

COAST GUARD AND NATIONAL OCEANIC  
ATMOSPHERIC ADMINISTRATION (NOAA)  
FISCAL YEAR 2004 BUDGET REQUESTS

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HEARING

BEFORE THE

SUBCOMMITTEE ON OCEANS, FISHERIES, AND  
COAST GUARD

OF THE

COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION  
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

MARCH 12, 2003

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ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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ATMOSPHERIC ADMINISTRATION (NOAA)  
FISCAL YEAR 2004 BUDGET REQUESTS**

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**WEDNESDAY, MARCH 12, 2003**

U.S. SENATE,  
SUBCOMMITTEE ON OCEANS, FISHERIES, AND  
COAST GUARD,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 2:30 p.m. in room SR-253, Russell Senate Office Building, Hon. Olympia J. Snowe, Chair of the Subcommittee, presiding.

**OPENING STATEMENT OF HON. OLYMPIA J. SNOWE,  
U.S. SENATOR FROM MAINE**

Senator SNOWE. The hearing will come to order.

Admiral Collins, Admiral Lautenbacher, Ms. Hecker, I would like to thank you all for testifying here this afternoon on a critical hearing on the Coast Guard and the NOAA fiscal year 2004 budget requests. While these two agencies are located in different departments, there can be no question they both share in the vital mission of protecting, preserving, and safeguarding the marine environment and the people who interact with and rely on that environment. Therefore, it is entirely appropriate that we are discussing their fiscal year 2004 budget requests together this afternoon.

As I said last month at our hearing on the Coast Guard's historic transition to the new Department of Homeland Security, the Coast Guard is the cornerstone of the new department and is uniquely positioned to perform its indispensable homeland security mission. This homeland security role is critical, but not exhaustive as we continue to rely on the Coast Guard for search and rescue, drug enforcement, interdicting illegal aliens before they reach our shores, enforcing our fisheries laws and regulations, and protecting our environment. The challenge is to strike the proper mission balance. That is the context in which we are compelled to consider this budget request, because the Coast Guard today is at a crossroads.

The events of September 11th have forever changed America and the Coast Guard, but we must not lose sight of the fact that each of the Coast Guard's missions are national security priorities we simply cannot afford to shortchange.

Therefore, I am very pleased the Administration has requested approximately \$6.7 billion in funding for the Coast Guard, which

is about a 10 percent increase over last year. This follows onto the additional increases that were included in last year's budget of 18 percent over the previous year.

This budget request proposes adding an additional 2,000 personnel and implementing numerous programs to improve homeland security, such as six new maritime safety and security teams, additional sea marshals, more port security boats, and enhancements for achieving maritime domain awareness. I am also pleased that the Administration is seeking an additional \$26 million in search and rescue funding to increase staffing at small boat stations and command centers.

Nevertheless, while these increases may initially appear sufficient and they certainly are welcome, I remain concerned that even they may not be enough. We need the Coast Guard to protect our ports and waterways, but we also need it to carry out the totality of its more traditional missions on which we have come to rely.

Operational units are continuing to operate at a much higher tempo than before September 11th, and the men and women of the Coast Guard are working harder today than ever before. I am particularly concerned that the Administration's request of \$500 million for the Deepwater Project is insufficient. The original Deepwater plan called for \$500 million a year for 20 years in fiscal year 1998 dollars. For fiscal year 2004, that amount would be almost \$550 million. Therefore, the Administration's request underfunds Deepwater by approximately 10 percent.

The fact is, we have underfunded this critical program in each of its first 2 years. If we accept the Administration's request, we will underfund it once again. Should this trend continue, I understand the original 20-year time line would be extended to 27 years. Given our post-September 11th circumstances, this is neither prudent, nor wise. Rather, we ought to be accelerating the modernization of our Deepwater assets as they constitute our first line of defense at sea. We cannot wait an additional 20 or 30 years down the line.

I was pleased that the Deepwater Acceleration Feasibility Study released yesterday by the Coast Guard, as required under the Homeland Security Act, found that the 10-year acceleration time line is feasible. Not only that, it would also save taxpayers an estimated \$4 billion, or 20 percent, in acquisition costs while providing significantly increased operational capacity and capability sooner rather than later.

Admiral Collins, I look forward to hearing your thoughts on these and a number of other critical issues that obviously are important to us and to your service.

Ms. Hecker, I thank you for being here today. I know that the GAO is reorganizing to create a new homeland security team that will cover the Coast Guard, and consequently, this will be your final opportunity to testify before our Subcommittee. And while I will leave it to you whether that is a cause for sorrow or celebration, let me thank you for the service that you have provided us over the past several years. Your testimony and recommendations have been extremely helpful to us as we perform our oversight role.

Admiral Lautenbacher, I want to welcome you today, as well, and to thank you for your leadership at the helm of NOAA. I do

not have to tell you that NOAA is a broad-ranging agency on which the people in my home state rely each and every day. In myriad and essential ways, your agency has a direct impact on their lives. We count on NOAA for reliable weather predictions to scientifically based fisheries management to coastal zone management to better understanding global climate change. Of course, these needs are not unique to Maine. More than half of our country's population lives on the 10 percent of our land designated as a coastal zone. Our coastal population grows every year, placing increased strains in coastal sources and our marine ecosystem. Our nation is facing unprecedented challenges in managing these resources, and we look to NOAA to take the lead.

On the homeland security front, I know that NOAA is hard at work ensuring its navigation, charting, and weather predictions help keep our ports secure and ready to facilitate any potential emergency response effort.

In New England, we continue to be consumed by the groundfish crisis in which litigation and uncertain scientific data threaten to potentially and permanently change our coastal communities and their way of life. Our fisheries management is largely affected by a complicated stock assessment process that is still fraught with uncertainty, and it demands improvement.

Fisherman and managers alike need flexibility and an adaptive system that is responsive enough to allow for short-term adjustments, yet is stable enough to allow for long-term predictability and planning based on sound science. As I have said, it is imperative that science serve as the backbone of all our decisions. Cooperative research is one area in which I believe we can bring scientists and fisherman together to produce the science we need to better understand and manage our fisheries resources. I cannot emphasize enough the importance of cooperative research.

I also advocate moving forward towards a global ocean observing system that will provide us with the critical environment data to improve fisheries modeling and management, coastal planning, and harmful algal blooms management and mitigation. The Gulf of Maine Ocean Observing System offers an outstanding example of a way to reach our goals.

The bottom line is, now more than ever, circumstances require NOAA to be a leader in the science-based management and adequate budgets will be a key component in achieving that success. I recognize your budget only shows a modest growth consistent with inflation, but in this time of tight budgets I believe we need to ensure this funding is directed where it is most needed.

So, again, Admiral, thank you for being here. Thank you, Admiral Collins and Ms. Hecker, for offering your insights this afternoon.

Senator Inouye?

**STATEMENT OF HON. DANIEL K. INOUE,  
U.S. SENATOR FROM HAWAII**

Senator INOUE. Thank you, Madam Chair. I wish I could be here all afternoon, but circumstances require my presence elsewhere.

However, I want the record to show that since Hawaii is an insular state, we look upon the Coast Guard as special citizens. Hardly a day goes by that you do not see something on the front page where the Coast Guard is rescuing somebody on the high seas.

And Madam Chair, you may not realize this, but on a per-capita basis, Coast Guard's men and women contribute more to United Way than the citizens of Hawaii. That is how good of citizens they are.

And there is a saying in Hawaii, "Whatever the Coast Guard wants, the Coast Guard gets."

[Laughter.]

Senator INOUE. And so I will vote blindly with you, Madam Chair.

[Laughter.]

Senator INOUE. That is the only way to go.

I need not emphasize to Admiral Lautenbacher that NOAA is very important to us. Our coral beds are important to us. Our fisheries are important to us. And we count upon you to make certain that generations to come will be able to enjoy them.

So you have got my vote. If the Chair says you do not have enough, you do not have enough, and I am on the appropriating committee.

[Laughter.]

Senator SNOWE. You see? We make a great team. You see what I mean?

[Laughter.]

Senator INOUE. So, if I may, may I request that my full statement be submitted for the record?

Senator SNOWE. Without objection, so ordered.

[The prepared statement of Senator Inouye follows:]

PREPARED STATEMENT OF HON. DANIEL K. INOUE, U.S. SENATOR FROM HAWAII

Admiral Collins and Admiral Lautenbacher, thank you for joining us today. Hawaii is an island state that depends heavily upon the sea for shipping goods, food, and recreation. This means we rely upon the services your agencies provide, from port security to the protection of natural resources. I am therefore very interested in ensuring both the U.S. Coast Guard (USCG) and the National Oceanic and Atmospheric Administration (NOAA) are adequately funded to carry out their missions.

Of particular concern to me, is how the Coast Guard's traditional missions will fair under the new Department of Homeland Security. Over the past year and a half, we have seen increased funding for these traditional missions, yet they are still funded at less than pre-9/11 levels. It was evident after 9/11 that the Coast Guard was stretched thin, but even with an increase in funding, the addition of new missions and mandates has placed an even greater strain on its resources. The Coast Guard's deployment overseas to support Operation Enduring Freedom, the Global War on Terrorism, and Combatant Commander requirements that may support other military contingencies will only increase the pressure. Even without the November 2002 Coast Guard internal communication to cut back on non-homeland security missions in order "to further compensate for the increased demands of the Coast Guard's Maritime Homeland Security Mission," one can see from the agency's ever-broadening responsibilities that the Coast Guard would benefit greatly from the support of additional funding.

I hope your testimony regarding the President's Fiscal Year 2004 budget request for the U.S. Coast Guard and NOAA will address how the growing needs for fisheries enforcement, deployment of weather buoys, response to hazardous material spills, and the other programs that require close collaboration between your agencies will be met.



Senator SNOWE. I thank you, Senator Inouye, for your statement. We appreciate it.  
Admiral Collins?

**STATEMENT OF ADMIRAL THOMAS H. COLLINS,  
COMMANDANT, U.S. COAST GUARD**

Admiral COLLINS. Madam Chair, the good Senator from Hawaii, thank you so much. It is great being with you this afternoon. And I would like to thank the subcommittee for enduring support of the Coast Guard and all its missions.

I am sure you would be interested to know that we transferred to the new Department of Homeland Security. We did it smoothly and successfully on 1 March of this year. And as we speak, we are very busily and aggressively engaged in drafting the rules and the processes and procedures to implement the Maritime Transportation and Security Act that the President signed last fall.

And due, in large measure, to the support of this Committee in fiscal year 2002 and 2003, I am very pleased to report the Coast Guard is growing in capacity and capability. And this should come as welcome news to anyone with interest in our ability to conduct our wide range of missions.

The fiscal year 2004 budget continues this trend of a more capable Coast Guard thanks to the incredibly strong support of President Bush and Secretary Ridge. If we receive the appropriation requested in the President's budget, by the end of fiscal year 2004 we will have grown by over 4,100 personnel and increased our overall budget by over \$1.6 billion, an increase of more than 30 percent of the fiscal year 2002. The budget requests a total, as you have noted, Madam Chairman, of \$6.7 billion, which reflects long-term commitments to both our homeland security missions and our non-homeland security missions. This includes a \$455 million increment for operating expenses and \$797 million for capital acquisitions.

And while this increase is substantial, it is also absolutely essential to meet mission demands we are facing now and likely to face in the foreseeable future. It is essential if we are to build our homeland security capability. It is essential if we are to avoid technical obsolescence of our capital plan. It is essential if we are to maintain the operation excellence across the full range of our missions that you expect. Our operational excellence can be assured by careful attention to the readiness of our forces, superb stewardship of our resources, and most importantly, the development and well-being of our men and women.

We have an enormous challenge ahead of us with respect to sustaining operational excellence, and I assure you that we are up to the task. And as the lead Federal agency for maritime homeland security, the Coast Guard is addressing the challenges of enhancing maritime security. Our efforts are guided by our maritime homeland security strategy, and our activities within our ports and waterways align with this strategy, and so does our budget. There is \$142 million in a 1200-FTP growth increment in our operating expense request to support homeland security mission buildup. Overall, 44 percent of our budget is devoted to homeland security missions, as defined by the Homeland Security Act.

I began my testimony by saying that operational excellence is critical to maintaining a balance of our missions, and I mean the full range of our missions—security, safety, environmental security, and interoperable missions with the Department of Defense. We must balance the rigors of homeland security with the demands of other crucial missions. We can, we are, and we will continue to do so, with your support.

For example, our request includes continued focus on search and rescue mission readiness with an increase of \$26 million and 529 personnel. That translates into over 950 new people being added to this mission area since 2001. And a thousand-person increase in our Selected Reserve will help manage surge requirements as they occur.

To continue to manage and balance this carefully, we must increase our capacity and capability. We are using our fleet and aircraft to the maximum to safeguard our nation, but these assets are getting old and more tired each year. Their readiness condition is eroding before our eyes.

Just last week, for example, the Cutter SITKINAK was forced to return to drydock for the second time in 2 weeks to repair holes in her hull caused by corrosion. I have brought with me this morning a graphic example of that type of corrosion. This is from a sister vessel, the OCRACOKE, that has experienced similar types of hull corrosion. That is what we are facing in our 110-foot patrol fleet.

As you can see, the watertight integrity—

Senator SNOWE. What is the age of this—

Admiral COLLINS. Approaching 15 years.

Senator SNOWE. Fifteen years?

Admiral COLLINS. Fifteen years. And they were designed for a hull service life of 15 years. That was the designed service life of those patrol boats.

But maintenance costs there in the Coast Guard Yard—the Coast Guard Yard in Baltimore, are fixing that—but that is becoming typical of that patrol boat fleet. We are running our boats hard. We are getting good performance out of them, but we are consuming them with increased OP tempo, as you have alluded to, Madam Chairman.

Another graphic example is the STORIS. You may recall that more than 2 years ago, the 60-year-old cutter STORIS was on a fisheries patrol in the Bering Sea when it spotted an illegal incursion over the maritime boundary line and loaded a boarding team and a boat crew into this motor surf boat. The weather was typical for the Bering Sea, lousy and rough. They got the boat lowered, but before they could unhook, a passing swell violently lifted and dropped the boat, shocking the system and breaking off the aft davit, which was original issue equipment on the old ship. Metallic debris rained down on the boat crew. And meanwhile, the boat, still attached to the forward fall, was buffeted by other waves and capsized, dumping nine of the crew into the Bering Sea, most of them wearing only Mustang suits, which are not designed to provide extensive protection from immersion in such cold weather. Had it not been for the quick response, professional response, of the ship's personnel, we possibly could have lost several crewman

here. And thankfully, they all survived. After repairs, the cutter STORIS is still faithfully on patrol, a 60-year-old vessel.

I could tell you many more stories like this if we had time, but let me summarize by saying that we have an incredible amount of work ahead of us to restore the readiness of our fleet. We will do it, in part, through application of new and developing technologies such as that being produced by the Integrated Deepwater System and Rescue 21. It is absolutely critical that we continue to receive the requested level of funding for these programs to ensure that our aging fleet is modernized and recapitalized and to provide the kind of network-centric capability that will help us mitigate the risk of a very porous maritime border.

Building our capabilities in homeland security requires special emphasis in two areas, improving maritime domain awareness and increasing our maritime presence. The 2004 budget helps us in both regards.

And I should stress that building out our homeland security through multi-mission platforms also have secondary and tertiary benefits to other missions. We are not building dedicated homeland security resources; we are building multi-mission platforms that can surge to our missions across the board.

The demands continue to grow on our organization. We are committed to operational excellence. Operational excellence depends upon good teamwork and partnerships within the Department of Homeland Security, but it also depends on resources. It depends on capability and capacity to apply them to the mission at hand.

That is where we are. I think that 2004 marks a critical juncture for us so that we continue a multi-year effort to deliver the capacity and capability that the Nation needs of its United States Coast Guard.

I look forward to working with Madam Chairman to these ends. Thank you very much.

[The prepared statement of Admiral Collins follows:]

PREPARED STATEMENT OF ADMIRAL THOMAS H. COLLINS, COMMANDANT,  
U.S. COAST GUARD

### **Introduction**

Good morning, Madame Chairman and distinguished Members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's Fiscal Year 2004 budget request and its impact on the essential daily services we provide the American public.

I am pleased to begin by saying that, as a result of support from the President, Secretary Ridge and the Department of Homeland Security, the Coast Guard's Fiscal Year 2004 budget contains significant increases to address all of our essential mission needs. The Coast Guard is the lead federal agency for the maritime component of Homeland Security and that, alongside Search and Rescue, is our top priority. In Fiscal Year 2004, we will continue to build upon the resource capabilities provided in last year's supplemental and the Fiscal Year 2003 budget to provide layered maritime security operations, driven by performance and risk-based analysis. The Coast Guard will continue to make the ports less vulnerable to terrorists while still facilitating the use of the Marine Transportation System for legitimate purposes.

The President has clearly indicated that protecting the American homeland is our number one priority and the Coast Guard has a critical role in that effort. The President's National Strategy for Homeland Security (dated 16 July 2002) stated:

"The Budget for Fiscal Year 2004 will continue to support the recapitalization of the U.S. Coast Guard's aging fleet, as well as targeted improvements in the areas of maritime domain awareness and command and control systems . . ."

To that end, the Coast Guard's Fiscal Year 2004 budget proposes budget authority of \$6.77 billion dollars and continues our effort to establish a new level of maritime safety and security. The Coast Guard's goal is to create sufficient capability to implement the maritime component of the President's National Strategy for Homeland Security while sustaining all our traditional missions in the way the American public expects and needs.

### **Transformation**

To implement the President's strategy, the Coast Guard must conduct a broad transformation of how we deliver services so that we can maintain the highest standards of *operational excellence*. Over the past few years, the Coast Guard has endeavored to gradually transform itself to meet future maritime threats but since September 11, 2001, that effort has become more urgent. The President's National Security Strategy requires transformation in all the military services, because the nation is facing new threats from an elusive and determined enemy. A convergence of three significant factors has clearly illustrated the need for a transformed U.S. Coast Guard:

- The need to increase Maritime Homeland Security capability.
- The need to sustain our performance across all Coast Guard missions; and
- The need to quickly implement the comprehensive requirements of the Maritime Transportation Security Act of 2002.

Immediately after the terrorist attacks on our nation, the Coast Guard established new port security zones, placed Sea Marshals on inbound merchant ships, conducted additional patrols off the coasts, established Maritime Safety and Security Teams to protect major ports and implemented new procedures to monitor vessel and crew movements within ports and coastal approaches. These increased responsibilities stretched already thin resources nearly to the breaking point and made it extremely difficult to continue serving other missions. To fill in the gaps, we activated nearly a third of our entire Selected Reserve force, and have quickly and effectively deployed the resources requested by the Administration and provided by Congress.

The Fiscal Year 2004 budget provides the resources to continue the broad transformation that is necessary for the Coast Guard to provide the strength and security our nation requires. This transformation will not change the Coast Guard's essential character since it will remain a maritime, multi-mission, military service. Instead, the transformation will enable the Coast Guard to maintain *operational excellence* while conducting increased homeland security operations and sustaining traditional missions. To fulfill its responsibility to the American public, the Coast Guard is attempting to accomplish three primary objectives in Fiscal Year 2004:

- Recapitalize legacy assets and infrastructure.
- Increase Maritime Homeland Security Capabilities; and
- Sustain non-Homeland Security missions.

### **Recapitalizing the Coast Guard**

To truly transform the Coast Guard, aging assets and infrastructure must be recapitalized. In addition to Rescue 21 (formerly known as National Distress and Response System Modernization Project or NDRSMP), which is on schedule for completion in Fiscal Year 2006, the Coast Guard's Integrated Deepwater System (IDS) will meet America's future maritime needs. Since September 11th, the Coast Guard is reassessing the scale and timing of the flexible Deepwater project. Based on the organization's current *capacity* levels and the required *capabilities* immediately needed for Homeland Security and the other missions the American public expects, the continued funding of Deepwater is imperative and makes both programmatic and business sense. The Coast Guard is requesting \$500 million for the IDS.

Several programmatic considerations reveal why the IDS is so essential for the safety and security of the American public:

- Homeland Security necessitates pushing America's maritime borders outward, away from ports and waterways so layered, maritime security operations can be implemented. *Deepwater provides this capability.*
- Maritime Domain Awareness (MDA)—knowledge of all activities and elements in the maritime domain—is critical to maritime security. IDS will improve current MDA by providing more capable sensors to collect vital information. *Deepwater provides this capability.*

- A network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) is required for effective accomplishment of all Coast Guard missions. *Deepwater provides this capability.*
- Interdiction of illegal drugs and migrants and protection of living marine resources are important elements of Homeland Security and require capable Deepwater assets. *Deepwater provides this capability.*

The primary role of the Integrated Deepwater System in the Coast Guard Homeland Security mission is to fortify maritime security. The Deepwater Program will ensure the Coast Guard can continue to fulfill its mission of safeguarding the sovereignty, security, and safety of our homeland waters. The IDS concept pushes our borders out, through an effective use of MDA combined with layered assets throughout ports, waterways, coastal regions and far offshore to surveil, detect, classify, identify and prosecute those who would bring harm to our nation and our economically-critical natural resources. Deepwater assets will be able to counter threats throughout the maritime domain to thwart catastrophes to vulnerable infrastructure (oil rigs, deepwater channels, shipping) and keep commerce, especially military materiel load-out, safe in the near shore zones at harbor entrances and between ports. New assets include the conversion of five 110' patrol boats to more capable 123' patrol craft, seven Short Range Prosecutor small boats, funding for the first National Security Cutter (to be delivered in FY 2006), the continued development of an organization-wide C4ISR network including a Common Operating Picture (COP), command and control system at four shore-based command centers and the establishment of an integrated logistics system.

From a business perspective, the flexible IDS framework was designed to adapt to the kinds of changes the Coast Guard has experienced since the notional funding baseline was established in 1998 and particularly since September 11, 2001. The IDS acquisition will replace or modernize obsolete and maintenance intensive assets that are not capable of meeting the current mission demand. The IDS will provide the required capabilities the Coast Guard needs to perform an enhanced level of maritime security operations sustain growing traditional missions and respond to any future crises, man-made or otherwise, that threaten America.

Rescue 21 is also a transformational project as it will dramatically improve the Coast Guard's command and control communications network in the inland and coastal zone areas for SAR and all other Coast Guard missions. The improved Rescue 21 system will meet safety requirements for growing maritime traffic, as well as International Convention for the Safety of Life at Sea (SOLAS) treaty requirements. It will also be a critical component of our homeland security operations as it facilitates more effective monitoring and control of coastal assets.

#### **Homeland Security Capabilities**

The Coast Guard is the lead federal agency for Maritime Homeland Security. As such, the Coast Guard's mission, in conjunction with joint and interagency forces, is to protect the U.S. Maritime Domain and the U.S. Marine Transportation System and deny their use and exploitation by terrorists as a means for attacks on U.S. territory, population and critical infrastructure. The Coast Guard will prepare for, and in the event of an attack, conduct emergency response operations. When directed, the Coast Guard, as the supported or supporting commander, will conduct military homeland defense operations in our traditional role as one of the five Armed Services.

This budget submission is aligned with the Strategic Goals and Critical Mission Areas in the President's National Strategy for Homeland Security. The Coast Guard has developed a Strategy that implements the maritime component of the President's plan and the FY 2004 budget continues to support those goals. It addresses both event-driven and prevention-based operations through the following Strategic Objectives:

- Prevent terrorist attacks within, and terrorist exploitation of, the U.S. Maritime Domain.
- Reduce America's vulnerability to terrorism within the U.S. Maritime Domain.
- Protect U.S. population centers, critical infrastructure, maritime borders, ports, coastal approaches and boundaries and "seams" among them.
- Protect the U.S. Marine Transportation System while preserving the freedom of maritime domain for legitimate pursuits.
- Minimize the damage and recover from attacks that may occur within the U.S. Maritime Domain as either the Lead Federal Agency or a supporting agency.

The threats to the security of the United States extend beyond overt terrorism. Countering illegal drug and contraband smuggling, preventing illegal immigration via maritime routes, preserving living marine resources from foreign encroachment, preventing environmental damage and responding to spills of oil and hazardous substances are all critical elements of national and economic security. *Every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment.*

Maritime Domain Awareness is the catalyst for effective Maritime Homeland Security and the Fiscal Year 2004 budget provides the resources to enhance the Coast Guard's ability to receive, fuse, disseminate and transmit intelligence data and leverage our recent inclusion in the National Intelligence Community. It includes new personnel, hardware and software to support the underlying information architecture for MDA, funds leased satellite channels and other connectivity solutions for our entire cutter fleet and establishes a prototype Joint Harbor Operations Center (JHOC) in Hampton Roads, VA, to provide surveillance as well as command and control capability for the critical infrastructure in this area.

The Fiscal Year 2004 request also provides the capability and capacity to conduct layered maritime security operations. Six new, deployable Maritime Safety and Security Teams (MSST), for a total of 12 teams, and over 50 Sea Marshals will be added throughout the country to protect our most critical ports. To increase Coast Guard presence in our ports and waterways, we are requesting 43 fully crewed and outfitted Port Security Response Boats, nine 87' Coastal Patrol Boats and the commencement of the Response Boat Medium acquisition which will replace our aging fleet of 41' utility boats. We are also standing-up Stations Boston and Washington DC to increase security and safety in these critical ports where more resources were needed. We are establishing two new Port Security Units, for a total of eight, to support domestic and overseas operational planning.

#### **Sustaining Traditional Missions**

The Fiscal Year 2004 budget restores the Coast Guard's multi-mission focus to near pre-September 11, 2001 levels. We will utilize performance and risk-based analysis to strike a careful balance between our safety and security missions as we attend to our "new normalcy". This delicate balance is critical to protecting America's economic and national security by preventing illegal activity on our maritime borders. It will also enable the Coast Guard to maintain its surge capability, which was evident before and after September 11, 2001. One of the Coast Guard's greatest attributes is our innate flexibility to immediately shift mission focus to meet America's greatest threat while maintaining other mission areas for the American public.

While its primary focus is Search and Rescue (SAR), the Rescue 21 project will transform the Coast Guard's command and control capabilities for all mission areas. Coupling this major acquisition with a staffing increase of nearly 400 new personnel at our SAR stations and Command Centers will ensure Coast Guard shore-side command and control networks and response units are properly equipped and staffed for multi-mission effectiveness. We are also requesting funds for the Great Lakes Icebreaker to ensure delivery in Fiscal Year 2006. This ship will perform aids to navigation functions as well as break ice to keep this critical commerce route open year-round.

This budget also requests funding to fully train, support, and sustain the Coast Guard's Selected Reserve Force. The Reserve is significantly more than an augmentation force. It is an integral part of Team Coast Guard and provides daily support of all Coast Guard missions. Today's Coast Guard depends on Reserve personnel for day-to-day activities in addition to the qualified military surge capacity a trained Reserve Force provides. The Coast Guard Reserve fills critical national security and national defense roles in both Homeland Security and direct support of Department of Defense Combatant Commanders. The Coast Guard Reserve provides the nation's only deployable port security capability and a cost-effective surge capacity for Coast Guard operations including quick response to natural or man-made disasters such as floods, hurricane relief, major pollution cleanup efforts, and rapid response to major catastrophes.

The Coast Guard started an incremental reserve growth from 8,000 to 9,000 in Fiscal Year 2003 and now 10,000 in Fiscal Year 2004. A robust and well-trained Reserve force of 10,000 SELRES members is an integral part of the Coast Guard's plan to provide critical infrastructure protection, coastal and port security, and defense readiness. Funding is essential to properly maintain readiness, alignment with DoD counterparts and to provide critical capabilities for DoD Combatant Commanders.

### Conclusion

There are challenges facing the Coast Guard: the obsolescence of our aging asset fleet; the complexity of recruiting, retaining, and training the talented workforce necessary to execute our missions; and moving into the new Department of Homeland Security.

The President's Fiscal Year 2004 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. It also demonstrates strong support for both the Deepwater project and Rescue 21. This budget will enable the Coast Guard to maintain operational excellence across all mission areas to meet the America's future maritime safety and security needs.

I close with a quote from the National Strategy for Homeland Security which crystallizes the need for a transformed, multi-mission capable Coast Guard:

"The United States asks much of its U.S. Coast Guard and we will ensure the service has the resources needed to accomplish its multiple missions."

I have asked every member of the Coast Guard to continue to focus intently and act boldly on the three elements of my organizational direction: improving *Readiness*, practicing good *Stewardship* of the public trust and enhancing the growth, development and well being of our *People*. With this diligence in executing our multi-year resource plan, we will fulfill our operational commitment to America and maintain our high standards of excellence.

Semper Paratus.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Senator SNOWE. Thank you, Admiral Collins.  
Admiral Lautenbacher?

### STATEMENT OF CONRAD C. LAUTENBACHER, JR., VICE ADMIRAL, U.S. NAVY (RETIRED); UNDERSECRETARY OF COMMERCE FOR OCEANS AND ATMOSPHERE AND NOAA ADMINISTRATOR

Admiral LAUTENBACHER. Thank you.

Madam Chair, members of the staff, it is a great pleasure to be here. Thank you for this opportunity. I, indeed, wanted to echo what Admiral Collins has said about the support and cooperation we have had working with the Committee, and we appreciate that support.

It is also a great pleasure to be here with Admiral Collins because there is a great deal of synergy and cooperation in the partnership between the Coast Guard and NOAA in terms of managing resources and in our EEZ, coastal-zone areas, fisheries, restoration, hazard mitigation, and worrying about navigation in that part of the world.

I also have a fleet which is about as old as his, too. I would say that I can—

[Laughter.]

Admiral LAUTENBACHER. I did not bring any steel in, but we have some similar examples.

[Laughter.]

Admiral LAUTENBACHER. The opportunity that I have here today is to talk about our budget, so I would like to indicate, first of all, that NOAA is a very small agency with a huge impact. It is an essential part of the economic and homeland security of this nation. It is not appreciated completely by all of the American public, nor publicized to the degree it should be, but it is vital. Our statistics show that it adds up to—about \$2.7 trillion of GDP is touched

every day by the decisions and the types of material and services and products that NOAA puts out on a daily basis.

The budget request this year is 3.3 billion. It is roughly a little bit higher than last year's \$3.1 billion. It is 6 percent above the President's request from last year, so it represents an indication by the Administration that this is a very important area to the nation. It is roughly 4 percent above our enacted request in the bill that was enacted several weeks ago by the Senate, so we are roughly in the same ballpark.

People are our top resource, and I want to spend just a couple of minutes talking about the value of a scientific core that spreads the breadth of every discipline in ocean and atmospheric science put together in one place. That synergy of the people brought together from various parts of our country and various parts of these scientific disciplines is extremely important. I am asking for support this year for our ATBs, our adjustments to base, which essentially fund our people. It is important that we keep this resource that we have for our foundation in producing science. And I fully support everything Madam Chair said in her opening statement regarding the science base that is necessary to provide decision-making for our policymakers.

So people are my top resource, and I ask for your support for the people that we have. And I might say that, in prudence, in good management, I am not asking for any more people this year. We have kept our level of personnel constant. So where we have needed more people, we have found offsets. So the number of people we are asking for is basically constant from last year, and I am asking for the money to support them in pay raises and cost-of-living adjustments.

Our budget was created in six themes, and I think themes are more important than the various lines that we have inside NOAA, because they support the missions that we need to support the country. And so the themes, I will touch briefly on them—infrastructure, maintenance, safety, and human capital, the guts of the organization where we have our expertise.

People are the largest part of that, and there is roughly a \$50 million increase in there which helps to defray the cost-of-living and pay-raise increases which are required to keep us going at the same level as previous.

Homeland security is the next theme, and homeland security is very important to us. We have two initiatives in there we think are worthy of note. One is the support of a scaled upgrade to our current NOAA Weather Radio System to an All Hazards Warning Network supported by the Department of Homeland Security and obviously by OMB and the Administration. NOAA Weather Radio is the only easily, rapidly available, automatically alarmed system for roughly 90 percent of the American public, who can have this radio from Radio Shack, Midland Radio, wherever—you know, I do not want to advertise particular brand names, but these can be bought very cheaply. It is an alarm system.

What we are offering is a \$5 million increment that will take a system which is designed for tornados and thunderstorms and hurricane and severe weather events and turn it into an automated system for all hazards. So within 2 minutes, an emergency man-



ager in any county in the country, or any area, would be able to automatically put in public-service message through this transmission system, and it would be out in less than 2 minutes. Right now, it takes us over 7 minutes to do that kind of operation manually. We believe this is a great increase in public safety and are excited about the possibility of enacting this increment.

Now, the other piece is a small piece that is added to our own security. NOAA's functions for the country are vital. We are looking to ensure that our operation can be maintained no matter what goes on, in terms of threats to our country. So there is a small increase of about \$2 million for security in our weather forecast offices all around the nation, which, by the way, are very close to airports and are attached to the FAA system.

In climate change, research, observations, and services, that is a major crosscutting theme in NOAA. We are asking for an increment of \$17 million to improve our ability to provide critical decisionmaking information to both Congress and our Administration in an area that is very important. We have engaged this last year, I think, in some very significant improvements in the way that system in climate change research is managed. We are grateful for the support for the increment that we had last year. This new increment will go into the same sorts of uncertainties in determining the answers to some questions that are very important that come from an ocean observing system which you supported, work on carbon cycle, work on water cycle, aerosols in the atmosphere, computing capabilities to work on models we do not have today that would give us much more accurate results on what decisions could be made in future climate policies. That is an important piece of the Administration's \$185 million climate change research initiative. It cuts across all agencies. I might add that NOAA is the lead agency in that coalition or partnership of Federal agencies that are working together across the entire government to produce a coherent climate change program.

In ecosystem forecasting and management, I think when we talk about managing our living marine sources we are working on going toward an ecosystem foundation for all of the types of research and regulation that comes out of NOAA. It will be much better than what we are involved in now with single-species management, single-species plans, and one particular challenge after another. We have, in that part, a modest—I admit, it is a modest increase, but it is an increase of \$27 million or so that go into the types of areas we are interested in, in terms of improving our fisheries management.

