

DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

**ADMIRAL THAD W. ALLEN
COMMANDANT
U. S. COAST GUARD**

ON THE

COAST GUARD BUDGET REQUEST FOR FISCAL YEAR 2008

BEFORE THE

SUBCOMMITTEE ON OCEANS, ATMOSPHERE, FISHERIES & COAST GUARD

COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION

U. S. SENATE

18 APRIL 2007

INTRODUCTION

Madam Chairman and distinguished members of the subcommittee: Good morning, I am pleased to appear before the Subcommittee today to discuss the President's fiscal year 2008 budget request for the Coast Guard.

Before I begin, I would like to take this opportunity to explain how I view the roles and missions of the Coast Guard, as well as the direction in which I am taking the Service.

ROLES AND MISSIONS

The Coast Guard is the principal federal service charged with maritime *safety, security, and stewardship*. The Coast Guard protects the Nation's vital interests—the safety and security of the Nation's citizenry, its natural and economic resources, and the territorial integrity of its maritime borders; it operates wherever those interests may be at risk—the navigable waters of the United States, along the Nation's coasts, and in international waters. These roles and missions have accrued to the Coast Guard over two centuries of service because they serve a collective good and, significantly, a single federal maritime force can most efficiently and effectively accomplish them. More importantly, these roles and missions are converging. The Nation's response to increasing pressures on the Nation's waterways and maritime resources and expanding external security threats is having a profound impact on the development of new management regimes for the U.S. maritime domain and borders. In this time of dynamic change, the Coast Guard's multi-mission nature, which has always been a strong value proposition to the Nation, is taking on new dimensions and significance. For example:

- The Coast Guard's work in marine safety is closely coupled with, and reinforces new initiatives and standards for, vessel and facility security.
- Its waterways management capacity and expertise are essential to maritime preparedness and port resilience (*i.e.*, the ability to restore rapidly commerce and economic stability after massive damage, intentional or natural).
- Its Combating Maritime Terrorism missions and operations contribute to the layered defense of the Nation.
- The mission to protect marine environment and resources complements the safety and security missions and ensures that uses of the Nation's waters and resources are balanced and sustainable.
- The sovereignty enforced by the Coast Guard secures the Nation's maritime borders from drug and alien smuggling, contraband, illegal migrants, and robbery of the Nation's natural resources.
- All Coast Guard forces can respond to natural disasters and emergencies, scaling up to a Katrina-level response when communities are in danger, regardless of the cause.

In addition to these well known missions, in moments of international crisis, the Coast Guard can flow non-redundant and unique war fighting capabilities to the Department of Defense. During Operation Iraqi Freedom, the Coast Guard, along with U.S. Navy and coalition naval forces, participated in maritime interception operations, port security and defense operations, coastal security patrols. As well, the Coast Guard enforced U.N. sanctions prior to hostilities and prevented the movement of Iraqi military forces during

and following hostilities. Since the cessation of major combat operations, Coast Guard forces, along with coalition allies, have maintained the integrity of Iraqi territorial seas from foreign encroachment, have provided security of vital Iraqi maritime infrastructure from insurgent threats, and have conducted training of Iraqi maritime security forces while ensuring the uninterrupted flow of the sea line of communications to coalition forces deployed in the Central Commands area of operations.

The maritime border is unique and complex. It is a system that is at once an international border, an international highway, a coastal beltway, a playground for boating, and a site for a variety of economic enterprises. It requires that the Nation understand that its national maritime interests cannot be pursued in isolation from one another. As such, there are eleven specific statutorily-mandated Coast Guard mission-programs.¹ Each directly supports the roles of *safety, security, and stewardship*. Table 1 shows the primary alignment of Coast Guard mission-programs to these roles.

Safety Saving lives & Protecting Property	Security Establishing & Maintaining a secure maritime system while facilitating its use for the national good	Stewardship Managing the sustainable & effective use of its inland, coastal and ocean waters & resources for the future
Search and Rescue Marine Safety	Drug Interdiction Migrant Interdiction Ports, Waterways & Coastal Security Other Law Enforcement Defense readiness	Marine Environmental Protection Aids to Navigation Living Marine Resources Ice Operations

Table 1

“Strategic Trident” - Coast Guard Force Structure

An important first step in aligning Coast Guard operational forces involves the development of a layered security posture in the maritime domain to meet all hazards and all threats.

