, HI (18 times); Jacksonville, FL (3 times); Tacoma, WA (2 times); Kahului, HI; Kona, HI; Pago Pago; Guam; Saipan; San Diego, CA; Corpus Christie, TX; Hilo, HI; Seattle, WA; and Bellingham, WA. Missions included: Critical Infrastructure Patrols, High Interest Vessel Boardings, Military Outloads, High Value Unit Escorts, Counter Illicit Trafficking, PWCS, and High Capacity Passenger Vessel Escorts.

MSST KINGS BAY (91104): Deployed elements 19 times for 227 days to the following locations: Jacksonville, FL (10 times); St Petersburg, FL; Tacoma, WA (2 times); New Orleans, LA; Savannah, GA; Hampton Roads, VA; Port Canaveral, FL; Seattle, WA; Memphis, TN; including 5 days dedicated support to UNITAS (an annual multilateral maritime exercise for The Americas). Missions included PWCS, Security Escorts to High Value Units, Military Outload Protection, and Naval Protection Zone Enforcement.

MSST GALVESTON: Deployed elements 19 times for 365 days to the following locations: Washington, DC; Williamsburg, VA; San Diego, CA; Bellingham, WA (2 times); New Orleans, LA; Kings Bay, GA (2 times); Houston, TX (2 times); Corpus Christi, TX (2 times); Port Arthur, TX; Seattle, WA; Lackland AFB, TX; Boston, MA; New York, NY; San Francisco, CA; including 108 days dedicated support to CENTCOM and 25 days for the Presidential Inauguration. Missions included: PWCS, Security Escorts to High Value Units, Military Outload Protection, and Naval Protection Zone Enforcement.

MSST NEW ORLEANS: Deployed elements 14 times for 262 days to the following locations: New York, NY; Seattle, WA; Delaware Bay; St Petersburg, FL; Jacksonville, FL (4 times); Tacoma, WA; Machinac Island, MI; Long Island, NY; New London, CT, Hampton Rd, VA (2 times). Missions included: POTUS Security, PWCS, NSSE, Ferry Escorts, Security Escorts to High Value Units, Military Outload Protection, and Naval Protection Zone Enforcement.

MSST BOSTON: Deployed elements 15 times for 102 days to the following locations: Boston, MA (8 times); New York, NY (3 times); Seattle, WA; Jacksonville, FL; Hampton Roads, VA, including 90 days to CENTCOM and 16 days to UNITAS. Missions included PWCS, Ferry Escorts, Security Escorts to High Value Units and Military Outloads.

MSST NEW YORK: Deployed elements 20 times for 175 days to the

following locations: New York, NY (11 times); Seattle, WA; Delaware Bay; St Petersburg, FL; Jacksonville, FL (2 times); Tacoma, WA; Machinac Island, MI; Long Island, NY; New London, CT; including 4 days dedicated to Super Bowl security in Tampa, FL. Missions included POTUS Security, PWCS, NSSE, Ferry Escorts, Security Escorts to High Value Units, Military Outload Protection, and Naval Protection Zone Enforcement.

MSST MIAMI: Deployed elements 33 times for 273 days to the following locations: Key West, FL (3 times); Homestead, FL (4 times); Norfolk, VA (2 times); Miami, FL (10 times); Corpus Christi, TX (2 times); Washington, DC; Tampa, FL; Memphis, TN; Ft. Lauderdale, FL (2 times); Cape Cod MA; Jacksonville, FL (2 times); Chesapeake, VA; New York, NY; Pittsburgh, PA including 21 days to Cameroon, Africa and to CENTCOM. Missions included PWCS, NSSE, Security Escorts to High Value Units, Military Outload Protection, and Naval Protection Zone Enforcement.

HELICOPTER COVERAGE

Senator Voinovich. I had a visit from Admiral Neffenger, who has been in Cleveland, and gotten to know him, and I want to say that the folks that you had at the 9th District have done a pretty darn good job and we're glad to have them in Cleveland in the Celebrezze Building, where I have my office, so I've gotten a chance to get to know them.

He tried to explain the issue of decommissioning some of the helicopters in the Great Lakes, four or five of them that are available during the summer months, like 3 or 4 months of the year, but that for all intents and purposes after that period is over aren't that significant because of the weather conditions, etcetera, and that by bringing in two of these souped-up helicopters, that even though it might take a little longer to get to wherever it is they've got to get, that they would be available 12 months of the year.

I'd like you to share with me your observations in regard to that. In other words, it gets into the issue of why we have these helicopters during 4 months. How often are they called upon, and if they can't get there say within 15 minutes what difference would that make? I understand that, under the budget proposal, even though it takes them longer, when they get there, because of the fuel capacity, the Blackhawk helicopters are more versatile and they can be more helpful in the situation.

So I'm getting at the need and if the substitute makes sense, because I'm sure the people from Michigan are unhappy about closing down one of those bases in Michigan.

Admiral Allen. Yes, sir. The laydown we have right now is an air station in Traverse City, MI, that has H-65 helicopters, which are medium, generally shipboard, short-range search and rescue helicopters.

Senator Voinovich. And those have been modernized too I understand?

Admiral Allen. Been re-engined, yes, sir, to have better endurance and more power.

We also operate two facilities in the summer, as you correctly noted--one at Waukegan, IL, the other one at Muskegon, MI--to cover the summer months. Muskegon is supported

out of Air Station Detroit. Waukegan is supported out of Air Station Traverse City.

In addition to those aviation facilities, we have small boat stations that ring Lake Michigan, as you know, every 20 or 30 miles. So we look at the search-and-rescue system as a collective response capability.

Senator Voinovich. So up in like Lake Erie you've got one in Marblehead.

Admiral Allen. Yes, sir.

Senator Voinovich. Then I think you've got one in Cleveland, and you have one at Fairport Harbor. What you're saying is that you do have the capability?

Admiral Allen. Yes, sir. In fact, the Great Lakes are probably our most densely populated coastline with search and rescue stations as far as the distance between them in the United States.

Our plan was to replace the H-65 helicopters in Traverse City with H-60 helicopters, which have longer range and more endurance, but more importantly, they have de-icing capability for the winter operations up there. So in the winter, rather than having the H-65s, which have shorter range and no de-icing capability, we would have long-range helicopters capable of covering the entire area much better than the 65s would.

The offset of that is not having the short-range helicopters available where we already have search-and-rescue stations in those few months during the summer.

Senator Voinovich. But the fact of the matter is that you're confident that, because we have so many of your----

Admiral Allen. Small boat stations.