The largest portion in that section, I might add, is for Sea Grant. I am proud to say that the Administration has Sea Grant within the NOAA budget this year and that we are delighted that it is back with us and we appreciate the support of the Senate and the House in that regard, and we look forward to working again with Sea Grant as part of our portfolio of research and outreach education tools.

Energy and commerce has a small increase in it, but it is important because of our port system where we provide the types of timely information that allows our shipping to come in and out of major ports more rapidly and more safely—tides, winds, currents,

forecasts, improved models for our pilots and people who manage our port system. We are also looking to improve modernization of the National Weather Service Cooperative Observer Network, which will allow better management of energy resources, fuel for our power plants. If we can cut back on the uncertainty of temperature forecasts, we can improve the allocation of fuel and the use of the generating resources inside our power plants across the country. That is an important improvement.

Environmental monitoring and prediction, that system—that includes our satellite systems. I want to make a special plea for the GOES and the NPOESS, the polar orbiting and the geostationary satellites. These are the eyes of our nation. Without these satellite systems being replaced and serviced and data taken on a timely basis, this country would have a hugely difficult time in agriculture, maritime transportation, tourism, all of the things that rely on those eyes of the world to tell us about weather and extreme events and environmental management as we go into using it for ecosystem management, living marine resources, as well.

In conclusion, I want to emphasize again that people are the most important priority that we have. I would like to certainly work with the Committee and the staff in articulating some of our needs and answering any questions that you may have.

And once again, thank you very much for your support and the opportunity to appear today.

[The prepared statement of Admiral Lautenbacher follows:]

PREPARED STATEMENT OF CONRAD C. LAUTENBACHER, JR., VICE ADMIRAL, U.S. NAVY (RETIRED); UNDERSECRETARY OF COMMERCE FOR OCEANS AND ATMOSPHERE AND NOAA ADMINISTRATOR

Thank you, Mr. Chairman, and Members of the Committee, for this opportunity to testify on the President's FY 2004 Budget Request for the National Oceanic and Atmospheric Administration (NOAA).

NOAA activities and operations contribute to the Nation's economic and environmental health. This budget request allows us to provide essential support to the programs that enhance our scientific understanding of the oceans and atmosphere, in order to help sustain America's environmental health and economic vitality. Please note that some increase amounts listed in this testimony may change as a result of the FY 2003 appropriation. Budget numbers in the testimony reflect the program changes from the FY 2003 President's Budget.

NOAA is at the forefront of many of this Nation's most critical issues from weather forecasting to fisheries management, from safe navigation to coastal services and from environmental observations through NOAA's satellites to climate research and ocean exploration.

The Administration requests \$3.325 billion for these people, products and services for Fiscal Year 2004. This represents a very modest total increase of \$190.0 million, only about 6 percent more than the FY03 request. It targets essentials, such as \$238.5 million in program changes and \$52.0 million in adjustments to base (ATBs), or mandatory cost increases, which are mostly inflationary costs related to salaries for NOAA employees.

This budget request focuses on NOAA's core responsibilities: severe weather prediction; long-term climate and environmental trends; sustaining healthy marine habitats, robust ecosystems and coastal environments; and managing safety and environmental compliance issues impacting our people. People are NOAA's top resource, the heart and soul of NOAA operations. It is the people who work for NOAA who allow us to remain a premier oceanic and atmospheric science, service & stewardship agency.

The Fiscal Year 2004 NOAA budget request is organized slightly differently than the NOAA budget requests that have been presented to Capitol Hill in past years. I believe that looking at the NOAA organization and programs through a thematic matrix yields a more complete view of the interrelationship of NOAA programs and

project teams that cut across the traditional NOAA product and service lines. Organizing the budget in this manner demonstrates NOAA's commitment to addressing critical environmental issues in a multi-disciplinary manner. The six themes included in the Fiscal Year 2004 NOAA budget are: Infrastructure, Maintenance, Safety & Human Capital; Homeland Security; Climate Change, Research, Observations & Services; Ecosystem Forecasting & Management; Energy & Commerce; and Environmental Monitoring & Prediction. I would like to briefly address what is covered under each theme.

**Infrastructure, Maintenance, Safety & Human Capital (\$248.4M, \$79.5M increase)**

The full \$52.0 million requested for adjustments to base (ATBs) appears in this theme. This is the most basic, fundamentally important, investment in the infrastructure category. It is the funding necessary to support NOAA's people, so they can continue to improve service and product delivery to carry out NOAA's mission. This figure includes the annualization of the 4.1 percent pay raise in FY 2003, the 2 percent pay raise requested in FY 2004, and the funds necessary to increase the NOAA Corps and improve ship crew training.

The funds requested in this category will also assist NOAA in beginning to implement agency-wide management improvements. This includes addressing remediation projects to improve environmental safety and compliance at NOAA facilities, and participating in the e-gov initiatives that make NOAA more accessible to the American public. Funding is also requested for operation and maintenance of the NOAA Ship FAIRWEATHER, weather forecast office and housing construction in Alaska and the Pacific Region, the \$10.4 million NOAA share in the cost of the Center for Weather and Climate Prediction construction and the NOAA Satellite Operations Facility in Suitland, Maryland.

This theme also includes investment in health and safety through improvements and upgrades in NOAA's facilities and equipment, such as the NOAA P-3 "hurricane hunter" aircraft. An investment of \$1.7 million this year is requested to upgrade the navigational system of this advanced atmospheric and environmental platform used for hurricane research.

Among all the items included in this theme, the most important component of NOAA activities is the people who generate our products and services. Retaining and appropriately compensating the people at NOAA who are working to help us reach our goal of improving services delivery is crucial to attaining this goal. As you are aware, last year NOAA underwent an Agency-wide realignment to help move NOAA into a more efficient mode of operations. The Program Review Team (PRT) posed 3 questions to the NOAA staff, the answers to which formed the core of the PRT report and recommendations:

Is NOAA's organization aligned with its current missions, now and for the future?

Are NOAA's resources properly aligned with requirements?

Is NOAA doing things as efficiently as possible?

The goals of the PRT exercise were to improve NOAA business practices, including grant management and facilities planning, and to move towards becoming a citizen-centered, results-oriented, market based organization. This effort has resulted in several management improvements just in the last year, including the creation of the Planning, Programming and Integration (PPI) office, and establishing official matrix management teams for the Coral Reef, Habitat Restoration, Ocean Exploration and Climate programs. NOAA is also moving towards integrating program budgeting and performance, separating fisheries science and regulation, and strengthening NOAA administrative services by implementing Activity Based Costing (ABC), and Business Management Fund Development.

**Homeland Security and Related Programs (\$65.1M, \$7.7M increase)**

The investments in this area focus on existing NOAA products and science which can be utilized for Homeland Security. Priorities are on the "first responders," which enable NOAA technology to be accessed and used by local, state, and federal emergency managers. The funding provided under this theme provides critical infrastructure and enhanced security to current NOAA facilities.

For first responders, NOAA is requesting \$5.5 million to support a scaled upgrade of the current NOAA Weather Radio (NWR) network to an All Hazards Warning Network for civil emergency messages. The existing NWR network provides the most robust government-owned dissemination infrastructure capable of meeting the all-hazard dissemination requirements. This investment will decrease the time to disseminate civil emergency messages from an average of 7 minutes to 2 minutes.

This request is a one-time cost. The funds will allow NOAA to modify existing Advance Weather Interactive Processing System (AWIPS) communications software to allow emergency managers to directly transmit a civil emergency message over secure lines. This modification will have immediate, nationwide impact because NWR is located in every state, linked to the Emergency Broadcast System, and NOAA weather radio receivers are widely available in the commercial market.

The security and safety of NOAA facilities is an equally important element of this budget theme. \$2.2 million is requested in the FY 2004 budget for emergency preparedness and safety to improve the overall physical security at National Weather Service (NWS) facilities to preclude unauthorized individuals from entering and tampering with NOAA property. This investment will provide for alarm or monitoring systems at 92 weather forecast offices and national centers, as well as electronic or cipher door locks at 149 weather forecast offices or national centers. These small improvements will go a long way towards improving the safety and security of the physical workplaces of NOAA employees across the country.

**Climate Change, Research, Observations & Services (\$295.5M, \$16.9M increase)**

NOAA is requesting a \$16.9 million increase for our climate research activities, which is just a portion of the government-wide \$185 million Climate Change Research Initiative (CCRI). This funding will allow NOAA to complete 29 stations out of a network of 36 atmospheric vertical profiling stations around North America, and begin producing improved decision support tools, including regional carbon maps. This theme also includes funding for the increased computing needs at the Geophysical Fluid Dynamic Laboratory (GFDL) in Princeton, New Jersey, and further development of the global ocean observing system to meet long-term observational requirements of operational forecast centers, research programs, and major scientific assessments. This initiative builds on the FY 2003 request, focusing on the effective use of scientific knowledge in climate policy and management decisions to reduce uncertainties in climate science and develop research and operational climate products based on science. This strategy is aligned with National Academy of Science recommendations, and takes operational climate forecast capabilities to a 24x7 world.

**Climate Symposium Event**

From December 3–5, 2002, under the leadership of James R. Mahoney, Assistant Secretary of Commerce for Oceans and Atmosphere, NOAA and 12 other U.S. Government Agencies hosted a major workshop in Washington, DC under the umbrella of the newly formed U.S. Climate Change Science Program (CCSP). The CCSP incorporates both the U.S. Global Climate Change Research Program and the Climate Change Research Initiative. The workshop responded to the President's initiative to make the U.S. global change and climate change science programs more objective, sensitive to uncertainties and open for public debate. The workshop specifically focused on reviewing the CCSP's draft strategic plan for climate change and global change studies, with an emphasis on developing short-term (two- to four-year) products to support climate change policy and resource management decision-making. The FY 2003 budget for the CCSP is approximately \$1.75 billion. The NOAA request for CCRI for Fiscal Year 2004 is \$41.6 million, out of a government-wide \$182 million.

**NOAA's Climate Services Program**

The nation needs accurate, comprehensive and timely information about climate variability and trends, climate change and climate uncertainties. NOAA's Climate Services Program is an integrated endeavor designed to develop and deliver climate information, thereby providing an improved basis for climate-related decision-making. NOAA's Climate Services Program will be managed in a new way within the organization. NOAA has instituted a new Climate Office. The new NOAA Climate Office will consist of representatives from each of the NOAA Line Offices (NOAA National Environmental Satellite, Data and Information Service (NESDIS), NOAA National Marine Fisheries Service (NMFS), NOAA National Ocean Service (NOS), NOAA National Weather Service (NWS) and NOAA Office of Oceanic and Atmospheric Research (OAR)) and will focus on all NOAA climate programs. This is in contrast with the current NOAA Climate Observations and Services Program office, which primarily focuses on new climate funding and only has representatives from OAR, NWS and NESDIS. The new NOAA Climate Office will work on NOAA's climate programs, as well as supporting NOAA's efforts in the interagency Climate Change Science Program. It will be established in accordance with the matrix management principles outlined in the Program Review Report (while the existing Climate Observations and Services Program office will form the basis of the new

NOAA Climate Change and Variability Office and will continue to be hosted by OAR).

One of NOAA's top strategic goals in this area is to understand and enhance society's adaptation to climate variability and change. NOAA has initiated a new Climate Services Program in an effort to coordinate climate activities across all NOAA line offices. NOAA is requesting \$2.0 million to help improve our understanding of how climate change affects marine and coastal ecosystems in the Bering Sea and Gulf of Alaska. The waters of Alaska are the most productive fisheries in the world and are home to a wide variety of ecosystems. While NOAA is aware of changes occurring in the climate, we currently lack comprehensive understanding of how these processes can effect biological and other changes in marine ecosystems. The study of the effects of climate changes upon fisheries, marine mammals and birds, ocean temperatures and currents, and other impacted areas is an important task to ensure that the fisheries remain productive in the 21st century. These funds will be used to develop and implement models to understand these dynamics and will fund long-term observations and studies to correlate the relationships between climate and changes in marine ecosystems. Researchers in the Northwest Climate Impacts Group interact with stakeholders to develop and test products based on stakeholder's needs—linking climate and weather information to marine ecosystems (chiefly Pacific salmon); hydrology and water resources (including hydropower, forest resources), coastal resources; and health.

NOAA's success in providing integrated climate services to the nation can be attributed to NOAA's unified strategy for transitioning research into systematic and sustained outreach. Specifically, NOAA's Climate Services Program will benefit from the participation of several NOAA line offices: NWS, NESDIS, and OAR are the primary producers of climate information within NOAA. It is also important to acknowledge the role of the NOAA Officer Corps. The NOAA Corps operates a fleet of research vessels and aircraft that directly contribute to and support these line offices with implementing their climate research, observations and service activities.

#### **NOAA Climate Partnerships, Education, and Outreach Efforts**

NOAA maintains partnerships with universities, private industry, other U.S. agencies, nations and international bodies to observe and monitor the climate, further scientific knowledge, and make climate assessments/predictions. NOAA also works closely with private sector partners to develop products to meet stakeholders' needs and to ensure that the data and information delivered are readily understood and can be used to develop value-added tailored products and services for business, industry and the public.

Climate is a key issue for NOAA and its strategic goals for the future. From observations to research to operational product delivery, NOAA maintains significant involvement in helping the nation and the world respond to the impacts of climate variability and change. NOAA manages several global data bases—for meteorology, oceanography, solid earth geophysics, and solar-terrestrial sciences. From these sources, NOAA develops and provides environmental data and information products and services. NOAA gathers global data about the oceans, Earth, air, space, and sun and their interactions to describe and predict the state of the physical environment.

The President's CCRI led to the creation of a new interagency framework to enhance coordination of Federal resources and research activities. Under this framework, thirteen Federal agencies are working together under the leadership of a Cabinet-level committee on climate change to improve the value of U.S. Climate Change research. Even in this time of difficult budget decisions, the President is committed to fully funding climate research so that we can continue to reduce the uncertainties associated with climate change.

#### **Ecosystem Forecasting & Management (\$1,017.1M, \$76.0M increase)**

NOAA is the largest regulatory agency within the Department of Commerce. Most NOAA regulatory functions and activities are captured under this budget theme. \$52.7 million of the increase in this theme involves investments in rebuilding fisheries, and conserving and restoring living marine resources and habitats. This theme focuses on enhancing the understanding of the physical, chemical and biological components of ocean and coastal ecosystems by supporting research and prediction of impacts of environmental factors on the distribution and fate of species and their habitats. Another important activity carried out under this theme is satisfying immediate legal and regulatory requirements of resource stewardship, including Section 7 consultations under the Endangered Species Act, Northeast Groundfish observers, regulatory streamlining, socioeconomic capacity and management of the Columbia River Biological Opinion process. This area also includes a reduction

of \$20 million for the Pacific Salmon Treaty for which all U.S. obligations have been met.

The largest portion of the funding requested under this theme, \$57.4 million, and 23 FTE, is for the National Sea Grant College Program. The Administration had previously requested that this program be moved to the National Science Foundation, and is now requesting that the program be retained within NOAA. This program serves more than 300 participating institutions nationwide, and has a network of more than 3,000 scientists, engineers, outreach experts, educators and students.

Research initiated under this theme includes studying the influence of climate change on the stewardship of coastal and marine ecosystems, and the scientific basis for management of fisheries to rebuild fisheries and recover protected species. Specifically, as I mentioned earlier, this theme includes \$2.0 million for improving the understanding and prediction of climate change on major U.S. marine and coastal ecosystems in the Bering Sea and the Gulf of Alaska.

It also includes \$3.0 million to modernize and expand stock assessments. This funding will add 170 research days at sea which will be used to improve the comprehensiveness, timeliness, quality and communication of state-of-the-art assessments to NOAA Fisheries and the Regional Fishery Management Councils. The resulting assessments will be of higher quality and more frequency, which reduces the uncertainty in choosing and monitoring rebuilding and management policies. This improvement in the scientific basis for management will raise the confidence and certainty of both fishery managers and the industry that our management strategies are necessary and sufficient to return the greatest benefits to the nation.

\$2.0 million is also requested for 10 FTE for Section 7 consultations. This new funding will help NOAA meet the court-ordered deadlines to conduct consultations on pesticides with the Environmental Protection Agency (EPA).

There is also \$3.0 million included in this theme that will be used to increase the number of New England Groundfish observers to meet the court ordered level of 10 percent observer coverage in the region.

The \$3.1 million requested for the Federal Columbia River Power System Biological Opinion (Columbia River BiOp), and Basin-wide Recovery Strategy will be used to ensure that management activities necessary for this program are undertaken. This includes allowing NOAA fisheries to promote subbasin planning, enhance recovery planning, and review passage and screening enhancements in priority watersheds.

The \$2.8 million requested for reducing bycatch will be used to support approximately 2,000 days at sea for observers. These days at sea will be used to enhance and coordinate technical expertise to respond to bycatch issues, including examining existing bycatch reduction methods, evaluating their effectiveness, and designing and testing new methods. These additional funds would complement existing marine mammal efforts and the provisions of the Administration's legislative proposal for the Marine Mammal Protection Act to reduce mortality and serious injury of marine mammals incidental to commercial fishing. These efforts include the collection of data to assess the impact of fishery mortality on marine mammals and to evaluate and develop new fishing gear or practices.

This theme also includes \$1.5 million for regulatory streamlining activities, to improve NOAA's ability to administer the National Environmental Policy Act (NEPA) and other regulatory collection activities through the development of an information technology (IT) system.

#### **Energy & Commerce (\$116.0M, \$7.7M increase)**

This theme includes a \$17 million investment in the safety and productivity of our nation's waterways and harbors which will help sustain our economy by increasing the levels of trade and improve our abilities in forecasting regional climate and temperature variations which will serve to improve power forecasting and result in savings for the power industry and other public groups.

This theme also incorporates \$1.2 million to support our High Impact Weather investment. This investment enhances the modernization of the NOAA National Weather Service (NWS) Cooperative Observer Network, which provides the nation with a network of state-of-the-art measurement, monitoring, and communication equipment for surface weather data collection. This includes the modernization of 307 Cooperative Observers Program (COOP) stations in New England.

Also included is \$2.0 million to build and maintain an additional 100 electronic navigational charts (ENC) to provide contiguous coverage of the Gulf of Mexico and the east coast of the United States. This will go a long way towards helping us achieve our goal of expanding the ENC inventory to a total of 550 by 2006, just over half the 1000 ENCs required to achieve full coverage of all U.S. waters.

Another element of this theme is the \$1.0 million investment in the development of additional forecast model systems for key ports and bays to promote the safe and efficient transit of cargo through our waterways. This will provide full three-dimensional coverage of a commercial port for water levels, current fields, salinity and water temperature and help measure under-keel ship clearances.

The \$2.0 million for a Vessel Time Charter to expand our hydrographic surveying capacity is also included in this theme. The funds requested for this activity in FY 2004 build on the request from FY 2003, allowing the vessel to operate in both the Gulf of Mexico and Alaska, collecting data on an additional 550 square nautical miles. Using both government and private resources to collect this data will allow NOAA to accomplish this goal efficiently in FY 2004.

Another system that requires upgrades is the National Water Level Observation Network (NWLON), which is over 20 years old. The requested \$1.5 million for NWLON will be used to repair these ailing stations, which provide data used for nautical charting, real-time navigation, hazardous material response efforts, and tsunami and storm surge warnings, to name a few uses.

#### **Environmental Monitoring & Prediction (\$1,600.6 M, \$99.5M increase)**

This theme is organized around two components—observing platforms and sustaining current capabilities. Environmental Monitoring and Prediction includes a \$35.4 million investment by the Agency (not including \$122.4 million for Geostationary Operational Environmental Satellite (GOES), Polar Operational Environmental Satellite (POES) and the National Polar Orbiting Operational Environmental Satellite (NPOESS)) to support technological advancements in NOAA's severe weather prediction efforts. This theme includes data collection activities on the status and health of the ecosystem. This area also covers the maintenance of the infrastructure needed to ensure basic operations and safety of NOAA employees, and incorporates and expands NOAA's satellite monitoring and in situ observations. The demand for these types of NOAA products and services is expected to rise significantly over the next several years, particularly in the key areas of Homeland Security and Climate Change.

In light of the recent tragic loss of the space shuttle Columbia, as Deputy Secretary Bodman noted in his testimony before the House Science Committee on February 13, I would like to remind the Committee that NASA and NOAA have a long history as partners in the development of our environmental satellite systems. As part of our routine support to the NASA shuttle program and satellite launches, NESDIS and NWS provide specialized services, including space-based observations and weather forecasts. At the time of the accident, NWS transmitted emergency broadcasts in Texas and Louisiana via the NOAA Weather Radio (NWR) network.

The FY 2004 request for the polar-orbiting and geostationary satellites ensures the simultaneous operation of existing satellite series while supporting planned critical path acquisition activities for future systems. These data are used to predict hurricanes and other types of severe weather, support search and rescue operations, provide global monitoring and climate assessment and prediction, and monitor significant events such as volcanic eruptions, wildfires and oil spills.

The bulk of the funding under this theme will be used to support NOAA's observing platforms. This includes a \$50.2 million net increase for post launch requirements for GOES I-M, the continued procurement of the GOES-N series satellites, instruments, ground systems and systems support necessary to maintain the continuity of geostationary operations, as well as planning and development of the GOES-R series of satellites and instruments. GOES-R will significantly improve weather forecasting as well as homeland security. To support the POES and NPOESS programs, NOAA has requested a \$31.5 million net increase in the FY 2004 budget. The NPOESS program will continue the space-based climate record, as well as significantly improving weather forecasting and homeland security. The satellites supported by NESDIS are used by NWS, NOS, NMFS and OAR to support their weather, climate and navigation safety missions.

A relatively small \$2.0 million of the funding requested under this theme is requested to add sensors to the NOAA's Coastal Global Observing System to provide definitive information on the effects of the changing climate on coastal communities in the United States, and to improve ocean condition forecasts that adversely affect coastline erosion. The funds will be used to add ocean instrumentation for surface salinity, water temperature and currents to all the existing buoys and coastal marine stations operated by the National Buoy Data Center (NDBC). It adds 15 moored buoys and 15 coastal marine (CMAN) units in areas where data collection buoys are sparse.

This theme also includes \$1.3 million in funding requested to sustain the operations of the international research program known as THORpex, which stands for

The Observing Research and Predictability Experiment. THORpex seeks to gain a better understanding of the global impact of weather predictability, with the goal of improving our 3 day forecast accuracy to that of our current 2 day forecast, and producing reliable forecasts up to 14 days in advance. This investment will be in new technologies and improving our data assimilation and numerical weather prediction capability.

An additional \$1.3 million is requested under this theme for sustaining our flood prediction capability along the Susquehanna River in the states of New York, Pennsylvania and Maryland. The Susquehanna is a 444-mile river whose basin extends from Cooperstown, NY, to the Chesapeake Bay. It sustains six times the nation's average in flood damages per square mile each year. The \$1.3 million can be broken down as follows: \$0.6 million for flood forecast enhancements, \$0.5 million for the data network and \$0.2 million for the Susquehanna River Basin Commission for Outreach and Community Assistance.

We are also asking for \$3.6 million to sustain our weather warning and forecast services for the Pacific Islands. This will allow NOAA to continue providing upper-air and aviation surface observations in the Republic of the Marshall Islands, the Federated States of Micronesia and the Republic of Palau. These observations are critical to accurately forecasting weather events in the Pacific Region.

Another important element covered by this theme is aircraft maintenance. We are requesting \$1.5 million for necessary aircraft maintenance including manufacturer-required, mid-life inspection of our G-IV aircraft used for hurricane surveillance and winter storms reconnaissance. \$1.6 million is also requested for a replacement aircraft to conduct snow surveys. The aircraft currently used for this purpose is experiencing an increase in unscheduled maintenance downtime, and this aircraft provides critical data as part of our airborne snow survey program.

Another area where we are looking to add funding for a technology infusion is for our NWS Telecommunications Gateway. The \$2.9 million requested for this purpose will be used to reduce time delays for disseminating critical hydrometeorological data for NWS national centers, weather forecast offices, and other federal agencies and partners that rely on this data for operations. This funding will address electric power and facility deficiencies, and be used to replace the communications matrix switch, and some enterprise servers and front-end processors. The servers and processor replacement activity will be ongoing because it is a two-year refresh program. These pieces of equipment need to be replaced in order to meet our goal of achieving transmit times of less than 10 seconds for watches and warnings by 2005. Currently the average delay is between one and two minutes. More efficient information technology equipment is the key to reducing this transmit time to the required level by 2005. Another area that warrants investment is NEXRAD technology deployment. The \$3.7 million requested for this activity will also improve lead times, expanding average tornado warning lead times from 11 minutes to 15 minutes by 2007, and increasing the forecasters' ability to detect small tornadoes. This investment will allow NOAA to purchase and deploy 82 all Open Radar Data Acquisition (ORDA) systems prior to the onset of severe-weather season in FY 2005, and complete deployment of ORDA systems by the end of FY 2006. Supporting these programs and initiatives will significantly improve NOAA's ability to support weather and water, ecosystems, and homeland security programs.

#### **Other Key Projects/Programs in FY 2004 President's Budget**

Some of the other key areas of investment in the FY 2004 budget request include funding for our laboratory research programs, which provide for continued ocean observations, baseline observatories, and climate change assessments. Funding also provides for our SEARCH program that focuses on detection of climate change in the Arctic, and to continue NOAA's Energy Initiative, which consists of high impact weather and air quality activities, including funding for the Joint Hydrography Center in New Hampshire. Funding is also provided for undersea exploration, research, and technology in both the deep ocean and the U.S. Exclusive Economic Zone (EEZ), as well as to maintain our fundamental data collection and assimilation for the National Weather Service. This type of funding also allows NOAA to continue the vessel monitoring system for our enforcement and surveillance activities.

#### **Conclusion**

NOAA's Fiscal Year 2004 Budget request invests in our priority areas: people, climate, energy, homeland security, infrastructure, research, science, and services. In this time of tight budgets and difficult funding decisions, this budget maintains NOAA on its course to realize its full potential as this nation's premier environmental science agency. The new thematic budget structure reflects NOAA's business approach as an integrated NOAA team which responds to the needs our customers



and employees have voiced in workshops and communications efforts. NOAA is also doing its part to exercise fiscal responsibility as stewards of the Nation's trust as well as America's coastal and ocean resources. And, in the same way that NOAA is responsible for assessing the Nation's climate, we have assessed and are improving our management capabilities. NOAA will continue to respond to key customers and stakeholders, and will continue to leverage its programs and investments by developing those associations that most efficiently and economically leverage resources and talent, and that most effectively provide the means for successfully maintaining NOAA mission requirements. NOAA's budget strongly demonstrates the success of performance budgeting, where funding has been matched by results. Each request in the Technical Budget includes specific goals and descriptions of expected performance factors. NOAA Senior Management is now required to report every quarter on a set of performance measures that have come to be known as "The Administrator's Metrics." This new set of reporting requirements reflects NOAA's commitment to "Management by Fact," a philosophy NOAA will continue to demonstrate throughout Fiscal Year 2004 and beyond. Thank you for the opportunity to present NOAA's Fiscal Year 2004 budget.

Senator SNOWE. Thank you very much, Admiral Lautenbacher.  
Ms. Hecker?

**STATEMENT OF JAYETTA Z. HECKER, DIRECTOR, PHYSICAL INFRASTRUCTURE TEAM, GENERAL ACCOUNTING OFFICE (GAO)**

Ms. HECKER. Thank you very much, Madam Chair, Senator Stevens.

I want to start by thanking you for your kind words and reassure you that, indeed, it has been a pleasure working the Coast Guard portfolio. And, in fact, looking at both you and Senator Stevens here, it is with the Coast Guard that I have had the pleasure to visit both Maine and Alaska and look at the important missions, the many varied and significant missions, to each of your states. So while I would go to either state on my own, I have seen the Coast Guard operations in both states.

Basically, my remarks here will cover three areas, and I will try to get through them quickly so we can get to your questions. The first one is the current and historical activity patterns of the Coast Guard in the post-9/11 environment, and some comparative data. Then the second is the implications or what kind of impact we see from the 2004 budget on those traditional levels; and then summarize with some key challenge the agency faces in trying to balance its resources and maximize its effectiveness in this very resource-intensive environment.

Regarding the issue of the update on trends, we completed a report in November 2002 for this Subcommittee and conducted a detailed review of all the data available and all the ways to measure the level of effort that the Coast Guard was able to perform in its varied missions.

Basically, the way I will summarize it today, and we have updated this to the most recent quarter, there are several missions that, of course, have substantial increases, and that is the coastal security area; there are several that have been relatively stable, about the same over time; and then there are some that have seen some very significant drops.

The first one, on my right here, is the chart on coastal and port security. This is based on data current as of the quarter ending, December 31, 2002. This is operational activity data for all of the major mission areas, so this is all the cutters and all of the air as-

sets. And you can see what a very low level it was before 9/11. Then it shoots up in the quarter immediately after 9/11. And then trying to attempt to restore some new normalcy, you see it coming down, but then you see it shooting up, and that second peak is basically with the July 4th, 2002, and the period representing the anniversary of 9/11 (September 11th, 2002), when there was another peak.

The two areas where there has been relative stability after the adjustment of that first quarter are basically SAR and aids to navigation. The Coast Guard has said it will not let SAR be compromised, and the data shows that it has not been.

In two areas, drug interdiction and fisheries, there have been dramatic reductions over time. These charts represent actual data of the resource utilization of Coast Guard assets since 1998, and there was basically a reduction of about a third, from the 1998 period to the most recent quarter. You can see that there was an even more dramatic reduction, a two-thirds reduction in the use of the assets, in the drug interdiction area.

Let me move now to my second area, that is, "What is the impact of the proposed 2004 budget on some of these areas that have experienced such dramatic shortfalls?" basically, this is the question that this Committee and, in fact, the entire Congress asked in passing the homeland security legislation. The Congress focusing on the broad range of Coast Guard activities, is interested in knowing when the activity levels for all the missions will be restored to pre-9/11 levels?

Our analysis of the budget and the current situation leads us to conclude that it is unlikely that these mission areas, particularly drug interdiction and fisheries, can be restored to historical levels anytime soon. And, basically I have several reasons to support our conclusion here.

First regarding the 2004 budget, I think, as the Commandant said, the two real priorities are port and coastal security and SAR. That is where most of the major funding increases for new initiatives are. So there are no new resources in 2004, really, for these law enforcement areas that have been so significantly affected.

The second, of course, is that—and it is interesting, if you look back to the chart on the port security; there is an inverse relationship—These resources are finite. Thus, the more resources that go into one area—such as an increase in the port security—there is a corresponding decrease in other areas. The same assets are used for both. They can be either one place or another. Sometimes, they are able to do both, but, for the most part, there is a fundamental trade-off.

The third point is that unexpected, external events drive the use of resources. In the last year, there have been surges again of that—for the July 4th and first anniversary of 9/11. There were corresponding decreases in the other areas. And, in fact, there is a new surge happening in the current quarter, that can be attributed to the period of the orange alert and the resources going overseas for the Gulf War. There is significant decline in some missions that, again, are going to be reflected in activity data for the quarter ending March 31, 2003.

The fourth point is that the full cost of the recently enacted Maritime Transportation Security Act is not yet reflected in this FY 2004 budget request, and that is understandable. MTSA was passed after the FY04 budget request was formulated. Of course, the FY03 budget had been finalized, not passed. So, there are several responsibilities that the Coast Guard is already having to assume, and those resources will have to come out of other areas, from current resources. The Coast Guard says that in the next budget the full cost impact of MTSA implementation will be seen.

Now, there is another issue in the budget that has some longer-term implications, and the Commandant brought this up, and I want to underscore the importance of the Deepwater Project and how vital it is to so many missions. And as he said, and as you said, the funding for the Deepwater Project is already behind schedule. The calculations we have, which are higher than yours, Madam Chair—basically because it reflects the management resources for the Coast Guard, not just the contractor—are already \$83 million less than planned this year alone, and \$200 million for the first 2 years, in real terms. So the agency is already in the hole in terms of funding. And I am very sorry to report, and I am sure the Commandant will confirm, that they are already having to delay the delivery of new patrol aircraft for 19 months, and the conversion of the 110-patrol boats, because of this shortage. There is a very real impact to those shortages. You know, the Commandant must defend the budget and say that he is going to do the best, but the best with it is basically having to make some accommodations already.

We are concerned about further significant funding shortfalls—not only because of delayed delivery of assets. It has a rolling effect because the total Deepwater assets will cost more, the agency must operate the old assets longer, and more resources are required to maintain the legacy assets for a longer period of time. Also, funding shortfalls basically start to have a negative impact on the very missions that are already below the 9/11 activity levels.

Basically, you see that we have some real concerns. Our recommendation here is the same as we had in our November 2002 report. The budget increases have been very substantial and generous by this committee and the Congress over the last 2 years and, in fact, since 1998; however, there are fundamental challenges the Coast Guard faces in really balancing its mission and in attempting to accomplish the many missions that it has been assigned.

We believe it is time for a candid acknowledgment that the Coast Guard really cannot continue to be “all things for all people”, and that, at least in the short-run, the Coast Guard is not going to be able to reach its pre-9/11 activity levels in a number of key missions.

What we have called for is a comprehensive blueprint that assists the Congress in recognizing the tradeoffs that are already occurring and the effort to balance and carry out the full range of missions and defining the new normalcy. The Coast Guard has agreed with this, and they have some efforts underway to try to address it. We think it should receive more urgency. In fact, my statement today contains some very specific clarifications or refinements

to our November 2002 recommendations of what this blueprint should include.

Realistic targets for levels of efforts are needed. For example, what is the drug target level of effort? The Coast Guard is clearly in a different environment that may affect the efficacy of the targets that were set by the ONDCP—and this is a homeland security mission. This is a mission that it is important; it is documented that illegal drug money finances terrorists, and yet there must be tradeoffs made among missions to provide resources for coastal security.

