

DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD
STATEMENT OF ADMIRAL JAMES M. LOY
ON THE
COAST GUARD FISCAL YEAR 2003 BUDGET REQUEST
BEFORE THE
SUBCOMMITTEE ON OCEANS, ATMOSPHERE, AND FISHERIES
COMMITTEE ON COMMERCE, SCIENCE, TRANSPORTATION
U. S. SENATE
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INTRODUCTION

Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's fiscal year 2003 budget request and its impact on the essential daily services we provide the American public.

Working with Secretary Mineta and the Department of Transportation, the Coast Guard's fiscal year 2003 budget request first and foremost represents significant increases to address our Homeland Security responsibilities. The President said, "*the budget [being sent] to the United States Congress [has] the largest increase in spending for the Coast Guard in our nation's history.*" Our ports, waterways, and coastal security are the focus of that increase.

Last year I talked about the Coast Guard's multi-year plan to transform our organization by Restoring Our Readiness and Shaping Our Future to enable the Coast Guard, as a multi-missioned, maritime, military organization, to adapt to the needs of our Nation. This budget methodically continues that strategic effort and also concentrates on our efforts to rebuild our Search and Rescue program, a clear, Administration and Congressional priority. All these intentions were changed by the events of September 11th of last year. The transformation that we had designed occurred sooner, faster, and with greater force than we might have anticipated but it did not alter our fundamental vision...we must continue that transformation. As we bolster the foundation of our service, we'll simultaneously enhance our increased Maritime Homeland Security capabilities.

TRANSFORMING OUR ORGANIZATION

The Coast Guard achieves its flexibility and strength through its military discipline, multi-mission character, and civil law enforcement authority. This unique authority and flexibility in operations allows our organization to shift our resources rapidly from one priority to another, often in a matter of minutes.

Our mission profile is different than planned for a year ago. At that time, Marine Safety was allocated 14 percent of our mission portfolio including the Coast Guard's traditional Port Safety and Security efforts. In the days and weeks following the terrorist attacks, we dedicated over half of all Coast Guard resources to Maritime Homeland Security—or as we now refer to it—Ports, Waterways, and Coastal Security. In fiscal year 2003, our traditional Marine Safety activities coupled with the resources dedicated to Ports, Waterways & Coastal Security will represent a very significant 27 percent of our Coast Guard resources.

Terrorism, however, is only one of many modern day threats to homeland security. Migrant and drug smuggling compound the threat of terrorism when they contribute to illicit movement of people, money, and weapons across our borders. They continue to grow in severity each year. Profits from these criminal activities are well documented as significant funding engines for international terrorism.

Our Maritime Transportation System (MTS) is both valuable and vulnerable. The MTS includes waterways, ports, intermodal connections, vessels and vehicles. The Maritime Transportation System moves 95 percent of the nation's overseas trade accounting for nearly \$1 trillion in GDP. Protecting America from terrorist threats requires constant vigilance across every mode of transportation: air, land and sea. The agencies within the Department of Transportation, including the U.S. Coast Guard, the Maritime Administration (MARAD), and the Transportation Security Administration touch all three modes of transportation and are cooperatively linked. The vast majority of the cargo handled by this system is immediately loaded onto or has just been unloaded from railcars and truckbeds, making the borders of the U.S. seaport network especially vulnerable. The Coast Guard, with strong support of Secretary Mineta, has developed five key goals, which when met will protect and ensure the safety of our Nation's waterways and ports, as well as maintain and increase public confidence in the Maritime Transportation System. In fiscal year 2003 the Coast Guard will make great strides in addressing these five goals:

BUILD MARITIME DOMAIN AWARENESS –The United States must have continuous awareness of all vessels – with their cargo and crew along with associated risk profiles– that operate to and from our ports, or transit our coastal waters. Determining a threat profile of each asset as far out to sea as possible works to optimize the “maritime sovereignty” that is required to ensure security of the maritime transportation system as well as the Nation in general. We will complete Port Vulnerability Assessments for the Nation's most critical ports. We are also requesting 300 personnel and \$88 million to establish intelligence fusion centers for the collection, analysis, and sharing of intelligence information. The initiatives in this component of our maritime homeland security strategy have the potential to significantly reduce security risks while allowing better decision-making and allocation of security resources.