Senator Voinovich [continuing]. Stations located, where if somebody were in need that there's enough of those that they could probably get out there and take care of that?

Admiral Allen. Yes, sir. We look at the entire system and the ability to get somebody on scene in a certain period of time, and that includes being able to get a boat out there, yes, sir.

Now, I would have to tell you there's a problem with the budget submission. The problem is that one of the helicopters that was intended to be transferred to Traverse City, the long-range H-60, crashed while returning from security operations in the Vancouver Winter Olympics in Utah. Right now, the offsets that we would make to do that are not available, absent more resources and taking a look at our helicopter mix.

So we're going to have to figure out how to work through that. We provided briefings to your staff and are happy to answer questions for the record. But we're going to have to deal with the current H-60 inventory before we can figure out whether or not this remains a viable plan.

Senator Voinovich. I'd like to have that summary, and so, I am sure, would the two Senators from Michigan.

Thank you.

Senator Byrd. Senator Lautenberg.

Senator Lautenberg. Thank you, Mr. Chairman, for holding this important hearing. But if I might divert for just a minute to say to you that our hearts go out to those in West Virginia who have lost their lives. It's a terrible tragedy and it's heartbreak across America as well as within the State of West

Virginia. Thank you for your leadership and your service.

Admiral Allen, I tried retirement and I didn't like it. We thank you, sir, for your distinguished service, and all the Coast Guard's people for their bravery and courage and ever readiness to take on more assignments.

That's the paradox here. We continue to give the Coast Guard more and more assignments.

Mr. Chairman, I ask unanimous consent that my opening statement be put in the record.

Senator Byrd. Without objection, it is so ordered.

[The statement follows:]

Prepared Statement of Senator Frank R. Lautenberg

Mr. Chairman, my home State of New Jersey is a prime terrorist target. In fact, according to the FBI, the most ``at-risk'' area in the entire United States for a terrorist attack is the two-mile stretch between Newark Liberty International Airport and the Port of Newark.

That is why I am concerned about cuts to the Coast Guard in the President's proposed budget. In particular, I am concerned about a proposal to eliminate five Maritime Safety and Security Teams--including one at the Port of New York/New Jersey.

These teams are vital. They protect sensitive coastal areas from terrorists and can be rapidly deployed by air, sea or ground. These counterterrorism units were created after September 11th and are strategically located at high-risk ports across the country. Without this counterterrorism team at the Port of New York/New Jersey--the Coast Guard's ability to protect this sensitive area will be curtailed.

Our port is the largest port on the east coast--and maintaining safety there is critical to our whole region and country. Preventing another terrorist attack from occurring within our borders is our solemn duty--and the Coast Guard plays a vital role in that effort. But the Coast Guard is consistently put at the back of the line for resources--and it is consistently forced to do more with less. I look forward to working with the rest of this subcommittee to make sure the Coast Guard has the funding it needs.

RESPONSE DURING OIL-DRILLING ACCIDENTS

Senator Lautenberg. Thank you.

I ask you this. Senator Voinovich asked about the marine safety and security teams, very, very concerned about that. New Jersey has the questionable distinction of having the most dangerous 2-mile stretch in the country, declared by the FBI, for a terrorist attack, between our airport, Newark, and our harbor, the second largest harbor in the country, largest on the east coast.

I'm not happy, as you are aware, sir, that we are closing the security unit at the Port of New York. I heard your explanation on New York and relying more on a location in Boston to take care, to help us protect our area, and I know that I heard what you said and there was a term of art, Admiral. You said these were necessary reductions. I know that you are loyal to the demands made on you, but I think the question about whether they were necessary in terms of functioning or budget, I'm not going to ask you to answer that, but we'll make our own determination here.

I ask you that if we start drilling off the northeast coast, the east coast, do we need more people for containment

and pollution fighting or in the event of an accident? We know that things do happen. Six months ago off the coast of Australia, a drilling accident covered 10,000 square miles and the pollution traveled hundreds of miles. Would the Coast Guard need more people prepared to arrest the effects of a problem there?

Admiral Allen. Senator, that's a great question, and three major players involved in an operation offshore like that have to be taken into account. By the way, I would tell you I've had discussions about this with Department of the Interior Secretary Salazar, Department of the Interior Deputy Secretary Hayes and the head of the Minerals Management Service, which we recently signed a memorandum of understanding with.

The three big players are the Minerals Management Service, which has the responsibility to inspect for proper response equipment; the United States Coast Guard, which, as you know, has the responsibility under the Oil Pollution Act of 1990 to be the Federal on-scene coordinator and coordinate response operations; and the responsible party himself, and that usually is exercised through an oil spill response organization.

So, as the drilling takes place, our captain of the port that cover those areas that have the responsibility will have to do an assessment, and those operating units will have to present adequate oil spill response plans that have to be approved by an area committee that is made up by local port stakeholders as well as the State and the other interests, Fish and Wildlife Service, other trustees.

We go through that iterative process each time something changes in the port zone, and that would be also for something like an offshore liquefied natural gas facility or a wind farm or things like that. So it is scaleable. It will be required as a condition of the plans. If there is enough drilling and enough of a requirement for us to do our oversight responsibilities, that could drive the personnel requirements, yes, sir.

PIRACY

Senator Lautenberg. We always find ways to give assignments to the Coast Guard. First of all, your weakness is your skill. You're too good. So we just give it to Coast Guard, whatever it is, including pollution, trash in the sea, piracy. Does piracy put a little extra requirement for Coast Guard?

Admiral Allen. Yes, sir. We're augmenting the U.S. Navy off the Horn of Africa in doing boarding, sir.

ILLEGAL FISHING

Senator Lautenberg. How about illegal voracious fishing within our territorial limits by foreign vessels? Is that a problem for you?

Admiral Allen. I'd say the number one problem is in Senator Murkowski's State, where we deal with the boundary line between Russia and the United States. And there are fleets on both sides watching what's going on up there; also there are safety issues associated with the fleet.

Senator Lautenberg. So Admiral, we look: Wherever Coast

Guard presence can be of value, your people are there. And I salute you. I was in Haiti a few weeks ago and saw the devastation that followed the earthquake. I commend you and the Coast Guard for their quick response to the needs in Haiti. As ever, we look to the Coast Guard to solve our problems. But the paradox, Mr. Chairman, is how do you ask more when you give less?

Thank you.

Senator Byrd. Thank you, Senator Lautenberg.

Senator Cochran.