So what are the real realistic targets for different level of efforts? What are the action plans for achieving those targets? What are some realistic performance measures for all of the missions? And finally, developing an approach that collects and reports and brings this data to the Congress with respect to levels of effort as well as the extent performance goals were met in a useful, meaningful way. Thus, the Congress can make the difficult policy and budget choices that you are forced to make in these times.

That concludes my statement. Thank you very much, Madam Chair and Senator Stevens.

[The prepared statement of Ms. Hecker follows:]

PREPARED STATEMENT OF JAYETTA Z. HECKER, DIRECTOR, PHYSICAL  
INFRASTRUCTURE TEAM, GAO

Madame Chair and Members of the Subcommittee:

I am pleased to be here today to discuss the President's Fiscal Year 2004 budget request for the Coast Guard and the challenges the agency faces in this and future budgets. Since the terrorist attacks of September 11, 2001, the Coast Guard has had to reinvent itself in many respects, shifting its focus and resources from many of its traditional missions—such as stemming the flow of illegal drugs and protecting important fishing grounds—to homeland security. The President's Fiscal Year 2004 budget request for the Coast Guard is \$6.8 billion, a 9.6 percent increase in nominal dollars from the previous year. If the request is approved, about half of the agency's operating expenses will be directed to fulfilling expanded homeland security responsibilities. How—and whether—the Coast Guard can continue to meet its responsibilities for all of its missions, given the increased emphasis on and resources required for homeland security, is a matter of great concern to the Congress.

My testimony today, which is based on recently completed work, addresses three topics: (1) the most recent levels of effort for the Coast Guard's various missions, and how these levels compare to those in the past; (2) the implications of the proposed 2004 budget for these various levels of effort; and (3) the challenges the Coast Guard faces in balancing its resources among its missions and ensuring and maximizing its effectiveness in each of its missions. The scope and methodology of our review is described in the appendix.

**In summary**

The most recent levels of effort for the Coast Guard's various missions, as measured by the use of multiple-mission resources such as cutters, patrol boats, and aircraft, show clearly the dramatic increase in the amount of time spent on homeland security following the September 11th attacks. In the months after the attacks, as the initial surge in homeland security activities was abating, activity in many other missions began returning to pre-September 11th levels, but some have not yet recovered. For example, the amount of resource hours currently being spent on search and rescue and maintaining aids to navigation are fairly consistent with traditional levels over the last 5 years. However, there have been substantial declines from traditional levels of time spent on two law enforcement missions—fisheries enforcement and drug interdiction. Although the Coast Guard Commandant has stated that the Coast Guard would like to return all law enforcement missions to 93 percent of pre-September 11th levels by the end of 2003 and 95 percent by the end of 2004, it appears unlikely that the Coast Guard can meet these goals. Achieving these goals depends heavily on not having to respond to such contingencies as heightened terror alerts or deployment of Coast Guard resources in military operations. How-

ever, in the current environment, such contingencies continue to occur, as evidenced by the recent deployment of several cutters and patrol boats to the Persian Gulf as part of the Middle East buildup.

The Fiscal Year 2004 budget request for the Coast Guard contains little that would substantially change the levels of effort for most missions. The budget request of \$6.8 billion represents an increase of about \$592 million, or almost 10 percent over the previous year. About \$168 million is earmarked for new initiatives, mainly in homeland security and search and rescue missions. Coast Guard officials said that some of the new initiatives, such as establishing better intelligence networks, would have potential benefit for other security-related missions, such as migrant and drug interdiction, but the initiatives do not directly pertain to augmenting activities or adding new capacity in those missions that have seen substantial declines in activity.

Although the Coast Guard has received substantial budget increases in recent years to deal with its increased responsibilities—a trend that continues in the proposed budget—the Coast Guard still faces fundamental challenges in being able to accomplish all the responsibilities it has been given. The Coast Guard’s Deepwater Project, a modernization effort for cutters, patrol boats, and aircraft, has already experienced delays in the delivery of key assets, jeopardizing the agency’s future ability to carry out a number of missions at optimum levels. This situation could worsen because the Coast Guard has tied successful completion of the project to levels of funding that are beyond what has been available. Another budgetary challenge is that, for the foreseeable future, the Coast Guard must implement a variety of recently mandated homeland security tasks by taking resources from other activities. Similarly, any unexpected changes—such as terrorist attacks or extended terror alerts—could also result in using resources for homeland security purposes that would normally be used for other missions. Such challenges raise serious concerns about the Coast Guard’s ability to meet traditional expectations across the broad range of all of its missions. In recent reports<sup>1</sup>, we have pointed to several steps that are needed in such an environment. One is to continue finding ways to operate more efficiently to maximize the existing resources available. Another is to develop a comprehensive blueprint for accomplishing mission responsibilities. This blueprint needs to recognize the new operating reality created by the Coast Guard’s increasing homeland security role and translate that reality into establishing realistic level-of-effort targets for all of its missions, a plan for achieving these targets, and appropriate measurement and reporting of results so that the agency and the Congress can better decide how limited dollars can be spent.

**Background**

The Coast Guard, which became a part of the Department of Homeland Security on March 1, 2003, has a wide variety of both security and nonsecurity missions. (See table 1.) The Coast Guard’s equipment includes 141 cutters, approximately 1,400 small patrol and rescue boats, and about 200 aircraft. Coast Guard services are provided in a variety of locations, including ports, coastal areas, the open sea, and in other waterways like the Great Lakes and the Mississippi River. The Coast Guard’s installations range from small boat stations providing search and rescue and other services to marine safety offices that coordinate security and other activities in the nation’s largest ports.

Table 1: Security and Nonsecurity Missions of the Coast Guard

Mission area *	Activities and functions within each mission area
<b>Security Missions</b>	
Ports, waterways, and coastal security	Conducting harbor patrols, vulnerability assessments, intelligence gathering and analysis, and other activities to prevent terrorist attacks and minimize the damage from attacks that occur.
Drug interdiction	Deploying cutters and aircraft in high drug trafficking areas and gathering intelligence to reduce the flow of illegal drugs across maritime boundaries.
Migrant interdiction	Deploying cutters and aircraft to reduce the flow of undocumented migrants entering the United States by maritime routes.

<sup>1</sup>Coast Guard: Strategy Needed for Setting and Monitoring Levels of Effort for All Missions. GAO-03-155 (Washington, DC: Nov. 12, 2002), and Homeland Security: Challenges Facing the Coast Guard as it Transitions to the New Department. GAO-03-467T (Washington, DC: Feb 12, 2003)

Table 1: Security and Nonsecurity Missions of the Coast Guard—Continued

Mission area*	Activities and functions within each mission area
Defense readiness	Participating with the Department of Defense (DoD) in global military operations; deploying cutters and other boats in and around harbors to protect DoD force mobilization operations.
<b>Nonsecurity Missions</b>	
Maritime safety	Setting standards and conducting vessel inspections to better ensure the safety of passengers and crew aboard cruise ships, ferries, and other passenger vessels and commercial and fishing vessels; partnering with states and boating safety organizations to reduce recreational boating deaths.
Search and rescue	Operating small boat stations and national distress and response communication system; conducting search and rescue operations for mariners in distress.
Living marine resources	Protecting our nation's fishing grounds from foreign encroachment; enforcing domestic fishing laws and regulations through inspections and fishery patrols.
Environmental protection	Preventing and responding to marine oil spills; preventing the illegal dumping of plastics and garbage into our nation's waters.
Aids to navigation	Maintaining the extensive system of navigation aids in our waterways; monitoring marine traffic through traffic service centers.
Ice operations	Conducting polar operations to facilitate the movement of critical goods and personnel in support of scientific and national security activity; conducting domestic icebreaking operations to facilitate year-round commerce.

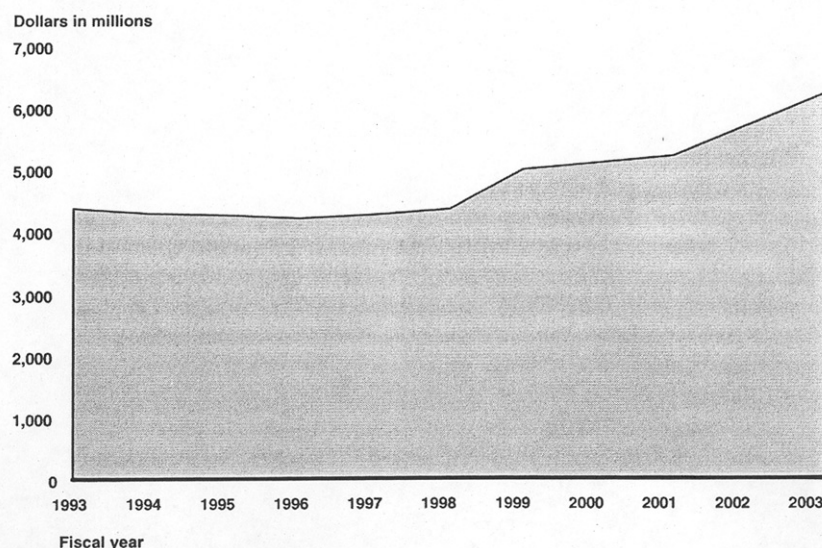
Source: U.S. Coast Guard.

\*The Coast Guard's security and nonsecurity missions are delineated in the Homeland Security Act of 2002 (Pub. L. 107-296, Nov. 25, 2002).

As an organization that is also part of the armed services, the Coast Guard has both military and civilian positions. At the end of Fiscal Year 2002, the agency had over 42,000 full-time positions—about 36,000 military and about 6,600 civilians. The Coast Guard also has about 7,200 reservists who support the national military strategy and provide additional operational support and surge capacity during emergencies, such as natural disasters. In addition, about 36,000 volunteer auxiliary personnel assist in a wide range of activities from search and rescue to boating safety education.

Overall, after using Fiscal Year 2003 inflation-adjusted dollars to adjust for the effects of inflation, the Coast Guard's budget grew by about 41 percent between Fiscal Years 1993 and 2003. However, nearly all of this growth occurred in the second half of the period. During fiscal years 1993–1998, after taking inflation into account, the budget remained essentially flat. (See fig. 1.) Significant increases have occurred since Fiscal Year 1998.

Figure 1: Annual Budgets for the Coast Guard, Fiscal Years 1993-2003



Source: Office of Management and Budget (data); GAO (analysis).

Note: Amounts are presented in fiscal year 2003 dollars.

The events of September 11th caused the Coast Guard to direct its efforts increasingly into maritime homeland security activities, highlighted by the Coast Guard's establishing a new program area: Ports, Waterways, and Coastal Security (coastal security). Prior to September 11th, activities related to this area represented less than 10 percent of the Coast Guard's operating budget, according to Coast Guard officials. In the Fiscal Year 2004 request, Coastal Security represents about one-quarter of the Coast Guard's operating budget. Other mission areas, most notably drug interdiction, have declined substantially as a percentage of the operating budget.

#### Security Emphasis Continues to Affect Levels of Effort in Some Missions

The emphasis the Coast Guard placed on security after September 11th has had varying effects on its level of effort among all of its missions, as measured by the extent to which multiple-mission resources (cutters, other boats, and aircraft) are used for a particular mission. The most current available data show that some security-related missions, such as migrant interdiction and coastal security, have grown significantly since September 11th. Other missions, such as search and rescue and aids to navigation remained at essentially the same levels as they were before September 11th. However, the level of effort for other missions, most notably the interdiction of illegal drugs and fisheries enforcement, is substantially below pre-September 11th levels.

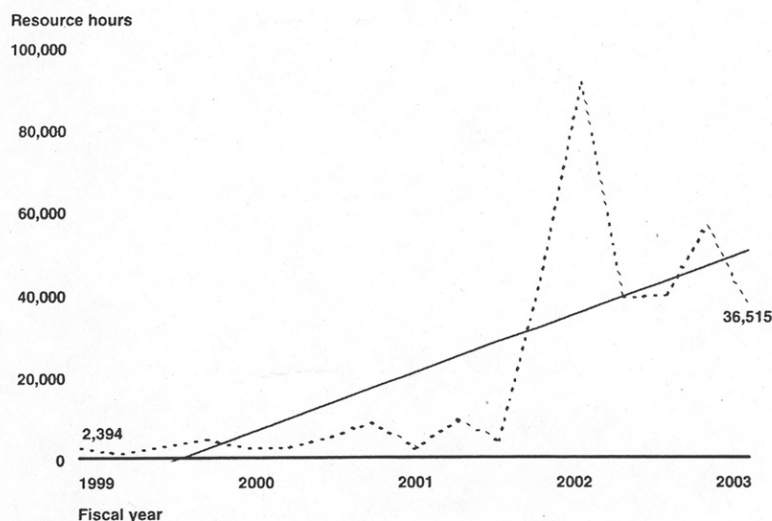
#### Missions with Increased Levels of Resources

Missions such as ports, waterways, and coastal security, and migrant interdiction have experienced increased levels of effort. Coastal security has seen the most dramatic increase from pre-September 11th levels. (See fig. 2.) For example, it went from 2,400 resource hours<sup>2</sup> during the first quarter of 1999, peaked at 91,000 hours during the first quarter of Fiscal Year 2002 (immediately after September 11, 2001), and most recently stood at nearly 37,000 hours for the first quarter of Fiscal Year

<sup>2</sup>The Coast Guard maintains information, on a mission-by-mission basis, about how cutters, patrol boats, and aircraft are used. Each hour that these resources are used in a mission is called a resource hour. Resource hours do not include such things as the time that the resource stands idle or the time that is spent maintaining it.

2003. In figure 2, as well as the other resource hour figures that follow, we have added a line developed by using a linear regression<sup>3</sup> to show the general trend for the period. It is important to note that while such lines depict the trend in resource hours to date, they should not be taken as a prediction of future values. Other activity indicators, such as sea marshal<sup>4</sup> boardings, also demonstrate an increased emphasis in this area. Before September 11th, such boardings were not done, but as of the first quarter of 2003 there have been over 550 such boardings. Similarly, vessel operational control actions<sup>5</sup> have risen by 85 percent since the fourth quarter of Fiscal Year 2001.

Figure 2: Number of Resource Hours Spent on Ports, Waterways, and Coastal Security, by Quarter, October 1998 – December 2002



Source: U.S. Coast Guard and GAO.

Note: GAO analysis of data from the Coast Guard's Abstract of Operations includes resource hours for cutters, boats, and aircraft. Figures shown are for the first quarter of fiscal year 1999 and 2003, respectively. The dotted line shows actual quarter-by-quarter totals; the thicker line is a regression line showing the general trend.

Given the emphasis on homeland security, it is not surprising that efforts to interdict illegal immigrants have also increased. For example, during the first quarter of 2003, the level of effort in this area was 28 percent higher than it was for the comparable period in 1998.

#### *Missions with a Steady State of Resources*

Some of the Coast Guard's traditional missions, such as aids to navigation and search and rescue, have been the least affected by the increased emphasis on security. While resource hours for both of these missions have declined somewhat since the first quarter of Fiscal Year 1998, the overall pattern of resource use over the past 5 years has remained consistent. Although search and rescue boats and buoy tenders were used to perform homeland security functions immediately after September 11th, their doing so did not materially affect the Coast Guard's ability to

<sup>3</sup>Linear regression estimates the coefficients of the linear equation, involving one or more independent variables, that best predict the value of the dependent variable.

<sup>4</sup>Sea marshals are armed Coast Guard personnel who board selected vessels operating in and around U.S. ports and harbors and take position on the ship's bridge and other areas determined to be necessary to vessel safety. These teams provide additional security to ensure that only authorized personnel maintain control of the vessel at all times.

<sup>5</sup>Vessel operational control actions are efforts to control vessels and can include captain of the port orders, administration orders, letters of deviation, and safety and the designation of security zones.



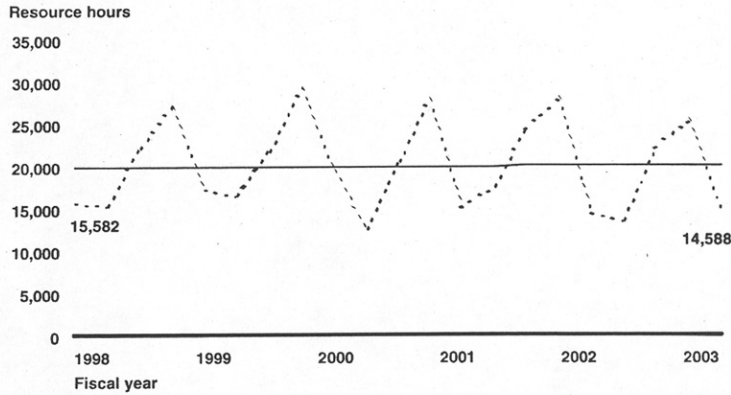
carry out its search and rescue or aids to navigation missions. Search and rescue boats were initially redeployed for harbor patrols after the terrorist attacks, but the impact on the mission was minimal because the deployments occurred during the off-season with respect to recreational boating.<sup>6</sup> Similarly, some boats that normally serve as buoy tenders—an aids to navigation function—were used for security purposes instead, but they were among the first to be returned to their former missions. For the first quarter of Fiscal Year 2003, the number of resource hours spent on these missions was very close to the number spent during the comparable quarter of Fiscal Year 1998.

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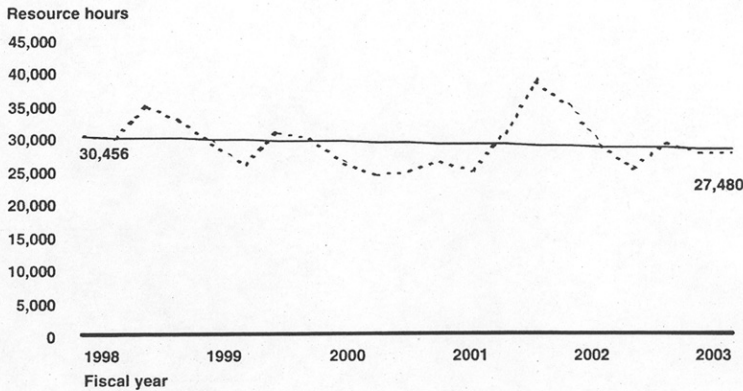
<sup>6</sup>Search and rescue resources are subject to seasonal cycles, with more resources being used during the summer months when boating is at its peak.

Figure 3: Number of Resource Hours Spent on Search and Rescue and Aids to Navigation, by Quarter, October 1997-December 2002

Search and Rescue



Aids to Navigation



Source: U.S. Coast Guard and GAO.

Note: GAO analysis of data from the Coast Guard's Abstract of Operations includes resource hours for cutters, boats, and aircraft. Figures shown are for the first quarter of fiscal year 1998 and 2003, respectively. The dotted line shows actual quarter-by-quarter totals; the thicker line is a regression line showing the general trend.

Performance measurement data further demonstrates the relatively minimal impact on these missions resulting from the Coast Guard's emphasis on homeland security. For example, for search and rescue, the Coast Guard was within about half a percentage point of meeting its target for saving mariners in distress in 2002 (84.4 percent actual, 85 percent goal). Likewise, data show that with respect to its aid to navigation mission, in 2002 the Coast Guard was about 1 percent from its goal of navigational aid availability (98.4 percent actual, 99.7 percent goal).

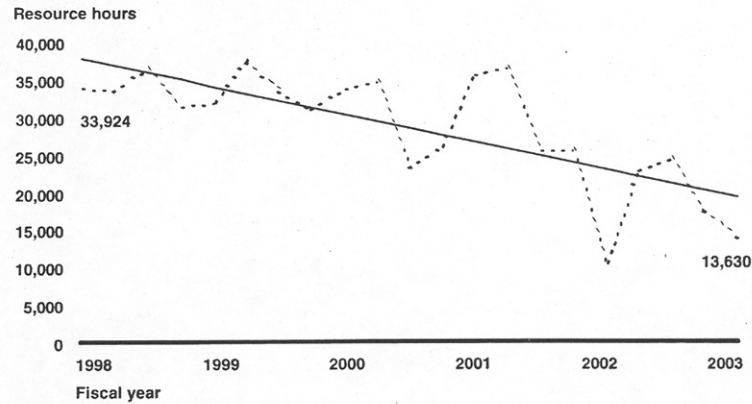
*Missions with a Decline in Resource Hours*

A number of missions have experienced declines in resource hours from pre-September 11th levels, including drug interdiction, fisheries enforcement (domestic and

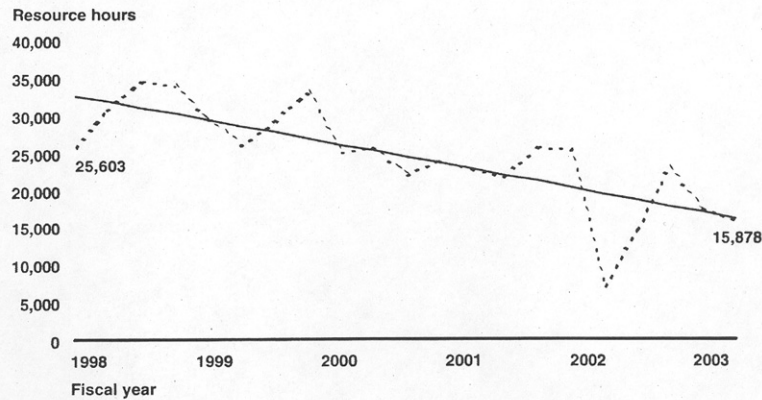
foreign), marine environmental protection, and marine safety. In particular, drug enforcement and fisheries enforcement have experienced significant declines. Compared with the first quarter of 1998, resource hours for the first quarter of Fiscal Year 2003 represent declines of 60 percent for drug interdiction and 38 percent for fisheries enforcement. (See fig. 4.) In fact, resource hours for these areas were declining even before the events of September 11th, and while they briefly rebounded in early 2002, they have since continued to decline. A Coast Guard official said the recent decline in both drug enforcement and fisheries can be attributed to the heightened security around July 4, 2002, and the anniversary of the September 11th terrorist attacks, as well as the deployment of resources for military operations. They said the decline will likely not be reversed during the second quarter of 2003 because of the diversion of Coast Guard cutters to the Middle East and the heightened security alert that occurred in February 2003.

**Figure 4: Number of Resource Hours Spent on Drug Interdiction and Fisheries Enforcement, by Quarter, October 1997-December 2002**

Drug Interdiction



Fisheries Enforcement



Source: U.S. Coast Guard and GAO.

Note: GAO analysis of data from the Coast Guard's Abstract of Operations includes resource hours for cutters, boats, and aircraft. Figures shown are for the first quarter of fiscal year 1998 and 2003, respectively. The dotted line shows actual quarter-by-quarter totals; the thicker line is a regression line showing the general trend.

The reduction in resource hours over the last several years in drug enforcement is particularly telling. In the first quarter of 1998, the Coast Guard was expending nearly 34,000 resource hours on drug enforcement, and as of first quarter of 2003, the resource hours had declined to almost 14,000 hours—a reduction of nearly two-thirds. Also, both the number of boardings to identify illegal drugs and the amount of illegal drugs seized declined from the first quarter of Fiscal Year 2000. The Coast Guard's goal of reducing the flow of illegal drugs based on the seizure rate for cocaine has not been met since 1999. During our conversations with Coast Guard officials, they explained that the Office of National Drug Control Policy (ONDCP) set

this performance goal in 1997, and although they recognize they are obligated to meet these goals, they believe the goals should be revised.

Our review of the Coast Guard's activity levels in domestic fishing shows U.S. fishing vessel boardings and significant violations<sup>7</sup> identified are both down since 2000. The Coast Guard interdicted only 19 percent as many foreign vessels as it did in 2000.<sup>8</sup> The reduced level of effort dedicated to these two missions is likely linked to the Coast Guard's inability to meet its performance goals in these two areas. For instance, in 2002 the Coast Guard did not meet its goal of detecting foreign fishing vessel incursions,<sup>9</sup> and while there is no target for domestic fishing violations, there were fewer boardings and fewer violations in 2002 than in 2000.

Recently, the Coast Guard Commandant stated that the Coast Guard intends to return law enforcement missions (drug interdiction, migrant interdiction, and fisheries enforcement) to 93 percent of pre-September 11th levels by the end of 2003 and 95 percent by the end of 2004. However, in the environment of heightened security and the continued deployment of resources to the Middle East, these goals will likely not be achieved, especially for drug interdiction and fisheries enforcement, which are currently far below previous activity levels.

#### **Fiscal Year 2004 Budget Request Will Not Substantially Alter Current Levels of Effort**

The Coast Guard's budget request for Fiscal Year 2004 does not contain initiatives or proposals that would substantially alter the current distribution of levels of effort among mission areas. The request for \$6.8 billion represents an increase of about \$592 million, or about 9.6 percent in nominal dollars, over the enacted budget for Fiscal Year 2003. The majority of the increase covers pay increases for current or retired employees or continues certain programs already under way, such as upgrades to information technology. About \$168.5 million of the increase would fund new initiatives, most of which relate either to homeland security or to search and rescue. Another \$20.8 million of the increase is for the capital acquisitions request,<sup>10</sup> which totals \$797 million. The capital acquisition request focuses mainly on two projects—the Deepwater Project for replacing or upgrading cutters, patrol boats, and aircraft, and the congressionally mandated modernization of the maritime distress and response system.

#### *Operating Expenses Would Increase by \$440 Million*

About \$440 million of the \$592 million requested increase is for operating expenses<sup>11</sup> for the Coast Guard's mission areas. This requested increase in operating expenses is 10 percent higher than the amount for operating expenses in the enacted budget for Fiscal Year 2003. The requested increase is made up of the following:

- pay increases and military personnel entitlements: \$162.5 million;<sup>12</sup>
- funding of continuing programs and technical adjustments: \$81 million; (These are multiyear programs that the Coast Guard began in previous years. Examples include continuing development of information technology projects and operating new shore facilities started with funds from previous budgets. Technical adjustments provide for the annualization of expenditures that received only partial-year funding in the prior Fiscal Year.)
- Reserve training: \$28 million; and

<sup>7</sup>The Coast Guard defines significant violations as any or all of the following: (1) significant damage or impact to the resource or the fisheries management plan, (2) significant monetary advantage to the violator over the competition, or (3) a high regional interest of emotional or political nature as determined by regional fisheries councils.

<sup>8</sup>Activity data for foreign fishing vessels is a comparison of fourth quarters in 2000 and 2002.

<sup>9</sup>In Fiscal Year 2002, the Coast Guard's goal was to detect 250 foreign fishing vessel incursions into U.S. fishing waters. Only 202 were detected that year.

<sup>10</sup>For Fiscal Year 2004, the Capital Acquisition account includes funding previously requested in the Coast Guard Acquisition, Construction, and Improvement account, and Research, Development, Test and Evaluation accounts, as well as the Alteration to Bridges account. We have reflected this change when making comparisons to the Fiscal Year 2003 enacted budget.

<sup>11</sup>For Fiscal Year 2004, the Operating Expense account consolidates funding previously requested in the Coast Guard Operating Expenses, Environmental Compliance and Restoration, and Reserve Training accounts. We have reflected this change when making comparisons to the Fiscal Year 2003 enacted budget.

<sup>12</sup>This does not include an increase of \$131 million in pay for retired personnel. Because retirees are not part of ongoing operations, their pay is not considered to be an operating expense. However, the \$131 million increase for retired pay is included in the overall requested increase of \$592 million.

- new initiatives: \$168.5 million. (These initiatives are described in more detail below.)

*New Initiatives Relate Primarily to Search and Rescue and Homeland Security*

The Coast Guard's budget request includes three new initiatives—one for search and rescue and two for homeland security. (See table 2.) As such, these initiatives do not represent substantial shifts in current levels of effort among missions. The search and rescue initiative is part of a multiyear effort to address shortcomings in search and rescue stations and command centers. In September 2001, the Department of Transportation Office of the Inspector General reported that readiness at search and rescue stations was deteriorating.<sup>13</sup> For example, staff shortages at most stations required crews to work an average of 84 hours per week, well above the standard (68 hours) established to limit fatigue and stress among personnel. The initiative seeks to provide appropriate staffing and training to meet the standards of a 12-hour watch and a 68-hour work week. The Congress appropriated \$14.5 million in Fiscal Year 2002 and \$21.7 million in Fiscal Year 2003 for this initiative. The amount requested for Fiscal Year 2004 (\$26.3 million) would pay for an additional 390 full-time search and rescue station personnel and for 28 additional instructors at the Coast Guard's motor lifeboat and boatswain's mate schools.

Table 2: New Initiatives in the Fiscal Year 2004 Budget Request for Operational Expenses

New Initiative	Amount (in millions)
Maritime Search and Rescue/Personnel Safety	
390 new full time personnel for search and rescue stations and command centers	
Additional Instructors and Training Enhancements	\$26.3
Maritime Domain Awareness	
Intelligence program	
Information sharing and systems	\$33.5
Homeland Security Operations	
6 new marine safety and security teams	
51 sea marshals	
43 small response boats	
2 port security units	
Establish stations at Washington, DC and Boston	\$108.7
Total Fiscal Year 2004 new initiatives	\$168.5

Source: U.S. Coast Guard.

Coast Guard officials said the two initiatives designed mainly for homeland security purposes would help the Coast Guard in other mission areas as well. For example, the information-sharing effort under maritime domain awareness is designed to improve communications between cutters and land stations. It also pays for equipping cutters with the universal automated identification system, which allows the Coast Guard to monitor traffic in its vicinity, including the vessel name, cargo, and speed. These capabilities are important not only for homeland security missions, but also for law enforcement and search and rescue, according to Coast Guard officials. Likewise, the units being added as part of the homeland security operations initiative will focus primarily on security issues but will also serve other missions, according to Coast Guard officials. For example, the new stations that would be established in Washington and Boston would be involved in search and rescue, law enforcement, and marine environmental protection.

*Capital Acquisition Budget Focuses on Two Main Projects*

The capital acquisition budget request for Fiscal Year 2004 is \$797 million, an increase of \$20.8 million in nominal dollars over Fiscal Year 2003. The majority of the request will go to fund two projects—the Integrated Deepwater System and the Coast Guard's maritime distress and response system, called Rescue 21. Other acquisitions include new response boats to replace 41-foot utility boats which serve multiple missions, more coastal patrol boats, as well as a replacement icebreaker for the Great Lakes. (See table 3.)

<sup>13</sup>Audit of the Small Boat Station Search and Rescue Program. MH-2001-94 (Washington, DC: Sept 14, 2001).

Table 3: Fiscal Year 2004 Capital Acquisition Budget Request

Item	Amount (in millions)
Integrated Deepwater System	\$500.0
Other systems	
Rescue 21	\$134.0
Defense Message System implementation	\$4.5
Vessels and critical infrastructure projects	
Great Lakes icebreaker replacement	\$2.0
41' utility boat replacement	\$12.0
Additional coastal patrol boats to enforce security zones	\$52.5
Personnel and related support costs	\$70.0
Research, development, testing, and evaluation	\$22.0
<b>Total</b>	<b>\$797.0</b>

Source: U.S. Coast Guard.

At \$500 million, the Deepwater Project accounts for about 63 percent of the amount requested for capital acquisitions. This project is a long-term (20 to 30 years) integrated approach to upgrading cutters, patrol boats, and aircraft as well as providing better links between air, shore, and surface assets. When the system is fully operational, it will make the Coast Guard more effective in all of its missions, particularly law enforcement where deepwater cutters and aircraft are key to carrying out critical functions such as drug and migrant interdiction and fisheries enforcement.

Rescue 21, the second major program, provides for the modernization of the command, control, and communication infrastructure of the national distress and response system. The current system suffers from aging equipment, limited spare parts, and limited interoperability with other agencies. Of particular concern to the Coast Guard and the maritime community are the current system's coverage gaps, which can result in missed maritime distress calls. The Congress has mandated that this system be completed by the end of Fiscal Year 2006. The \$134 million request for Fiscal Year 2004 would keep the project on schedule, according to Coast Guard officials.

#### *Significant Challenges Raise Concerns About Coast Guard's Ability to Accomplish Its Diverse Missions*

Despite the billion-dollar (19 percent) budget increase it has received over the past 2 years, the Coast Guard faces fundamental challenges in attempting to accomplish everything that has come to be expected of it. We have already described how the Coast Guard has not been able, in its current environment, to both assimilate its new homeland security responsibilities and restore other missions, such as enforcement of laws and treaties, to levels that are more reflective of past years. The Fiscal Year 2004 budget request does not provide substantial new funding to change these capabilities, except for homeland security and search and rescue. In addition, several other challenges further threaten the Coast Guard's ability to balance these many missions. The first is directly tied to funding for the Deepwater Project. The project has already experienced delays in delivery of key assets and could face additional delays if future funding falls behind what the Coast Guard had planned. Such delays could also seriously jeopardize the Coast Guard's ability to carry out a number of security and nonsecurity missions. Similarly, for the foreseeable future, the Coast Guard must absorb a variety of new mandated homeland security tasks by taking resources from existing activities. To the extent that these responsibilities consume resources that would normally go elsewhere, other missions will be affected. Finally, in its new environment, the Coast Guard faces the constant possibility that terror alerts, terrorist attacks, or military actions would require it to shift additional resources to homeland security missions.

Such challenges raise serious concerns about the Coast Guard's ability to be "all things to all people" to the degree that the Coast Guard, the Congress, and the public desire. In past work, we have pointed to several steps that the Coast Guard needs to take in such an environment. These include continuing to address opportunities for operational efficiency, especially through more partnering; developing a comprehensive strategy for balancing resource use across all of its missions; and developing a framework for monitoring levels of effort and measuring performance in achieving mission goals. The Coast Guard has begun some work in these areas; however, addressing these challenges is likely to be a longer-term endeavor, and the success of the outcome is not clear.