Multi-mission Shore Based Forces. The Coast Guard has aligned its shore-based operations in the establishment of interagency-enabled Sectors, unifying operations in the Nation’s ports. This consolidation of these shore-based forces at the port level into Sector commands provides a single point of accountability for operations, unifies resource allocation, and enables risk based decision making tools, thus focusing Coast Guard capabilities and competencies to identify and mitigate threats.

¹ The term “mission-program” is used by the Coast Guard to identify one of its 11 statutorily mandated missions that guide Coast Guard budget presentations as well as strategic planning, programming and performance.

Maritime Patrol and Interdiction Forces. The centerpiece of the Coast Guard's future capabilities is the Integrated Deepwater System, revised to reflect post-9/11 mission requirements such as enhanced intelligence gathering and handling capabilities. The Integrated Deepwater System concept was designed to secure the Nation's maritime borders. This acquisition will integrate the Coast Guard maritime presence and patrol capability, especially with respect to extended offshore security operations, thereby allowing the Coast Guard to meet and defeat threats at the greatest distance from the Nation's shores.

Deployable Specialized Forces. The final piece to the Coast Guard force structure is the effective employment of deployable forces. Deployable units will face increased threat levels, respond to incidents of national significance, and form into adaptive force packages within the Department of Homeland Security. The Coast Guard has long maintained teams and detachments that are deployable, but "stovepiped" among different mission areas. In the future, these teams will be placed under one command, a force structure designed to integrate with the Department of Homeland Security and other federal and state agencies, to create a more agile, flexible force that can deploy in advance of or after an event to mitigate any threats or hazards. This new force structure will be a more efficient and effective means of deployment in a post-Katrina environment. Additionally, it will offer the much needed opportunity to develop departmental doctrine to support adaptive force packaging for incident response or surge operations.

Organizational Alignment

Past events have revealed the critical role the Coast Guard plays in providing *safety, security, and stewardship* of national maritime interests. The sinking of the TITANIC laid the foundation for the Coast Guard's premier role in maritime safety. The EXXON VALDEZ oil spill was the catalyst to the Coast Guard's much improved and highly visible maritime stewardship responsibilities. The response to the terrorist attacks of September 11th and subsequent participation in the Global War on Terrorism have clearly showcased the Coast Guard's key role in providing vital maritime security.

The Coast Guard's transfer to the Department of Homeland Security was a significant step forward in providing for a capability that can respond to the evolving demand to protect the homeland. Thus, the Coast Guard's ability to adapt continuously in order to sustain and enhance its overall mission execution is of paramount importance. As a result, the Coast Guard is undertaking an organization-wide effort to restructure and realign command-and-control and mission-support (including organizational structures, human resources, maintenance, logistics, financial management, acquisition oversight, and information systems) to ensure more effective and efficient mission execution. Efforts currently underway include the consolidation of all acquisitions management functions to ensure the optimal balance of contract and administrative personnel between each major acquisition. Additionally, alignment between the command and control structure within Coast Guard Headquarters and field unit organization is being imposed to obtain proper oversight of Coast Guard functions and ensure optimal mission balance.

This alignment will result in purposeful, service-wide transformation and enhancement designed to better enable the Coast Guard to meet the current and future needs of the Nation. The Coast Guard will become a more agile, adaptive, and responsive

organization capable of working effectively with its interagency partners. Furthermore, overall Coast Guard mission execution will be enhanced; it will be even better prepared to fulfill its duty to the Nation. This new operational framework will facilitate the timely and accurate flow of information and direction among the strategic, operational and tactical levels of mission execution. A new command and control system will evolve and, like the Coast Guard itself, will be more agile, adaptive, and responsive.

THE COAST GUARD’S STRATEGY

The Coast Guard Strategy for maritime *safety, security, and stewardship* describes how the Coast Guard will work to safeguard the Nation against all threats, hazards, and challenges in the maritime domain, today and in the future. It discusses the Coast Guard’s enduring roles, future challenges and threats, as well as a systems approach for improving maritime governance. From these foundations, the Strategy presents strategic priorities that build on the Coast Guard’s strengths and best focus its capabilities to serve the Department of Homeland Security and the Nation. This Strategy is shaped by the laws, executive orders, international conventions and agreements, and other guidance that determine U.S. maritime policy (Figure 1).