ENSURE CONTROLLED MOVEMENT OF HIGH INTEREST VESSELS – We have categorized any vessel that could be used as a weapon of mass destruction and vessels carrying a large number of passengers (i.e. Liquefied Natural Gas carriers, chemical tankers and cruise ships) to be “High Interest” and subject to special scrutiny as they approach our ports. These vessels must be identified, and possibly boarded and inspected by Coast Guard personnel well offshore before a possible threat could cause harm to our nation's ports or people. This budget supports 160 Sea Marshals for armed escort of High Interest Vessels and provides the resources to increase on-the-water patrols for all 49 Captain of the Port zones.

ENHANCE PRESENCE AND RESPONSE CAPABILITIES – Increased presence has great value as a deterrent and if a potential threat has been identified, the Coast Guard needs the capability to detect, intercept and interdict it, preferably on the high seas, using a layered defense of major cutters, patrol boats, and maritime patrol aircraft. Such action will effectively disrupt a terrorist's planned chain of events and prevent a possible catastrophic terrorist attack well before it threatens our shores. This budget completes the establishment of 6 Maritime Safety & Security Teams with nearly 500 active duty personnel. It will also add 26 more Port Security Response Boats and staffing for small boat stations.

PROTECT CRITICAL INFRASTRUCTURE AND ENHANCE COAST GUARD FORCE PROTECTION – The Coast Guard must take measures to ensure protection of our personnel, physical plant, and, consistent with the Administration's Critical Infrastructure Protection Program, information technology capabilities. The threats posed are wide and varied, and require considerable actions to safeguard the Coast Guard's people and resources. \$51 million is requested for Anti-Terrorism / Force Protection – with specific enhancements to physical infrastructure, cyber-security, personal protective equipment, and firearms and ammunition.

INCREASE DOMESTIC AND INTERNATIONAL OUTREACH – Addressing security risks in the maritime environment is an “all-hands” affair. It will require partnerships and strategic relationships at home and abroad. To help build this security network, the Coast Guard will require robust security plans, including plans for commercial vessels, offshore structures, and waterfront facilities. These plans will address access control, credentialing of waterfront employees, state physical and other security issues. Coast Guard Captains of the Port, in concert with all other port stakeholders, will prepare anti-terrorism contingency plans. All of these plans will be exercised periodically. The Coast Guard will continue to work with the International Maritime Organization to align international activities and improve security. The budget proposes 110 contingency response planners for worldwide seaport infrastructure security.

RESTORING OUR READINESS

We must also continue our multi-year, phased efforts to restore readiness as we strive to establish equilibrium to sustain our “new normalcy.” We must attend to traditional operations and perform appropriate training, maintenance and administrative work, while maintaining ‘surge’ capacity for emergency operations. We must ensure adequate levels of training, maintenance, and other support resources are in place to achieve the full measure of output from our ships, aircraft, and shore facilities.

Search and Rescue (SAR) - The Coast Guard remains the sole government agency that has the expertise, assets, and around the clock, on-call readiness to conduct Search and Rescue operations in all areas of the maritime environment. Through education, regulation, and enforcement efforts, as well as SAR operations, the Coast Guard strives to reduce fatalities, injuries and property loss at sea. Annually, the Coast Guard responds to approximately 40,000 calls for assistance. In fiscal year 2001, the Coast Guard saved over 84 percent of all mariners in distress, over 4,100 lives.