*Continued Funding Shortfalls Could Delay the Deepwater Project and Adversely Affect the Coast Guard's Mission Capabilities*

Under current funding plans, the Coast Guard faces significant potential delays and cost increases in its \$17 billion Integrated Deepwater Project. This project is designed to modernize the Coast Guard's entire fleet of cutters, patrol boats, and aircraft over a 20-year period. Given the way the Coast Guard elected to carry out this project, its success is heavily dependent on receiving full funding every year. So far, that funding has not materialized as planned. Delays in the project, which have already occurred, could jeopardize the Coast Guard's future ability to effectively and efficiently carry out its missions, and its law enforcement activities—that is, drug and migrant interdiction and fisheries enforcement—would likely be affected the most, since they involve extensive use of deepwater cutters and aircraft.

Under the project's contracting approach, the responsibility for Deepwater's success lies with a single systems integrator and its contractors for a period of 20 years or more. Under this approach, the Coast Guard has started on a course potentially expensive to alter. It is based on having a steady, predictable funding stream of \$500 million in 1998 dollars over the next 2 to 3 decades. Already the funding provided for the project is less than the amount the Coast Guard planned for. The Fiscal Year 2002 appropriation for the project was about \$28 million below the planned level, and the Fiscal Year 2003 appropriated level was about \$90 million below the planning estimate. And even the President's Fiscal Year 2004 budget request for the Coast Guard is not consistent with the Coast Guard's deepwater funding plan. If the requested amount of \$500 million for Fiscal Year 2004 is appropriated, this would represent another shortfall of \$83 million, making the cumulative shortfall about \$202 million in the project's first 3 years, according to Coast Guard data. If appropriations hold steady at \$500 million (in nominal dollars) through Fiscal Year 2008, the Coast Guard estimates that the cumulative shortfall will reach \$626 million.<sup>14</sup>

The shortfalls in the last 2 Fiscal Years (2002 and 2003) and their potential persistence could have serious consequences. The main impact is that it would take longer and cost more in the long run to fully implement the deepwater system. For example, due to funding shortfalls experienced to date, the Coast Guard has delayed the introduction of the Maritime Patrol Aircraft by 19 months and slowed the conversion and upgrade program for the 110-foot Patrol Boats. According to the Coast Guard, if the agency continues to receive funding at levels less than planned, new asset introductions—and the associated retirement of costly, less capable Coast Guard legacy assets—will continue to be deferred.

The cost of these delays will be exacerbated by the accompanying need to invest additional funds in maintaining current assets beyond their planned retirement date because of the delayed introduction of replacement capabilities and assets, according to the Coast Guard. For example, delaying the Maritime Patrol Aircraft will likely require some level of incremental investment to continue safe operation of the current HU-25 jet aircraft. Similarly, a significant delay in the scheduled replacement for the 270-foot Medium Endurance Cutter fleet could require an unplanned and expensive renovation for this fleet.

System performance—and the Coast Guard's capability to effectively carry out its mission responsibilities—would also likely be impacted if funding does not keep pace with planning estimates. For example, Coast Guard officials told us that conversions and upgrades for the 110-foot Patrol Boat would extend its operating hours from about 1,800 to 2,500 per year. Once accomplished, this would extend the time these boats could devote to both security and nonsecurity missions. Given the funding levels for the project, these conversions and upgrades have been slowed. Coast Guard officials also said that with significant, continuing funding shortfalls delaying new asset introductions, at some point, the Coast Guard would be forced to retire some cutters and aircraft—even as demand for those assets continues to grow. For example, in 2002, two major cutters and several aircraft were decommissioned ahead of schedule due to their deteriorated condition and high maintenance costs.

*Some New Homeland Security Duties Are Not Fully Factored into the Coast Guard's Distribution of Resources*

A second challenge is that the Coast Guard has been tasked with a myriad of new homeland security requirements since the Fiscal Year 2004 budget request was formulated and will have to meet many of these requirements by pulling resources

<sup>14</sup>The \$28 million shortfall is expressed in 2002 dollars, the \$90 million shortfall in 2003 dollars, and the \$202 million shortfall in 2004 dollars. The \$626 million dollar shortfall is expressed in 2008 dollars.



from other activities. Under the Maritime Transportation Security Act (MTSA),<sup>15</sup> signed into law in November 2002, the Coast Guard must accomplish a number of security-related tasks within a matter of months and sustain them over the long term. MTSA requires the Coast Guard to be the lead agency in conducting security assessments, developing plans, and enforcing specific security measures for ports, vessels, and facilities. In the near term, the Coast Guard must prepare detailed vulnerability assessments of vessels and facilities it identifies to be at high risk of terrorist attack. It must also prepare a National Maritime Transportation Security Plan that assigns duties among federal departments and agencies and specifies coordination with state and local officials—an activity that will require substantial work by Coast Guard officials at the port level. The Coast Guard must also establish plans for responding to security incidents, including notifying and coordinating with local, state, and federal authorities.

Because the Fiscal Year 2004 budget request was prepared before MTSA was enacted, it does not specifically devote funding to most of these port security responsibilities. Coast Guard officials said that they will have to absorb costs related to developing, reviewing, and approving plans, including the costs of training staff to monitor compliance, within their general budget.<sup>16</sup> Coast Guard officials expect that the Fiscal Year 2005 budget request will contain funding to address all MTSA requirements; in the meantime, officials said that the Coast Guard would have to perform most of its new port security duties without additional appropriation, and that the funds for these duties would come from its current operations budget. The costs of these new responsibilities, as well as the extent to which they will affect resources for other missions, are not known.

#### *External Uncertainties Place Additional Strain on Resources*

Security alerts, as well as actions needed in the event of an actual terrorist attack, can also affect the extent to which the Coast Guard can devote resources to missions not directly related to homeland security. Coast Guard officials told us that in the days around September 11, 2002, when the Office of Homeland Security raised the national threat level from “elevated” to “high” risk, the Coast Guard reassigned cutters and patrol boats in response. In February 2003, when the Office of Homeland Security again raised the national threat level to “high risk,” the Coast Guard repositioned some of its assets involved in offshore law enforcement missions, using aircraft patrols in place of some cutters that were redeployed to respond to security-related needs elsewhere. While these responses testify to the tremendous flexibility of a multi-mission agency, they also highlight what we found in our analysis of activity-level trends—when the Coast Guard responds to immediate security needs, fewer resources are available for other missions.

The Coast Guard’s involvement in the military buildup for Operation Enduring Freedom in the Middle East further illustrates how such contingencies can affect the availability of resources for other missions. As part of the buildup, the Coast Guard has deployed eight 110-foot boats, two high-endurance cutters, four port security units, and one buoy tender to the Persian Gulf. These resources have come from seven different Coast Guard Districts. For example, officials from the First District told us they sent four 110-foot patrol boats and three crews to the Middle East. These boats are multi-mission assets used for fisheries and law enforcement, search and rescue, and homeland security operations. In their absence, officials reported, the First District is more flexibly using other boats previously devoted to other tasks. For instance, buoy tenders have taken on some search and rescue functions, and buoy tenders and harbor tug/icebreakers are escorting high-interest vessels. Officials told us that these assets do not have capabilities equivalent to the patrol boats but have been able to perform the assigned mission responsibilities to date.

#### *Several Types of Actions Needed to Address Challenges*

In previous work, we have examined some of the implications of the Coast Guard’s new operating environment on the agency’s ability to fulfill its various missions.<sup>17</sup> This work, like our testimony today, has pointed to the difficulty the Coast Guard faces in devoting additional resources to nonsecurity missions, despite the additional funding and personnel the agency has received. In particular, we have sug-

<sup>15</sup> Pub. L. 107–295, Nov. 25, 2002.

<sup>16</sup> The Coast Guard had already begun work on two aspects of the legislation; these aspects are accounted for in the Fiscal Year 2004 budget request. These two items are requirements to (1) create marine safety and security teams and (2) to dispatch armed officers as sea marshals for some port security duties.

<sup>17</sup> *Coast Guard: Budget and Management Challenges for 2003 and Beyond* GAO–02–588T (Washington, DC: Mar. 19, 2002), and *Coast Guard: Strategy Needed for Setting and Monitoring Levels of Effort for All Missions* GAO–03–155 (Washington, DC: Nov. 12, 2002).

gested that the following actions need to be taken as a more candid acknowledgement of the difficulty involved:

- *Opportunities for increased operational efficiency need to be explored.* Over the past decade, we and other outside organizations, along with the Coast Guard itself, have studied Coast Guard operations to determine where greater efficiencies might be found. These studies have produced a number of recommendations, such as shifting some responsibilities to other agencies. One particular area that has come to the forefront since September 11th is the Coast Guard's potential ability to partner with other port stakeholders to help accomplish various security and nonsecurity activities involved in port operations. Some effective partnerships have been established, but the overall effort has been affected by variations in local stakeholder networks and limited information-sharing among ports.
- *A comprehensive blueprint is needed for setting and assessing levels of effort and mission performance.* One important effort that has received relatively little attention, in the understandable need to first put increased homeland security responsibilities in place, is the development of a plan that proactively addresses how the Coast Guard should manage its various missions in light of its new operating reality. The Coast Guard's adjustment to its new post-September 11th environment is still largely in process, and sorting out how traditional missions will be fully carried out alongside new security responsibilities will likely take several years. But it is important to complete this plan and address in it key elements and issues so that it is both comprehensive and useful to decision makers who must make difficult policy and budget choices. Without such a blueprint, the Coast Guard also runs the risk of continuing to communicate that it will try to be "all things to all people" when, in fact, it has little chance of actually being able to do so.

The Coast Guard has acknowledged the need to pursue such a planning effort, and the Congress has directed it to do so. Coast Guard officials told us that as part of the agency's transition to the Department of Homeland Security, they are updating the agency's strategic plan, including plans to distribute all resources in a way that can sustain a return to previous levels of effort for traditional missions. In addition, the Congress placed a requirement in MTSA for the Coast Guard to submit a report identifying mission targets, and steps to achieve them, for all Coast Guard missions for Fiscal Years 2003–2005. However, this mandate is not specific about the elements that the Coast Guard should address in the report.

To be meaningful, this mandate should be addressed with thoroughness and rigor and in a manner consistent with our recent recommendations—it requires a comprehensive blueprint that embodies the key steps and critical practices of performance management. Specifically, in our November 2002 report on the progress made by the Coast Guard in restoring activity levels for its key missions, we recommended an approach consisting of a long-term strategy outlining how the Coast Guard sees its resources—cutters, boats, aircraft, and personnel—being distributed across its various missions, a time frame for achieving this desired balance, and reports with sufficient information to keep the Congress apprised not only of how resources were being used, but what was being accomplished. The Coast Guard agreed that a comprehensive strategy was needed, and believes that they are beginning the process to develop one. Table 4 provides greater explanation of what this approach or blueprint would entail.

Table 4: Elements of an Approach for Setting and Assessing Levels of Effort and Mission Effectiveness

Element	Explanation
Setting realistic targets for levels of effort in each mission area	Targets need to take into account the finite Deepwater and other resources available in the near to medium term and the likely homeland security scenarios based on resource requirements needed to respond to various potential terrorist threats and attacks
Developing an action plan for achieving targets	Action plan needs to include: <ul style="list-style-type: none"> <li>• an analysis of the mix of resources needed and timetables required to achieve level-of-effort targets;</li> <li>• strategies for partnering with other public and private sector organizations to accomplish mission activities;</li> <li>• contingency plans for addressing responsibilities for all of its missions during prolonged "high alert" periods;</li> <li>• new approaches and techniques, including the use of new technology, for achieving mission responsibilities; and</li> <li>• identifying operational efficiencies that would free up funds for more mission-enhancing needs, such as keeping the Deepwater Project on schedule.</li> </ul>
Establishing realistic performance measures for all missions	Includes two steps: <ul style="list-style-type: none"> <li>• completing performance measures for homeland security, and</li> <li>• evaluating and revising, where necessary, performance measures, such as those for drug interdiction, for all missions.</li> </ul>
Collecting sufficiently complete, accurate, and consistent performance data to measure effectiveness in meeting performance targets	Includes data on: <ul style="list-style-type: none"> <li>• resources being applied to each mission (money, personnel, and capital assets),</li> <li>• output measures that describe what is being done with these resources (e.g., numbers of patrols and inspections conducted), and</li> <li>• outcome data on the extent that program goals are being achieved.</li> </ul>

Source: GAO.

The events of recent months heighten the need for such an approach. During this time, the budgetary outlook has continued to worsen, emphasizing the need to look carefully at the results being produced by the nation's large investment in homeland security. The Coast Guard must be fully accountable for investments in its homeland security missions and able to demonstrate what these security expenditures are buying and their value to the nation. At the same time, recent events also demonstrate the extent to which highly unpredictable homeland security events, such as heightened security alerts, continue to influence the amount of resources available for performing other missions. The Coast Guard needs a plan that will help the agency, the Congress, and the public understand and effectively deal with trade-offs and their potential impacts in such circumstances.

#### Scope and Methodology

To determine the most recent levels of effort for the Coast Guard's various missions and how these levels compare to those in the past, we reviewed the data from the Coast Guard's Abstract of Operations. These data, reported by crews of cutters, boats, and aircraft, represent the hours that these resources spent in each of the Coast Guard's mission areas. We reviewed these data to identify how resources were utilized across missions both before and after September 11th, and to identify any trends in resource utilization. In addition, we spoke with Coast Guard officials at headquarters about the use of Coast Guard resources both before and after September 11th.

To determine the implications of the proposed Fiscal Year 2004 budget request for these various levels of effort, we reviewed the President's Fiscal Year 2004 budget request for the Coast Guard, as well as the enacted budget for the Coast Guard for Fiscal Year 2003. We used the Department of Commerce's chain-weighted price index for gross domestic product to adjust nominal dollar figures for the effect of inflation. In addition, we spoke with Coast Guard officials within the Coast Guard's Office of Programs and Operations Directorate, the Marine Safety Directorate, and the Integrated Deepwater Systems Program Office.

To identify the challenges the Coast Guard faces in balancing its resources among its missions and ensuring and maximizing its effectiveness in each of its missions, we reviewed our previous reports on performance management and developing performance measures. We also reviewed Coast Guard strategic documents and discussed these with staff in the Coast Guard's Program Management and Evaluation Division. In addition, we met with officials from the Coast Guard's Department of Homeland Security Transition team to discuss strategic planning and transition issues.

Madame Chair, this concludes my testimony today. I would be pleased to respond to any questions that you or Members of the Subcommittee may have at this time.

Senator SNOWE. Thank you, Ms. Hecker.

Your testimony raises some serious concerns in terms of the ability of the Coast Guard to carry out its many missions. And obviously, that is something that we would like to address.

Now, Admiral Collins, in terms of your strategic plan and blueprint for the future, have you addressed some of these issues that Ms. Hecker has raised? I know that we discussed here last year the obvious need for your agency to conduct all of the missions that are required of you.

I mean it is, without question, a difficult burden to bear, even with these budget increases of 30 percent over the fiscal 2002 budget, 1.6 billion and 4600—am I correct?—in increased personnel.

Admiral COLLINS. 4,100.

Senator SNOWE. That does not stabilize the instability of these different missions and your ability to accomplish them.

Admiral COLLINS. Clearly, we are in—since 9/11 and prior to 9/11, we are in a balancing tradeoff routine based upon risks, as we discussed at previous hearings several weeks ago, and we pulse to a given threat at a given time. Given those challenges, clearly it was the case, as reflected in these spikes—when we went to orange, you pull resources away from fish and you pull resources away from counter-drugs to address, on a temporary basis, that particular threat and risk, and then you pulse the assets back. And we are going to, for the foreseeable future, be confronted with those kind of spikes as threat conditions change.

And I would be glad to provide to the staff and for the record our calculations of employment hours. And by “employment hours,” I mean the total number of boats, the total number of aircraft, the total number of cutter hours that are available to us in a given year. We have calculated a normalized level of those, normalized being eight quarters prior to 9/11, and we normalize that on an annual basis as a benchmark and then have compared it to the 2002 actual, 2003 projected, and 2004 projected. The total amount of employment hours that we have available to—it is a capacity number; it is the total capacity we have in our service relative to ships, boats, and aircraft—it is 541,561. That level in 2004, that grand-total level of all those resources, is 731,437.

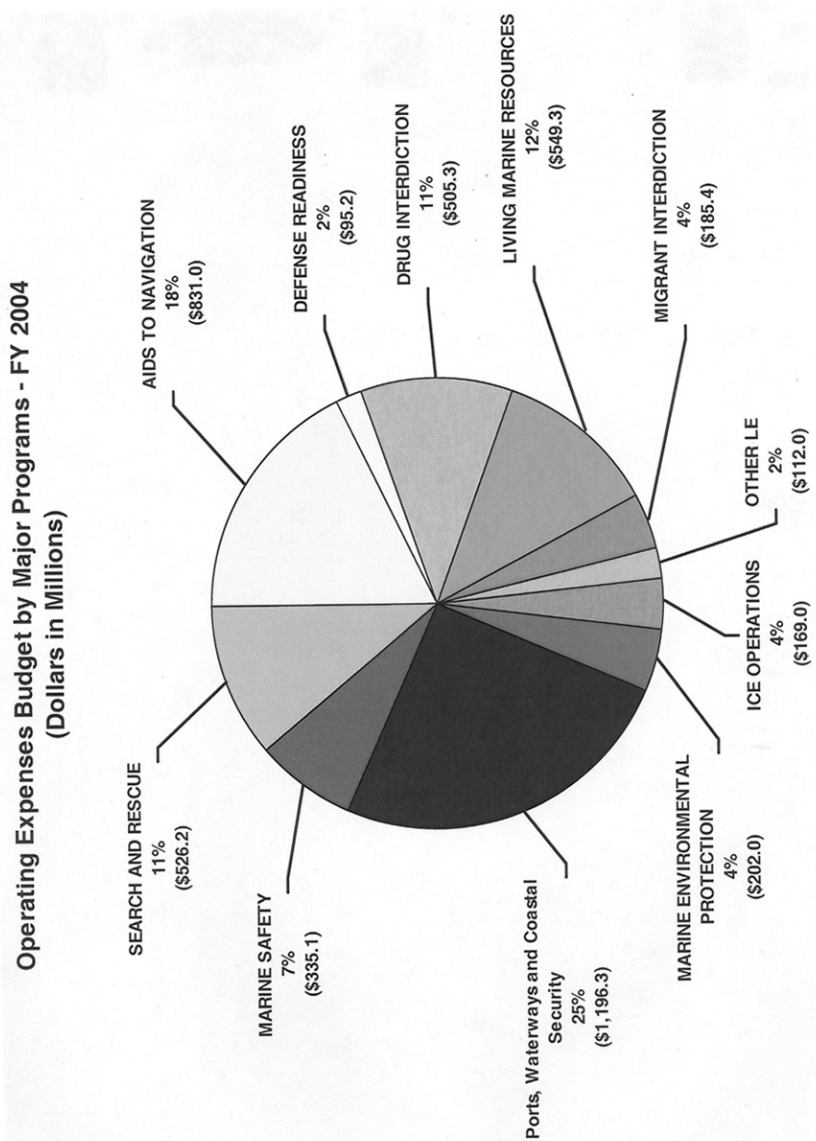
Now, what does reflect? It reflects that substantial investment by the Administration and this Congress in the employment hours or the tools that we have to do our business. When we program those by the end of 2004 number, that 731,000 employment hours of ships, boats, and aircraft across our mission set, we are starting to approach pre-9/11 levels. That assumes, from a port security perspective, Maritime Security Level 1. As you may recall, Madam Chair, we have three security levels—Maritime Security Level 1, 2, and 3. They go up as the threat goes up. Two roughly equates to orange. One is the new normalcy. This list distribution is based upon assuming a MARSEC-1, maritime security 1, or yellow, or below level. In that case, we are equal or exceed to aids to navigation level, we are equal or exceed the living marine resources level, we are equal or exceed ice operations, we equal or exceed maritime environmental protection, we are short marine safety, we are under in drug interdiction. And overall, for enforcement of laws and treaties, we feel that we would be within 5 or 7 percent cumulatively across all our maritime security missions.

The point I am trying to make is, this is how going into 2004— or by the end of—everything else being equal, and if we maintain Maritime Security Level 1 during the entire course of the year, this would be the distribution.

The problem is, we are not going to have Maritime Security Level 1 throughout the entire year. We are going to have cases like last July, we are going to have cases like that last month where we spiked to orange. And we then changed the profile or the use of the capacity to match that. That is prudent. That is wise. That is appropriate. I think that is what the Nation wants us to do. And we are prepared to do that while maintaining the necessary posture in other urgent priority missions, like search and rescue.

A long-winded answer for you. I would be glad to share this chart with you and both the GAO. It is our view of the numbers averaged over a longer period.

Senator SNOWE. Well, no, I appreciate that response. I certainly would like to have that chart for the Committee, because we would want to evaluate it. But I think the question is, do you believe that the increases that we have provided raises the resources for all of these missions equally? I mean, are you going to have fluctuations, depending on the terrorist threat level.



Admiral COLLINS. It is not going to be equal, Madam Chair. I think we are going to put our priority in—we are going to put our priority in the highest risk to life. And whether that is—

Senator SNOWE. At that moment in time.

Admiral COLLINS. At that moment in time. And whether that is—and it will maintain—we have enough capacity in the system to maintain our high level of search and rescue standards that we can maintain. And as Ms. Hecker mentioned, we have not moved away from that. We are not planning to move away from that.

One other comment. We should talk about performance as well as the deployment of assets. And I would submit, if you look at the performance even in 2001, when we diverted a lot of our assets away from counter drugs and away from fish and away from migrants, for 2001 we seized 78.6 metric tons of cocaine. That is the second-largest seizure of cocaine in any year we have had. In 2002, another year where we have had MARSEC-2 conditions and we had to reallocate resources, we seized 72.2 metric tons. Those are enormous seizure rates.

Now, how did we do that when we dropped the allocation of resources in it? We are getting better at the business. We are more efficient. We are using intel very effectively. We have things like helicopter interdiction squadron that is very effective in closing the end game. We are very effective using Navy assets. Seventy-five percent of the seizures coming out in 2002 were off gray hulls, were a Coast Guard law-enforcement detachment off gray hulls. We are getting greater participation by the French and the British and others in the mission.

So there are other variables at our disposal we are trying to do to get the same level of performance even though we have to divert assets. So I think we are being as clever and as stewardship-wise as we possibly can to continue to put pressure in the counter-drug mission.

Senator SNOWE. Ms. Hecker, in response to what Admiral Collins just said, what do you think the Coast Guard should be doing to adjust its plan to reflect these realities? I mean, is there ever going to be a day where it is going to stabilize, given the threats to our homeland security and the role the Coast Guard plays? I mean, maybe you will always have these gyrations as long as you have an insufficient number of personnel, ships, aircraft, and so on, to respond to whatever the threat happens to be at that moment in time, whether it is a search and rescue or homeland security. Are we ever going to avoid these moments in time, like in 2002, where you are going to have huge spikes in response to homeland security, for example in port security?

Ms. HECKER. No, you cannot, but I think that is why you build in contingencies. And to have a plan or target levels that are assuming MARSEC-1 in the environment that we are in now, in our view, probably is not a useful plan for you to say that these are the levels. I mean, there is recent guidance that went out on security—not security—on maritime safety, basically public affairs and community outreach should be cut back 75 percent. Is that the new standard? Is that a new standard? The drug number. If the drug number there is, I think, 12 percent of operational resources; well, in 1998, it was 20 percent. So is the new standard—are they going to work with ONDCP and say our standard of activity is something?

The issue about performance targets, I totally agree with him that these are inputs, these are not outputs. At the end of the day, what you are really interested in is outputs. But in the fisheries area, the interdictions are 19 percent in foreign vessels compared to what they were in 2000. That is not a favorable performance level.

So, yes, they can be a target of a certain level. The tradeoff of what kind of impact that is and how it compares to the actuals, that is what I think would be useful to Congress. It is now over a year and a half since September 11th. There is a lot of Coast Guard resource use data here and a lot of security related spikes that continue to occur.

So I think Congress should expect more, and I think Congress needs more to really understand the actual consequence of this new environment and its impact on the range of missions for the Coast Guard.

Senator SNOWE. I will turn to Senator Stevens, but, Admiral Collins, I would appreciate having that kind of plan presented to the Committee. I think it would be important to look at the actual versus the impact. And I—

Admiral COLLINS. Madam Chair, of course, we talked about this at the recent past hearing. My staff is working through these issues. We hope to have—we have bits and pieces of the allocation model—

Senator SNOWE. Right.

Admiral COLLINS.—and we hope to refine that. We want it succinct, hard-hitting, clear. And the other piece that is terribly important is to refine and develop performance standards associated with homeland security. This is a new environment since 9/11. Those performance standards are just in the formative stages—

Senator SNOWE. I understand.

Admiral COLLINS.—and we need a few months to mature those performance standards. They are absolutely the key ingredient in my mind. We have performance standards for search and rescue. We have performance for other missions. We do not have performance standards fully vetted and fully matured for homeland security. Once we lock those in and once we identify and mature those, we are able to develop the model to make analysis against that benchmark.

And we are shooting through the summer, and hopefully by late summer, early fall, we will have a full-blown document, a model, a process. The process may model—allocation model, exercised, and the results of it in a 5-year time frame for GAO and your review. That is sort of where we are, in terms of our course of action on that.

Senator SNOWE. OK. Thank you.

I would like to welcome Senator Stevens.

**STATEMENT OF HON. TED STEVENS,  
U.S. SENATOR FROM ALASKA**

Senator STEVENS. Madam Chairman, I cannot stay very long, because we have a funeral service for former Senator Moss over in the Capitol.

But I am disturbed, Ms. Secretary, by those charts. There is not one for fisheries enforcement, right?

Ms. HECKER. These are hours. These are hours of activity of all of the key assets. So this is fisheries, and it is down about a third since 1998. And it is corroborated by the performance targets that they have, the one that I just mentioned, in terms of interdictions of foreign vessels being 20 percent of what it was in 2000. The tar-



get for detecting foreign fishing vessels has not been met. There are not targets for domestic fishing, but there were fewer boardings and fewer violations in 2002 than 2000. So the activity is down, and the results are down.

Senator STEVENS. Admiral, this is what I was worried about when we got the request to transfer your agency to Homeland Security. I think it demonstrates that we are going to have more and more loss of domestic use of law enforcement for our fishers, habitat protection, various matters pertaining to small-boat safety because of your new location. What is your plan?

Admiral COLLINS. Senator, I think we would have this problem, in terms of balancing missions and making tradeoffs and not having enough capacity and capability to do the full range of our missions, whether we were in Homeland Security or not in Homeland Security. I think it is a function of our asset base versus the demand, rather than the organizational location.

Quite frankly, Secretary Ridge has been incredibly supportive of our Coast Guard's budget, and every hearing that I have—testify that I have seen and every public statement, he continues to reinforce his commitment to the full range of Coast Guard missions. What it is, we are dealing with external pressure on our missions and the demand for those. I think—

Senator STEVENS. Well, are we going to have to budget so that we give you one budget for non-homeland security and another budget for homeland security? I can do that if we have to do it.

Admiral COLLINS. I do not think—well, I would prefer that not to happen, because what happens is it takes away my prerogatives as an operational commander to allocate resources to the highest threat and risk at the time, which may be more fish or it may be—

Senator STEVENS. One of the—

Admiral COLLINS.—more migrants.

Senator STEVENS. Well, I do not know if—I have never seen that happen, but one of the things we provided was that you would get a fixed percentage of new assets. Are you programmed to get new assets?

Admiral COLLINS. That was for the R&D pot, sir, the 10 percent, and, yes, that is on course. I might just quote—

Senator STEVENS. That is to be followed through, obviously, with procurement when you get past the R&D I would hope.

Admiral COLLINS. Yes, sir. We do not have a fixed percentage of the total homeland security pot for capital expenses. It is mostly focused—the law focused it on R&D. But we did—so what you see in the budget is what we get if, in fact, the President's budget is passed.

On fish, let me just quote a couple of numbers, and I am referring to our budget brief document that we put out associated with every budget year. And it is a pie diagram that shows the program allocation of the 2004 budget based on projected allocation, mission-wise. Living marine resources, fish, in Fiscal Year 2001 was allocated, and this is actual, \$381 million, or 12 percent of the budget. As forecasted in the 2004, living marine resources is allocated 549 million, or 12 percent of the budget. Several things have happened. The size of the pie is bigger. Our budget has gone up

by 30 percent over the last 3 years. The size of the pie is bigger, and the allocation, the program allocation, of the resources.

The other comment I would make is that not all fisheries grounds are treated the same. There are certain fisheries grounds that we have not pulled resources back from. A case in point that is close to home, the Bering Sea is not only an important fisheries ground, it is a high-risk fishing ground from a search-and-rescue perspective. We have not pulled back our deployment of cutters to the Bering Sea. We have a one ship—we have committed a one-ship presence in the Bering Sea. We are helicopter equipped. We have done that, absent maybe of a couple of days here and there as ships exchange.

Senator STEVENS. Well, respectfully, Admiral, you are talking about half the coastline of the United States with one ship. This area is still producing 50 percent of all the fish produced in the United States that is consumed by the American people. I really do not think we are providing the increase in monitoring we should have, and it is becoming increasingly difficult for us to predict what is going to happen out there. But we have—

What is this I hear that somebody has raised the question about the use of UAVs in Alaska?

Admiral COLLINS. I know that, of course, the Deepwater—Integrated Deepwater Solution that contract awarded, of course, to Lockheed Martin, Northrop Grumman, last June. Part of the system design of that integrated Deepwater system has UAVs as part of the system design, the two types of UAVs. It has organic UAVs, vertical takeoff UAVs, organic to the ship, tilt rotor, and then it has a wide area surveillance UAV Global Hawk, which is built to the least solution set as part of the overall project. Those are embedded in Deepwater. So if you had a Deepwater package cutter and UAV in Alaska that deployed in the Bering Sea, it is going to have those.

I am not aware of any other specific unilateral action to provide UAV to Alaska. I am not cognizant of any. The UAV program that we have is an integral part of the Deepwater system design, which will unfold over a number of years.

Senator STEVENS. Well, I would like to visit you about it and get you in contact with some of the UAV people who tell us it would be relatively simple to produce UAVs to take up some of the monitoring and, really, even law-enforcement patrol concepts, and also that there are some where they could actually be used in lieu of helicopter to drop supplies and to drop safety equipment to people that cannot be reached by helicopter because of weather.

But it does not seem to me we are really going after the high-tech solutions to fill in the gaps in the patrolling and the search-and-rescue capabilities of Alaska. I would hope we would do that.

Admiral Lautenbacher, I am sorry, I have to go to this thing for my friend. I am sad that he passed away, also. But I hope you will—I am going to submit the questions I would have asked each one of you, and I hope that you will respond to me on those.

But my one question is about the OSCAR DYSON that is undergoing an environmental assessment, I understand, for the choice of berthing locations for this research vessel. It has come to my attention that there is apparently some indication that some of your peo-

ple want to berth the OSCAR DYSON at the Coast Guard Station rather than in a fishing area where the fishing vessels are.

This is a research vessel, and it is named after the man who really was the spearhead for the development of the larger port at Kodiak and was a close personal friend, and his family still lives there in Kodiak. I would hope that that vessel will be home-ported with the basic direction that Congress said it would be, at the Port of Kodiak. Do you have to have an environmental assessment on berthing when you have been directed by Congress to berth it at a particular location?

Admiral LAUTENBACHER. I believe we have to, sir, but let me get back to you, for the record, on it. And I—

Senator STEVENS. I know you have to have an environmental assessment whether—

Admiral LAUTENBACHER.—we are doing environmental assessments—

Senator STEVENS.—whether it is—

Admiral LAUTENBACHER.—in accordance with the law.

Senator STEVENS. But this is in law that it should be berthed at Kodiak.

Admiral LAUTENBACHER. Yes, sir.

Senator STEVENS. I do not see the necessity for an environmental assessment of where it should be berthed. I hope you will take a look at it, because we—

Admiral LAUTENBACHER. Yes, sir.

Senator STEVENS.—we intended for it to be there at Kodiak. It is a grand vessel, and it is an adjunct to the fishing fleet, not an adjunct to the admiral's Coast Guard. I have great admiration for the Coast Guard, but I would hope that a vessel named after my great friend ends up where he had such a great influence and where it will be a great pride to the people of Kodiak.

Admiral Lautenbacher; Yes, sir, I understand.

Senator STEVENS. I am going to submit these questions, if I may, Madam Chairman.

Senator SNOWE. Without objection, so ordered.

[The questions of Senator Stevens follows:]

Questions for Admiral Thomas H. Collins:

*Question.* Do you have any short-term solutions or thoughts for increasing our nation's maritime domain awareness?

*Question.* Is the Coast Guard considering or advocating the use of the various marine exchanges around the U.S. to assist in achieving greater maritime domain awareness?

Questions for Admiral Conrad C. Lautenbacher, Jr.:

*Question.* Has NOAA made a decision on what it intends to do on the proposed Lena Point facility?

*Question.* Will NOAA locate the OSCAR DYSON in Downtown Kodiak as was directed by Congress or 10 miles outside of town at a site near the Coast Guard station?

Senator SNOWE. Thank you, Senator Stevens.

Senator STEVENS. Thank you very much.

Senator SNOWE. Thank you.

I want to finish up on where we left, and then I want to move on to Admiral Lautenbacher. Ms. Hecker, do you see any type of strategic plan emerging from the Coast Guard with respect to what

has been said here today and through its fiscal 2004 budget request?

Ms. HECKER. We have not seen the kind of plan that we have been asking for. There are actually two interesting vehicles that we would like to talk with them more about and what their strategy is. One is the update of their GPRA strategic plan. That is obviously a plan that calls for performance targets, it calls for performance results and strategies. So that may be one vehicle. The other, of course, is the mandate that you put in the Maritime Transportation Security Act, where there was a requirement to report to the Congress on specific targets for all missions areas and plans to increase them.

