

U. S. Department of
Homeland Security

United States
Coast Guard



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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

**ADMIRAL THAD W. ALLEN
COMMANDANT**

ON THE

FISCAL YEAR 2007 PRESIDENT'S BUDGET: COAST GUARD

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

SUBCOMMITTEE ON FISHERIES AND COAST GUARD

U. S. SENATE

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Introduction

Good morning Madam Chair and distinguished members of the Committee. I am humbled by the confidence President Bush has placed in me with my recent appointment as the 23rd Commandant of the United States Coast Guard, and honored to be before you today. In my new capacity, I would like to discuss the Coast Guard's FY 2007 budget request, and how it will support our commitment to mission execution; a commitment my predecessor Admiral Collins established during his tenure as Commandant. Admiral Collins' commitment is my commitment.

The Coast Guard's "World of Work"

The Coast Guard operates on and around our oceans, seas, lakes, rivers, bays, sounds, harbors and waterways – this is the maritime domain and it is unique. Distinct from land borders characterized by clear legal boundaries, our oceans represent the last global commons. As the Committee knows well, we live in an interconnected world. Nowhere is this fact more clearly demonstrated than in the maritime domain. Safe and unfettered access to this domain is fundamental to our own and the international community's economic prosperity. As a result, maritime safety and security are not just issues of U.S. national interest and security, but of global stability. The maritime domain is also enormously complex, with an unparalleled variety of users. From the world's largest cruise ships and tankers to professional fishermen and weekend boaters, the profiles of maritime users are as varied as the jagged coastlines surrounding our country.

Thankfully, the nation has a Coast Guard able to successfully operate in this complex and unique environment. Single-purpose agencies such as the Revenue Cutter Service, the Lifesaving Service, and the Lighthouse Service have been integrated over the last century into the uniquely effective and efficient Service we are today. The Coast Guard you oversee, the Coast Guard that we have collectively built has a relatively straightforward purpose – exercise authorities and deploy capability to guarantee the safety, security and stewardship of the U.S. maritime domain. That is who we are, what we are charged to do, and represents the core character of the service.

While the character and nature of our Service are clear, our missions are not static. New threats emerge as others are mitigated; Coast Guard capabilities, competencies, organizational structure and processes must change accordingly.

The work of this Committee helped ensure that the Coast Guard was transferred intact to the Department of Homeland Security. We now must adapt to the reality of an ever-changing maritime domain. Our mandate and responsibility, indeed our passion, is serving the Nation with the best leadership, authorities and capability we can muster.

Priorities ... Right Tasks ... Right People and Tools ... Effective, Integrated Support

Secretary Chertoff has set forth a six-point agenda to guide near term Department of Homeland Security priorities and initiatives.

- Increase overall preparedness, particularly for catastrophic events;
- Create better transportation security systems;
- Strengthen border security, interior enforcement, and reform immigration processes;
- Enhance information sharing with our partners;

- Realign the Department of Homeland Security (DHS) organization to maximize mission performance; and
- Improve DHS financial management, human resource development, procurement, and information technology

I will work collaboratively throughout the Administration and with the Congress to translate this agenda into action. I will focus on:

- Mission execution ... performing the right tasks with the right doctrine to reduce risk, mitigate threats, improve response, increase preparedness, and enhance our ability to recover from events that occur;
- Capabilities and competencies ... we are nothing without our people, and our people cannot be effective without the right tools; and
- Coast Guard organizational structure that optimizes mission execution ... aimed at field support, leveraging partnerships at all levels of government, and internally aligned with DHS systems.

Embracing the Department's agenda, we will strengthen the Nation's layered maritime security regime. Our shore-based operations, maritime patrol and presence and deployable, specialized forces create a *strategic trident* for integrating with our partners and responding to all threats...all hazards...at all times. We have taken bold steps forward already by creating Sectors for shore-based operations, and we have taken equally bold steps by advancing the Deepwater acquisition for maritime presence, patrol, and response. We must now organize our agile, deployable forces and support them with proper doctrine, equipment, logistics, training and exercises. Across all of our forces, we will partner with other services and agencies to integrate and coordinate our efforts. To improve mission execution of this *strategic trident*, we will analyze our command and control structure. We will also re-evaluate and realign our mission support system, including organizational structures, human resources, maintenance, logistics, financial management and information systems to fully support the Secretary's and the Coast Guard's priorities.