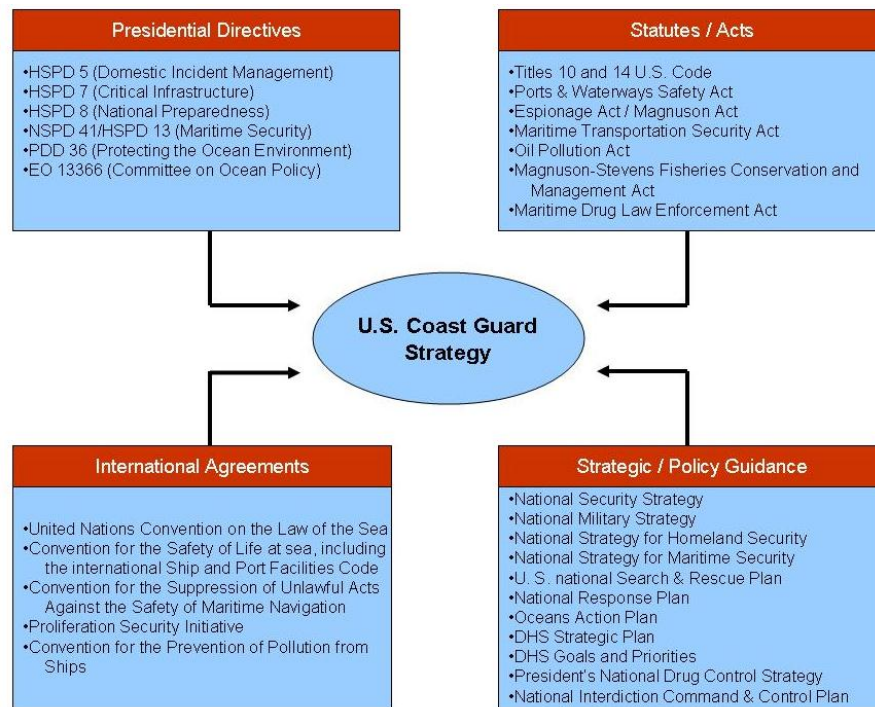


Figure 1

The Strategy takes significant shape from the National Strategy for Maritime Security (NSMS), the President’s Ocean Action Plan (OAP), National and Homeland Security Presidential Directives (NSPD/HSPD), and the Department of Homeland Security goals and priorities. Additionally, it is the product of the Coast Guard’s Evergreen Project, which looks across alternative futures to determine robust strategies that best position the Coast Guard and the Nation for a changing world.

Challenges to maintaining America’s maritime sovereignty and security are looming, and the key strategic actions that the Nation must take lie in three areas: improving operational capability, building maritime awareness, and strengthening and integrating

existing domestic and international maritime regimes to protect the United States and other coastal nations against growing transnational threats.

Regimes are the system of “rules” that shape acceptable activities. Maritime Domain Awareness (MDA) allows for the detection and monitoring of activities occurring within the maritime domain. Together, regimes and MDA inform decision makers and allow them to identify trends, anomalies, and activities that threaten or endanger U.S. interests. Operational capabilities deter, respond to, verify, and counter threats. They also ensure the safe and sustainable day-to-day use of the maritime domain and speed recovery from natural or man-made impacts in times of crisis.

These activities are not the sole province of the Coast Guard; they are ineffective without state, local, private and international participation. Similarly, they are not solely domestic; they span the globe and take place on all waters. Finally, this framework provides a common approach to *safety, security, and stewardship*, often serving all three objectives through common frameworks and activities.

Viewing maritime initiatives and policies as part of a larger system enables a better understanding of their inter-relationships and effectiveness. A well designed system of regimes, awareness, and operational capabilities creates overlapping domestic and international safety nets, layers of security, and effective stewardship. Taken together, they provide a comprehensive system of maritime governance for the Nation.