So those are two plans that I think are similar to the kinds of things we are looking for. And because of this hearing being moved up, we did not have all the time we really wanted to to work with the Coast Guard and make sure that our recommendations—and we have amplified them in this testimony. So we are going to try to make sure—I do not think it is an intent to ignore us. We have not had the time to work together so that they can really understand coming to grips with this historical level where you can see that basically the highs are the old lows. You know, you can see the trends that what used to be the lows in cyclical periods is now the new high in both areas. And how does that compare to what he is saying, “Oh, we are on target to be within, you know, 95 percent of the old level?” I do not see it in these numbers.

Senator SNOWE. How would accelerating the Deepwater Program have an impact both on homeland security and on the traditional missions of the Coast Guard?

Admiral COLLINS. Is that directed to me—

Senator SNOWE. Yes.

Admiral COLLINS.—Madam Chair? I think it is a—

Senator SNOWE. It is directed to you both.

Admiral COLLINS.—I think pretty accurately portrayed in the report that was just submitted to Congress where we documented that those capabilities get much needed capabilities like network-centric capability, better communication, better capacity, increased capacity—they get it sooner, rather than later. And I think that, as I recall, the number is 943,000 employment hours greater than the 20-year plan. So you get 943,000 employment hours over the other plan, and they are more capable hours, in addition to be additional hours. So more capable, and additional hours. And very capable command control, surveillance type of systems that are really the heart and soul of us getting better at our mission sets.

So I think it has everything to do with us doing better at our missions, and it gives us capability and capacity, my two favorite words, relative to our budget. It gives us both of those things, and I think those are, in fact, detailed at some length in the report.

Senator SNOWE. Ms. Hecker, do you think it would even out some of the highs and lows in these charts with respect to the homeland security mission, but also fulfilling the Coast Guard’s other traditional missions?

Ms. HECKER. By definition, it will bring more capable, more efficient, assets to the fore sooner. There is no doubt that it would have a positive effect. But the first thing is to at least get it funded

at the minimum. It is not even at the minimum that was projected. So while there may be very substantial benefits—

Senator SNOWE. Well—

Ms. HECKER.—for increasing it, the first task is to actually get it back on schedule.

Senator SNOWE. I would agree. It is troubling, to say the least, that we are, as you said, \$200 million in the hole already two years into the program. This would be the third year of the program, I think, and there may be a short fall of \$83 million.

Ms. HECKER. Uh-huh.

Senator SNOWE. So this level of under funding is obviously not putting Deepwater on the right path, to say the least. I think the Deepwater Program would help bolster and reinforce the obligations and responsibilities of the Coast Guard. It clearly does not make sense, in the final analysis, to complete this program essentially over the next 20 to 30 years. And so I think this report is helpful in supporting our arguments about accelerating this program. I think the need is imperative.

It is going to be a major challenge to convince them, but you are right to get it back on track right now. But, in addition to seeing what we can do to accelerate it, and I think this report will be helpful in illustrating the current funding shortfall.

Admiral Lautenbacher, in looking at your budget for this last year and looking to the future, I notice that there were significant unobligated balances that you are using for the next year's programs. Can you outline the impact of why, first of all, does NOAA have so many unobligated balances in these various categories? And I know either they were not distributed in a timely fashion or they were not attractive or worthy projects, but why is there this much in the way of unobligated balances in the NOAA budget?

Admiral LAUTENBACHER. NOAA, first of all, has what we never had in Defense, which is no-year money. So when you say it is "unobligated," we plan to spend money. We try to, obviously, spend it as quickly as is needed and is possible. But, in essence, we have not been held to having it all done by September 30th on the same type of rigor that you have in other appropriations. That has been changed now. This year, the Appropriations Committee said, "You must do it in 2 years for our operating money and 3 years for our construction or acquisition money." We have two kinds of money, which is not a lot of varieties compared to the other parts of the government.

The big issues that we have had in unobligated balances is an increase in the amount of money that has been going to grants and extra-government types of organizations—in other words, outside the government. What I found when I looked at this was that we had something like 15—we went from 1200 grants almost up to 1,500 to 1,800 grants to try to get out. That was not anticipated by our management process when I—I have been there for a year, and it was not taken into account. So with the same amount of staff, we have been asked to add a third—40 percent more workload in trying to get money out and expended. That has had a negative effect on the whole organization, in terms of getting money allocated, getting it out to program offices, and then getting all this

grant money out. I have a—you know, we have a management reform process in place.

Senator SNOWE. OK.

Admiral LAUTENBACHER. I am asking to get more people into grants management and to meet the anticipated workload that we have. So I—

Senator SNOWE. Is it because there was a significant increase in the number of grants? Or is it the way in which they were awarded? Or was it the worthiness of them?

Admiral LAUTENBACHER. No, it is just—

Senator SNOWE. No?

Admiral LAUTENBACHER.—it is just the workload. It is just—

Senator SNOWE. It was just the workload?

Admiral LAUTENBACHER.—the number. Just the number. It is just sheer numbers. If you look at the graph—I do not have that with me today—I can show you—

Senator SNOWE. Right.

Admiral LAUTENBACHER.—the numbers have been going up from somewhere down in the hundreds up to 1,500 to 1,800 grants—

Senator SNOWE. OK.

Admiral LAUTENBACHER.—over the past three or 4 years. They have gone up dramatically, and that is on a basis—there are lots of reasons for that. I cannot put my finger on one of them in particular. But basically, almost a billion dollars of NOAA's budget goes out. So we have a \$3 billion budget, and we give away 900 million.

Senator SNOWE. Right.

Admiral LAUTENBACHER. And that has been going up because of member interest, because of congressional prerogatives—

Senator SNOWE. You mean a few earmarks?

Admiral LAUTENBACHER. Yes, ma'am? I am sorry.

Senator SNOWE. A few earmarks?

Admiral LAUTENBACHER. A few earmarks.

[Laughter.]

Admiral LAUTENBACHER. I am not here to complain.

Senator SNOWE. I am sure you are not.

[Laughter.]

Admiral LAUTENBACHER. I am not complaining about that at all, but I am saying that we have a workload problem. I discovered it—

Senator SNOWE. Yes.

Admiral LAUTENBACHER.—about 6 months ago. I am trying to take action. I have taken action. Now, whether it works or not is another question, but I have—

Senator SNOWE. Right.

Admiral LAUTENBACHER.—taken action. And—

Senator SNOWE. And you recognize that it is a problem?

Admiral LAUTENBACHER. I recognize—

Senator SNOWE. All right.

Admiral LAUTENBACHER.—that is a problem, and I am going to—

Senator SNOWE. Yes.

Admiral LAUTENBACHER.—my objective, based on my training in Defense, is we are not going to have any unobligated money.

Senator SNOWE. Right.

Admiral LAUTENBACHER. It is going to be—we are going to have a plan, and we are going to spend on it, and we are going to be done by the end of the fiscal year.

Senator SNOWE. Right, because obviously it does mean that you could potentially miss opportunities by not spending that money. I am not encouraging spending money if it is not necessary, but, on the other hand, if it can be utilized it should. If this happens by default, either you cannot approve the grants and you do not have the process or the personnel in place to do it, then that obviously has to be addressed.

Admiral LAUTENBACHER. The only other comment I would like to make on that is, that money, while it looks unobligated at the end of the year, because of the fact that we work under a no-year money, there are plans for that money. It was not free money. It just did not—we did not spend it because we had no use for it; there is a schedule and a plan to spend that money, and most of that money has been spent in the, quote, “fifth quarter.” So the unobligated balances—

Senator SNOWE. OK.

Admiral LAUTENBACHER.—that we showed at the end of the fiscal year, on September 30th, most of that is gone in that next quarter, fifth quarter.

Senator SNOWE. OK. So, yes, but then ultimately it looks like there is an increase in certain programs, but really it is not, because it is a result of some of the unobligated balances from the previous fiscal year.

Admiral LAUTENBACHER. And you have to tag the money to be ensured you understand that it—and I say “you” generically—

Senator SNOWE. OK. Right.

Admiral LAUTENBACHER.—understand that the money was designed to go with a program that goes longer than 1 year. A lot of the money is multi-year grants, multi-year processes. They do not just pay for 1 year’s worth of effort. They pay for a grant or a contract or something that goes beyond 1 year’s worth of effort.

Senator SNOWE. OK.

Admiral LAUTENBACHER. And PAC funds are the same, when you buy satellites. We do get funding, and it takes three or 4 years. It is like buying a carrier in the Navy; it takes a while to buy the pieces, and it is done with, you know, an advance, basically. It is not fully funded up front; it is funded incrementally, but it is funded in advance.

Senator SNOWE. What is your approach to NOAA and its multi-mission responsibilities? Are you taking an overall macro look in developing a strategic plan, in terms of its structure and missions?

Admiral LAUTENBACHER. Yes, we have. We have a new strategic plan that is out. A part of our program review, total internal review, we did beginning of last year when I took over, has instituted a strategic management process that begins with a strategic plan. We have gone out to all of our stakeholders across the country and have built a strategic plan that is on the street now that includes building themes across NOAA instead of looking at the stovepipes in individual budget elements. It includes a programming process that puts programs with that and then, finally, a detailed budg-

eting process with outcomes, measurements of success, and performance measures for the individuals involved so that there is a connection from the front-end strategy to the results that we are able to show to you and to the taxpayers.

Senator SNOWE. The Groundfish Science Peer Review, as you know, was released 2 weeks ago, and it presented a lot of information that we need to look through and explore. The Peer Review raised significant concerns about the modeling procedures used to establish the biomass populations. Could you tell me how NOAA intends to approach the issues raised in that report?

As you know, Senator Kennedy and I sent you a letter concerning this Peer Review. We raised the idea of rebuilding flexibility and looking at the entire issue of optimal fishery populations. If we are overly optimistic or unrealistic in the types of targets that were established and upon which the rebuilding is predicated and it does take place, I think, fishermen and the entire fishing community will be put in a very difficult position. We have to have a better understanding of what the optimal population targets should be. I think they raised that point very clearly in this report.

How do you intend to pursue this issue?

Admiral LAUTENBACHER. We are taking the Peer Review reports very seriously. I might add that this is the culmination of a process that was begun earlier this year. I went to New England. I have talked to the fishermen.

Senator SNOWE. I understand.

Admiral LAUTENBACHER. I have talked to the people in our regional science centers and our regional science center, our regional center. We have instituted a process that is a lot more open. We have standardized procedures. We have held investigations. We have brought the fishermen in. We are looking to have an open process. We have taken the science inside of National Fisheries Service, and we have put it in a science area, and so it is not—so it cannot be accused of being connected and being a part of something which is, you know, pushed to the benefit of management or regulation, that it will be science for the sake of science, and then the management process will be based on that. So we are looking, making sure that is pure.

We asked for that Peer Review. I asked the group to go out and do this and do the new studies and get a peer review to come in. They are reporting to me biweekly, personally, on progress that they are making. They are taking these reports seriously, and they are going to look at all of the questions, comments, areas for suggestion and come up with responses to every one of them. That will be done very shortly, by the end of the month.

So we take it very seriously, and I am trying to improve both the credibility, the openness, and the connection to the local economy and the local fishermen so that we arrive at the best solution for everyone.

Senator SNOWE. I appreciate that. I think that with this report and the focus on this particular dimension of the problem, how we approach stock assessments is critical. This gives us a window of opportunity to substantially improve how things are done.

I think we agree that cooperative research with fishermen is essential to this effort. And I would certainly want to know how we



can continue to ensure that we include the fishermen and the fishing community in this effort so that we can expand and improve upon the Cooperative Research Program.

Admiral LAUTENBACHER. We have asked for more money for cooperative research. I am a strong supporter of that program. We will continue to push that as hard as we can.

Senator SNOWE. On the Observer Program, I noticed that the 2004 request includes an increase of \$2.8 million for bycatch reduction. Part of this will go toward observers with an increase of \$3 million to expand fishery observer coverage in the Northeast. I understand the court-ordered settlement in the New England Ground Fish Litigation requires a 10 percent observer coverage. I think this is very critical. How many observer days would it require to achieve 10 percent coverage?

Admiral LAUTENBACHER. I do not have that answer off the top of my head, but I will be honest in disclosure. Some of that 10 percent coverage that we thought we could make was based on what we thought we would get in 2003. We did receive a different number in 2003, and so right now are looking at ways to make up to the 10 percent because there is not enough in that line right now to meet the court coverage which we will have to meet in some way. So we are looking at internal solutions, reprogramming or whatever, to try to meet that level.

Senator SNOWE. I understand.

Admiral LAUTENBACHER. So we still have a shortfall there, unfortunately.

Senator SNOWE. Have you estimated how much it will cost?

Admiral LAUTENBACHER. No, but I—

Senator SNOWE. OK.

Admiral LAUTENBACHER.—but I will provide that very shortly for you and for—

Senator SNOWE. I would appreciate that. Once we move out of the court-based management, especially in the New England Ground Fish case, what is NOAA's long-term plan for making bycatch observers a permanent part of the program?

Admiral LAUTENBACHER. Well, I would hope that the increment that we are asking for, which gets added to our base program, will be supported at that level or even a higher level. This is a down payment on what is needed for bycatch issues. I mean, we have a three-pronged program. We have to have better observation and monitoring because we need to be able to tell the extent of the problem and where the issues are geographically and by species. And then next we need to look at the gear solutions and bring in experts to look at solutions to it, and then we have to test it. And so that is—we are putting the money into, you know, those three bins to look at ways to deal with it. And this, as I say, is a down payment to what is needed. So I would hope to see this effort expanding as we gain some success in use of the observers and the new R&D on it. It is a very important area to us.

Senator SNOWE. OK. Finally, on the ocean observation system, as I mentioned in my opening statement, how is the development of a national ocean observing system evolving within NOAA? Are you planning to go ahead as you originally planned?

Admiral LAUTENBACHER. We have had a plan. There are actually a couple of, you know, sides to this. There is, first of all, the open ocean, blue water ocean observing system. That system, if we can gain the increments that we are asking for, which are relatively modest in the climate area, we can get to 48 percent of a completed system, which I think is pretty given the level of resources. It will take us, at the rate we are going, to the year 2009 to reach a level where we will have an ocean observing system, given what is in the budget.

And the other piece that I know you are interested in is the coastal section of this—

Senator SNOWE. Right.

Admiral LAUTENBACHER.—which I consider the boundary of the open ocean, and it is extremely important. We are asking for some money to help us with improving our coastal buoys that will be joined with things like GoMOOS and the other Caro-COOPS and TABS and other systems, coastal observing systems, that we have around the United States. And we are looking at ways to build that backbone so that that system is put together with the blue water system and completes an open—a complete ocean observing system. So there is a number—there are paths that are coming together that I am excited about if we can keep on track.

Senator SNOWE. OK, thank you.

Admiral Collins, I have a few questions concerning port vulnerability assessments. How many are included in the Administration's budget request for the next fiscal year?

Admiral COLLINS. We have an \$11 million recurring base, Madam Chair, to do port-security assessments. Part of the feature of the 2004 budget was that that \$11 million was moved to the Department, Under Secretary for Information Analysis and Infrastructure Protection. The same approach taken with TSA, Transportation Security Administration also has money to do assessments in other modes of transportation. They have been centralized. The funds—as part of the President's budget, those funds have been centralized in the Under Secretary for Information Analysis and Infrastructure Protection. Although we remain the executive agent, if you will, of that Under Secretary to perform in the maritime. So it is an \$11 million issue. As that new Under Secretary, who is still filling empty chairs as we speak, matures we will develop the working relationship, a very collaborative, congenial relation to date, on the issue, no contention. And we continue to pursue our assessments.

At the current level, we will do 13 with the funds appropriated through 2003, through Fiscal Year 2003. We are going to do some internal reprogramming to provide some additional funds to do four more. So hopefully by the end of Fiscal Year 2003, we will have 17 of 55 done.

Senator SNOWE. Could you repeat that?

Admiral COLLINS. By the end of Fiscal Year 2003, we will have 17 of the 55—as you recall, Madam Chair, the target is 55 ports of the United States. Those are the ports of the highest volume, highest cargo, strategic import, the highest density of population, et cetera. And again, 13 to date; hopefully, 17 by the end of this fiscal year through some internal reprogramming.

One of the complicating factors is the cost per study is higher than initially anticipated as the program first was conceived. As you know, we have a contracted effort, we have a project office, Coast Guard people, and a contractor doing the bulk of the legwork on this. But it is a cost-plus contract to conduct these, and we are probably going to average \$900,000 a study unless we change the scope significantly or begin to reduce the scope of the effort. So at that rate, we are going to have to address a funding issue if we hope to get—now, the terms of the Maritime Transportation Security Act said do all these 55 within a 5-year cycle, and that would mean, you know, I guess, 2007 would be the expectation that all of these 55 ports would be done by 2007 if that was the 5-year cycle.

To make a long story short, it is a money issue, and we can do it as fast as we have money to do it.

Senator SNOWE. So how much is included in this budget request for port-vulnerability assessments? Is it—

Admiral COLLINS. It is not—

Senator SNOWE.—\$11 million?

Admiral COLLINS. In the 2004 budget, it is not in our budget.

Senator SNOWE. At all?

Admiral COLLINS. It is in the Department of Homeland Security budget. It is in the information analysis.

Senator SNOWE. OK. So that \$11 million is in the Department of Homeland Security's budget request?

Admiral COLLINS. Our recurring base, via the 2004 budget—

Senator SNOWE. OK.

Admiral COLLINS.—it was moved to the new Under Secretary's budget.

Senator SNOWE. You are saying it will cost \$900,000 per study. Could that vary depending on the size of the port?

Admiral COLLINS. Yes, it will. And that is an average.

Senator SNOWE. That is an average.

Admiral COLLINS. It could be a little higher or a little lower, but that is our best—after working through 13 of these, that is our best projection of doing the kind of study that needs to be done to get the information to make intelligent decisions on intervention strategies.

And it may be worth noting that we have already done—each Captain of the Port has already conducted an initial assessment using a port security risk-assessment tool that we developed through our R&D center, a fairly good tool. And it provides their first cut initial assessment is the entering argument for this follow-on, more comprehensive study. The captain of the ports had been using that initial assessment with the stakeholders in the port, in the port security committees, to discuss initial interventions that they want to engage in to enhance security.

So it is not like we are sitting on our thumbs as these things happen. I think it has been a very, very productive partnership in many of our ports, and the formal port-security assessment is the final big study that will allow the captain of the port and the port security people to work through some of their plans.

As per our regulatory effort that is moving along, we will have an interim rule this summer, we will have a final rule next Novem-

ber. It will go into effect July 2004, and it will require facility plans, vessel plans, and port security plans. One of the source documents for those plans and for the planning effort becomes this initial assessment that I mentioned. And ultimately, the refinement is the formal assessment.

So the plans are going to be rolling out. These things are as operations in parallel, not in series. That is good news. That means that we are making progress, we are partnering in the local ports, taking action. So an aggressive schedule, but the formal assessments themselves are funding-dependent in terms of the rapidity by which we can do them. We can do them faster if we have more money. You can do—the contractor can have multiple teams doing these things.

So, again, it is a function of the recurring base that we have to do the studies, and right now it is at \$11 million.

Senator SNOWE. Well, this is hardly sufficient for where we need to go. I believe we need to accomplish this sooner rather than later.

Admiral COLLINS. To do them faster would require, I believe, \$15 million. To meet the terms of the act—in other words, to do them within a 5-year cycle—would require a base of about 15 million, as I recall. And we can provide that for the record, the specific number. But as I recall, that was the number.

Senator SNOWE. I would appreciate having that for the record. I believe we need to make a more aggressive effort to complete these vulnerability assessments, given, the risks these gaping holes pose to the security of our ports.

Public Law 108–11, Emergency Wartime Supplemental Appropriations Act, 2003, appropriated \$38 million of additional funds for the Coast Guard to complete the Port Security Assessments in all tier one strategic ports. Approximately \$6 million annually will be required for Coast Guard oversight, administration, and execution of Port Security Assessments. Additionally, an average of \$1 million in contracting fees will be required for each port security assessment to be conducted in a given year. The MTSA requires that these assessments be updated at least every 5 years.

Admiral COLLINS. And that is one of the reasons why we are re-programming within our own base—

Senator SNOWE. Right.

Admiral COLLINS.—taking money out of other places to do four additional ones in 2003. So I would agree with you 150 percent. We want to do more than 13 by the end of this fiscal year. We hope to do 17. And again, we are taking that from other places in order to do them. That is the sense of urgency that I share with you, and if I could steal it from more places, I would do it.

Senator SNOWE. Right. We will have follow-up discussions with you regarding this, particularly in terms of what ports you prefer to get done sooner rather than later and what is doable. I really do think that we have to accelerate the timetable for this important program.

Are there any initiatives in here, in the Administration's request, to improve the Coast Guard's ability to meet nuclear radioactive threats in ports?

Admiral COLLINS. There is—

Senator SNOWE.—I raised this issue during our last hearing.—

Admiral COLLINS.—in the 2003 budget, there is funding for equipment for our strike teams and our boarding teams for addi-

tional equipment. And as per our hearing of several weeks ago, Madam Chair, I owe you a letter that details our initiatives in that regard, and that is in the making.

Senator SNOWE. OK.

We have a vote in a few minutes, so I certainly appreciate the opportunity to have both of you here today to discuss the Administration's budget requests for NOAA and the Coast Guard.

Ms. Hecker, thank you for your invaluable insights in helping us to perform our oversight role better. I really appreciate all that you have done to assist us in that effort, and I wish you well in the future. We will be following up with you on several of the issues that we raised here today concerning the Administration's budget request and see what we can do to advance others, especially in port security. I certainly want to evaluate the Coast Guard study, regarding accelerating the Integrated Deepwater System Program, because I believe that we have to move aggressively on that front, as well.

This hearing is adjourned. Thank you.

[Whereupon, at 4 p.m., the hearing was adjourned.]



## A P P E N D I X

PREPARED STATEMENT OF HON. JOHN F. KERRY, U.S. SENATOR FROM  
MASSACHUSETTS

Madame Chair, I thank you for holding this hearing and thank the witnesses for testifying. Today, the Subcommittee will discuss the Coast Guard and National Oceanic and Atmospheric Administration (NOAA) budget requests for Fiscal Year 2004. Both agencies charged with great responsibilities, and I believe that we should allocate each sufficient funding to meet its missions.

The Administration's FY 2004 Coast Guard budget request of \$6.8 billion represents an increase of ten percent over last year's request. This is an encouraging sign. However, nearly 44 percent of this money is earmarked for homeland security purposes, and the Administration has not sought a significant increase in Coast Guard personnel levels. According to the Office of Management and Budget (OMB) the President has only requested eleven more military personnel and is actually seeking a decrease in civilian personnel from 5,209 in 2003 to 5,183 in 2004. And of the 2,200 new reservists expected to be hired by the end of 2003, nearly 90 percent will be assigned to homeland security related positions. Although I have no doubt that the Coast Guard is able to perform important domestic security missions, this shift in resources ultimately translates into less money and fewer personnel dedicated to traditional missions. To cite an example, the GAO reported last fall that fishery law enforcement and drug interdiction patrols have fallen drastically since the Coast Guard assumed greater homeland security responsibilities. In New England alone, fishery patrols are down nearly 50 percent.

It is also important to note that the Coast Guard has not yet estimated the cost of meeting its new responsibilities mandated by the Port and Maritime Security Act we passed last fall. This includes coordinating security plans with port officials and local law enforcement, providing detailed vulnerability assessments, and establishing a maritime intelligence system. Given that the Coast Guard has stated that the private sector will have to spend \$4.4 billion to comply with the act, we can only assume that it will be a substantial amount.

As I've stated before, I am confident that the Coast Guard can meet its security missions. However, we cannot let environmental protection, search and rescue, drug interdiction and other missions fall by the wayside. I've supported raising the Coast Guard's personnel level to 50,000, and I support a larger budget. If the Coast Guard is to play an integral role in homeland security, we must make sure the agency has the resources it needs to fulfill all its missions, not just those dictated by national security concerns.

As for NOAA's budget, I was pleased to see the \$152 million proposed increase, but I have three primary areas of concern that I believe need to be addressed. The first is fisheries management. The Administration's budget request includes a total of \$732 million, a slight increase over the FY 2003 appropriated amount of \$729 million. However, a number of important funding priorities need additional resources in order to improve science, management, enforcement and safety. For example, there is little or no funding for bycatch reduction and capacity reduction when bycatch remains a problem in many fisheries, when federal law requires that fishery managers count and cap bycatch, and when capacity reduction is key to building sustainable fisheries in communities from Alaska to New England to the Gulf.

The second area is climate. In 2001, the Bush Administration announced a U.S. Climate Change Research Initiative (CCRI) headed by the Secretary of Commerce. That effort and the on-going United States Global Research Program (USGCRP) were then subsumed by the Climate Change Science Program (CCSP), which is headed by the Secretary of Commerce. So we've had a lot of organizational shuffling, but it's not at all clear that we're making any progress on the science. The administration's draft strategic plan for the CCSP was criticized this month by a National Academy of Sciences (NAS) panel as unfocused and in need of substantial revision. The NAS called the Administration's climate change funding requests for FY04 in-

adequate and noted that CCRI activities appeared to be funded at the expense of USGCRP activities, providing little new support for climate research. In addition, the plan ignores the requirement of the Global Change Research Act of 1990 that the Administration submit a scientific assessment to Congress every four years. The last "National Assessment," released in 2000, outlined potential societal, environmental, and economic impacts of various scenarios of climate change that roughly mirror the adverse consequences outlined by the Third Assessment of the Intergovernmental Panel on Climate Change (IPCC), which was favorably reviewed by the NAS in a report issued in 2001. Given the primary role announced for NOAA in climate science, the \$295.6 million NOAA FY 2004 proposal for climate change, research, observations and services still appears to be only a small proportion of the over \$1.7 billion in proposed climate funding.

My third area of concern is for the recapitalization of the NOAA fleet in order to meet NOAA missions. NOAA requires ship operations to support diverse activities, including mapping and charting, fishery stock assessments, climate and global change research, ocean exploration, and marine incident investigations. In view of the events of September 11 and with increasing demands on Coast Guard vessels and resources, the value of the NOAA fleet in performing these missions is even more pronounced.

NOAA currently meets its ship operation requirements by maintaining an in-house fleet of vessels, which will be increasing to 16 this year; contracting hydrographic services; and utilizing the University National Oceanographic Laboratory System (UNOLS) fleet. The FY 2004 agency budget request includes \$18.1 million for operations and maintenance for the FAIRWEATHER, a hydrographic survey vessel, and \$497,000 to increase the strength of the NOAA Corps by 10 officers to staff an additional active ship. The request, however, does not set forth a plan for recapitalizing the fleet to meet new demands and delays the additional \$50 million for procurement of the second fishery research vessel (FRV) to replace the 39-year old ALBATROSS IV.

I look forward to hearing more about these issues and the budgets for NOAA and the Coast Guard in today's hearing. Thank you.

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PREPARED STATEMENT OF HON. GORDON H. SMITH, U.S. SENATOR FROM OREGON

Mr. Chairman, I appreciate the opportunity to have this hearing today. I know that there are a great many people in my home State of Oregon who are very interested in what the panel has to say today and what this means for the future of our coastal economies and our domestic defenses.

It was only a few short years ago that the State of Oregon earned accolades as one of the "most livable" areas in the country. Today, the state leads the nation in both unemployment and hunger. And while times across the country have been difficult, many in our coastal and upstream communities have been dealt a double blow as annual harvests shrink to meet federal catch guidelines for over-capitalized stocks and federal investment in fisheries programs continues to trail the necessary levels.

As you know, Congress enacted the Mitchell Act in 1938 to supplement salmon populations impacted by federal dams in the Columbia River Basin. Today, about 70 percent of all salmon and steelhead harvested are produced by hatcheries, supporting over 10,000 sport, commercial, and tribal fishing-related jobs. Unfortunately, a decade of near-level funding has slowly gutted the budget for the program, leading to the closure of several hatcheries in Oregon and Washington and deferred maintenance at others.

I look forward to hearing from the panel how the Administration plans to move forward to restore this program as well as provide funding and support for a number of other programs vital to our coastal and upstream economies.

Last month, Congress and the Administration took a huge step toward offering some needed relief to our coast by passing and signing into law the West Coast Groundfish Capacity Reduction program, and I am anxious to hear from the agency its plans for implementation of the buyback program.

Mr. Chairman, thank you again for holding today's hearing, and thank you to all the members of the panel today. I look forward to working with all of you as we begin this new budget cycle.



## PREPARED STATEMENT OF THE U.S. COAST GUARD

## PSA COMPLETION SCHEDULE

Port Security Assessments (PSA) have been completed at 13 of the 55 port complexes to date. This includes 5 accomplished by the Defense Threat Reduction Agency (DTRA) between August 1999 and February 2002.

- Baltimore, MD
- Apra Harbor, Guam
- Honolulu, HI
- Charleston, SC
- Savannah, GA

The remaining 8 were started after September 11, 2001. The PSA process can be divided into three distinct phases: research/pre-assessment, on-site assessment, and report writing. The table below shows the PSA timelines, along with the expected delivery dates for PSA reports still in production:

Port	Research/Pre-Assessment	On-Site Assessment	Report Delivery
(6) Boston, MA	4 Aug–20 Aug 02	21 Aug–7 Sep 02	13 Jan 03
(7) Portland, ME	4 Aug–20 Aug 02	21 Aug–7 Sep 02	17 Mar 03
(8) Corpus Christi, TX	11 Aug–27 Aug 02	28 Aug–13 Sep 02	24 Feb 03
(9) San Diego, CA	11 Aug–27 Aug 02	28 Aug–13 Sep 02	3 Feb 03
(10) Port Arthur and Beaumont, TX	2 Sep–8 Oct 02	9 Oct–26 Oct 02	7 Apr 03*
(11) Lake Charles, LA	2 Sep–8 Oct 02	9 Oct–26 Oct 02	7 Apr 03
(12) Portland, OR and Vancouver, WA	2 Sep–8 Oct 02	16 Oct–1 Nov 02	28 Apr 03*
(13) Detroit, MI	2 Sep–8 Oct 02	16 Oct–1 Nov 02	19 May 03

\*Note: One report will encompass assessment for multiple ports.

The FY04 budget consolidates funding under Information Analysis & Infrastructure Protection (IAIP) within the Department of Homeland Security to provide coordinated and consistent vulnerability assessment efforts across all critical infrastructure.

- The Coast Guard and IAIP are developing a coordinated plan to ensure consistent and effective program management in FY04 and beyond. We must also ensure alignment with the MTSA.
- At the current scope and funding levels, PSAs in 55 ports will not be complete until 2009—lessons learned from the first assessments are being used to re-scope the current assessments.

Below is a breakdown of Coast Guard resource employment hours in each of our mission areas from pre-September 11, 2001 to the projected levels for FY04.

TOTAL CG <sup>4</sup>	NORMALIZED FY PRE-9/11 <sup>1</sup>	% Change (AVG) <sup>2</sup>		% Change (AVG) <sup>2</sup>		% Change (AVG) <sup>2</sup>	
		FY02	FY03 <sup>3</sup>	FY04 <sup>3</sup>	FY05 <sup>3</sup>		
ATON	112,148	111,080	-1%	131,258	17%	134,548	20%
Defense Readiness	6,446	22,797	254%	8,131	26%	8,134	26%
ELT	272,916	217,822	-20%	254,569	-7%	259,062	-5%
Drug Interdiction	122,694	75,360	-39%	99,735	-19%	101,487	-17%
Living Marine Resources	99,208	61,458	-38%	108,680	10%	111,175	12%
Migrant Interdiction	29,641	24,179	-18%	31,843	7%	32,212	9%
Other Law Enforcement	21,373	56,826	166%	14,311	-33%	14,188	-34%
Ice Operations	11,935	14,519	22%	17,939	50%	17,933	50%
Marine Environmental Protection	6,366	2,280	-64%	14,850	133%	15,222	139%
Marine Safety	29,770	16,082	-46%	26,404	-11%	26,263	-12%
Ports, Waterways and Coastal Security	19,291	224,805	1065%	172,491	794%	185,106	860%
Search and Rescue	82,689	75,103	-9%	86,500	5%	85,169	3%
<b>Total</b>	<b>541,561</b>	<b>684,488</b>	<b>26%</b>	<b>712,141</b>	<b>31%</b>	<b>731,437</b>	<b>35%</b>
<b>Support</b>	<b>255,486</b>	<b>261,889</b>	<b>3%</b>	<b>235,614</b>	<b>-8%</b>	<b>241,516</b>	<b>-5%</b>

1. Normalized FY pre-9/11 data equals 8 Qtr average of Qtr4 FY99 through Qtr3 FY01.

2. % Change reflects difference between each year and the Normalized FY pre-9/11 data.

3. FY03-04 numbers are baseline projections; as such, they represent a capacity of potential employment. They should not be confused as a forecast of actual employment since there are factors not accounted for in a baseline capacity. For example, the ELT baseline is a capacity for all ELT activity, of which the relative contribution of each ELT mission will vary year to year based on unforeseen events like September 11, 2001 or mass migrations etc.

4. Assumptions:

\*\* All data current as of 20 JAN 03.

\*\* Assumes HLS threat level maintained at yellow or below.

\*\* Does not account for additional deployments in support of Combatant Commanders.

PREPARED STATEMENT OF JOSEPH L. BARNES, NATIONAL EXECUTIVE SECRETARY,  
FLEET RESERVE ASSOCIATION

**Certification of Non-receipt of Federal Funds**—Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

**Introduction**

Thank you Madame Chairman and distinguished Members of the Subcommittee for the opportunity to submit the Fleet Reserve Association's views on the FY 2004 Coast Guard budget.

The Fleet Reserve Association (FRA) is a Congressionally Chartered, non-profit organization, representing the interests of U.S. Navy, Marine Corps, and Coast Guard personnel with regard to pay, health care and other benefits.

With 135,000 members, the FRA is the oldest and largest Association representing enlisted members of the Sea Services whether on active duty, in the Reserves, or retired. In addition to its extensive legislative program, the Association sponsors annual scholarship and patriotic essay competitions, and recognition programs honoring the Coast Guard Enlisted Persons and Recruiters of the Year, the Navy Sailors and Recruiters of the Year and the Marine Corps Recruiters and Drill Instructors of the Year.