Senator Cochran. Mr. Chairman, thank you.

Admiral Allen, we appreciate your cooperation with our subcommittee and your appearance here. I'm personally impressed with the service that you have rendered to the country in your capacity as Commandant. We appreciate everything you've done for the gulf coast, too, in connection with Hurricane Katrina and other disasters that have occurred there.

I think the first time I saw you was aboard an aircraft carrier that was anchored right there in New Orleans in the Mississippi River. That was your command headquarters and base of operation for helping to save lives, people whose lives were in danger in that terrible hurricane. But in planning for rebuilding and recovery, we appreciate all of your important efforts in that regard.

NATIONAL SECURITY CUTTER PROGRAM

I know that you're also looking at the Northrop Grumman shipyard in Pascagoula which is building the national security cutter, which as I understand it will be the most advanced, modern, technologically capable ship in the Coast Guard fleet. Could you give us a status report on that program? Is it proceeding as you had hoped it would and what are the likely requests that the subcommittee should consider for funding in this next bill that will help sustain that acquisition program?

Admiral Allen. Yes, sir, and thank you for the question. As I noted in my opening statement, we've had a tremendous improvement in the overall quality in preparing the second ship, the Waesche, to be ready for operations. We will commission the Waesche on the 7th of May out in Alameda, so we're very pleased with that.

The third ship, the Stratton, is somewhere between 30 and 40 percent complete right now. We hope in the third quarter of this fiscal year to put the fourth ship under a firm fixed price contract. Early on, one of the challenges with this program was to establish a technical baseline, make some design changes that would ensure a 30-year service life for the hulls and then get those ships into a fixed price environment. We are trying to do that right now.

If you were to ask about challenges and things we're dealing with, one of them right now is the combination of Navy and Coast Guard work that's going on at the shipyard in Pascagoula. It's really imperative that the Coast Guard and the Navy work very closely together regarding labor rates to make sure that we are synchronized, so that one of us is not above or behind the other one. There's an unequal loading as far as the burden share on the labor cost. We both understand the

interplay between the Navy construction and the Coast Guard construction.

On the other hand, the shipyard and Northrop Grumman have to understand that this is a firm fixed-price contract. They have to control costs, and they have to give us an offer that is legitimate in response to our proposal. So we're working that right now.

The final challenges we're dealing with are changes to outyear funding that change our acquisition program baseline and change those assumptions. Our original assumption was that, in any particular year, we would fund one ship and a long lead time for the next ship so we would not break production. Given the constraints on the budget this year, we have one ship funded, and that is breaking the pattern in the acquisition baseline and will cause us to make adjustments. And we may see some cost increases as a result of that. So that is a second challenge we're facing, sir.

Senator Cochran. I know that these ships are replacing I guess the high endurance cutters that you are planning to retire. Are there maintenance costs that are associated with continuing those ships in operation, or what capabilities does the national security cutter have that are not available to you with the high endurance cutter?

Admiral Allen. Yes, sir. We're kind of caught between a rock and a hard place here. If I could go back to the earlier question about decommissioning two cutters without replacement, the longer we keep these cutters in operation, the more costly they are to maintain. But if we don't maintain them in service, then we're going to take a cutter hour gap. We have to make the risk tradeoffs and allocate the hours.

In the mean time, we need the new ships built as quickly as possible. So the answer is the high endurance cutters that are meant to be replaced by national security cutters are getting more expensive every year to maintain. At some point, there's a breaking point between how many you keep in commission and how many you decommission and when the new ones are coming on.

From an operational effectiveness standpoint, you would like to have a ship be replaced by a ship without a gap. If we do that, that's going to require increased funding because the maintenance costs are higher. If we don't do that and we decommission them to avoid those increases in maintenance costs, then we're going to be dealing with a deficit of program hours that has to be managed by our operational commanders. That's the horns of the dilemma that we're on, sir.

UNMANNED AERIAL SYSTEMS

Senator Cochran. I think one of the ways the Coast Guard has been looking at taking up some slack is using unmanned aerial systems. What is your assessment of that as an efficient and capable system? Do you plan to continue to look to the Fire Scout or some of these other platforms? Stark Aerospace has a Heron that I understand is performing and is a capable platform. What is your assessment of that as a way to deal with your problems?

Admiral Allen. Yes, sir. We've always anticipated that our Deepwater fleet would be augmented by high-altitude unmanned

aerial systems (UASs) and vertically launched UASs off of the national security cutter. As you know, we've been partnering with the Navy in research and development regarding Fire Scout. One of the things we've had to do is convert the Navy's version of Fire Scout and put a maritime radar in it for the purposes that we would need it for.

The Navy just deployed Fire Scout on a drug patrol in the eastern Pacific and were successful in maintaining covert surveillance on a go-fast boat and in getting the first seizure ever based on surveillance provided by an unmanned system. So we know that it adds value out there.

On the high-altitude side, we are working with Customs and Border Protection (CBP) as CBP is working through its Predator program. CBP has put a maritime radar into its maritime variant that has been tested off of Florida recently with superior results. We need to move these boats to programs of record, get a funding stream and decide where we want to go. We're in the test and evaluation mode of that. So far, we've had very, very close cooperation with the Navy on the vertically launched UASs and with CBP on the Predator.

We are looking at Heron, Eagle Scan, and other types of UASs that are out there and will continue to assess all of those and mitigate risks as we move forward. But we certainly contemplate UASs being involved in the mix, sir.

Senator Cochran. Thank you.

Thank you, Mr. Chairman.

Senator Byrd. Thank you, Senator.

Senator Murkowski.

RESPONDING TO CRISES IN ALASKA

Senator Murkowski. Thank you, Mr. Chairman.

Admiral, thank you for your service. I don't know that we can say it strongly enough. For those of us around the subcommittee here, we certainly appreciate it. But on behalf of the people of Alaska, I sincerely extend my appreciation.

There have been a lot of comments about the Coast Guard's role in responding to crisis, whether it's in Haiti or Hurricane Katrina and Rita, and the exemplary role that you fill. I think Alaskans know and love the Coast Guard not just necessarily when crisis hits, but on a daily basis. We've got some 33,000 miles of coastline and I understand that when we get the satellite mapping better and take in all the miles around every island we're up to 44,000 miles of coastline. As you have indicated, with changes in the Arctic and increasing passage in parts of the world where we have not been able to travel before, your jurisdiction continues to grow. So your contributions again on a daily basis are greatly, greatly appreciated.