One of the fundamental building blocks of this system is Law of the Sea Convention. Although we have signed this important Convention, we are not yet a party. Joining the Convention with the declaration and understandings reflected in Executive Report 108-10 (Senate Foreign Relations Committee) is an important step in ensuring that we can exercise the necessary leadership to make this happen.

UPDATE OF DEEPWATER PROGRAM

Six Principles of Strategic Intent

I met with the Lockheed Martin CEO Robert Stevens and Northrop Grumman CEO Ronald Sugar in January to determine near and long-term objectives and goals for the Deepwater program. Since then, we’ve spoken frequently as both the Coast Guard and our industry partners have taken a number of steps to improve the management, oversight and performance of the Deepwater program. More recently, we reached agreement on six fundamental principles that we have begun implementing to ensure that the government’s interests are fully and fairly achieved in acquiring and fielding assets and capabilities being developed and produced under the Integrated Deepwater System.

These principles will guide us as we seek to obtain the best value for the government through robust competition and vigilant contract oversight and management.

Working together with industry, the Coast Guard will make the following six fundamental changes in the management of our Deepwater program:

1. The Coast Guard will assume the lead role as systems integrator for all Coast Guard acquisitions; including all Deepwater assets (while continuing to employ ICGS, as appropriate, to perform specific management, engineering and system integration functions for which the Coast Guard determines they are best suited).
2. The Coast Guard will take full responsibility for leading the management of all life cycle logistics functions within the Deepwater program (under an improved logistics architecture established with the new Mission Support organization).
3. The Coast Guard will expand the role of the American Bureau of Shipping (or other third-parties as appropriate) for Deepwater vessels to increase assurances that Deepwater assets are properly designed and constructed in accordance with established standards.
4. The Coast Guard will work collaboratively with ICGS to identify and implement an expeditious resolution to all outstanding issues regarding the first two National Security Cutters (we are close to final resolution on NSCs #1 and #2).
5. The Coast Guard will consider placing contract responsibilities for continued production of an asset class (on a case-by-case basis) directly with the prime vendor, consistent with competition requirements, if: (1) deemed to be in the best interest of the government, and (2) only after the Coast Guard verifies lead asset performance within established mission requirements.
6. Finally, I will meet no less than quarterly with my counterparts from industry until any and all Deepwater program issues are fully adjudicated and resolved.

These changes in program management and oversight going forward will change the course of Deepwater.

By redefining our roles and responsibilities, redefining our relationships with our industry partners, and redefining how we assess the success of government and industry management and performance, the Deepwater program of tomorrow will be fundamentally better than the Deepwater program of today.

123-Foot Patrol Boat Decommissioning

A significant step in changing the course of Deepwater is resolving outstanding issues within the program; I have made the determination to permanently decommission the eight 123-foot patrol boats converted under the Deepwater program.

As most of you know, a variety of structural failures occurred on the 123-foot patrol boats between September 2004 and November 2006.

Despite two structural modifications, the cutters were forced to operate under increasingly prohibitive operational restrictions in an attempt to limit further structural damage.

On November 30, 2006, I directed that all eight cutters be temporarily removed from service due to the heavy repair burden on the crews along with the need for increased restrictions which would have rendered the cutters operationally ineffective.

All eight cutters were relocated from Key West, FL to the Coast Guard Yard in Baltimore in January 2007, where they have been in a special, inactive status as we considered our options going forward.

Multiple extensive studies and analyses by both Coast Guard engineers and third-party naval architects and marine engineers over many months have described the failures in these vessels. They have been unable to determine a definitive root cause for the 123-foot patrol boat structural problem; although several design deficiencies were identified that are consistent with the observed failures.

We believe the design of 123-foot patrol boat cut down on the structural cross section necessary to support the added weight distribution following the conversion. Our analysis has been complicated, however, by the fact that we've observed permanent deformations of each hull in slightly different ways.

Based on this analysis, any strategy to permanently repair these cutters would require an iterative, phased approach over a long period of time (years vs. months) with uncertain costs.

We estimate the total cost for repairing and modernizing these eight cutters, including a Mission Effectiveness Project (MEP), would be well over \$50 million. The residual value from decommissioning these cutters is about \$50 million, including Deepwater funded equipment materials and operating expenses that can be reused or redirected to other programs.