Quality of life programs are critically important to sustaining military readiness and fighting the War on Terrorism. As it has for many years, the United States Coast Guard serves with distinction as the fifth branch of our Nation's Armed Forces and as an integral component ensuring our Nation's security.

Thanks to the heroic efforts of many Coast Guard personnel in the aftermath of the 9/11/01, the American people have an increased awareness of, and appreciation for the Coast Guard's multi-faceted and demanding mission. FRA believes this is long over due.

Before addressing specific issues, the Association wishes to thank Congress for its tremendous support for pay and benefit improvements enacted during the 107th Congress. Across the board and targeted pay increases, higher housing allowances, reform of the PCS process and increased funding for health care are significant improvements and perceived as important recognition of the service and sacrifice of the men and women serving in the Coast Guard, and those who've served in the past.

The Association notes the significant progress toward ensuring Coast Guard parity with all pay and benefits provided to DoD services personnel in recent years and restates its commitment to this goal.

### **Pay and Benefit Parity**

The Fleet Reserve Association appreciates and thanks the Administration and Congress for continued support for the pay and entitlements of Coast Guard personnel. These include increases in base pay, target pay raises for senior enlisted personnel and some officer grades and annual housing allowance increases. (BAH).

The FY 2004 Budget supports an average military pay raise of 4.1 percent with pay levels ranging from 2 percent for E-1s to 6.25 percent for E-9s. The majority of members will receive an increase of 3.7 percent and out of pocket housing costs will be reduced from 7.5 percent to 3.5 percent in keeping with a multi-year plan to reduce the average out of pocket expense to zero by 2006.

The Budget also fully funds all pay and entitlements for Coast Guard personnel and reflects continuing strong support for benefit parity with the Department of Defense.

The Association is extremely disappointed that the Administration is proposing to cap the pay of NOAA and USPHS officers at 2 percent for FY 2004. FRA strongly objects to this disparate treatment of these members of the uniformed services and urges you to intercede in their behalf with colleagues on the appropriate oversight committees to halt this plan and ensure pay comparability for these personnel.

### **Recruiting and End Strength**

The Coast Guard is in a period of large personnel and mission growth. The service continues to balance mission requirements against workforce strength and asset availability to ensure a safe operational tempo is maintained and missions are completed.

FRA strongly supports recently authorized increased end strengths and appreciates the adequate funding for same in the FY 2004 Budget. This is especially important given its broad and demanding mission requirements related to its key position in the new Department of Homeland Security. The budget authorizes 1,788 military and 188 civilian positions and includes funding for six Maritime Safety and Security Teams, 53 Sea Marshals, two Port Security Units, and new Coast Guard Stations in Boston and Washington, DC. Adequate funding is also included for the Search and Rescue (SAR) Program and to allow the stations to meet readiness requirements with watch standers maintaining a maximum 68-hour workweek.

Recruiting, training and deploying a workforce with the skills and experience required to carry out the Coast Guard's many missions is a formidable challenge. The overall experience level of the workforce decreased since 9/11/01 and during this large growth period it will require a few years to come back to the levels before that date.

Enlisted workforce retention is the best it has been since 1994 having increased by 2.1 percent since FY 2000. This significantly helped increase the overall strength and experience of the workforce. Increased opportunities for advancement, improved sea pay and selected reenlistment bonuses contributed to these high rates.

The Coast Guard also met its active duty recruiting goal in FY 2002 and is on target to meet it again in FY 2003. Consequently, the service actually had to slow recruiting for enlisted members this year due to the higher than expected retention levels.

Reserve recruiting fell slightly short of the FY 2002 goal but is on target to meet it for FY 2003. The FY 2004 budget includes funding to fully train, support and sustain the Coast Guard's Selected Reserve Force as an integral part of Team Coast Guard with growth to 10,000 personnel (up from 9,000 in FY 2003). FRA strongly supports this increase because adequate training is essential to ensuring military readiness. Reservists maintain qualifications and important skill sets to support contingency operations as well as augment the active component.

The Coast Guard training system is operating effectively at maximum level in order to process the growing number of trainees. Additional contract instructors have been hired at the training centers and temporary classrooms accommodate day and night classes to increase capacity and efficiency.

The Administration's FY 2004 Budget fully supports all recruiting initiatives and incentives. This robust recruiting system coupled with Coast Guard enlistment bonuses has ensured a steady flow of recruits entering the service. The Coast Guard also opened new recruiting offices to target diversity rich communities.

### **Health Care**

FRA continues to work with Congress and DoD to ensure full funding of the Defense Health Budget to meet readiness needs and deliver services, through both the direct care and purchased care systems, for all uniformed services beneficiaries, regardless of age, status and location. The Association strongly supports TRICARE

improvements recently enacted for active duty, Reserve and retired personnel and their families.

Oversight of the Defense Health Budget is essential to avoid a return to the chronic under funding of recent years that led to execution shortfalls, shortchanging of the direct care system, and reliance on annual emergency supplemental funding requests. Even though supplemental appropriations were not needed last year, FRA is concerned that the current funding level only maintains the status quo. Addressing TRICARE provider shortfalls will require additional funding.

Active duty members are automatically enrolled in TRICARE Prime. Reservists activated for 30 days or more are entitled to the same healthcare benefit as active duty personnel and their family members are entitled to TRICARE Extra and Standard on the first day of the military sponsor's active duty if orders are for more than 30 days. Coast Guard retirees may access care through Coast Guard Healthcare System on a space available basis if they are not enrolled in TRICARE Prime or TRICARE Senior (in which case they are automatically enrolled in TRICARE Extra or Standard).

Access to care is the number one concern expressed by our membership and this is especially challenging for Coast Guard personnel assigned to duty in areas not served by military treatment facilities (MTFs). Some beneficiaries report that there are providers not willing to accept new TRICARE Standard patients. Areas most affected by this are:

- Alaska where there is a continuous struggle to get providers to participate and accept assignment. FRA notes that the TRICARE AK office provides great help in addressing the issue and in solving some of the balance billing issues. Valdez, Cordova and other remote locations are affected the most.
- In Humboldt Bay/County, California (AIRSTA/Group Humboldt Bay)—there is an extremely limited pool of participating providers with a growing population of active duty service members and dependents.
- At Novato, California, and other Bay Area locations (Pacific Strike Team/TRACEN Petaluma/ISC Alameda) Prime providers are leaving the network contributing to beneficiaries having a hard time locating replacements. No hospitals accept TRICARE Prime patients in Marin County and there is only one laboratory and few radiology facilities available in the area.
- The Santa Barbara, California, situation is similar to Novato and Marin County.

In areas away from MTFs, access can be especially challenging. Providers do not like to take TRICARE patients mainly due to the low reimbursement rates. In the locations where TRICARE Prime is present, a trend is developing whereby providers are leaving the network. This not only affects active duty service members and their dependents but retirees and their dependents.

The message sent by The TRICARE Management Activity "selling" the three TRICARE options (Prime, Extra or Standard) only applies to those fortunate to live near an MTF that has an established network. These members have choices. If assigned to a high cost or remote/semi-remote area where Prime is not available, the only option is Standard. In addition, it is unfair for Coast Guard personnel to have to absorb the higher costs associated with health and dental care, including orthodontics in assignment areas. In reality there is no uniform benefit at this time since the three TRICARE options are not available to all beneficiaries nationwide.

FRA also believes further distinction must be made between TRICARE Standard and Prime in evaluation of the TRICARE program. Our members report increased problems and dissatisfaction with the Standard benefit.

The President's FY 2004 budget seeks to repeal a protection for beneficiaries that Congress recently enacted into law. A persistent problem with TRICARE Standard has been that beneficiaries who need certain kinds of care must check with a local military facility before getting the care in the private sector. TRICARE Standard will pay the claim for civilian care in such instances only if the local military facility issues a non-availability statement (NAS) indicating the care can't be provided at the military facility.

FRA is also concerned about a flaw in the provider reimbursement formula which contributes to this situation. The Centers for Medicare and Medicaid (CMS) cut the Medicare fees by 5.4 percent in the past two years. This reduction coupled with providers' increasing overhead expenses and rapidly rising medical liability costs, seriously jeopardize providers' willingness to participate in TRICARE and Medicare. Provider groups say that TRICARE is the lowest paying program they deal with, and often results in the most administrative problems.

### **Housing**

FRA is concerned about Coast Guard housing challenges that include adequate appropriations for new construction and/or maintenance. While the objective is to ensure that all members have access to quality housing, whether for single personnel or personnel with families, the Commandant's people-oriented direction acknowledges the importance of quality of life, and the important role of housing in obtaining and retaining a productive workforce.

During recent testimony presented to this distinguished Subcommittee, Master Chief Petty Officer of the Coast Guard Frank Welch, stated that Coast Guard personnel and their families "continue to face a lack of affordable and adequate housing in many of our assignment areas."

The following locations are deemed Critical Housing Areas (CHAs) for Coast Guard personnel:

- Cape Hatteras, North Carolina (NC176)
- Montauk, New York (NY218)
- Cape May, New Jersey (NJ198)
- Abbeville, Louisiana (ZZ553)
- Port O'Connor, Texas (ZZ583)
- Rockland, Maine (ME141)
- Carrabelle, Florida (ZZ630)
- Marathon/Islamorada, Florida (FL069)
- Plus any area currently designated as a CHA by the U.S. Navy.

In the absence of adequate government owned housing, the Coast Guard offers accompanied members several choices including seeking rental partnership agreements with landlords (where possible) and/or establishing Coast Guard Leased Housing.

This situation is exacerbated by assignment areas that are typically in or near remote, high-cost resort areas along our coasts. Areas where no government owned housing is available include Puerto Rico, Alaska, Washington State, the Outer Banks off the Eastern Shore, and Santa Barbara, California. Unaccompanied personnel housing problems affecting habitability exist at, but are not limited to, barracks in Alameda, California, Cape Cod, Massachusetts, Activities New York, and New Orleans, Louisiana.

While housing allowances have increased, the availability of quality, affordable housing within a reasonable distance to work remains a challenge—especially for junior enlisted personnel. In certain areas, hyper increases in utility costs may also financially impact accompanied members residing on the economy and paying their own utilities. This has occurred for personnel in California.

Housing privatization initiatives are helping ease this challenge for the DoD Services and the Coast Guard's authority to participate in these ventures was recently renewed, with passage of the Port and Maritime Security Act (U.S. Coast Guard Authorization) last year.

### **Child Care**

Having available and accessible childcare is a very important quality of life issue for Coast Guard personnel and their families and the Administration's FY 2004 Budget supports an expansion of this service.

While comparing Coast Guard childcare parity with the Department of Defense is difficult—the childcare needs of Coast Guard personnel and their families are no different than for DoD services personnel. Approximately 640 children are in Coast Guard childcare facilities and FRA believes that this program should be adequately funded to ensure parity.

### **Education Benefits**

FRA strongly supports increased funding for education benefits. For FY 2003, tuition assistance is paid at 100 percent up to \$250 per semester hour with an annual cap of \$4,500 for Coast Guard personnel. This puts the service on a par with the Department of Defense.

With regard to the MGIB program, participants may receive a full-time student rate of \$985/month or more, depending on whether they contribute to an increased benefit program. Recent enhancements are positive steps to improving this program, however FRA believes MGIB benefits should be benchmarked to the average cost of a four-year public college education.

In addition, FRA believes active duty career service members who entered service during the Veterans Education Assistance Program (VEAP) era (1977–1985) and declined to take VEAP should have an opportunity to enroll in the MGIB. There are about 115,000 armed forces personnel in this situation. Many actually were discour-

aged from signing up for VEAP as it was acknowledged to be a woefully inferior program compared to the Vietnam-era GI Bill and the subsequent MGIB that began on 1 July 1985. As the backbone of today's force, these senior leaders are critical to the success of ongoing and pending operations. As they complete their careers, they should be afforded at least one opportunity to say "yes" or "no" to veterans' education benefits under the MGIB.

The Coast Guard adjusts discretionary funding to best address its particular needs. The President's FY 2004 budget supports the Coast Guard to be fully competitive with DoD education benefits.

#### **Conclusion**

The Association again appreciates the opportunity to present its recommendations on the Coast Guard's FY 2004 Budget and is grateful to this Distinguished Subcommittee for its great work in support of the men and women serving in our Nation's fifth Armed Force.

The broad range of services and support provided by the Coast Guard are not fully understood and recognized by the American public. FRA is working to broaden awareness of the incredible work done by Coast Guard men and women in support of the service's many missions and our national security. Hopefully the service's well deserved prominence within the new Department of Homeland Security will help increase recognition of the Coast Guard's tremendous service to our great Nation.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. OLYMPIA J. SNOWE TO  
ADMIRAL THOMAS H. COLLINS

#### **Rescue 21—Environmental/Local Concerns**

*Question.* I am pleased to see the Administration's request recommends full funding for the Rescue 21 program to modernize the Coast Guard's National Distress System—also known as the Maritime 911 system. As you begin installation in the Mid-Atlantic States are you encountering environmental and local concerns concerning tower placement? If so, to what extent? How is this impacting your plans? Will these concerns lead to less than optimal tower placement thereby resulting in a degradation in system performance?

*Answer.* The Coast Guard is committed to maximizing the use of existing infrastructure through collocation of antenna and ancillary equipment on existing government or commercially owned towers where possible. This approach minimizes new tower construction, which is often viewed as undesirable by the general public and environmental stakeholders. In areas where existing towers are not available, each proposed new tower is assessed for potential environmental impacts in accordance with the National Environmental Policy Act and other applicable environmental statutes and Executive Orders prior to proceeding with construction. The majority of these statutes involve public participation.

To date, the Coast Guard has encountered resistance over the construction of only one tower. Local community members from the Borough of Manasquan, New Jersey presented safety and economic related concerns regarding replacement of an existing tower with a new, taller tower in their borough. The Rescue 21 Project Team worked closely with the community to address their concerns and ensured they were appropriately considered in the decision making process. The tower is currently under construction with an expected completion date of May 2003. The remaining six tower sites within the mid-Atlantic region (2 new construction and 4 collocations of equipment on existing towers) are proceeding without complaint.

Finally, the Coast Guard is partnering with the Fish and Wildlife Service (FWS), a key environmental stakeholder in the oversight of construction of telecommunications towers, to minimize Rescue 21 environmental impact. The Coast Guard and FWS have co-developed a Memorandum of Understanding (MOU) that contains tower construction guidelines that will establish protocol for compliance with the Migratory Bird Treaty Act. The Coast Guard anticipates the signing of this MOU by the end of May 2003.

#### **Deepwater Deficit and Impacts**

*Question.* The original Deepwater plan called for \$500 million a year for twenty years in Fiscal Year 1998 dollars. For Fiscal Year 2004 that amount would be almost \$550 million. The President's request is \$500 million which would under fund Deepwater by \$50 million or approximately 10 percent. With the Deepwater program being underfunded in its first two years, how far behind scheduled is it? How much of a deficit is there? If the Coast Guard receives \$500 million in Deepwater funding for Fiscal Year 2004 as requested, which of the Deepwater initiatives will

be delayed or significantly modified? How will this impact the out years? If Deepwater program funding remains at \$500 million per year in appropriated dollars for the life of the program, the Coast Guard will undoubtedly be forced to extend the time line. Is the Coast Guard developing a plan to account for this reduced level of funding? What impact will this have on the Coast Guard's ability to carry out its homeland security responsibilities as well as its traditional missions?

Answer. The Integrated Deepwater System (IDS) contracting strategy was chosen based on its flexibility. The Acquisition Plan states that the strategy gives the "Coast Guard the flexibility to choose precise quantities identified in the contractor's implementation plan or make adjustments depending on budget variances." Funding below notional annual planning funding levels will increase the time and cost necessary to fully implement the Deepwater solution.

Industry teams used a notional annual planning funding stream of \$300 million in Fiscal Year 2002 and \$500 million from Fiscal Year 2003 in Fiscal Year 1998 dollars until project completion. In addition to the Request For Proposal (RFP) notional annual funding level, Deepwater estimated \$30 million per year for government program management to administer the program. At this notional funding level, it is estimated that Deepwater would be completed in 24 years. The difference between planned Deepwater funding and Fiscal Years 2002, 2003 appropriated funding/Fiscal Year 2004 requested funding results in a deficit of \$202M.

In Fiscal Year 2004, the Coast Guard delayed the purchase of 3 Vertical Take Off/Land Unmanned Air Vehicles (VUAV) and reduced investment in legacy asset sustainment. VUAV's are still part of the overall IDS acquisition, and will be considered in future funding requests.

An extended IDS implementation schedule will delay the introduction of new assets, and require that legacy assets remain in operation an extended period.

#### **SAR and the DOT Audit**

*Question.* In October 2001, the Department of Transportation Inspector General released its audit of the Coast Guard's small boat stations that revealed significant readiness concerns. I understand the Coast Guard has made strides over the past two years in remedying these readiness problems by adding additional personnel, better training, and better use of new technologies. Where is the Coast Guard in rectifying the search and rescue readiness problems reported by the DOT IG last year? Will the increase in personnel in the Administration's request enable the Coast Guard to achieve its goal of a 68-hour workweek at small-boat stations and meet the 12-hour watch standard at command centers? If not, what additional resources are needed and when do you expect to meet these requirements?

Answer. Although Search and Rescue (SAR) is a top priority, Coast Guard small boat stations are multi-mission in nature and perform nearly all Coast Guard missions on a routine basis so their staffing must reflect their multi-mission workload. Towards this goal, substantial human resources have been added to multi-mission stations toward attainment of the 68-hour workweek standard, including 224 full-time positions (FTP) in Fiscal Year 2002, 150 FTP in Fiscal Year 2003 and the 179 FTP requested in Fiscal Year 2004. Those numbers include 113 FTP for Support Petty Officers at 98 stations nation-wide to relieve administrative workloads from operational personnel.

Quantitative measurement efforts (workload surveys) were conducted in the summer of 2002 to monitor the workweek of Station personnel. 2002 results showed that the workweek has decreased slightly (3.18 percent) since 1998. However, due to transfer cycles and fill rate, the full impact of Fiscal Year 2002 billet additions has not yet been realized. The next survey is scheduled for Fall 2003.

The Stand-the-Watch initiative provided 87 FTP in Fiscal Year 2002, 30 FTP in Fiscal Year 2003 and requests an additional 71 FTP in Fiscal Year 2004. This will provide the minimum number of people needed to implement a 12-hour watch at all but a few command centers. The Stand-the-Watch staffing requests were based upon the Center for Naval Analyses 5:1 ratio per watch position. Other research, including an ongoing study by the Coast Guard Research & Development Center, indicates additional staffing may be needed to fully account for the impact of personnel accession, assignment, training, qualification and other personnel issues on the ability to fully maintain a 12-hour watch rotation. If the results of the current Research & Development Center study indicate that additional personnel are required, then additional funding will be requested to ensure that no individual works more than 12 hours in a 24-hour period.

We continue to assess the extent of the significant maritime Homeland Security workload on our stations and command center personnel and the increased resources required to achieve the standards in the post 9/11 environment to determine our needs in Fiscal Year 2005 and beyond.

### **MTSA Funding for Private Sector**

*Question.* I understand the Coast Guard estimated the private sector costs for compliance with the requirements of the Maritime Transportation Security Act to be \$4.4 billion, with annual costs of \$500 million.

- Is this \$4.4 billion figure accurate? If so, what is it based on?
- How much is the Administration requesting for maritime and port security grants for Fiscal Year 2004?
- Which agencies or directorates will be managing these funds?
- While I understand these funds will not directly be administered by the Coast Guard, what role does the Coast Guard play in awarding these grants?
- Can you explain how awarding of these grants will be coordinated with Port Security Assessments being conducted by the Coast Guard as part of your ongoing assessments?

*Answer.* The \$4.4 billion figure was a preliminary analysis published in the Federal Register on December 30, 2002 and represented the cost of implementing MTSA for facilities. As part of the regulatory process, the Coast Guard will consider public input generated by the Federal Register notice and the ensuing public meetings. The cost estimates for the regulated industry will be revised and published with the interim rule in June.

The Coast Guard's Fiscal Year 2004 budget does not include funding for maritime or port security grants.

The Transportation Security Administration (TSA), the Maritime Administration (MARAD), and the Coast Guard have been working together to coordinate the review and award of grant funds.

The Coast Guard is continuing to work cooperatively with TSA and MARAD in receipt and review of the grant proposals. The Coast Guard and MARAD field representatives jointly conducted field level review and provided award recommendations to the national selection board comprised of senior personnel from the Coast Guard, TSA, and MARAD. Additionally, the Coast Guard provided input at the national level in development of the grant proposal selection plan and associated selection criteria for the two grant categories, assessments as well as physical and operational security enhancements.

The Coast Guard provides information on the port security assessments completed by the Coast Guard to ensure awarded grants are not funding duplicate assessments. The Coast Guard will continue to work with TSA and MARAD in determining future grant selection criteria by providing national trends in security vulnerabilities and participating in the review of proposals.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TRENT LOTT TO  
ADMIRAL THOMAS H. COLLINS

### **Catch-up Funding Adjustments**

*Question.* Admiral Collins, if the Deepwater funding profile had followed the original plan of 500 million dollars annually in Fiscal Year 1998 dollars, the Fiscal Year 2005 level would be less than 600 million in 2005 dollars. However, the Coast Guard's recent report on accelerating the Deepwater acquisition shows that the program would require 871 million dollars in Fiscal Year 2005 and 888 million dollars in Fiscal Year 2006 to catch up to the original plan to keep the program on schedule for a 20-year acquisition period. Fiscal Year 2007 funding would return to the originally forecasted level of 608 million dollars. Will the Coast Guard's new Capital Plan reflect this catch-up adjustment?

*Answer.* The Coast Guard's Fiscal Year 2004 Capital Investment Plan reflects out-year funding for the Integrated Deepwater System (IDS), the National Distress and the Response System Modernization program to ensure full deployment by 2006, and funding for other essential Coast Guard Capital Acquisitions within OMB's budgetary projections.

The Fiscal Year 2005 Capital Investment Plan will be updated to reflect any new or revised planning assumption.

### **Coast Guard vs. DoD Budget Process**

*Question.* Admiral Collins, I understand that the Coast Guard's budget development process differs from the DoD services in that the Coast Guard does not first develop a requirements list before proceeding to developing a budget request. I believe the Coast Guard's process disadvantages your Service by blurring the difference between requirements and budget. Would you please provide a response for



the record on whether this different budget development system is based on statute, and would you consider moving to a system similar to that used by the DoD services?

Answer. The Coast Guard uses a rigorous planning process to develop our budgetary priorities. The Coast Guard's planning process considers numerous factors such as return on investment, economies of scale, risk assessments and performance analysis to select the most critical projects for budget request inputs.

In accordance with Department of Homeland Security and OMB direction, the Coast Guard identifies its out-year requirements in the Capital Investment Plan (CIP). This is a five-year capital asset management tool that is vetted through the Administration and contained in our Congressional budget submission.

Under statute in 10 USCS §153, the Department of Defense submits an "unfunded priorities" listing annually to Congress after their formal budget submission. While the Coast Guard does not submit this type of list to Congress, we routinely engage the Department and OMB to identify our highest resource priorities.

#### **Homeporting in Pascagoula, MS**

*Question.* Admiral Collins, the increasing importance of homeland security and national security missions for the Deepwater programs new cutters will require improved interoperability with the U.S. Navy. Would the co-location of some of these cutters and U.S. Navy ships at the same homeports, such as Naval Station Pascagoula, MS, provide the potential for improved interoperability? Would the homeporting of some of these cutters at Naval Station Pascagoula, next-door to where they will be built, provide the potential for reduced maintenance costs?

Answer. Interoperability with the U.S. Navy is a key component of the Integrated Deepwater System (IDS) and the Coast Guard's efforts to meet the increasing demands of our homeland and national security missions. Partnering with the Department of Defense and fellow Department of Homeland Security agencies is vital to defending and securing our country.

Interoperability between Coast Guard and U.S. Navy vessels is linked to compatibility of equipment, command and control systems, weapons management systems, training, and doctrine. Co-location with the U.S. Navy does offer potential for improved interoperability and reduced costs based on common systems and logistics support, (e.g., availability of Navy training facilities and technical representatives). Other factors, such as co-location with similar class Coast Guard cutters and a cutter's proximity to its operational area, will also improve interoperability and reduce overall costs. All these factors regarding homeporting and co-location opportunities will be assessed as IDS matures.

Coast Guard maintenance modeling and expenditures suggest that a vessel's homeport relative to the proximity of the shipyard where constructed has no appreciable impact on reduced maintenance costs. Deepwater's lifecycle cost savings is predicated upon homeport clustering of similar class hulls to leverage savings in depot level maintenance, training, and crewing efficiency.

#### **Grants to Gulf Ports**

*Question.* Admiral Collins, last year, 92 million dollars in port security grants were awarded to various ports. Not a single Gulf Coast port between New Orleans and Tampa received a grant, although several requests from those ports were submitted. The Coast Guard is working with the Maritime Administration (MARAD) and the Transportation Security Administration (TSA) to award another 105 million dollars in port security grants this year. Will you ensure that the ports in this region receive appropriate assistance in understanding the grant process and are not overlooked in this year's round of grants? Of course, I am particularly interested in the ports of Pascagoula and Gulfport, both among the top 20 of U.S. ports in cargo movements.

Answer. The preliminary analysis of the current round of grants shows that Transportation Security Administration (TSA) received 1,100 port security grant proposals totaling nearly \$1 billion. A selection board consisting of senior personnel from the Coast Guard, TSA, and Maritime Administration (MARAD) will base awards on consideration of the most urgent needs from a maritime homeland security perspective.

The ports of Pascagoula and Gulfport are located within the Marine Safety Office Mobile's area of responsibility. Twelve-port security grant proposals totaling \$4.8 million were submitted to the Marine Safety Office Mobile from applicants in the ports of Pascagoula and Gulfport in this round of submissions. All applications, including those from the ports of Pascagoula and Gulfport, will receive full and careful consideration.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ERNEST F. HOLLINGS TO  
ADMIRAL THOMAS H. COLLINS

### **Resources for Homeland Security**

*Question.* The Coast Guard has tremendous new responsibilities for ports, waterways and coastal security. Yet only 25 percent of the operating budget is aimed at this mission. Is this sufficient? Where would you apply additional resources if they were given to you, with respect to your homeland security missions?

*Answer.* The Coast Guard's Ports, Waterways, and Coastal Security (PWCS) mission was redefined as a result of the increased post-9/11 Homeland Security responsibilities. PWCS is not, however, a "new" mission; nor is it the Coast Guard's only "Homeland Security" mission. Section 888 of the Homeland Security Act defines Homeland Security missions as follows:

- Ports, Waterways, and Coastal Security (PWCS)
- Drug interdiction
- Migrant interdiction
- Defense readiness
- Other law enforcement

Thus, while the Fiscal Year 2004 budget includes approximately \$1.2 billion for the PWCS mission, a larger view of the request shows that approximately \$2.1 billion, or 44 percent, of the Operating Expenses budget is attributable to Homeland Security missions. Due to the unique multi-mission nature of the Coast Guard, any funding applied toward Homeland Security missions also contributes to successes with Non-Homeland Security missions.

Initiatives within the Fiscal Year 2004 budget will bolster the Coast Guard's homeland security capabilities and capacities, which will mitigate the impacts of future elevations of the HSAS threat level on the Coast Guard resource allocation across all missions.

### **Maritime Transportation Security Act Budget**

*Question.* I am very concerned about implementation of the port security bill—the Maritime Transportation Security Act. Last year, we passed the most significant legislation ever directed at coordinating security policy at our seaports. The bill creates some significant new responsibilities for the Coast Guard.

- Does the budget include any specific item to address these new responsibilities?
- Has the Coast Guard estimated the costs on the Coast Guard of implementing the MTSA? If so, what are those estimates?
- If the budget does not include any new money for this additional responsibility, where will the resources be taken from?

*Answer.* The Maritime Transportation Security Act (MTSA) was passed in November 2002. We have substantial requirements for personnel and funding in Fiscal Years 2003 and 2004 to fully implement new MTSA responsibilities. However, the Coast Guard's Fiscal Year 2004 budget does include over \$140M in new initiatives related to the MTSA such as 6 Maritime Safety and Security Teams, intelligence and information enhancements, and 58 Sea Marshals.

The Coast Guard has diverted base resources and deferred other regulatory projects in Fiscal Year 2003 to ensure the regulatory project remains on track. An interim rule is expected to be published in July this year.

The Coast Guard estimates the largest cost of new Coast Guard responsibilities required by MTSA will be in Fiscal Year 2004 as the plans required by the rule-making process are developed and submitted to the Coast Guard for approval and actual compliance enforcement begins. The most important part of security plans is their implementation by owners/operators. MTSA is one of our top priorities, and we will continue to work with the Department of Homeland Security to identify needed resources to implement and enforce this important legislation.

### **Rescue 21 Coverage**

*Question.* A key long-term planning project is upgrading the National Distress and Response System (NDS), or "Rescue 21" system. A major concern about this system is the existence of 88 "dead zones"—i.e., gaps in coverage—along the coast of the United States, including a number of spots in Massachusetts, Maine and South Carolina.

- Is it true that the overall budget plan for this project would result in less than 100 percent geographical coverage?
- In what states will the gaps be located?

Answer. The Coast Guard's deployment strategy for Rescue 21 is not an attempt to close 100 percent of the existing gaps in coverage, but instead a comprehensive re-evaluation of all tower locations to provide maximum communications coverage throughout the coastal zone of the United States, Guam and Puerto Rico. Rather than taking a patchwork approach focusing on filling in existing communication gaps, the Coast Guard is constructing a modernized system in a sequential manner, proceeding from one region to the next adjacent region, taking advantage of existing infrastructure. This approach will reduce costs, expedite deployment of the new system, and maximize communications coverage.

The Rescue 21 predicted coverage is 98 percent throughout the coastal zone (shoreline to 20 NM off shore) of the United States including Hawaii, Guam, Puerto Rico and the Juneau, Valdez, and Kodiak regions of Alaska. The anticipated coverage is based upon General Dynamic Decision System's theoretical coverage model for the reception of a signal from a 1-watt transmission from a height of two (2) meters above sea level. This is a conservative standard since most mariners currently operate 5–25-watt transmitters and contemporary hand-helds are typically 3–5 watts. The actual Rescue 21 system communications coverage is dependent upon the location of the remote communication sites (tower location and height) and final testing of the system following installation.

The 98 percent coverage goal is intended to account for communication variables such as atmospheric conditions, electronic background noise, physical objects, and other factors that adversely affect radio propagation. In contrast, typical public safety wireless systems (police, fire, emergency medical personnel, and others responding to emergency situations) are designed to provide 95–97 percent coverage.

Once Rescue 21 has been installed in each region, regional performance tests will be completed to verify coverage performance requirements within the region.

#### **Reducing the Work Hours at Stations**

*Question.* Crews working at search and rescue stations continue to work hours that exceed Coast Guard guidelines. The recently passed Coast Guard authorization bill provides strong direction to the Coast Guard to bring these hours within Coast Guard guidelines. How is this being addressed?

Answer. Although Search and Rescue (SAR) is a top priority, Coast Guard small boat stations are multi-mission in nature and perform nearly all Coast Guard missions on a routine basis so their staffing must reflect their multi-mission workload. Towards this goal, substantial human resources have been added to multi-mission stations toward attainment of the 68-hour workweek, including 224 full-time positions (FTP) in Fiscal Year 2002, 150 FTP in Fiscal Year 2003 and the 179 FTP requested in Fiscal Year 2004. Those numbers include 113 FTP for Support Petty Officers at 98 stations nation-wide to relieve administrative workloads from operational personnel. We continue to assess the extent of the significant maritime Homeland Security workload on our stations and the increased resources required to achieve the 68-hour workweek standard in the post 9/11 environment.

Quantitative measurement efforts (workload surveys) were conducted in the summer of 2002 to monitor the workweek of Station personnel. 2002 results showed that the workweek has decreased slightly (3.18 percent) since 1998. However, due to transfer cycles, the full impact of Fiscal Year 2002 billet additions has not yet been realized. The next survey is scheduled for the Fall 2003.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN F. KERRY TO  
ADMIRAL THOMAS H. COLLINS

#### **Resources for Traditional Non-Security Missions**

*Question.* Despite an increase in the budget request for all missions, it is unclear that the Coast Guard will in fact provide adequate resources for traditional non-security missions. In fact, resources for several key missions such as fisheries enforcement are still below pre-9/11 levels, and trends over the last several years indicate a continued decline for many such missions. Although the budget request would increase operating expenses for law enforcement, the actual number of resource hours dedicated to these missions has suffered since 9/11, and according to GAO analysis, are projected to still be approximately 5 percent below pre-9/11 levels.

- Which aspects of fisheries enforcement are suffering losses due to the decreased resource hours being dedicated to these missions? What regions are most impacted?

- Do you plan to bring the level of fisheries enforcement back to its 9/11 levels in the future, or to some other level? What is your strategy for getting to those levels?
- A communication sent to all of the Coast Guard's Atlantic operations last fall gave instructions to cease certain traditional activities, or to shift the burden of traditional Coast Guard duties to state and local entities. Is this not an indication that some of the Coast Guard's responsibilities need to move to other entities?

Answer. The Coast Guard allocates resource effort to fisheries enforcement at sufficient levels to ensure compliance with management regulations for the recovery and maintenance of healthy fish stocks. Regionally, New England and the Pacific Northwest have been the most impacted due to cutter and aircraft-increased port security operations. Partnership efforts such as Coast Guard/State enforcement operations and Vessel Monitoring Systems (VMS) have enabled the Coast Guard to allocate enforcement resources more efficiently across all missions to ensure adequate compliance and effective Coast Guard law enforcement boardings.