You have made the statement, and I appreciate it as it relates to the budget, that you've made decisions here to invest in the future. And that's good, but I'm very concerned, and I think you would probably share my concern, that when we don't invest in icebreakers we're not as an Arctic nation investing in our future.

I want to understand a little bit more how we deal with this gap that we're referring to when we have the

decommissioning of assets and waiting until the others come on. My particular interest, of course, is the Acushnet and the assets that are located in the District 17 region. You've indicated that you've got concerns as to how we cover fisheries enforcement. But as important as it is to invest for the future, we need to be able to respond to the mission of today.

I'm very concerned as to how we fulfil the existing mission in District 17 in the Alaska waters with the fisheries enforcement, with the drug interdiction, with the search and rescue, and now this new role of patrolling the Arctic, providing for a level of security and safety up there. Can you give me some level of assurance as to how you do it all?

Admiral Allen. Very adroitly, ma'am. As I stated earlier, one of the conundrums we have in the Coast Guard is explaining how we are and what we do to people because we are that unusual. We have multi-mission ships that can do five missions, so we don't have to have five ships, but we can't do all five missions at the same time.

So even in a very stable or even in an increasing growth environment, we're always going to have a risk management process for how we allocate resources, because that's part of our value proposition to the government. What happens when our resources decline, for whatever reason? It's the same process by which we manage and allocate resources, but we have to decide where to assume risk in different areas.

I can give you a couple of thresholds to talk about in terms of Alaska. We have a commitment to have a cutter on scene during parts of the year for fisheries enforcement and for search and rescue, what we call a 1-0 requirement. No matter what happens, there will be a cutter in the area someplace, and we would not back away from that under almost any scenario.

The question is something else has to give, and it will be something like illegal, unreported, unregulated fishing in the middle of the Pacific, high seas driftnets or potentially drugs or some kind of a migrant patrol. But the theater commanders would have to manage that against the intelligence they receive and the risks that they have to manage every day. That is really as basic as it gets. It's a risk management, resource allocation issue that becomes more acute when your resources drop. But there are floors and thresholds that we will not go below, and those thresholds have to do with search and rescue and safety.

So the minimum threshold for operating in Alaska would make sure those cutters are available during those times of year to meet our commitment and the forward-deployed helicopters that go to Saint Paul are there for rescue. We actually make resource tradeoffs to accomplish that. Because to have that second helicopter available in those winter months, which are the months when we need them up there, we actually move helicopters from down in the continental United States up because of the lack of helicopters in our inventory. That inventory will be further exacerbated by the loss of the one I mentioned earlier, ma'am.

HELICOPTERS

Senator Murkowski. And that was going to be another prong

to my question, is recognizing the aviation assets that we stage out of Kodiak, Air Station Kodiak there, and the need to deploy out to the fishing grounds, you've been basically piecing it together. I'm assuming that if you had a better budget that you would look to put another helicopter in there in Kodiak?

Admiral Allen. In regard to an H-60, which are our long-range helicopters with de-icing capability, there are two immediate requirements, in my view. The first one is to replace the 6028 that we lost in Utah. To do that, it would cost us about \$15.5 million to take a Navy airframe and basically rebuild it to Coast Guard standards.

Second, if I had one more incremental H-60 that I could get my hands on, I would send it to the 17th District to be the second standby helicopter for the Saint Paul area, ma'am.

ICEBREAKERS

Senator Murkowski. Let me ask about the Arctic, because you have been truly a phenomenal leader in this area, working with us in so many--just really taking the lead in responding as an Arctic nation should. I remain concerned, though. We're moving forward with the Arctic study that the Coast Guard is moving. Navy is looking. We're looking at the deepwater port. There are initiatives at play here that are extremely important.

But I guess my question to you is, recognizing that our heavy icebreakers are reaching the end of their service lives, is the Coast Guard currently positioned to address the safety and security missions that we know we will be faced with in the Arctic area as we see increased maritime activity coming up in these next few years?

Admiral Allen. Senator, it's been clearly demonstrated in a series of studies that the baseline requirement for icebreakers in the United States is three. We have two heavy duty icebreakers, the Polar Sea and the Polar Star, and we have an ice-strengthened research vessel, the Healy. My problem right now is a readiness issue in that only two of those ships are operational.

I want to thank the subcommittee and the leadership of Chairman Byrd because, during the last 2 years, you've provided us money to get Polar Star into drydock and get it fixed. So by 2013, we should have three operational icebreakers.

Some challenges remain after that, including funding a crew for the Polar Star once it comes out of drydock. That'll have to be dealt with in coming years.

I think what's misunderstood about icebreakers and the Arctic right now is--and you stated it yourself--it's not an ice-free Arctic; it's an ice-diminished Arctic. Even in the summer up there, very large pieces of ice present a hazard to shipping, and wind from the proper direction can come together and actually create ice flows that have trapped fishing vessels.

We need ice to be strengthened or icebreakers to be able to operate up there and provide us command-and-control platforms for forward basing of any mission response we would need to do, specifically a mass casualty response to an ecotourism cruise ship, as we saw off South America, or a response to an offshore

oil spill.

I have raised these issues, again, with Secretary Salazar and Deputy Secretary Hayes from the Department of the Interior, and we discussed it at your field hearing in Anchorage last year.

The second thing, and you really hit the nail on the head, is the lack of deepwater ports up there. With the exception of a vessel that draws less than 24 feet of draft, the last two places where you can stop and get logistics are either Dutch Harbor or Kodiak. I know there's a push in Nome right now to go beyond 24 feet, and I've talked to the mayor about that. But right now off the North Slope, the lack of infrastructure to respond to anything is really inhibiting our ability to be effective up there. That ability requires us fundamentally to have those icebreakers for command-and-control platforms in addition to their ice-breaking capability.

Senator Murkowski. Well, I share your concern about our preparedness and we want to work with those that will follow you to ensure that we are ready to the fullest extent possible.

Again, I thank you for your service.

Senator Byrd. Thank you, Senator.

C-130H VS. C-130J AIRCRAFT

This has been a good hearing. I only have one more question. Over the last 4 years, the Coast Guard has lost two C-130 aircraft in accidents. How has the loss of these two C-130 aircraft affected your ability to perform critical missions and is there a need to replace them with new aircraft?

Admiral Allen. Senator, our C-130H models right now operate at what we would call programmed flight hours of 800 per year. When we lost the first aircraft to the accident, we actually kept one aircraft that we were going to decommission, so we did not lose those flight hours. We now have to deal with the loss of the 1705 in Sacramento, which is another 800 hours.