The excessive cost and time associated with continuing to pursue an uncertain resolution to these structural problems has convinced me that permanently removing these cutters from service while recouping any residual value and redirecting funds to other programs is in the best interest of the government.

FISCAL YEAR 2008 BUDGET REQUEST

The Coast Guard will head into FY 2008 making notable progress with implementing a number of specific initiatives supported by Congress. These include \$10 million appropriated in FY 2006 for Area Maritime Security Exercises as well as \$15 million appropriated FY 2007 for foreign port assessments, spot checks of Maritime Transportation Security Act (MTSA) regulated facilities, and domestic threat/vulnerability assessments. These initiatives, coupled with requirements in the SAFE Port Act such as the establishment of port security training and exercise programs, facility exercise requirements and interagency operational centers to name a few, all work in concert with the initiatives shown below toward improving maritime security.

<i>Improve Operational Capability</i>	<i>Build Awareness</i>	<i>Create Comprehensive Regimes</i>
<p>“Strategic Trident” Force Structure Deployable, specialized – Deployable Operations Group Maritime patrol & interdiction - Deepwater</p> <p>Port & Coastal Security Response Response Boat- Medium Special Purpose Craft – Law Enforcement Atlantic Area Deployment Center Rescue 21 High Frequency Communications Recapitalization Counter Terrorism Shoohouse</p>	<p>Integrated Command Centers Command Center Enhancements Interagency Unity of Effort</p> <p>Maritime Domain Awareness Gap Nationwide Automatic Identification System (NAIS) C-130J Operations C4ISR Counter Intelligence</p> <p>Leverage Partnerships Interagency-enabled Command Centers National Maritime Intelligence Center (NMIC)</p>	<p>Maritime Domain Management Transportation Worker Identification Card (TWIC) Understanding the “unregulated” (e.g. recreational boating)</p> <p>International Engagement International Maritime Organization (IMO) Regional Cooperation/Bilateral agreements</p> <p>Ocean/Arctic Policy National Polar Icebreaking Policy Open Ocean Commerce</p>

The President’s Fiscal Year 2008 Budget Request maintains a mission-focused Coast Guard that remains capable of answering the Nation’s call by improving **operational capability**, building **maritime awareness** and creating **comprehensive regimes**. Some of these specific initiatives within the fiscal year 2008 budget addressing capability and awareness include:

Improving Operational Capability:

Integrated Deepwater System (IDS) \$836.9 Million (AC&I): The IDS is a 25-year, performance-based, “system of systems” acquisition to replace or modernize major Coast Guard cutters, offshore patrol boats, fixed-wing aircraft, multi-mission helicopters and the communications equipment, sensors, and logistics systems required to maintain and operate them. As an integrated, interoperable network-centric system, when complete, IDS will maximize operational capability while minimizing total ownership costs by leveraging current and future technologies to achieve maritime awareness in all maritime regimes in which Coast Guard operates. This request funds the sixth year of implementation after award and, among other things, will fund four additional Maritime Patrol Aircraft (MPA), long lead time material for the National Security Cutter (NSC) # 5 and complete funding for NSCs #1-4, initiate production of the Replacement Patrol Boat (FRC-B), and complete funding for Airborne Use of Force (AUF) outfitting for the 95 HH-65’s and 42 HH-60’s.

The IDS procurement is the largest and most complex acquisition ever undertaken by the Coast Guard, and the acquisition strategy allows flexibility to accommodate the continuously changing nature of this evolutionary procurement action, enabling rapid response to changes in technology, funding, and operational mission requirements. The

Coast Guard is also taking important steps to improve the management of the program by evaluating of the current acquisition strategy and reassessment of the acquisitions management structure.

Deployable Operations Group (DOG) \$132.7 Million base re-allocation (OE): In the same way that Sector Commands improved unity of effort and command among the Coast Guard's shore-based forces in the Nation's ports and coastal regions, the DOG will be a new force structure that aligns the Coast Guard's Deployable, Specialized Forces (DSF) under a single unified command. Coordination of existing maritime safety and security missions will improve and the capabilities of each unit can be better exploited and used. Once the DOG is fully operational, it will focus on improving contingency planning, developing adaptive force packages to address a wide spectrum of national contingencies and leading efforts to train for an "all hazards...all threats" response.