Coast Guard innovative enforcement and partnering with NOAA and the States is meant as a short-term strategy to ensure adequate fisheries enforcement. The long-term strategy remains to increase capacity and capability for the Coast Guard to meet, and balance, all mission demands. The President's Fiscal Year 2004 Coast Guard Budget will provide the needed resources to return our non-maritime homeland security (MHS) to near pre-September 11, 2001 levels.

Coast Guard responsibilities should not be moved to other entities. The multi-mission nature of the Coast Guard and the synergies between its missions make the Coast Guard the right agency to retain its existing mission portfolio. Maritime security and maritime safety are two sides of the same coin. Due to the unique multi-mission nature of the Coast Guard, any funding applied toward Homeland Security missions also contributes to successes with Non-Homeland Security missions. As the Coast Guard continues to adjust its resources to meet its mission balancing challenges, it is also good stewardship to use all available assets in response to the nation's highest priorities. The Coast Guard values the partnerships it has with other Federal, State and local law enforcement agencies and will look to them for continued support as we carry out our maritime safety and security missions. This support is now more critical than ever, as the Coast Guard continues to grow capacity and capability to meet the demands of all missions.

#### **Mission Balance Comprehensive Blueprint**

*Question.* In testimony before the Commerce Committee and the Appropriations Committee, the Coast Guard has explained that they have a "three year plan" to return the Coast Guard to normalcy, with Fiscal Year 2004 being the second year. However, the Coast Guard has not developed such a plan, but has instead developed a plan only for the maritime security missions. GAO raises this issue as a major shortcoming in the Coast Guard's ability to achieve the "new normalcy."

- Admiral Collins, the Coast Guard has testified previously before this Committee that you have a three-year strategic plan for returning to "the new normal"—not just for the new security missions, but also for traditional missions. The 2002 Coast Guard authorization bill also calls for the Coast Guard to develop multi-year targets for all missions. Yet we have not seen such a plan. What is the status of this plan?
- In fact, I am concerned that the Coast Guard has developed a plan for maritime security issues, but not for the traditional missions. Why is that?
- What is the "new normal" for traditional missions, such as fisheries enforcement? Is it returning to resource expenditures at the pre-9/11 level, or a different level?

Answer. The Coast Guard is pursuing a multi-year resource effort to perform an enhanced level of Maritime Homeland Security (MHS) while sustaining our non-MHS missions near pre-9/11 levels. Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all of our missions. At the end of the day, we are focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering. The Fiscal Year 2003 Report/Fiscal Year 2004 Budget in Brief (BIB) provides documentation of the Coast Guard's high performance levels across our full mission spectrum. For example, in Fiscal Year 2002 we seized the third highest cocaine total in our history, we interdicted or deterred illegal immigration by sea at a rate of 88.3 percent which exceeded our target of 87 percent, we reduced the vol-

ume of oil spilled per million gallons shipped to 0.6 gallons which was well below our target of 2.5 gallons, and we continued to reduce the number of maritime worker fatalities to 4.3 per 10,000 workers which is below our target of 8.7.

A necessary first step is base-lining our maritime Homeland Security (MHS) requirements to help balance our other missions. To accomplish this, the Coast Guard has focused on a Strategic Deployment Plan (SDP) for implementing the maritime component of the President's National Strategy for Homeland Security. Various components of our Maritime Security Strategy Deployment Plan are under development, with the first component to be completed in April/May of 2003.

These MHS requirements will roll into a comprehensive blueprint to achieve overall mission balance. This blueprint will consider budgetary inputs, resource activity levels, multi-year mission targets and mission performance outcomes. Our existing strategic planning process and performance plans will serve as the cornerstone of an integrated approach emphasizing three general areas of effort: Preserving Non-MHS missions, Conducting MHS missions, and maintaining military readiness to conduct Defense Operations when tasked. The planning process provides the ability to detail the difference between pre and post-9/11 levels of effort and performance in missions. We anticipate completion of the comprehensive blueprint for mission balancing by the end of Fiscal Year 2003.

The multi-mission resources requested in the Fiscal Year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions (including fisheries law enforcement), both of which must be properly resourced for effective mission accomplishment. The Fiscal Year 2004 budget reflects steady progress in our multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact our performance in all assigned MHS and non-MHS goals.

#### **Multiple Deepwater Funding Issues**

*Question.* The Integrated Deepwater System (IDS) program is the largest asset recapitalization in the Coast Guard's history; the latest projections indicate that it will cost approximately \$17 billion over 20–30 years. The Fiscal Year 2004 budget request is for \$500 million, which is less than the estimated \$587 million necessary to keep the IDS budget plan on its original track of \$500 million annually—in 1998 dollars. The Coast Guard delivered a report requested by Congress on the prospects for speeding up the Deepwater acquisition project on March 11, 2003.

- Admiral Collins, the Coast Guard has just finished its report on the prospects for speeding up the Deepwater acquisition project. The report states that accelerating the Deepwater project to ten years will result in increased acquisition costs of \$4.0 billion over the President's 5-year Fiscal Year 2004 Capital Investment Plan for Deepwater, yet will save \$4.0 billion over the "build-out" of the system. Could you explain these figures and the assumptions used to reach them?
- If the project were to be accelerated, what annual appropriation would be needed?
- Your report notes serious constraints on the ability to train and hire adequate personnel to bring Deepwater assets on line in an accelerated time-frame. How would Coast Guard propose to overcome those problems?
- The original plan for Deepwater relied on appropriations of \$500 million per year, in 1998 dollars. Yet while an estimated \$587 million in current dollars is need to keep Deepwater on track, the Administration only requested \$500 million in current dollars in the Fiscal Year 2004 budget request. If the Administration is not even requesting an adequate amount of funding to keep the IDS program on track, how do you expect to reach the goals of this program?

*Answer.* The Coast Guard, on March 7, 2003, released a Report to Congress on the feasibility of accelerating the Integrated Deepwater System (IDS) to 10 years. This report provides the best estimate of funding levels to accelerate IDS. Below are the estimated capital acquisition funding levels needed to build out IDS in 10 years. These figures reflect "then-year dollars" and include making up for previous shortfalls.

The Coast Guard's Fiscal Year 2004 Capital Investment Plan (CIP) for Deepwater is also provided below and reflects out-year funding for the Integrated Deepwater System (IDS) within OMB's certified budgetary projections. The difference between

the total acquisition costs and the Fiscal Year 2004 5-year CIP for Fiscal Years 2004–2008 results in an increase of \$4.0 billion.

As discussed in the March 7, 2003 Report to Congress on the Feasibility of Accelerating the Integrated Deepwater System, a total Capital Acquisition savings of approximately \$4 billion (then-year dollars) is projected under the 10-year acceleration plan over the build out of the system as compared to 20-year plan.

FY	10-Year (\$M)	FY04 CIP (\$M)
02	320	
03	478	
04	500	500
05	1,892	530
06	1,663	618
07	1,506	669
08	1,472	680
09	1,428	
10	1,226	
11	988	

Temporary increases will be necessary to meet training and crew requirements associated with the accelerated plan. An outsourcing strategy for providing training, successfully used to meet present workforce surge requirements, is a viable and preferred alternative to meet this demand. Another alternative involves expanding current infrastructure by building new facilities and training new instructors at the existing training centers. This alternative is less desirable due to the temporary duration of the Deepwater training surge. Careful study will be required so that the most efficient and effective overall course of action for accomplishing out-year required training is pursued. But this challenge can be successfully met with proper planning and sufficient resources.

The IDS contracting strategy was chosen based on its flexibility. The Acquisition Plan states that the strategy gives the “Coast Guard the flexibility to choose precise quantities identified in the contractor’s implementation plan or make adjustments depending on budget variances.” Funding below notional annual planning funding levels will increase the time and cost necessary to fully implement the Deepwater solution.

An extended IDS implementation schedule will delay the introduction of new assets, and require legacy assets remain in operation an extended period.

#### **Increased OPTEMPO Impact on Personnel and Retention**

*Question.* The Coast Guard has had serious problems retaining trained personnel. However, it is unclear that the Coast Guard has the capacity to take on sufficient new recruits, including providing basic resources, such as housing. In addition, operating tempo is increasing, and the Coast Guard’s own guidelines for maximum shift hours are not being met.

- As resources are diverted from traditional missions to homeland security, and resources now are also being sent to the Gulf, are operating tempos at an all-time high?
- How is that impacting personnel, and their work schedules?
- What steps are needed to ensure that the Coast Guard has sufficient, trained personnel for all of its missions?
- What steps is the Coast Guard taking to improve retention of personnel?

*Answer.* Maritime Homeland Security (MHS) has always been a traditional mission for the Coast Guard, however, since September 11, 2001, we have placed more emphasis on it to reflect current national priorities. The Coast Guard’s current operating tempo (OPTEMPO) for all cutters, aircraft and boats (ashore) is slightly higher than pre-September 11, 2001 levels, and this is largely attributable to small boat operations from shore units. Coast Guard personnel are currently handling the increased challenges in a very positive fashion, as shown through improved retention and high morale.

Our multi-mission stations are starting to feel the positive impact of recent resource initiatives in the Fiscal Year 2002 budget. Quantitative measurement efforts (workload surveys) were conducted in the summer of 2002 to monitor the workweek of Station personnel. The 2002 results showed that the average workweek has de-

creased slightly (3.18 percent) since 1998. However, due to transfer cycles, the full impacts of Fiscal Year 2002 billet additions have not yet been realized. The next survey is scheduled for the Fall 2003. We anticipate the new personnel included in the enacted Fiscal Year 2003 budget will continue to decrease the average work-week for personnel assigned to multi-mission stations.

The Fiscal Year 2004 budget provides increased capability and capacity for our shore-based small boat fleet in order to perform our MHS mission and sustain our non-MHS missions to near pre-September 11, 2001 levels. The Fiscal Year 2004 budget also requests to increase the active, reserve and civilian workforces, which will help provide sufficient personnel and surge capacity for all Coast Guard missions.

The Coast Guard will continue to employ innovative recruiting and hiring initiatives, maximize training capabilities, and focus on improving retention. Improvements to retention are attributed to numerous initiatives, including; increases to basic pay and basic allowance for housing (BAH), selective Re-enlistment Bonuses for targeted ratings, the Coast Guard Applicant College Fund, Critical Skills Retention Bonus and increased tuition assistance. Civilian personnel incentives also include pay raises, Relocation Bonuses, and Retention Bonuses.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN B. BREAUX TO  
ADMIRAL THOMAS H. COLLINS

#### **Mission Balance**

*Question.* Admiral, despite your significant budget increases in the last few years, the Coast Guard has increasing mission responsibilities and you are deploying assets overseas (detailed list attached), which will undoubtedly stress the organization. How and when will you balance all of your mission levels?

*Answer.* A necessary first step is base-lining our maritime Homeland Security (MHS) requirements to help balance our other missions. To accomplish this, the Coast Guard has focused on a Strategic Deployment Plan (SDP) for implementing the maritime component of the President's National Strategy for Homeland Security. Various components of our Maritime Security Strategy Deployment Plan are under development, with the first component to be completed in April/May of 2003.

These MHS requirements will roll into a comprehensive blueprint to achieve overall mission balance. Our existing strategic planning process and performance plans will serve as the cornerstone of an integrated approach emphasizing three general areas of effort: Preserving Non-MHS missions, Conducting MHS missions, and maintaining military readiness to conduct Defense Operations when tasked. The planning process provides the ability to detail the difference between pre- and post-9/11 levels of effort and performance in missions. We anticipate completion of this comprehensive blueprint for mission balancing by the end of Fiscal Year 2003.

The multi-mission resources requested in the Fiscal Year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment. The Fiscal Year 2004 budget reflects steady progress in our multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact our performance in all assigned MHS and non-MHS goals.

#### **Illegal Waterborne Entries**

*Question.* During the month of February, there was a series of illegal waterborne entries into the United States. These included, but were not limited to 23 West African stowaways being discovered aboard a container ship in Camden, NJ and a Cuban Coast Guard patrol boat with armed personnel entering our waters and docking in downtown Key West. And, just last week 20 Cubans and their dog were taken into custody in Biscayne National Park. Given these recent intrusions, how would you strengthen Coast Guard and other agency capabilities in this extremely vulnerable area?

*Answer.* The Coast Guard continues to maintain a strong migrant interdiction posture, however, migrant landings on U.S. shores are unfortunately unavoidable and will continue to occur. The Coast Guard is working closely with other Government agencies including the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement to ensure efforts are coordinated. From our existing funds, we are continuing to develop non-lethal tools for compelling compliance by migrant vessels. Through the Fiscal Year 2004 budget request,

the Coast Guard will gain additional interdiction resources with improved sensor capabilities, improved intelligence resources throughout the organization and greater surveillance capabilities of the maritime approach lanes. These budget initiatives are designed to improve migrant interdiction success rates.

#### **Impact of Fiscal Year 2004 Funding**

*Question.* \$500 million is requested for Integrated Deepwater System (IDS). Funding for the IDS program has shifted over the last few years. The original budget plan for this project relied on annual funding levels of \$500 million—in 1998 dollars. In order to meet that level in 2003 dollars, \$587 million would need to be appropriated in Fiscal Year 2004, but the Administration has only requested \$500 million for IDS in Fiscal Year 2004. Please discuss how this inconsistent funding level will impact the overall program.

*Answer.* With a funding profile of \$500 million annually in “appropriated-year dollars”, it would take at least 27 years to acquire the assets included in the Integrated Deepwater System (IDS) implementation plan, compared to an estimated 24 years with \$500 million in inflated dollars. Although the overall acquisition cost to build out the system is relatively similar in Fiscal Year 1998 dollars, a longer implementation schedule dictates legacy assets remain in operation for an extended period and well beyond most of their programmed service lives. As such, more capital improvement funding will be needed to sustain legacy assets and less funding will be available for acquiring new assets, further extending the acquisition time line past 27 years and increasing the total costs to fully implement the IDS plan.

#### **Future Mission Requirements**

*Question.* As you well know, the Coast Guard experienced chronic underfunding in the late 90’s and at the turn of the century. The Congress has recognized this shortfall and provided you significant increases in Fiscal Years 2002 and 2003 and now we see a robust budget request in Fiscal Year 2004. I suspect that since you have published your Maritime Homeland Security Strategy, you have a much better idea of your mission requirements. Please address your future needs in this context.

*Answer.* The Fiscal Year 2004 budget reflects steady progress in our multi-year resource effort to meet America’s future maritime safety and security needs. This new funding will positively impact our performance in all assigned maritime homeland security (MHS) and non-MHS performance goals. The multi-mission resources requested in the Fiscal Year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard’s high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment.

To gauge future resource requirements, the Coast Guard has focused on a Strategic Deployment Plan (SDP) for implementing the maritime component of the President’s National Strategy for Homeland Security. A necessary first step is baselining our MHS requirements to help balance our other missions. Various components of our Maritime Security Strategy Deployment Plan are under development, with the first component to be completed in April/May of 2003, and the full plan by the end of Fiscal Year 2003.

These MHS requirements will roll into a comprehensive blueprint to achieve overall mission balance. Our existing strategic planning process and performance plans will serve as the cornerstone of an integrated approach emphasizing three general areas of effort: Preserving non-MHS missions, Conducting MHS missions, and maintaining military readiness to conduct Defense Operations when tasked. The planning process provides the ability to detail the difference between pre and post-9/11 levels of effort and performance in missions. The overall effort will enable us to pursue a responsible and appropriate multi-year resource effort to accomplish all of our important missions.

#### **How IDS Meets Challenges and Exceeds Legacy Capabilities**

*Question.* As you recall, during the February 12, 2003 hearing on transition of the Coast Guard from the Department of Transportation to the Department of Homeland Security, I commented on my recent visit aboard the Cutter LEGARE. I saw first hand that your legacy operational assets are aging and in many cases unable to meet your current mission requirements. Given your recent resource shortfalls and acknowledgment of the massive responsibilities that the nation asks of you, please explain how the Integrated Deepwater System (IDS) will help mitigate these challenges. Please explain what new capabilities the Integrated Deepwater System (IDS) program will provide over your legacy assets.



Answer. The current Coast Guard infrastructure is expensive to maintain and manpower intensive to operate. Since 1998, assets have been retired, some equipment has failed, and mission requirements have increased. Additionally, the Coast Guard continues to experience asset degradation and spiraling maintenance costs that impact asset reliability and availability. The Integrated Deepwater System (IDS) is critical in providing the capability and capacity needed for Maritime Homeland Security (MHS) and non-MHS missions.

IDS is an integral part of the Coast Guard's answer to meet America's future maritime needs. This was true before 9/11, and is even truer today. The Homeland Security Act and Marine Transportation Security Act of 2002 mandate the Coast Guard increase security measures while safeguarding its other missions as the lead federal agency for MHS, and IDS is key to every element of the Coast Guard's MHS strategy.

MHS necessitates pushing America's maritime borders outward away from ports and waterways so that layered, maritime operations can be implemented. IDS will provide a network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) that is critical for enhancing maritime domain awareness. Through common systems and technologies, common operational concepts, and a common logistics base, new and modernized IDS assets and equipment will provide increased capabilities, multi-mission readiness and availability, and interoperability with the Department of Defense and other Department of Homeland Security agencies. Specific examples of increased capability include:

- System-wide access to Common Operational Picture (COP) increasing operational commanders' situational awareness and ability to respond, plan and allocate resources.
- C4ISR enhancements that promote the sharing of information with other national intelligence agencies, improving national ability to respond to emerging threats.
- C4ISR enhancements provide classified data and communications links for increased data flow and shared COP among operations units, including Headquarters, District and Area Command Centers.
- State-of-the-market sensors improving detection and classification capabilities, increasing the range and ability to operate in all weather conditions.
- High Altitude Unmanned Air Vehicle (UAV) provides long-range surveillance with real-time data link.
- Unmanned and manned aircraft solution delivers 80 percent more flight hours than the legacy system.
- National Security/Offshore Patrol Cutters with Multi-mission Cutter Helicopter, two Vertical UAVs and a Long Range Interceptor boat provide Over-The-Horizon prosecution capabilities and significantly improved area surveillance capacity than legacy cutter and HH-65 helicopter package.
- IDS solution provides 9 more Fast Response Cutters (FRC) than the current number of legacy 110-foot patrol boats.
- 123' Patrol Boat provide 700 additional annual operating hours and the FRC an additional 1,200 operating hours per hull than the present 110' patrol boat with planned annual operating level of 1,800 hours per hull.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. OLYMPIA J. SNOWE TO ADMIRAL CONRAD C. LAUTENBACHER, JR.

*Question 1.* The Snowe-Breaux Harmful Algal Bloom and Hypoxia Research and Control Act of 1998 authorized \$15 million in 1999, \$18.25 million in 2000, and \$19 million in 2001. Unfortunately, the previous Administration never requested the fully authorized amounts. I understand that for Fiscal Year 2004, funding for Harmful Algal Bloom activities, roughly \$17 million, is part of the base budget. Can you confirm that NOAA is requesting a full \$17 million on harmful algal bloom and hypoxia research?

Answer. Approximately \$15 million is being requested by NOAA for harmful algal bloom and hypoxia research. The funds associated with these activities are included in the FY04 budget request in the "base funds" line item of the program in which the research efforts are supported.

NOAA-supported research on harmful algal blooms and hypoxia is organized in the following categories. Changes from previous budget structures and planned FY04 funding levels are noted.

Pfiesteria and HAB Rapid Response (Ocean Assessment Program (OAP))

- Funds are now included under (OAP) base funds
- Planned FY04 funding levels (~\$3.9M)

Harmful Algal Blooms (OAP)

- Funds are now included under (OAP) base funds
- Planned FY04 funding levels (~\$5.0M)

Pfiesteria/Toxins Research (Oceanic and Coastal Research)

- Funds are now included under Oceanic and Coastal Research base funds
- Planned FY04 funding levels (~\$1.0M)

ECOHAB (Coastal Ocean Program (COP))

- Funds are now included under (COP) base funds
- Planned FY04 funding levels (~\$4.2M)

Hypoxia (COP)

- Funds are now included under (COP) base funds
- Planned FY04 funding levels (~\$1.1M)

*Question 1a.* Please tell me, in as much detail as you can, what projects this funding would support next year.

Answer. Harmful algal bloom and hypoxia research is implemented primarily through NOAA's National Ocean Service as mandated through Harmful Algal Bloom and Hypoxia Research and Control Act (HABHRCA). Based on previous funding efforts, NOAA typically supports projects in the following five spending categories and plans to continue these activities in FY04. Additional details about individual projects can be provided upon request.

HABHRCA Category 1—authorized funds to carry out research and assessment activities, including procurement of necessary research equipment, for NOS and NOAA Fisheries research laboratories.

These funds support HAB research and equipment in NOAA laboratories through intramural efforts focusing on developing and deploying new-generation toxin detection methods, assessments of toxin production, and characterization of toxicity in fish and mammals. The adaptation and use of remote sensing and molecular methods adapted from medical science to monitor, model, and analyze the ecology of toxic marine species, and their relationship to changes in the environment is also supported.

HABHRCA Category 2—authorized funds to carry out the Ecology and Oceanography of Harmful Algal Blooms (ECOHAB) project under the Coastal Ocean Program established under section 201(c) of Public Law 102-567.

These funds support NOAA's contribution to ECOHAB, a competitive, peer-reviewed research program. This interagency research program, administered by NOAA's Coastal Ocean Program, is improving our understanding of HAB species and their relationships to surrounding oceanographic environments. ECOHAB regional studies focus on the particular algal species impacting large coastal ocean areas like the Gulf of Maine and Gulf of Mexico. These large-scale projects examine environmental and ecological factors that control the biological and physical processes regulating the development, transport, and dissipation of harmful algal blooms and develop models to ultimately forecast bloom development and toxicity. The first ever HAB forecast capability, now operational in Florida, was developed and implemented through ECOHAB. Targeted studies are also providing critical insight into the specific biological and physical processes that regulate the occurrence of HABs, how HAB toxins are transferred through coastal food webs and their biochemical model of action. In addition, ECOHAB projects focusing on biological control agents such as clays or viruses may lead to useful methods to control HABs in the future.

HABHRCA Category 3—authorized funds to carry out a peer-reviewed research program on management measures that can be taken to prevent, reduce, control, and mitigate harmful algal blooms.

Projects initiated through the ECOHAB and the Monitoring and Event Response for Harmful Algal Blooms (MERHAB) programs are leading to results directly applicable to this funding category. Some of these projects are developing the capacity to mitigate the impacts of HABs through the development of early warning monitoring sensors/systems or models capable of forecasting bloom initiation and transport. While ECOHAB supports research testing various control mechanisms, there will likely be several policy and public perception hurdles to overcome before applying results from this research. Until these hurdles are overcome, increased emphasis is needed on developing HAB models and improved monitoring techniques to support HAB forecasting.

HABHRCA Category 4—authorized funds to carry out federal and state annual monitoring and analysis activities for harmful algal blooms

These funds support the MERHAB program, a competitive, peer-reviewed research program administered by NOAA's Coastal Ocean Program. MERHAB projects test new technologies for algal cell and toxin detection and facilitates their adaptation into existing state and tribal coastal monitoring programs. MERHAB also supports event-response capabilities within affected regions to ensure trained and equipped personnel are able to mobilize quickly, conduct appropriate sampling and testing, and communicate effectively during HAB events. Current regional monitoring projects focus on HABs in the Pacific Northwest, and the Gulf coast of Florida and Texas. A new 5-year project in the Lower Great Lakes has been started this year with the goal to develop an integrated alert system to monitor and detect toxic cyanobacteria blooms in the lower Great Lakes: Lake Erie, Lake Ontario, and Lake Champlain. This project will directly benefit coastal managers in States bordering the Great Lakes. These studies demonstrate that, with HAB monitoring capabilities, managers are better able to mitigate the impacts of HAB to coastal resources and economies through the proactive detection of potential HAB problems combined with robust event-response capabilities.

HABHRCA Category 5—authorized funds for research and monitoring on hypoxia.

These funds support the COP's competitive, peer-reviewed research program in the northern Gulf of Mexico to monitor and model the distribution and dynamics of the causes and consequences of Gulf hypoxia. These studies are intended to better define relationships among nutrient loads, nutrient ratios, phytoplankton species composition, carbon (i.e. organic material) flux, and oxygen dynamics. These studies will improve modeling efforts to predict changes in oxygen budgets and severity of hypoxia under altered riverine input scenarios. Studies examining the effects of hypoxia on ecologically and economically important species are also being supported.

*Question 2.* The Harmful Algal Bloom Task Force's action plan to eliminate the Gulf of Mexico dead zone outlined a program that would cost approximately \$1 billion a year. It largely focuses on regional agricultural activities to limit nutrient runoff. To what extent has NOAA incorporated the Task Force's recommendations on the dead zone into their programs and activities?

Answer. NOAA has incorporated the Task Force's recommendations into their programs and activities by expanding the number and scope of NOAA funded monitoring and research programs in the Gulf of Mexico. These activities are specifically recommended in action items No. 3 and No. 4 on page 13 from the Action Plan for Reducing, Mitigating, and Controlling Hypoxia in the Northern Gulf of Mexico.

Action item No. 3 requests the development of a research strategy to coordinate and promote the necessary research and modeling efforts to reduce uncertainties regarding the sources and effects and geochemical processes for hypoxia in the Gulf. NOAA has been funding studies based on the research priorities identified in the Integrated Assessment on Hypoxia in the Northern Gulf of Mexico produced by the National Science and Technology Council Committee on Environmental and Natural Resources. These studies have focused on the ecological effects of hypoxia and on developing a predictive modeling framework for hypoxia. For example, NOAA is supporting studies examining the impact of the hypoxia zone on bottom species/fishery resources and funds studies to develop bio-physical models to predict the extent of the hypoxic zone under various environmental and/or management scenarios. NOAA was also a key organizer and participant in an interagency workshop to develop a coordinated research plan so future research efforts can be designed, managed, and funded within a coordinated, multi-disciplinary framework.

Action item No. 4 requests the development of expanded long-term monitoring programs for the hypoxic zone. NOAA is addressing this need through the funding and expansion of several ongoing monitoring studies that aim to map the hypoxia zone at higher spatial and temporal resolutions than previous studies. These new studies expand the ongoing monitoring programs by adding additional ship transects through the hypoxia zone and the addition of fixed mooring stations. These vital studies will help to determine how the hypoxic zone varies when nutrient inputs, freshwater inputs, or the physical forcing to the northern Gulf of Mexico change due to climatic and year-to-year variability.

*Question 2a.* Does action in this area simply require more funding, or does NOAA need to make other institutional changes to implement these recommendations?

Answer. NOAA has focused on action items No. 3 and No. 4 because these activities have the greatest overlap with the expertise, jurisdiction, and mission of the agency. NOAA feels that institutional changes are not necessary to implement the recommendations currently being addressed by the agency. Within current funding

levels, many important physical and biological processes affecting the hypoxia zone in the Gulf are being addressed by existing programs.

*Question 2b.* If only a portion of this dead zone funding were provided, would NOAA implement any aspects of the action plan?

Answer. NOAA will continue to support, using available funding sources, implementation of the action plan specifically in the areas of research, monitoring, and modeling. The development of a comprehensive program linking these focus areas of NOAA with those of other research, monitoring, and modeling activities occurring in the watershed are a high priority.

*Question 2c.* How would they determine priority areas and issues for action?

Answer. The priority areas and issues for action would be determined from those outlined in the recently completed interagency workshop report titled A Science Strategy to Support Management Decisions Related to Hypoxia in the Northern Gulf of Mexico and Excess Nutrients in the Mississippi River Basin. This report was authored by the monitoring, modeling and research workgroup of the Mississippi River/Gulf of Mexico watershed nutrients Task Force. NOAA would focus on the high priority areas identified in the sections on Gulf monitoring and reporting, Gulf modeling and research, and Gulf social and economic research.

*Question 2d.* When it comes to implementing action plans like this, what do you think is the most effective way to integrate regional and local stakeholders?

Answer. The Gulf of Mexico hypoxia issue is a complex, regional problem which crosses many state boundaries. This creates many problems for management of nutrient inputs to the basin especially since the consequences of the excess nutrients are far removed from the source. NOAA has been involved with the Gulf of Mexico hypoxia issue since the first monitoring efforts were begun in 1985. Based on these experiences, the most effective way to integrate regional and local stakeholders in the implementation of the action plans is to establish the sub-basin committees called for in the Action Plan. These state-led groups will bring together state and federal agencies, non-governmental organizations, academics, and the private sector to identify ways to reduce nutrient loads and reach the targets set in the Action Plan. In addition, the existing intergovernmental work groups for science, point and non-point source control, and watershed restoration, and budget, organized under the Task Force, have been effective in bringing together all stakeholders on these complex issues. These efforts and the Task Force should be continued.

*Question 3.* In January 2003, I re-introduced the Coastal Zone Management reauthorization bill, S. 241. A hold was put on the bill, due to concerns related to the oil and gas industry. Since oil and gas interests are tied to the Department of the Interior's development of an energy policy, NOAA needs to work with Interior to resolve this impasse. Resolution of oil and gas concerns will allow the CZMA reauthorization to proceed. What has NOAA done to resolve this impasse? Is NOAA talking to the Department of the Interior regarding how their energy policy relates to oil and gas in the coastal zone? What are NOAA's plans for developing proposed language that can settle this controversy? What kind of time line is NOAA looking at for this?

Answer. NOAA is aware of the oil and gas industry's concerns regarding the Coastal Zone Management Act (CZMA). NOAA believes that industry's primary concerns can be addressed through revised regulations. On July 2, 2002, NOAA issued an Advanced Notice of Proposed Rulemaking (ANPR) seeking public comment on whether limited and specific procedural changes or guidance to the existing CZMA federal consistency regulations are needed to improve efficiencies in the federal consistency procedures and Secretarial appeals process, particularly for energy development on the Outer Continental Shelf (OCS). The ANPR was issued to respond to concerns raised by industry and recommendations contained in Vice President Cheney's Energy Policy Report, dated May 2001.

The comment period for the ANPR closed on October 3, 2002. NOAA considered the comments and issued a proposed rule on June 11, 2003. The comment period for the proposed rule closed on August 25, 2003. NOAA believes these proposed regulations will meet the needs of industry as well as the coastal States, and that this process will help to resolve the CZMA reauthorization impasse related to OCS oil and gas.

The Energy Report called on all federal agencies, not just the Department of the Interior, to assess their programs and address the recommendations in the Energy Report. Thus, the Energy report contains the Administration's energy policy, and not multiple policies of the various federal agencies. NOAA's role in this process resulted in the ANPR and a probable proposed rule related to CZMA requirements. NOAA is closely coordinating with Interior on this issue. Secretary Evans and Secretary Norton met to discuss this matter and agreed to a process to (1) establish

an effective NOAA-Interior partnership to address CZMA issues and (2) to develop a proposed rule that addresses the Energy Report and NOAA's ANPR.

NOAA and Interior created a CZMA Work Group to work on these issues and this Work Group provided its recommendations to a NOAA-Interior Policy Team. This Team concluded that the regulatory changes contained in the proposed rule were needed.

*Question 4.* I have some concerns about the expanded use of marine protected areas. For example, I'm concerned about the overlap with protected marine environments established in other laws, as well as NOAA's continued housing of this program in the National Ocean Service, considering that many protected areas currently in place are administered by NOAA Fisheries. I am pleased to see, however, that the Marine Protected Area Advisory Committee now has a more balanced representation of affected stakeholders. How much administrative overlap will there be between existing protected marine environments and any new MPAs?

Answer. The Executive Order directs relevant federal agencies to use their existing authority to take actions they deem appropriate in furtherance of their mandates to enhance or expand protections of existing MPAs and to recommend or establish new MPAs. These agencies will continue to follow their normal processes under their existing authorities when expanding or establishing MPAs, including any necessary public notice and comment and coordination with other federal, state, tribal and local governments. Within NOAA, there continues to be close coordination between NOS and NOAA Fisheries on MPA Executive Order implementation and other marine conservation programs. The housing of the National MPA Center within NOS is designed to provide efficient administrative and technical oversight and support in the implementation of the Order. Analogous programs, such as the NOAA Fisheries-housed NOAA Restoration Center and the NOAA Chesapeake Bay Program, are located in specific line offices for similar reasons but benefit from the participation and support of other relevant line offices.

One benefit of the Executive Order is that it provides for a National MPA Center to be established in NOAA in cooperation with the Department of the Interior (DOI), thereby allowing for better coordination across the varied MPA programs. The MPA Needs Assessment completed in 2002 clearly indicated that there are many shared science, training, and technical assistance needs among the variety of MPAs. The National MPA Center has been addressing those shared needs through the development of tools and sharing of information such as the ongoing "lessons learned" project which seeks to provide insight on what worked and what did not work on previous MPA establishment and improvement efforts. The information about MPAs generated through the Order should help to shape the existing collection of federal, state, territorial, local, and tribal sites into a cohesive, independently-managed but mutually-supportive national network of MPAs. Ultimately, the Order should help in reducing administrative overlap between existing protected marine environments and any new MPAs by making complete, comparable information available about federal and non-federal sites throughout the nation.

*Question 4a.* Like last year, NOAA's FY04 budget request includes \$3 million for MPAs and houses this program in the National Ocean Service. How well does NOS interface with NOAA Fisheries, which already administers many existing MPAs?

Answer. The National MPA Center continues to consult closely with both NOAA Fisheries and NOS in the implementation of the Executive Order. Both are represented on internal working groups established to address specific tasks from the Order, as well as on most individual projects supported by the National MPA Center. Senior managers from NOAA Fisheries and NOS meet on a routine basis to monitor progress and resolve any issues necessary to maintain forward momentum in implementing the Order. Joint NOAA Fisheries/NOS review of Congressional testimony and preparatory materials, briefings for senior managers, and planning for National MPA Center priorities have been adopted as standard operating practice. NOAA Fisheries is a full member of the Department of Commerce (DOC)-Department of the Interior (DOI) MPA Team, which meets monthly to coordinate activities under the Executive Order. The National MPA Center's Science Institute, co-located with the NOAA Fisheries Santa Cruz Laboratory, has increased collaboration with NOAA Fisheries scientists and managers on the West Coast and nationally. Finally, to ensure the ongoing flow of information, NOAA Fisheries staff attend routine staff and planning meetings held by the National MPA Center. For example, four NOAA Fisheries staff participated in the first MPA Center Planning retreat held in January 2003. In addition to collaboration through the National MPA Center, NOAA Fisheries and NOS coordinate directly on specific programmatic issues that have MPA implications, such as national marine sanctuary management plan reviews and fishery management plan amendments.