To bring another H model out of mothballs and renovate it would cost about \$10 million and take about 18 months. So we will go through an hour gap just dealing with--if we were to take an old aircraft and refurbish it.

Frankly, with the six C-130Js we have in our fleet right now, if we were to take a look at a life cycle cost standpoint, our ability to sustain operations, it would be preferable to us if resources were available to look at another C-130J to replace the 1705. We start to get to the threshold where we could maybe have two C-130J stations, which would significantly enhance our performance.

A good example right now is if a C-130H takes off from Hawaii to go to Guam, it's actually a 2-day trip. The C-130H has to stop. A C-130J can make that in one flight. So there are some significant advantages of the J over the H model, sir.

Senator Byrd. Do Senators have any other questions?

BUDGET FOR REPLACEMENT HELICOPTER

Senator Voinovich. I have, yes, Mr. Chairman. I'd like to revisit this helicopter thing. You're basically saying that one of the two helicopters that you were going to replace when you

decommissioned these other ones was lost and as a result of that you're going to have to compensate for that. So you'll be coming back to the subcommittee with some plan to amend the budget to some other alternative.

The question I have is have you asked for money to replace the helicopter that you've lost?

Admiral Allen. Well, we've made those estimates known to the subcommittee and the staff that have asked for it, sir. Again, a replacement helicopter is critical to our current operations and is not budgeted right now. So if there were a way to provide those resources, we would appreciate that.

Senator Voinovich. Well, I think we ought to find out about it.

Then you talked with Senator Murkowski and said that this is the same kind of helicopter you need up in her State, Alaska?

Admiral Allen. Yes, sir. We are talking about all-weather helicopters that have de-icing capability for harsh environments.

Senator Voinovich. Now, the question is, if you did one of them would you stick with the proposal that you have about shutting down the five we've got in the Great Lakes and having the two?

Admiral Allen. We'd have to make a tough call there, sir. I'll tell you why. There's another dimension to this that I didn't bring up earlier. When we don't have those helicopters involved in search and rescue during the winter, we actually move them down South and put them on the backs of cutters and get deployable days at sea out of them to be able to do drug interdiction better. So there was going to be a cost in loss of days at sea of our deployable helicopters, had we gone ahead with the plan.

So I think we have to sit back and reassess the resources that are available, and we need to provide you some alternatives, sir.

Senator Voinovich. We'd like to get that information.

The other thing is that there was talk about building another icebreaker for the Great Lakes, and we asked for a report from the Coast Guard in terms of would it be better to buy a new icebreaker or to rehab and restore and bring up to snuff the current vessels that are now doing icebreaking. I guess they're multi-use. They do buoy-tending and so forth, and at the same time they are good--they ice-break.

So the question really is, do you need a new one or would we be better off taking the money to bring those up to quality. When are we going to get that report?

Admiral Allen. Sir, we're finalizing that report, just going through administration review. But I think I can give you some highlights of it right now. I think our position is that, rather than go for a single additional icebreaker, taking the five 140-foot icebreaking tugs that are on the Great Lakes and bringing them up so they can operate another 10 years while we assess what we need to do probably is the way forward. But we're finalizing those recommendations right now. But that's where that study is going, sir.

Senator Voinovich. The question I have is is there any money in the budget, this budget, to do that?

Admiral Allen. We're just finishing the assessment right now, so that would have to be in a future year's budget. I think we're looking at, over about a 5-year period, about \$131 million to extend the service life of all 5 for 10 years, sir.

Senator Voinovich. So basically at this stage of the game and in terms of this budget, we're going to stay with the status quo, you finish your report, and the money for rehabbing these vessels would be in the next budget?

Admiral Allen. That would be a programming decision in either 2012 or beyond, yes, sir.

Senator Voinovich. Okay.

HAITI

Admiral Allen. Sir, if I could. You asked an earlier question about Haiti and our resource requirements related to that. Our costs related to Haiti are \$45 million, and they are covered in the administration's supplemental request, sir.

Senator Voinovich. So you're all set in that regard.

Thank you, Mr. Chairman.

Senator Byrd. Thank you, Senator.

Senator Cochran, do you have any further questions?

Senator Cochran. Mr. Chairman, I have nothing further, except to congratulate the Commandant for the great job he's done.

We're going to miss you when you retire.

Admiral Allen. Thank you, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator Byrd. Admiral Allen, I thank you for your testimony. I thank you for your responses to our questions. We look forward to your rapid response to our written questions for the record.

[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 Robert C. Byrd
small boat threat

Question. Admiral Allen, you have stated publicly that one of our most serious vulnerabilities is a U.S.S. Cole-style attack within one of our ports or waterways. Yet the budget either cuts or zeroes out many of the capabilities the Coast Guard has highlighted as critical to countering a small boat attack.

--Five Coast Guard maritime safety and security teams are decommissioned, reducing port and waterway security patrols by 12,000 hours annually.

--Acquisition funding for port operation centers and the National Automatic Identification System is zeroed out.

--The budget reduces assets and funding for the Coast Guard's Maritime Security Response Team, which was developed for maritime terrorism response.

Are we no longer vulnerable to a Cole-style attack?

Answer. The threat environment has not changed. It is highly dependent on intent, which has not been discerned by the intelligence community.

As shown in the fiscal year 2011-2015 Capital Investment Plan, the

Nationwide Automatic Identification System (NAIS) and Interagency Operations Centers (IOCs) programs are funded through their completion in 2014. No funding is requested for 2011 because the Coast Guard plans to use \$17.8 million of prior year funding to continue the acquisition of new capability for IOCs and NAIS, which will enhance maritime domain awareness.

The new regional construct for MSSTs places teams in proximity to international borders, major port complexes, and transportation infrastructure to facilitate rapid response times. Transitioning the MSSTs to a regional model will enable the Coast Guard to rapidly deploy teams of skilled professionals to ports and operating areas across the country based on risk and threats as needed.

Overall, the funding requested for the Coast Guard's Ports, Waterways and Coastal Security Mission is \$106 million (-5 percent) less than fiscal year 2010 enacted. Of this amount, over \$75 million or nearly three quarters is attributable to the funding profile for specific asset acquisitions (RB-M, MPA, HH-65), primarily reflecting year-to-year variation in the planned acquisition expenditures. Those changes do not translate into decreased capability as the corresponding legacy assets continue to do the job.

deepwater

Question. The original Deepwater plan to modernize the Coast Guard's fleet called for a mix of new assets to meet operational requirements, such as 8 National Security Cutters, 25 Offshore Patrol Cutters, and 58 Fast Response Cutters. That plan was developed several years ago. The Coast Guard is in the process of updating this plan through a ``fleet-mix'' analysis. My understanding is that the study has been completed. Does it suggest changes to the current mix of planned assets and can you describe them to us?