The Coast Guard has undertaken a multi-year effort to improve our readiness at our small boat stations where many of the search and rescue cases take place. We added 67 personnel for back-up safety boat crews and tower watches at our surf rescue stations in fiscal year 2001. This year the Coast Guard is adding nearly 200 personnel to small boat stations and command centers. Additionally, we are opening a formal school for training Boatswain's Mates and establishing traveling small boat training teams, ensuring that our personnel have critical skills required to successfully carry out search and rescue missions. Personal protective clothing inventories have been enhanced to protect our crews from the harsh environment. This effort continues in fiscal year 2003 by adding another 174 personnel to our small boat stations to reduce the work hour requirements and enhance the retention of our front line personnel.

The National Distress & Response System Modernization Project (NDRSMP) – In addition to adding personnel to our emergency response system, we are making major commitments to the capital infrastructure that enables effective safety and security response capability. The Coast Guard is underway with a major re-capitalization of the Nation’s “Maritime 911 System.”

The National Distress & Response System Modernization Project will update our 1970's technology to an integrated communications network that will greatly increase detection and localization of distress signals, eliminate known radio coverage gaps, and enhance Coast Guard command and control capabilities across all mission areas, including homeland security, on the Nation's inland and coastal waterways. This budget will fund the initial installation of NDRS equipment and networking at six of the Coast Guard's Group regions along the Atlantic, Gulf, and Pacific Coasts.

Human Capital - Our personnel remain our organization's most valuable resource. It is their hard work and dedication that have enabled the Coast Guard to adapt to evolving missions and changing operational environments. The Coast Guard's motto of Semper Paratus – always ready- is more a statement of our people's mindset than of the capabilities of our physical assets.

At his State of the Union address, President Bush emphasized the commitment of men and women in uniform to provide for our Nation's security and safety. He said, "*Our men and women in uniform deserve the best weapons, the best equipment, the best training -- and they also deserve another pay raise.*" This budget reflects the President's desires.

SHAPING OUR FUTURE

We must also plan the U.S. Coast Guard's future now. The ability to anticipate and respond to new threats, risks, demands and opportunities is critical to our success.

The Integrated Deepwater System - Of the 39 similar naval services throughout the world, the U. S. Coast Guard has one of the oldest inventories of ships and aircraft. With great support from the Department of Transportation and the Administration, we're ready to move forward with our plans to recapitalize and upgrade our deepwater assets. During his recent trip to Portland, Maine, President Bush said we "... *must make sure our Coast Guard has a modern fleet of vessels.*" Providing capability across all mission areas, our Deepwater assets are vital to the layered defense and response for Maritime Homeland Security. Deepwater is key to ensuring the Coast Guard can continue to fulfill all our missions and essential in providing a high level of "maritime domain awareness" to exercise and protect our national sovereignty.

CONCLUSION

The President's fiscal year 2003 budget provides immediate capability for our Homeland Security responsibilities and continues to build upon past efforts to restore service readiness and shape the Coast Guard's future. The budget also demonstrates unwavering support for both the Deepwater project and National Distress and Response System Modernization Project (NDRSMP). The end result of the President's fiscal year 2003 budget will be a more capable Coast Guard that is correctly positioned for transformation into the Coast Guard of the 21st century.

I close with a quote from our Commander in Chief as he reflected on the Coast Guard's efforts as of late.

"I saw how the Coast Guard has responded after 9/11 and I know how important the Coast Guard is for the safety and security and the well-being of our American citizens.

This is a fine group of people, who don't get nearly as much appreciation from the American people as they should. And I'm here today [Jan 25, 2002] to say thanks, on behalf of all the citizens who appreciate the long hours you put in, the daring rescues you accomplish and the fine service you provide to our country. Oh, yes, we're on guard in America."

Protecting our ports, waterways, and coastal regions, saving mariners in distress, interdicting illegal migrant and seizing drugs, or protecting our fisheries – With this budget the Coast Guard will be there to answer the call...

Semper Paratus