*Question 4b.* How will NOAA improve the coordination between these groups?

Answer. Although coordination between the National MPA Center and NOAA Fisheries on MPA issues has become routine, we continue to explore additional avenues for improvement. Recently, an internal review was completed by external consultants on the status of coordination between NOAA's MPA programs. Based on the results of this study, NOAA held an internal workshop for the agency's MPA program and technical support managers in May 2003 to explore the use of a matrix management approach for enhancing coordination and cooperation among these programs across NOAA. Since most of NOAA's MPA activities are in NOS and NOAA Fisheries, the Assistant Administrators for these line offices will be working with the new Assistant Administrator for Program, Planning and Integration to develop a plan that will increase efficient coordination and integration of NOAA MPA-related activities. We believe that the National MPA Center's ability to implement the Executive Order will be enhanced as a result of these efforts.

*Question 4c.* As you know, MPAs can have many purposes, and they are often misunderstood by the public. How will poor public perception affect NOAA's ability to effectively use MPAs?

Answer. Poor public perception can have a significant effect on any of NOAA's MPA programs, be they fisheries management areas, threatened/endangered critical habitat and species protected areas, national marine sanctuaries, national estuarine research reserves or other state-based MPA partnerships. Whether a program is modifying an existing site or designating a new site, it is unlikely that such efforts will succeed in improving the condition of the Nation's coastal and marine resources if the public does not fully understand and support what the program is trying to accomplish.

*Question 4d.* How is NOAA working to improve public understanding of MPAs?

Answer. Outreach to the public is and will remain a high priority for NOAA. NOAA, through the National MPA Center, is undertaking a broad range of activities to improve public understanding of MPAs as a resource management tool. These activities include:

- Continued maintenance, a planned redesign, and routine revision and expansion of the MPA web site, *mpa.gov*, to ensure it remains current with evolving MPA information and needs;
- Publication of a monthly electronic newsletter, *Connections*, in response to requests for current information about the work of the MPA Center;
- Providing access to the general public through the posting of *Connections* on FirstGov.gov, the U.S. government's official web portal operated by the U.S. General Services Administration;
- Development of information materials about specific MPA projects and publications such as the users guide to MPA terms and definitions to be released shortly;
- Establishment of MPA regional information centers in cooperation with regional partners, beginning with PacificMPA.org, so that the public can have easy access to information about what MPA activities are taking place in their region, the purpose of the activity, when public meetings might take place, and who to contact for additional information;
- Support of the MPA Federal Advisory Committee, which held its first meeting in late June 2003, including making information about the Committee readily available to the public. The next meeting of the MPA FAC is scheduled for November 17–19, 2003;
- Working through the coastal states and territories and Fishery Management Councils to improve the accessibility of information to their constituents;
- Sponsoring regional educational workshops, such as those held in Maryland, California, and Minnesota in Fiscal Years 2002 and 2003, to help marine educators inform the public concerning MPA issues;
- Supporting public involvement in specific programmatic activities such as the ongoing MPA process of the South Atlantic Fishery Management Council;
- Participation in stakeholder meetings such as annual meetings of the Fishery Management Council Chairs and Executive Directors;
- Participation in the meetings of professional organizations such as the National Marine Educators Association and the National Association of Interpreters;
- Participating in regional cooperative institutions such as the Gulf of Maine Council;

- Participation in stakeholder conferences such as the Native American Fish and Wildlife Association annual conference and the California and the Worlds Ocean conference; and
- Participation in scientific MPA fora such as the upcoming Coastal Zone '03 conference and the American Fisheries Society annual meeting.

*Question 4e.* What is the status of the MPA review as required by the Executive Order?

Answer. Your letter of May 15, 2001, requesting our review of Executive Order 13158 on Marine Protected Areas (MPAs), focused on three general concerns, in addition to questions concerning specific tasks, such as the MPA Federal Advisory Committee and stakeholder involvement. You asked that we review:

- whether the Executive Order conflicts with existing legislative and regulatory frameworks and public processes;
- whether the location of the National MPA Center in NOAA's Ocean Service might not allow for adequate NOAA Fisheries participation; and
- the potential effects of the executive order and how best to proceed with the Department's mission to protect marine resources.

We did not find that the Executive Order conflicts with existing legislative and regulatory frameworks. The Bush Administration's decision to retain the Order comes with the full understanding that the establishment and management of MPAs in U.S. waters remains the responsibility of relevant federal, state, local, or tribal agencies based on existing statutes and authorities. This decision also recognizes that the Order does not interfere with, but rather supports, existing programmatic processes.

Upon review we believe that the Center is appropriately located administratively within NOAA's Ocean Service (NOS), where it can support the multiple objectives of MPAs, calling upon the expertise of the NOAA Fisheries (NOAA Fisheries), National Environmental Satellite Data and Information Service, and the Office of Oceanic and Atmospheric Research to accomplish this task, as well as working with other federal agencies, states, territories, tribes and a broad spectrum of stakeholders ranging from the commercial and recreational fishing industries, the dive community, and the recreation and tourism industry to environmental and mineral extraction organizations.

*Question 4f.* What conclusions are being reached about the existing and potentially expanding use of MPAs?

Answer. Section 1 of the Executive Order states that the purpose of the Order is, to "(a) strengthen the management, protection, and conservation of existing marine protected areas and establish new or expanded MPAs; [and] (b) develop a scientifically based, comprehensive national system of MPAs representing diverse U.S. marine ecosystems, and the Nation's natural and cultural resources." Any expansion, such as the establishment of new Federal Fishery Management Zones or National Estuarine Research Reserves, or revision to boundaries of National Marine Sanctuaries, remains the responsibility of federal, state, tribal and local management programs under their existing authorities, and using the best-available scientific information. NOAA is committed to the effective involvement of local stakeholders in any decisions to strengthen existing MPAs or establish new MPAs that might be made in the future under its existing authorities.

The first step in this process is the development of the Nation's first inventory of Marine Managed Areas. Collection of information about Federal sites has been ongoing since late 2000. The FY 2003 appropriation has made available the resources necessary to accelerate the progress being made by the states, territories and tribes to add information about non-federal MPAs to the inventory and to begin working with tribal authorities. We anticipate the first draft of a national inventory to be available by the end of 2003, with information about individual states and some regions potentially available sooner. This information will be used to examine the effectiveness of the existing network of sites and identify possible overlaps or gaps. We also will initiate the conceptual design of the multi-year, consultative process needed to develop the framework for a national system of MPAs. The addition of sites or modification of existing sites within or external to this system would continue to be the responsibility of existing management programs.

The Order potentially provides the broad national context within which such expansions might take place and be better understood in terms of comprehensive, efficient, and effective stewardship. This will be accomplished in part through the development of a framework for a national system, or network, of MPAs. Development of this national network will be done in consultation, on a voluntary basis, with the

states, territories, tribes, Regional Fishery Management Councils, and other entities, including the MPA Federal Advisory Committee.

*Question 5.* Recently a report was released that stated that the coral reefs in the Northwestern Hawaiian Islands are some of the most pristine in the world, while the coral reefs in the Atlantic—which includes Florida, the Gulf of Mexico, and the Caribbean—are some of the most in distress. Having said that, NOAA's Fiscal Year 2002 spending plan allocated 74 percent of the entire coral reef conservation program to the Pacific and only 34 percent to the Atlantic. How will the 2003 spending plan divide money between regions? What criteria will NOAA use to determine how to allocate this money? If the level of distress among regions is so variable, shouldn't we be spending more of our limited funding in the regions with the greatest needs?

*Answer.* A FY 2003 spending plan for the NOAA Coral Reef Conservation Program was submitted to congressional appropriations committees for review and approval. Based on this plan, in FY 2003 approximately 64 percent (\$17 million) of total funding would support activities in the U.S. Pacific waters (e.g., Hawaii, Northwestern Hawaiian Islands, Pacific Island Territories and Commonwealths), 34 percent (\$9 million) would support activities in the U.S. Atlantic waters (e.g., Florida, Caribbean, and Gulf of Mexico), and <2 percent (\$0.5 million) would support activities with international partners. This is roughly the same regional allocation as in FY 2002. (Please note: The correct FY 2002 Pacific funding was 64 percent, not 74 percent as indicated in the question.)

NOAA uses a variety of criteria to determine how to allocate coral reef program funds among regions and activities. Criteria include not only the level of threat and status of coral reefs in each area, but also the management and technical capacity to address threats, existing federal and non-federal coral conservation work in the region, direction from the Coral Reef Conservation Act, expert assessments of needs and priorities (such as the U.S. National Action Plan to Conserve Coral Reefs, the National Coral Reef Action Strategy, the 2002 Report on the State of U.S. Coral Reef Ecosystems) and input from partners such as U.S. Coral Reef Task Force, state, territory, and commonwealth agencies.

There are several reasons why more funding has been directed to U.S. Pacific regions. First, when the NOAA Coral Reef Conservation Program was established in 2000, portions of the U.S. Atlantic and Caribbean were already ahead of the U.S. Pacific in development of infrastructure and technical capacity for coral reef management. The allocation of funding to the Pacific reflected the need to proactively build capacity and address the growing threats in this region. For example, one of the Program's priorities has been to map and characterize all shallow coral reefs by 2009. By 2001, this work had been largely completed for U.S. reefs in the Atlantic, and major investments were required to launch mapping efforts for the extensive and often remote reef areas in the U.S. Pacific. This major undertaking required increased funding for the Pacific mapping while mapping funds for the Atlantic decreased as the task was completed. Second, several Pacific efforts required major funding beginning in FY 2001 for success, adding to the overall total funding for the Pacific region. This includes \$4 million for implementation of the Northwestern Hawaiian Island (NWHI) Coral Reef Ecosystem Reserve (established in 2000 by Presidential Executive Order) and designation of the Reserve as a National Marine Sanctuary as authorized under the National Marine Sanctuaries Amendments Act of 2000. It also included annual funding of \$3 million for major efforts to remove tons of harmful marine debris from coral reefs of the NWHI, the primary human impact on these otherwise pristine reefs. Third, Congress directed the NOAA Program in the *2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the U.S.* (Pub.L. 107-206), to reallocate \$2.5 million of the program budget for deepwater mapping efforts in the NWHI. Together, these commitments constitute a significant portion of the NOAA Coral Reef Conservation Program budget.

Needs remain to reduce the threats to coral reef ecosystems in the U.S. Caribbean and the Pacific. Serious efforts are also needed to help protect international coral reefs. NOAA is working under the existing funding scenario to best prepare the Nation to manage and conserve its coral reef resources. The distribution of funds by region will track shifts in the resource allocation equation as capacity building needs are met in the Pacific. NOAA will continue to use expert input from a wide variety of sources, including the *National Coral Reef Action Strategy*, *State of Coral Reef Ecosystems of the United States* and other documents, to report on the conditions of coral reef ecosystems, to track the impacts of management efforts, and to guide future spending. NOAA anticipates that the distribution of funding between regions will become more unified over time as marine debris and coral reef mapping efforts are completed.



*Question 6.* To date, NOAA has dedicated very little funding for studying the socio-economics of coral reef damage and rehabilitation—only 1 percent of the overall budget in FY02 and zero percent in FY01. Considering that the causes of coral reef decline are significantly driven by human activities, how can NOAA justify spending so little on these aspects? What are NOAA's plans to integrate socio-economics and human behavior into their overall Coral Reef Conservation Program, both now and in the long term? How much of the coral reef budget will go toward socio-economics in FY04?

Answer. Understanding and changing human behavior is essential to addressing many threats to coral reefs. Balancing the sustainable use and protection of the resources is dependent on this understanding and is critical to the long-term success of management strategies. The *State of Coral Reef Ecosystems of the United States* and the *National Coral Reef Action Strategy* identified the need for more information on society's present uses of, and associated socioeconomic impacts on, coral reef ecosystems. Society's desired uses of coral reef ecosystems should direct future expenditures of funds. The *Action Strategy* summarizes objectives and key actions needed to help incorporate socioeconomic aspects of coral reef ecosystems into management activities. This is an area where significant effort is needed to better conserve and manage coral reef ecosystems, and the NOAA Coral Reef Conservation Program has been doing what it can within other priorities and direction to help fill this need.

NOAA supports a variety of social and economic research to fulfill its mission. The Coral Reef Conservation Program (Program) is just one part of this effort has been increasing funding in this area since 2001.

In FY 2002, the NOAA Coral Reef Conservation Program spent \$35K on a variety of projects to increase socioeconomic understanding of the use and value of coral reef ecosystems (see full explanation below). Given the other priorities and mandates the Program is required to meet in FY 2003, coupled with the \$2 million reduction from the President's request in the FY 2003 appropriation, funding for this area was not increased as planned. The FY 2003 spending plan continues FY 2002 funding levels for specific social and economic activities related to coral reefs. In FY 2004, NOAA has proposed doubling the socioeconomic budget to 2 percent of the funding total. NOAA believes there are critical additional needs to be addressed.

In FY 2002, the program supported a variety of social and economic projects related to coral reefs. This included a socioeconomic study of the commercial fishermen in the U.S. Virgin Islands, phase 1 of a National Coral Reef Valuation Study, development and use of models to determine the economic value of coral reefs habitats in response to ship groundings, and effort to incorporate socioeconomic layers into Geographic Information System (GIS) management applications for use by local and regional managers. These activities begin to help coral reef managers to better target coral reef management activities. The Program also funds social and economic projects in several other parts of the Program budget (e.g., management, monitoring, partnerships etc.) as part of the effort to reduce threats from over-fishing, land based pollution, recreational over-use and other threats. In addition, a portion of the coral program funding is provided as grants to states, territories, commonwealths and other partners to support coral reef management activities. Some of these efforts address social and economic issues. In FY 2002 (and expected in FY 2003), funding through the NOAA Coral Reef Conservation Grant Program and the Coral Reef Conservation Fund supported work on social and economic uses and education to help reduce human impacts on reefs. Several other NOAA programs also work in this area and have supported projects on social and economic aspects of coral reefs.

NOAA has developed comprehensive proposals to help assess the value of coral reefs for use in damage assessment, restoration and management, and help implement education and outreach projects to reduce human impacts on reef systems. As in FY 2002, these proposed activities are designed to address top priorities identified by the U.S. Coral Reef Task Force and NOAA's state, territory and commonwealth partners. If the FY 2004 funding request is appropriated and the coral reef program spend plan is approved, NOAA will increase support for these activities and begin to implement much needed additional projects in these important areas.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ERNEST F. HOLLINGS TO  
ADMIRAL CONRAD C. LAUTENBACHER, JR.

*Question 1.* Emergency Warning Act: As you know, this Congress Senator Edwards and I introduced S. 118, The Emergency Warning Act. This legislation would require the Department of Commerce to work with other relevant agencies, includ-

ing the Department of Homeland Security, to make sure that comprehensive, easily understood emergency warnings get to every American at risk, whether from flood, hurricane or terrorist attack. The bill would utilize the NOAA Weather Radio as the backbone of the system. I am therefore pleased to see your proposal in the FY 2004 budget to upgrade NOAA weather radio to send out civil emergency messages. What would be required to further upgrade the NOAA Weather Radio infrastructure to make it a true all hazards warning system for the nation?

Answer. NOAA's National Weather Service (NWS) requires two key investments to make the NOAA Weather Radio Network a true all hazards warning system for the nation. First, as part of the Department of Commerce's Homeland Security Initiative, the FY04 President's Budget includes a one time request of \$5.5M to automate the collection and dissemination of civil emergency messages over NOAA Weather Radio (NWR). Today, the NWS broadcasts weather and non-weather civil emergency messages over NWR for events such as earthquakes, chemical spill, nuclear releases, biohazards, and fire emergencies. However, the current process requires first responders and emergency managers to call the local Weather Forecast Office and request an NWS employee to type and transmit the emergency message. This process is labor intensive and introduces unnecessary delays for transmitting messages. The request in the FY04 President's Budget will provide emergency managers with direct automated secure access to the NWR network to improve the timeliness of the messages. We estimate this new direct access capability to decrease the message transmission time from current average of 7 minutes down to just 2 minutes.

Second, we need to provide adequate NWR coverage to the U.S. population. Currently, the National Weather Service operates over 800 NWR radio transmitters, providing coverage to approximately 90 percent of the U.S. population. However, the coverage in some States is as low as 70 percent and some 25 high risk areas still lack coverage. Under the current federal partnership agreement, local and state governments as well as private associations purchase the transmitters and, in turn, the NWS operates and maintains the network. To ensure the NWR network fully supports Homeland Security, we need to continue working with our partners and Congress to ensure transmitters are installed at the remaining high risk sites and provide adequate coverage to the population to mitigate the impact of civil emergencies.

*Question 1a.* What agencies need to be involved?

Answer. Currently, NOAA's National Weather Service is working with the Department of Homeland Security (DHS), Department of Agriculture, and the Federal Emergency Management Agency (FEMA) to coordinate planning and implementation for the two investments outlined above. For example, the Department of Agriculture has administered a successful grant process for rural communities to receive NWR transmitters. In addition, NWS has been working with the Chief Information Officers (CIO) in both FEMA and DHS to coordinate implementation for the new automated messaging capability for NWR.

*Question 1b.* Are discussions ongoing in the Administration?

Answer. Yes, DHS has been charged with developing and coordinating a National emergency communication system. Officials from NOAA and NWS and DHS met earlier this year to coordinate planning and implementation for using NWR as a component of this emergency system. Tom Ridge, Secretary for the DHS, recently acknowledged NWR as a critical component of the future National emergency alert infrastructure.

*Question 1c.* Who is leading these discussions?

Answer. Senior Officials from NOAA and NOAA's National Weather Service have been leading the discussions, including NOAA and NWS's Chief Information Officers (CIO) as well as the NWS Director of Operational Systems and the Director of Services. These officials have been working with the Office of the CIO within DHS.

*Question 1d.* What is the expected outcome?

Answer. We expect to develop a long term relationship between NOAA and DHS to leverage NOAA's expertise and warning infrastructure to support efforts to transmit timely and accurate emergency messages to the public. We expect the NWR network will continue to be a critical component for these efforts. NWS will also continue to work with DHS and FEMA to formalize these relationships.

Recapitalization of NOAA Fleet—NOAA requires ship operations to support diverse activities, including mapping and charting, fishery stock assessments, climate and global change research, ocean exploration, and marine incident investigations. The NOAA fleet now consists of 16 vessels, many of which are aging or approaching the end of their useful lives, but NOAA's research and survey missions are expanding annually.

*Question 2.* What's the strategy and schedule of plans to increase the number of fishery survey research vessels? When is the next one due?

Answer.

- The Fisheries Survey Vessel Authorization Act of 2000 authorizes the purchase, lease, lease-purchase or charter of up to six fishery survey vessels (FSVs) for NOAA.
- Congress appropriated money for the first fishery survey vessel in FY 2000 and FY 2001. NOAA awarded a contract for construction of the first fishery survey vessel with contract options for 3 additional vessels in January 2001. The contract shipyard, Halter Marine, had some financial difficulties which have been resolved and the company emerged from the bankruptcy as VT Halter Marine.
- The launching of the first fishery survey vessel, to be named the OSCAR DYSON and homeported in Kodiak, Alaska, is presently scheduled for this fall. Delivery of the DYSON is expected in late FY 2004.
- Congress appropriated money in FY 2002 and FY 2003 for the second fishery survey vessel, a replacement for the ALBATROSS IV, which is to be homeported in Wood's Hole, Massachusetts. NOAA exercised its option under the existing FSV contract and awarded funds to VT Halter Marine to begin construction on FSV 2 in July 2003. This vessel will be ready for operations in Fall 2006.
- Due in part to uncertainty about the financial status of the shipyard during the formulation of the FY 2004 budget and to allow adequate progress on FSV 1 and 2, the FY 2004 President's Budget does not include a request for funds for the third fishery survey vessel.
- NOAA has until January 31, 2005 to exercise the option to build the third vessel under its existing contract with VT Halter Marine.

*Question 3.* Do you plan to add any other vessels to replace or supplement the existing fleet?

Answer. NOAA's plan is to continue current modernization projects including, (1) building new fisheries survey vessels; (2) reactivating FAIRWEATHER for nautical charting in Alaska in FY 2004; (3) decommissioning the WHITING on May 2, 2003 and replacing it with the LITTLEHALES, a former Navy TAGS vessel; (4) replacing the McARTHUR with a converted Navy T-AGOS vessel (to be renamed the McARTHUR II) in May 2003; (5) replacing the RUDE with a Shallow Water Area Twin Hull (SWATH) vessel in FY 2006; and (6) using a converted T-AGOS vessel to conduct coral reef work in the Northwest Hawaiian Islands.

*Question 4.* What are your long range plans for recapitalizing the NOAA fleet? Have you developed an updated NOAA Fleet Modernization Plan?

Answer. NOAA has drafted a 10 year Vessel Plan and a 10 year Aircraft Plan which examine existing and future requirements for platform needs. The plans compare current capacity within the vessel and aircraft fleet against future requirements and other factors, such as the age of platforms. The plans recommend strategies for meeting these requirements. Both the vessel and aircraft draft plans are currently under review.

*Question 4a.* Have you estimated the cost?

Answer. Estimated costs for implementing the 10 year Vessel and Aircraft Plans will be provided to Congress when the plans are cleared by the Department of Commerce and the Office of Management and Budget.

*Question 5.* What are your plans for upgrading equipment and instrumentation on these vessels—such as multibeam sonar, which is needed for hydrographic surveys, coral mapping, ocean exploration, fisheries habitat designations, and a variety of other uses?

Answer. With the \$6.2M appropriated in FY 2003 for vessel instrumentation, NOAA will purchase multibeam systems and related technology to upgrade the capabilities of the RON BROWN, FAIRWEATHER, LITTLEHALES, RUDE and RAINIER. In addition, part of the money will purchase an Autonomous Underwater Vehicle (AUV) that will initially be used by the NOAA/University of New Hampshire Joint Hydrographic Center for testing and evaluation.

Each year, NOAA uses funds from its Fleet Maintenance and Planning account to purchase equipment and instrumentation upgrades for NOAA vessels, including computer networks and data processing systems, fishery sonar, oceanographic sensors, navigation and communications systems, and saltwater sampling equipment.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN F. KERRY TO  
ADMIRAL CONRAD C. LAUTENBACHER, JR.

*Question 1.* EPA/NOAA Coastal Health Report and Status of Monitoring—The 2001 EPA/NOAA National Coastal Condition Report represented the existing knowledge on the condition of the Nation's coastal waters, and further identifies some important and significant regional differences. No overall assessments were completed for Alaska, Hawaii, or the island territories. How would the FY 2004 NOAA budget proposal help to fill these coastal monitoring and observing gaps? Do other agency requests fill any of these gaps?

Answer. The FY 2004 NOAA budget proposal contains \$2M for the National Data Buoy Center to upgrade/expand the NOAA marine buoy system. This system, and the associated C-MAN stations, collect meteorological and oceanographic information and constitute a major component of the "national backbone" of federal assets that contribute to a national coastal observing system.

The FY 2004 NOAA budget proposal also contains a \$1.5M increase to upgrade and strengthen the National Water Level Observation Network (NWLON), another major component of the "national backbone". The 175 station NWLON (which includes stations in AK, HI, Guam, VI, PR, Midway and the Marshall Islands) collects tide and Great Lakes water level data as well as associated meteorological and oceanographic information. The NWLON has been well integrated with a number of local observing systems such as the Texas Coastal Ocean Observation Network (TCOON) and the NOAA cost shared Physical Oceanographic Real-Time System (PORTS) partnership program.

*Question 1a.* When will this report be updated so that we may track trends?

Answer. The next National Coastal Condition Report is being developed now and will be released in 2004. It will include more information for Hawaii and island territories, particularly in the context of the condition of coral reefs. Representing Alaska remains difficult because it has more coastal area than the rest of the United States combined. Nonetheless the next report will use data from recent expansion of EPA monitoring to the West Coast and will include contributions from state agencies. The next Coastal Condition Report is being written with reference to its predecessor with a specific intent of tracking changes.

*Question 1b.* Could such a regional monitoring system be fitted within the National ocean observing system under discussion?

Answer. What is required is a coordinated, integrated coastal monitoring framework by which appropriate data may be collected locally, but in such a manner that the information may be aggregated to provide regional and national assessments of coastal condition. This approach was outlined in the Clean Water Action Plan: Coastal Research and Monitoring Strategy as well as other documents. These documents help define the requirements for an Integrated Ocean Observing System (IOOS) that will build on and integrate existing monitoring programs as determined by those who use environmental data for purposes of regulation and management. Most resource management and regulatory agencies (state and federal) and other interested parties (e.g., industry, NGOs) are interested in similar information, but the collection and dissemination of that information is typically not well coordinated and integrated. The coastal component of the Integrated Ocean Observing System (IOOS) provides a framework for this integration.

Many of the indicators of coastal condition used in the National Coastal Condition Report are of the type that require sample collection and subsequent laboratory analysis and, at this time, are not amenable to continuous and remote sensing either by satellite or with in-situ instruments. Technological developments in sensors, however, are increasing the opportunities for more continuous sampling of coastal condition indicators. For example, satellite sensing of chlorophyll and in-situ monitoring of water quality are becoming reliable. Thus, an integrated monitoring program will need to consist of both sample collection and analysis as well as more automated approaches to monitoring coastal conditions. Both should be considered as methods to gather information on coastal condition.

The coastal component of the IOOS envisions and is working towards the integration of data provided through traditional monitoring programs with data provided through operational assets at the national, regional and local scales. These coastal monitoring programs will contribute to the more comprehensive assessment of coastal resources made possible by nationally integrated, operational observing systems. The Interagency Working Group for the National Ocean Partnership Program is discussing mechanisms to achieve this integration.

NOAA views the regional observing systems as providing an important component of a national coastal and ocean observing system. The national (and international) oceanographic communities recognize this, and further acknowledge that if we are

to be successful in this effort, that an effective data communications and management (DMAC) infrastructure must be put in place. NOAA is now leading the national IOOS DMAC Committee that is developing a viable implementation plan that will enable regional observing systems to become a part of the national infrastructure (backbone). Dealing with data exchange standards, protocols and system-to-system interoperability challenges that have to date hindered a national integration, this DMAC report and its recommendations will be completed this fiscal year.

*Question 1c.* How many regional observing systems are already in existence or in planning states, and how will NOAA (or partner federal agencies) ensure coordination of such systems while allowing regional flexibility?

Answer. There are presently a variety of “ocean observing” capabilities distributed around the Nation’s coasts. The Ocean.US Office recently estimated that there are 44 non-affiliated ocean observing systems in existence, highlighting the present opportunity to enhance the benefits of these systems through greater coordination and integration. Some of these capabilities, such as NOAA’s National Water Level Observation Network and suite of marine buoys, are operated by federal agencies, and as noted in our response to Question 1, have established some models for coordination at the local or state level where there are common interests. Other capabilities or assets are operated at the sub-regional or local level by universities, states, or non-profit organizations. Examples of these are many and include the congressionally-directed Coastal Observation Technology System partners. Most states have extant monitoring programs, collecting a variety of information about coastal conditions. Collaboration among various assets within certain geographies occurs at varying levels to provide enhanced information, however, until recently integration of these assets at the regional level has been rare. The most obvious model to date of a regional ocean observing system has been the Gulf of Maine Ocean Observing System (GOMOOS). The EPA Coastal Assessment Program is a notable example of federal-state cooperation in monitoring of selected indicators to provide an assessment of condition at the regional level.

Recently (31 March–1 April 2003) Ocean.US sponsored a “Regional Summit” to address the very question of regional organization of coastal observing systems and the relationships among the regional systems and federal observing assets. The foundation for this discussion is the draft implementation plan developed by the Ocean.US office and titled *Implementation of the Initial U.S. Integrated Ocean Observing System, Part 1, Purpose and Governance* (see [www.ocean.us](http://www.ocean.us)). Participants at this meeting agreed to a basic framework of cooperation and contributed ideas to implementation of governance structure for a national system. The interagency National Ocean Research Leadership Council has also endorsed the basic framework proposed by Ocean.US.

It is also important to note that the Ocean Commission is expected to provide recommendations regarding regional approaches by federal agencies, including better approaches to integrate federal assets with those of states and universities at the regional level.

*Question 1d.* What would you recommend Congress do to ensure we establish the coordinated monitoring program necessary to collect and analyze data in subsequent years, establish trends, and to feed those results back into management decisions?

Answer. Congress should endorse the concept of a national coastal monitoring program that establishes a national framework and integrates appropriate extant monitoring/observing programs. Documents such as the Clean Water Action Plan and others have made this recommendation in the past. An interagency body, such as the NORLC, is likely the appropriate forum for implementation. It will be necessary to include the interests of the states and other stakeholders in such discussions.

*Question 1e.* What would it cost?

Answer. The \$500M estimate represents new investments government-wide for establishing an integrated system. This cost takes into account government-wide existing assets, which form the underpinning for the system. For NOAA, some of the assets include coastal data buoys, the National Water Level Observation Network, and the network of Argo profiling floats. Consideration is also given to assets of other countries, since there is a policy of full and open exchange of data among the many countries participating in the nascent Global Ocean Observing System. The U.S. integrated system is a component of the Global Ocean Observing System. NOAA is conducting a comprehensive inventory of its observing architecture. Anticipated costs for the Integrated Ocean Observing System will be refined once this inventory is finalized.

*Question 2.* Climate Change Science and Funding—In a recent National Academy of Sciences (NAS) evaluation of NOAA’s Strategic Plan for the Climate Change Science Program, the panel raised serious concerns that the research plan lacked

focus or clear objectives and that the FY 2004 budget did not provide any real increases for climate change research—and none for completing the assessments required by law. Yet the plan states that it is intended to provide tools that decision-makers may use to decide how to respond to climate change—just what these assessments were intended by Congress to provide in the Global Change Research Act of 1990. When do you intend to complete the assessments required under section 106 of the Global Change Research Act of 1990?

Answer. A schedule, including dates of completion, of the updated synthesis and assessment was published as part of the final version of the Climate Change Science Program (CCSP) Strategic Plan on July 24, 2003.

*Question 2a.* What areas and issues will they cover?

Answer. The Administration's strategic plan brings together the resources and expertise of 13 federal agencies, to develop improved knowledge of climate variability and change, and improved decision-making tools for policymakers. It is also expected to lead to development of cutting-edge environmental technologies that will help sustain a healthy economy and protect the environment.

*Question 2b.* What types of tools for decision-makers are you planning to provide in 2004?

Answer. Decision support resources that the CCSP anticipates providing in FY 2004 include:

- New climate simulations based on forcing scenarios that have already been specified, such as CO<sub>2</sub> stabilization scenarios and some emission scenarios requested for the IPCC fourth assessment.
- Evaluations of contributions from changes in natural and human forcing (e.g., greenhouse-gas concentrations, solar irradiance, volcanic aerosols, and land use) to the climate variability of the past 300–400 years. These will provide an enhanced understanding of the mechanisms for the warmth of the 20th century compared to earlier centuries, and provide a more complete context for analyzing and interpreting projections of future climate change resulting from human activities.
- Development of a minimum of four emissions scenarios to provide alternatives to the “SRES” scenarios that were published by the IPCC for use in the Energy Modeling Forum (EMF) by members of the integrated assessment modeling community.
- Development of scenarios that include shorter-lived radiatively-important species (e.g., tropospheric ozone and aerosols), which are the only way to alter near-term radiative forcing and offer win-win possibilities because they relate to other issues, such as air quality.
- Development and testing of internet-based systems that transportation entities can use to calculate voluntary GHG reductions and register them.
- Consumer-based demand reduction and mode selection model and studies that will aid in developing consumption reduction strategies to support transportation planners.
- Risk assessment of potential impact of aviation particulate emissions on climate change.
- Preliminary data describing how land management practices in different environments, including soil types and vegetation cover types, alter carbon sequestration throughout the high proportion of U.S. land that is under agricultural management.
- Report on results to incorporate information about regional historic climate variability, seasonal teleconnections, and socioeconomic trends in the Southwestern United States into existing operational decision frameworks to reduce ground water overdrafts.
- Hydrology model(s) that incorporate climatic information, alternative water sources, municipal and agricultural demands, and institutional constraints to identify the impact of alternative water policies on water availability, quality, and price.
- Transfer the first generation of climate-based stochastic reservoir management methodologies to reservoir managers to improve hydropower management and species and habitat protection.
- Establishment of centers that will work with decision makers, stakeholders, and others to disseminate research results through trade journals and other media that make their findings more readily available.

- Grazing and feed management practices for field testing that reduce methane emissions from cattle and other ruminants.
- Assessment of the mechanisms underlying responses and factors that can be managed to sustain food production and enhance marketability under changing carbon dioxide concentrations.
- Improved estimates of greenhouse gas fluxes from agriculture and conservation activities.
- A web system for producing on-demand normals or climate means for specific time periods and spatial scales, accounting for changes and variations in climate.
- A comprehensive set of information related to changes in the surface hydrological cycle during the past 100 years, a key aspect of regional and sectoral assessments.

*Question 2c.* Will these tools focus on both mitigation and adaptation decision-making?

Answer. Some of the resources listed above focus on mitigation and adaptation decision making.

*Question 2d.* Which “decisionmakers” are the intended audience? Please be specific.

Answer. A core component of the CCSP is its emphasis on decision support resources to provide information to support national policy and regional/sectoral resource management. Depending on the information provided, the intended audience includes: the general public, interested stakeholder groups, resource managers, and Members of Congress.