Answer. The contractor has delivered the draft report and the Coast Guard is completing its final review. In general, the results of this limited study are similar to previous studies and support the Deepwater program of record.

national security cutter

Question. Is the Coast Guard still on schedule to deliver the 3rd National Security Cutter (NSC) in the 4th quarter of fiscal year 2011?

Answer. Yes.

Question. Is the Coast Guard on schedule to make an award for the 4th NSC this spring? What is being done on your end to ensure the best cost is achieved for the taxpayers?

Answer. The Coast Guard is working towards awarding the production contract for NSC #4 with Northrop Grumman Ship Building (NGSB) in the third quarter fiscal year 2010. To accomplish this, the Coast Guard with the assistance of the Defense Contract Audit Agency, continues to conduct an extensive evaluation of NGSB's proposal using actual project data from the first three NSCs. Additionally, the Coast Guard is actively collaborating with the Navy on issues impacting affordability of ship construction, such as forecasting yard-wide workload to estimate probable overhead rates. This evaluation work is necessary to thoroughly prepare the contract negotiation team for the complex negotiations ahead. The Coast Guard plans to enter into negotiations with NGSB in the near future to reach a fair and reasonable price for the production work for NSC #4.

Question. Your fiscal year 2011 request includes full funding for the 5th NSC, but includes no funding for long lead time materials for National Security Cutter #6. What is the estimated cost of long lead time materials for NSC #6?

Answer. The fiscal year 2011-2015 Capital Investment Plan includes funding for a sixth NSC. No separate request will be made for any long lead materials.

Question. For some acquisitions, long lead materials are funded in advance to maintain a planned production schedule. Does the fact that long lead time materials for NSC #6 are not funded in the request impact the cost and delivery schedule for the 6th NSC? Will the Coast Guard stay on track with the planned delivery schedule of one NSC per year?

Answer. The fiscal year 2011 Capital Investment Plan includes funding for a sixth NSC. No separate request will be made for any long lead materials, as this type of incremental funding, with the possible exception of the lead asset in a procurement, is not consistent with OMB Circular A-11.

The following table shows the NSC delivery schedule consistent with the 2010 Deepwater Implementation Plan and the fiscal year 2011-2015 Capital Investment Plan.

| National Security Cutter | Projected Contract Award | Delivery |
|--------------------------|--------------------------|------------------|
| NSC 6..... | Fiscal year 2012.. | Fiscal year 2016 |
| NSC 7..... | Fiscal year 2013.. | Fiscal year 2017 |
| NSC 8..... | Fiscal year 2014.. | Fiscal year 2018 |

offshore patrol cutter

Question. Since this Subcommittee was created in 2003, funding has been provided at different stages for the Offshore Patrol Cutter (OPC). These cutters will replace the Coast Guard's fleet of aging Medium Endurance Cutters. However, your budget indicates that production funding for the first OPC will not occur until fiscal year 2015. Why is it taking so long to build this asset? What concerns do you have with the prolonged delivery schedule of the OPC's and the impact it will have on the legacy fleet, some of which have been operating since the 1960s? What can be done to address these concerns?

Answer. Initial Offshore Patrol Cutter (OPC) requirements were developed using fiscal year 2004 funds under the Integrated Deepwater Systems contract with Integrated Coast Guard Systems (ICGS) as the prime contractor and systems integrator. A stop work order on the contract delivery task order to ICGS was issued in 2006 and all unobligated funding appropriated for the OPC Project through fiscal year 2008 was rescinded.

The OPC Project was restarted at Milestone One in January 2008 with the Coast Guard as the systems integrator. To reduce acquisition risks and enhance performance of the Coast Guard's acquisition organization, the OPC Project is following the deliberate acquisition process as outlined in the Coast Guard Major Systems Acquisition Manual.

The project schedule depends, in part, on approval of both operational requirements and acquisition strategy. The start of actual construction depends on the time required for the design process, but it is currently planned in 2015. The schedule also prevents significant overlap with the NSC program so that these acquisition projects are appropriately staffed.

The primary concern with a prolonged OPC delivery schedule is the extended reliance on the legacy Medium Endurance Cutter (MEC) fleet.

Based on current projections, the 210-foot and 270-foot MECs will average 45 and 33 years old, respectively at the time the first OPC is being built, as such, it is critical that these cutters are replaced as quickly as possible.

The Coast Guard initiated a Mission Effectiveness Project (MEP) for MECs to mitigate the impacts of the OPC delivery schedule. MEP was not designed to increase the ships' service lives, but to reduce the maintenance expenditures and restore capacity target levels. The Coast Guard will continue to develop and execute a maintenance plan that bridges the time necessary to deliver OPCs.

workforce plan

Question. In the explanatory statement accompanying the fiscal year 2009 Appropriations Act for the Department of Homeland Security, this Subcommittee required the Coast Guard to submit a ``Workforce Action Plan'' to the Committee. The intent of the directive was to gain a better understanding of the Coast Guard's workforce requirements in relation to mission responsibilities that have expanded dramatically under the intensity of a post 9/11 environment. What we received was an incomplete plan that simply summarized the fiscal year 2010 request. The plan should have included a complete workforce gap analysis, the type of personnel needed to fill the gaps; and a plan, including funding and a timeline to fill the gaps. I wrote to you on October 29, 2009, asking you to revise the plan by fully addressing the congressional requirements. To date, we have not received a response. Will you commit to submitting a revised plan to the Committee before you leave your post as Commandant?

Answer. The Coast Guard appreciates the continued interest regarding staffing levels in a post 9/11 environment, and is currently in the final stages of providing a response to Senator Byrd's letter.

budget impact of helicopter crash (hh-60)

Question. Your budget proposes to relocate four H-60 helicopters to the Great Lakes region to improve domestic air operations in that region. On March 3, 2010, one of these helicopters crashed in the mountains of Utah. Fortunately, the crew survived. However, the airframe did not. How does this recent event affect your budget request? What are your plans to replace the helicopter and what is the cost?