The Coast Guard continues to adapt to growing mission demands to enhance maritime security, while appropriately meeting other mission requirements. For example, in 2005, the Coast Guard:

- *Secured the maritime border:*
 - Completed verification of security plans, required by the Maritime Transportation Security Act (MTSA), for U. S. port and facilities and vessels operating in U. S. waters;
 - Completed 31 foreign port security assessments in order to improve our awareness of foreign port compliance with international requirements;
 - Prevented more than 338,000 pounds of cocaine (an all-time maritime record) and over 10,000 pounds marijuana from reaching the United States; and
 - Interdicted nearly 9,500 undocumented migrants attempting to enter the country illegally by sea, the second highest number of any average year in the past 20 years.
- *Enhanced national maritime preparedness:*
 - Began comprehensive security reviews of waterside nuclear power plants;
 - Created formal processes for addressing security concerns and requirements involving the citing of new shore-side Liquefied Natural Gas facilities; and

- Established a new Area Maritime Security Exercise program requiring annual local exercises, and designed to assess the effectiveness of the Area Maritime Security Plans and the port community's preparedness to respond to security threats and incidents.
- *Strengthened partnerships:*
 - Established a National Maritime Security Advisory Committee to provide a strategic public-private forum on critical maritime security topics;
 - Launched *America's Waterways Watch*, a citizen involvement program that leverages the Coast Guard's relationship with the maritime public;
 - Deployed the *Homeport* information sharing web portal, which allows for collaboration and communication in a controlled security environment (for sensitive but unclassified material) among Area Maritime Security Committee members and port stakeholders at large;
 - Conducted more than 268,000 port security patrols, 5,800 air patrols and 26,000 security boardings; and
 - Provided security escorts to over 10,000 vessels.
 - *Saved lives and property:*
 - Saved over 33,000 lives in the wake of Hurricanes Katrina and Rita, one of the largest search and rescue operations in United States history;
 - In addition to hurricane response, responded to more than 32,000 calls for maritime rescue assistance; and
 - Saved the lives of over 5,600 mariners in distress.
 - *Protected the environment:*
 - Boarded more than 6,000 fishing vessels to enforce safety and fisheries management regulations, a 30 percent increase over 2004;
 - Conducted more than 3,000 inspections aboard mobile offshore drilling units, outer continental shelf facilities and offshore supply vessels; and
 - Responded to 23,904 reports of water pollution or hazardous material releases from the National Response Center, resulting in 4,015 response cases.
 - *Facilitated maritime commerce:*
 - Kept shipping channels and harbors open to navigation during the Great Lakes and New England winter shipping season;
 - Ensured more than 1 million safe passages of commercial vessels through congested harbors, with Vessel Traffic Services; and
 - Maintained more than 50,000 federal aids to navigation along 25,000 miles navigation channels.
 - *Supported national defense*
 - Safely escorted more than 169 military sealift movements at 13 different major U.S. seaports, carrying more than 20 million square feet of cargo; and

- Maintained an active patrol presence in the Arabian Gulf in support of the U.S. Navy and allied naval units.

More than singular statistics or accomplishments, the above list, in total, demonstrates the winning formula of a military, multi-mission Service founded on core operational principles of flexibility, on-scene initiative and unity of effort. It is this time-tested and trusted operational model that allows the Coast Guard to meld its public safety and National Security roles into a seamless set of maritime strategies that also protect and ensure the economic viability of the U.S. maritime domain.

2007 Budget

The above accomplishments are only possible with a Coast Guard that is Ready, Aware and Responsive. The President, Congress and public expect nothing less: **Ready** to prevent and respond to a broad range of maritime safety and security requirements; **Aware** of what is going on in our ports, along our coasts and on the high seas; and most of all, **Responsive** whenever and wherever there is a need for the Coast Guard to save lives, secure maritime borders, protect natural resources, facilitate maritime commerce or contribute to national defense. The fiscal year 2007 request delivers on these expectations through its focus on three key investment priorities:

- Preserve Preparedness [READY],
- Maximize Awareness [AWARE], and
- Enhance Capability [RESPONSIVE]



The Integrated Deepwater System (IDS) acquisition program remains the centerpiece of a more ready, aware and responsive 21st-century Coast Guard. The 2007 Budget provides a Deepwater investment plan that provides funding for:

- Constructing the fourth National Security Cutter;
- Acquiring the sixth Maritime Patrol Aircraft;
- Bolstering the network of command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) technology;
- Completing the HH-65 re-engining; and
- Initiating several essential legacy conversion projects, including installation of airborne use of force equipment aboard 36 helicopters.