Movement of Personnel from Acquisition, Construction & Improvements (AC&I) into the Operating Expenses (OE) Appropriation \$80.5 Million base re-allocation: This funding transfer will significantly improve the Coast Guard's ability to successfully manage, oversee and administer Coast Guard Acquisition, Construction and Improvement (AC&I) contracts. Consolidating all AC&I personnel funding into the OE appropriation will allow the Coast Guard to maximize efficiencies and leverage potential synergies in acquisition activities and management, as well as increase the Coast Guard's ability to surge personnel to AC&I-related positions as appropriated project funding levels fluctuate.

Integrated Deepwater System Surface and Air asset follow-on \$55.5 Million (OE):

- *National Security Cutter (NSC) 751* – Provides personnel, and funding to operate the 2nd National Security Cutter. The NSC is the largest of the new Integrated Deepwater Systems surface assets (418') with vastly improved capabilities over legacy 378' High Endurance Cutters. The NSC will be the most sophisticated and capable cutter the Coast Guard has ever operated. It will have a range of 12,000 nautical miles and an underway endurance of 60 days. The cutter will be capable of patrolling singly or with multiple Coast Guard vessels, U.S. Navy vessels, or vessels from other nations' navies or coast guards. The NSC will conduct proactive and reactive patrols within its assigned operating areas and will provide a robust Command and Control capability for the Task Unit Commander or the On-Scene Commander. It will be capable of performing all maritime Department of Homeland Security (DHS) missions, non-General Defense Operations and General Defense Operations with the Navy such as Ports, Waterways and Coastal Security as well as Maritime Intercept Operations, Port Operations, Security and Defense, and Peacetime Military Engagements.
- *C-130J* – The fiscal year 2008 budget request provides operation and maintenance funding for 800 annual flight hours for the Coast Guard's HC-130J aircraft. These 800 flight hours, combined with the 3,200 flight hours already appropriated, will enable the Coast Guard to meet its full operating capability requirement of 4,000 flight hours for five HC-130J operational aircraft. The C-130J is the Coast Guard's long-range surveillance aircraft. This four-engine, turbo-prop aircraft is used extensively throughout the United States, the Pacific

Ocean and the Caribbean Sea in support of search and rescue, homeland security, pollution prevention, logistics, personnel transport and ice patrol missions.

- *Atlantic Area Deployment Center* - This newly established deployment center will replace the Coast Guard's Helicopter Interdiction Squadron (HITRON), complete with Airborne Use of Force (AUF)-capable aircraft and crews. The HITRON initiative to lease eight MH-68 helicopters was developed as a bridging strategy to bolster the Coast Guard's illegal drug interdiction capability and support Port, Waterways and Coastal Security missions until the service could arm its organic helicopter fleet. On February 1, 2008, the Coast Guard plans to complete this strategic plan by terminating HITRON and activating the Atlantic Area Deployment Center. More specifically, this action will replace the eight leased HITRON MH-68 helicopters with ten Coast Guard Airborne Use of Force (AUF) equipped, re-engined MH-65C helicopters at the Jacksonville, Florida facility.

Special Purpose Craft-Law Enforcement Boat (SPC-LE) follow-on \$3.3 Million (OE): This request provides funds to operate and maintain the SPC-LE boats acquired with funding provided in fiscal year 2007. These increased boat allowances will support Certain Dangerous Cargo (CDC) and high-capacity passenger vessel security, migrant and drug interdiction, shoreside and waterborne patrols, and boards of High Interest Vessels (HIV).

Rescue Swimmer Training Facility \$13.3 Million (AC&I): This project will recapitalize the existing Rescue Swimmer Training Facility at Aviation Technical Training Center, Elizabeth City, NC. As witnessed during Hurricane Katrina, Aviation Survival Technicians are a vital component of the Coast Guard's Search and Rescue mission. The existing facility was built in 1948 and was initially used as a recreational pool. It must be closed when winds exceed 40 mph due to the poor roof structure and roof trusses. Funds requested will allow for the construction of a new building containing a 50x25 meter, 12 foot deep training pool; Modular Egress Training Simulator; classrooms; and a dunker tank.