Answer. With the loss of the MH-60 that was planned for re-location to Michigan, the fiscal year 2011 proposal to re-allocate only wing assets became challenging because Air Station Traverse City requires four H-60 aircrafts. The Coast Guard is currently working with the Administration to evaluate options with regard to the proposed fiscal year 2011 rotary wing budget proposal.

high endurance cutter sustainment

Question. In fiscal year 2010, Congress appropriated \$4 million to begin work on a maintenance effectiveness project for the Coast Guard's High Endurance Cutters. A similar program for the Medium Endurance Cutter fleet has been highly successful in increasing its fully-capable mission availability. What is the current policy as it pertains to all 12 of the legacy High Endurance Cutters? Given your significant cutter hour shortfall, are you considering a maintenance effectiveness program as directed by Congress?

Answer. The \$4 million appropriated in fiscal year 2010 will be used to assess and evaluate the High Endurance Cutter (HEC) fleet and determine the most effective use of funds to operate the vessels until replaced by National Security Cutters. The HEC assessments will document the material condition of select cutters and the results will

determine future maintenance requirements. The Coast Guard recognizes the need to invest in sustaining HECs in advance of replacement. Toward this end, \$20 million was appropriated from supplemental appropriations (Southwest Border initiative and Recovery Act) to fund deferred maintenance of these vessels. This supplemental funding has targeted, for example, the top six mission degraders of the fleet to extend the life of those systems.

expenditure plans and reports

Question. It has been 5 months since the President signed into law the Department of Homeland Security Appropriations Act. Within that Act, Congress required several expenditure plans and reports from the Coast Guard. The Committee highlighted three such reports as critical: a 5-year update for Deepwater, a comprehensive 5-year Capital Investment Plan for fiscal years 2011-2015, and Quarterly Acquisition Reports. Congress requires these reports in an effort to ensure that the Coast Guard is providing the appropriate amount of oversight and discipline to complex programs. We are now in the third quarter of fiscal year 2010 and we still haven't received these reports.

It is difficult for this Committee to make important resource allocation decisions to address critical homeland security issues for fiscal year 2011 if the Coast Guard has not informed us of how the dollars in the current year are being spent.

Do I have your commitment that we will receive these reports no later than April 30th?

Answer. The 5-year Capital Investment Plan was submitted in February 2010, with the fiscal year 2011 President's budget. The 2010 Comprehensive Deepwater Implementation Plan, which contains the 5-year update for Deepwater is currently undergoing final review. The Second Quarter Acquisition Report to Congress reports on acquisition project status through March 31, 2010 and was delivered to your Committee staff on May 5, 2010.

national automatic identification system

Question. The budget provides no acquisition funding for the Nationwide Automatic Identification System (NAIS). The Maritime Transportation Security Act of 2002 required certain vessels operating in the navigable waters of the United States to be equipped with, and operate, an automatic identification system (AIS). The Coast Guard has been developing NAIS, which is critical to identify, track, and communicate with marine vessels that use AIS. The Coast Guard estimates that the system won't be completed until 2015; 13 years after Congress mandated that vessels be equipped with AIS.

Why isn't this program a higher priority given the need to enhance the Coast Guard's Maritime Domain Awareness?

Answer. NAIS capability has been deployed to 58 port areas around the Nation and is providing the Coast Guard and other Federal agencies with greater awareness of the vessels operating in and near U.S. waters. The project will use prior and future year funding, shown on the Capital Investment Plan, to make the current system, deployed as a rapid prototype, a permanent solution for enhancing Maritime Domain Awareness in the Nation's ports. No funding is requested for fiscal year 2011 because the Coast Guard plans to use \$7.8 million of prior year funding to continue the NAIS acquisition.

Question Submitted by Senator Mary L. Landrieu

Question. The Sentinel Class Fast Response Cutters (FRCs) will provide the Coast Guard with a new generation of patrol boats to

support its homeland security, maritime safety, law enforcement, and interdiction missions. The fiscal year 2011 budget request includes \$240 million for acquisition of FRCs.

Can you please explain the importance of this particular funding request, the role these cutters will play within the Coast Guard's fleet, and their capability to support the Coast Guard's overall mission?

Answer. The \$240 million identified in the fiscal year 2011 budget request for the Sentinel Class Fast Response Cutter (FRC) acquisition project will permit the continuation of the contract awarded to Bollinger Shipyards, Inc. through the award of option #3 for production of hulls #9-12, as well as funding for associated initial sparring and project costs.

The FRC project is critical to replacing the Coast Guard's fleet of 110-foot Island Class patrol boats. The Sentinel class will possess an improved sea keeping ability, resulting in better habitability and full mission capability in higher sea states. Additionally, enhanced interoperability; Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR); common operating picture; and sensors will improve surveillance and identification performance over the existing capabilities of the legacy 110-foot patrol boat.

With its high readiness, speed, adaptability, and endurance, the FRC will respond quickly and effectively to emerging security and safety issues, essential to achieving mission success in the Coast Guard's following Congressionally-mandated missions:

- Search and Rescue;
- Living Marine Resources;
- Marine Environmental Protection;
- Ports, Waterways and Coastal Security;
- Drug Interdiction;
- Migrant Interdiction;
- Defense Readiness; and
- Other Law Enforcement.

Questions Submitted by Senator George V. Voinovich

Question. How will other Coast Guard districts be affected by providing the Blackhawk helicopters to the Great Lakes, as proposed in the budget? Will their capabilities be significantly diminished?

Answer. The fiscal year 2011 budget request reallocates two H-60s based in Clearwater, FL and two H-60s based in Elizabeth City, NC to Air Station Traverse City. These four aircraft replace five H-65s, which will be removed from service. Additionally, the proposal closes two seasonal (Memorial Day to Labor Day) air facilities in Muskegon, MI and Waukegan, IL.

The aircraft proposed to be moved from Elizabeth City, NC, will eliminate tactical vertical insertion as part of advanced interdiction organic helicopter support for training and operations with the Coast Guard Maritime Security and Response Team (MSRT). Although Coast Guard has been training to add this capability to its prototype security response force, MSRT, in the event of a significant incident involving federal response forces, the responsibility for this capability primarily resides with the Department of Justice tactical units.

While the aircraft proposed to be moved from Clearwater, FL, will reduce Seventh District's MH-60 capacity by two, these MH-60 helicopters are assigned to locations within The Commonwealth of the

Bahamas to support interagency counterdrug missions for Operation Bahamas, Turks, and Caicos (OPBAT). A third MH-60 will remain to assist the multiagency OPBAT effort.