While the Deepwater program necessarily invests in capabilities adequate to operate in the often unforgiving offshore environment, it is these same capabilities that are instrumental to effective response operations in port and coastal areas as well. As an example, assets scheduled for modernization under the Deepwater program include every Coast Guard aircraft type. These aircraft are critical parts of our port and coastal response infrastructure as well as extended offshore operations. The Deepwater program's conversion and/or enhancement of legacy aircraft and cutters are making an impact *now*. The operational benefits were apparent during the Coast Guard's response to Hurricane Katrina. Three more powerful re-engined HH-65C helicopters flew 85 sorties to save 305 lives. The converted aircraft can hoist 280 more pounds and stay on-scene longer than their predecessors. Similarly, the C4ISR improvements to high and medium endurance cutters enabled more effective on-scene coordination of rescue operations in New

Orleans, LA, and Gulfport, MS during Hurricanes Katrina and Rita, with local first responders and other Federal agencies.

Preserve Preparedness. Strengthening preparedness within the U.S. maritime domain is a core competency and responsibility of the Coast Guard. It depends directly on the readiness of Coast Guard cutters and aircraft, infrastructure and personnel, as well as the coordination of a robust response posture through partnerships with DHS, DOD and other federal, state and local entities. The FY 2007 requests funding to preserve and strengthen Coast Guard readiness. Relevant budget initiatives include:

- Depot level maintenance and energy account: **\$51.3 million** to close inflationary cost growth gaps. These are bills that must be paid; without increased funding, Coast Guard readiness will be eroded.
- Medium endurance cutter mission effectiveness project: **\$37.8 million** to support the Mission Effectiveness Project (MEP) for 270-foot and 210-foot Medium Endurance Cutters (WMEC). Our 210-foot and 270-foot cutters are currently operating with obsolete equipment and subsystems that must be replaced. The project includes replacing major sub-systems such as small boat davits, oily water separators, air conditioning and refrigeration plants, and drinking water evaporators. The main propulsion control and monitoring systems will also be upgraded. This effort is vital to sustain our legacy fleet of medium endurance cutters until they are recapitalized.
- Operations and Maintenance for new assets: **\$30.5 million** to fund operations and personnel for the airborne use of force program, the first national security cutter, new maritime patrol aircraft and secure communications systems; **\$42.3 million** for Deepwater logistics support.
- Personnel protective equipment: **\$7.2 million** to replace obsolete oxygen breathing apparatus aboard ships and training centers with safer self-contained breathing apparatus (SCBA). Over the past 30 years, all shore-based federal and DOD fire fighters, the Military Sealift Command, all western navies, all merchant ships, the U.S. Air Force and all U. S. Navy flight deck personnel have adopted and use exclusively the open circuit SCBA. The Navy is currently replacing all their OBAs with SCBAs. This leaves the Coast Guard as the only fire fighting organization without SCBAs for its personnel. In order to ensure the personal protection of Coast Guard personnel while serving aboard Coast Guard cutters, the transition from using the obsolete OBA to the SCBA is essential.
- Shore infrastructure and aids-to-navigation: **\$25.9 million** to recapitalize aids-to-navigation nationwide and rebuild or improve aged shore facilities in Cordova, Alaska (housing); Integrated Support Command Seattle, Washington; and Base Galveston, Texas. These funds are necessary to improve critical shore infrastructure essential to supporting Coast Guard personnel as they execute missions and operational requirements.