Maritime Security Response Team (MSRT) Shoothouse \$1.8 Million (AC&I) and \$644K (OE): Funding will allow the Coast Guard to construct a shoothouse training facility at Camp Lejeune, NC, for the Special Mission Training Center to train deployable forces. This facility would be unique in that it will provide the opportunity to train in a shipboard like environment; in addition, due to its proximity to the water, students would be able to train in the shoothouse in the morning and on the water in the afternoon. These specialized forces rely on interagency support to train their members to ensure standardization and integration with Department of Defense (DOD) forces. Request also includes funding to complete equipment and training requirements of the MSRT's third Direct Action Section (DAS) and CBRNE Section funded in fiscal year 2007.

Rescue 21 \$80.8M (AC&I) and \$8.2 Million (OE): The FY 2008 budget request provides for maintenance and recapitalization of the aging National Distress System in the Northeastern areas of the United States, West Coast and Alaska. Rescue 21 will replace the existing National Distress and Response System and enhance the Coast Guard's ability to execute all of its missions through improved communications, command and control capabilities in the coastal zone. It is the foundation for coastal Search and Rescue, and is a critical enabler of efficient and effective command and control of all missions in the coastal zone.

Building Awareness:

National Capital Region Air Defense \$11.5 Million (AC&I) and \$4.3 Million (OE): This project represents the second of a two-year project to increase the Coast Guard HH-65C fleet by seven HH-65C helicopters and related support facility improvements. These seven helicopters are required to support the newly-assigned mission providing air intercept to protect the National Capital Region. Primary responsibility for air defense of the National Capitol Region Air Defense rests with DOD under OPERATION NOBLE EAGLE. Within DOD, the North American Aerospace Defense Command (NORAD) is responsible for execution of the air defense mission. The Coast Guard is the responsible service within DHS to execute rotary wing air intercept operations to protect the National Capital Region and has been performing this mission since September 2006.

Integrated Deepwater Systems Engineering and Integration \$35.1 Million (AC&I): The Integrated Deepwater Systems (IDS) solution is designed to incorporate off-the-shelf systems components where possible. Systems Engineering and Integration is essential to ensuring interoperability at the unit, system and organizational levels, both internal to the Coast Guard and with other DHS and DOD assets. Effective systems integration—bringing things technically and operationally together so they operate as a whole—will minimize the cost of asset acquisition, operations and maintenance, maximize the assets' abilities to interoperate internally and externally, and minimize the risk inherent in a comprehensive and complex engineering project of Deepwater's scope and magnitude.

Nationwide Automatic Identification System (NAIS) \$12 Million (AC&I): Funds requested will continue implementation of NAIS to achieve Initial Operating Capability (IOC) for receive and transmit capability of AIS messages nationwide. Funding also covers costs associated with systems currently operational.

Integrated Deepwater Systems C4ISR \$89.6 Million (AC&I): Funds requested will be used for design work for the upgrade of the Multi-mission Cutter Helicopter (MCH) and the long-range surveillance aircraft to increase maritime domain awareness capabilities.

Conclusion

The Coast Guard has already taken important measures in many areas that will reduce security risk in the maritime domain. Since September 11th the Service accelerated efforts to improve the Nation's maritime regimes, awareness and operational capabilities. Efforts are also underway to integrate initiatives, build collaboration, and increase unity of effort—as called for by the *National Strategy for Maritime Security*. But much work

remains to be done. Gaps in *safety, security, and stewardship* are broadly recognized, and the Coast Guard and DHS will work with the Executive Branch, Congress and other federal, state, local, private, and international partners to make needed changes.

Events, such as the September 11th terrorist attacks and Hurricane Katrina, have demonstrated the importance of preparing for complex threat situations and highlight America's growing vulnerability. Although the U.S. capacity to save lives in the aftermath of these tragedies proved unparalleled, more can be done to prepare for and respond to the next major disaster.

No one can predict the next catastrophic event, nonetheless, history tells us it will come. When it does, it will be vital to have an “all threats, all hazards” Coast Guard - Semper Paratus. The character of Coast Guard men and women has been tested from the rooftops of New Orleans to the oil platforms of the Persian Gulf and throughout the Nation’s history there remains one constant: if Coast Guard men and women are provided the training and equipment to do the job, they won’t let us down.

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