The 2011 Rotary Wing Re-alignment proposal maintains Search and Rescue (SAR) mission readiness requirements at these locations, enhances CGAS Traverse City capabilities, and enables closure of seasonal Air Facilities in Muskegon, MI and Waukegan, IL. However, due to the loss of a MH-60 on March 3, 2010, that was planned for re-location to Michigan, the fiscal year 2011 proposal to re-allocate rotary wing assets becomes challenging because Air Station Traverse City requires four H-60 aircraft. The Coast Guard is currently working with the Administration to evaluate options with regard to the proposed fiscal year 2011 rotary wing budget proposal.

Question. How will the fiscal year 2011 budget reductions impact our participation in critical bilateral agreements like Shiprider, which the U.S. Coast Guard and Royal Canadian Mounted Police have worked so hard to reach? Will we need to lessen our commitment to such programs?

Answer. The bilateral Shiprider agreement between the United States and Canada has not yet entered into force. It will enter into force following ratification by the Canadian Parliament, which may occur by the end of calendar year 2010. There are currently no foreseen impacts on Shiprider or other similar programs under current bilateral agreements. The costs associated with embarking Shipriders are minimal and the programs should be unaffected.

Question. Following the earthquake in Haiti, I was not surprised to see that the Coast Guard was first on-scene to assist with the rescue effort (within 18 hours). It is clear from news reports, and your testimony, that the response did not come without a high cost to the Coast Guard. What impact did the response have on mission capabilities in District 7, and throughout the Coast Guard? Are the severely affected assets operational at this time?

Answer. Numerous cutters, planes and deployable teams responded to Haiti during the critical hours, days, and weeks after the earthquake. Consistent with Coast Guard's well-developed surge planning and capabilities, these assets were shifted from other mission areas within District Seven or brought in from other districts. The mission areas affected by the shift in assets were counterdrug mission and living marine resources in Districts Five and Eight. The majority of these assets have been returned to their normal operations.

The Coast Guard operates one of the oldest fleets in the world. Of the 12 major cutters assigned to Haiti relief operations, 10 cutters, or 83 percent, suffered severe mission-affecting casualties, two were forced to return to port for emergency repairs, and one proceeded to an emergency dry dock. Air assets were diverted away from evacuation efforts to deliver repair parts. While a majority of the affected assets have had immediate repairs completed and all have returned to operation, those repairs did not address the longstanding suboptimal condition of ships that are well past their service life.

Question. On March 23, 2010, the President submitted to the Congress a request for \$2.8 billion in fiscal year 2010 emergency supplemental appropriations to provide for costs associated with relief and reconstruction support for Haiti following the devastating earthquake in January, including an additional \$45 million for Coast Guard operating expenses for emergency relief, rehabilitation, and other expenses related to Haiti. What period of time does this funding request cover? Does it go through the date when the Coast Guard expects

to cease its Haiti operations? If not, how long does the Coast Guard expect to maintain these operations and what funds, in addition to those requested, are needed to cover that period?

Answer. The \$45 million emergency supplemental request covered a 90-day period from January 13 through April 14, 2010.

As part of the Coast Guard's migrant interdiction mission, Operation Southeast Watch--Haiti (OPSEW-H) continues as Coast Guard assets maintain an increased surface presence to deter potential mass migration. The Coast Guard continually monitors indications and warnings for mass migration and adjusts assets as required.

No changes are needed to the supplemental request.

Question. Last August, the Coast Guard proposed a Ballast Water Discharge Standard to combat the introduction and spread of invasive species. Does the Coast Guard expect to finalize a rule in fiscal year 2011? Can you tell me how much money is in the Coast Guard's fiscal year 2011 budget to further develop this proposed rulemaking and implement it?

Answer. The Coast Guard is working diligently to finalize its proposed Ballast Water Discharge Standard (BWDS) rulemaking. The Coast Guard is working towards publishing a BWDS final rule by the end of December 2010. For more information please go to Office of Information and Regulatory Affairs (OIRA) link: <http://159.142.187.10/public/do/eAgendaViewRule?pubId=201004&RIN=1625-AA32>.

The full cost of the proposed rulemaking and implementation is under development. The fiscal year 2011 President's budget provides resources commensurate with 2010 enacted for rulemaking activities under which BWDS is performed.

Question. In a January letter that I wrote with some of my other Senate colleagues to the Coast Guard, we said that we wanted to be sure that the Coast Guard had the necessary resources in its budget to ensure that your proposed rulemaking can be implemented in a timely fashion. The letter pointed out that the proposed rulemaking relies on non-governmental laboratories to test ballast technologies and that the Coast Guard has already said that additional installations and modifications are needed at these labs in order to comply with the Coast Guard type approval test procedures. However, in the Coast Guard's response, you stated that it would be inappropriate and a conflict of interest for the Coast Guard to fund the development of these labs. Can you explain this conflict of interest and why you don't believe that the Coast Guard should provide funding even though your proposed rulemaking relies on these labs for testing?

Answer. The manufacturer of ballast water treatment technology must use a laboratory to validate compliance with Coast Guard standards and protocols. If the Coast Guard funds the laboratory, then a relationship between the Coast Guard and the laboratory forms--a relationship that could create the appearance of undue governmental influence over the laboratory's evaluation of the manufacturer's technology or, potentially, actual governmental influence over the laboratory's evaluation.

Question. Last year, the Administration proposed and Congress appropriated significant funds for Great Lakes restoration. Several agencies, including the Coast Guard, received funding through this initiative. How much fiscal year 2010 money will the Coast Guard receive and for what activities? How much does the Coast Guard plan to receive in fiscal year 2011?

Answer. Of the appropriated amount to EPA under Public Law 111-88, \$6.4 million is being executed by the Coast Guard for the following

activities:

- Research, Development, Testing and Evaluation (RDT&E) Invasive Species--reducing invasive species introductions through ballast water treatment (\$3.5 million);
- (RDT&E) Toxic Substances and Areas of Concern--response to spills of oil in ice in fresh water (\$0.1 million); (RDT&E) Toxic Substances and Areas of Concern--recovery of submerged oil (\$0.3 million); and
- (Environmental, Compliance & Restoration) Toxic Substances and Areas of Concern--investigate and remediate potential sources of toxic substances on Coast Guard property in the Great Lakes Area (\$2.5 million).

The Coast Guard anticipates it will receive \$2.2 million from the EPA appropriation in fiscal year 2011.

CONCLUSION OF HEARINGS

Senator Byrd. With that, any further questions?

If not, the subcommittee stands in recess subject to the call of the Chair.

[Whereupon, at 3:50 p.m., Tuesday, April 13, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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