Maximize Awareness. Securing our vast maritime borders depends upon our ability to enhance maritime domain awareness (MDA). Effectively addressing maritime vulnerabilities requires maritime strategies, through partnerships with the Navy and other maritime entities that not only “harden” targets but detect and defeat threats as far from U.S. shores as possible. Identifying threats as far from U.S. shores as possible requires improved awareness of the people, vessels and cargo approaching and moving throughout U.S. ports, coasts and inland waterways. Relevant budget initiatives include:

- Nationwide Automatic Identification System: **\$11.2 million** to continue procurement plans and analysis for deployment of a nationwide system to identify, track and exchange information with vessels in the maritime domain.
- Maritime Domain Awareness: **\$17 million** to support follow-on and new initiatives, including a new Coast Guard counterintelligence program, prototype Sector and Joint Harbor Operation Center support, and expanded secure communications system infrastructure.
- Deepwater C4ISR: **\$60.8 million** to develop and install systems and subsystems that are part of the Deepwater Command, Control, Communications, Computer, Intelligence, Surveillance and Reconnaissance (C4ISR) system. This system is designed to support designated Coast Guard commanders in the exercise of authority while directing all assigned forces and first responders across the full range of Coast Guard operations. This system of “eyes and ears” allows us to see, hear and communicate activity occurring within the maritime domain, which is critical to deterring and defeating threats before reaching our shores.

Enhance Capability. Just as important to being ready and aware is equipping and training Coast Guard personnel with the *capabilities* and competencies to respond effectively. For example, the advance information required from vessels calling upon United States ports is critical to understanding who and what is arriving in order to identify potential threats. However, if Coast Guard cutters and aircraft do not have the capabilities necessary to deal with identified threats early and effectively, an opportunity to mitigate risk is lost. Relevant budget initiatives include:

- Deepwater: **\$934.4 million** (total). The FY 2007 request for the Deepwater program reflects the Administration’s continued commitment to the recapitalization of the Coast Guard’s aircraft and ships and the network that links them together into an integrated system. More capable and reliable cutters, boats, aircraft and associated systems will enhance safety and security in U. S. ports by improving the Coast Guard’s ability to perform all its missions. Specifically, the FY 2007 request provides funding for: the fourth National Security Cutter, the first Fast Response Cutter, HH-65 and HH-60J conversions, new maritime patrol aircraft, HC-130J operations, sustaining the HC-130H, arming two HH-60’s and 34 HH-65’s at seven Air Stations, and development of shipboard and land-based vertical unmanned aerial vehicle systems.
- Rescue 21: **\$39.6 million** to continue system design (two locations), preparation (four locations) and installation (seven locations). The Rescue-21 project represents a quantum leap in maritime communications technology, enhancing effectiveness across all coastal missions.
- National Capital Region air defense: **\$62.4 million** to establish infrastructure, acquire additional aircraft and fund operations for this newly assigned homeland security mission in the Nation’s capital. The Air Defense mission in the National Capital Region rests with the Department of Defense (DOD) under the construct of OPERATION NOBLE EAGLE. Through a Memorandum of Agreement, DOD and the Department of Homeland Security (DHS) have agreed that DHS will continue to conduct essential helicopter operations assisting with air security in the NCR. The Coast Guard has been directed to execute this requirement on behalf of DHS. Requested funding is critical to stand-up this new capability and avoid negative impacts to other Coast Guard mission-programs.
- Response Boat – Medium: **\$24.8 million** to begin low-rate initial production to replace 41-foot utility boats and non-standard boats.

- Maritime Security Response Team (MSRT): **\$4.7 million** to provide additional personnel and transform the prototype Enhanced Maritime Safety and Security Team in Chesapeake, Va. into an MSRT, providing on-call maritime counter-terrorism response capacity. This request will also enhance maritime counter-terrorism training facilities at the Coast Guard Special Missions Training Center at Camp Lejeune, N.C.

Table 1: Summary of the FY 2007 President’s Request

Preserve Readiness (Ready)	Maximize Awareness (Aware)	Enhance Capability (Responsive)
Readiness is the foundation of the Coast Guard’s ability to prevent and respond to incidents. Katrina makes this point clearly. Readiness is the key to daily mission performance as well as the capacity to respond to national incidents.	Awareness is the core enabler of effective decision-making and response. Expanded partnerships and new technology must be employed to ensure an integrated and coordinated response to the threats we face today.	Building on recent investments we must continue to strengthen the foundation of CG readiness across each of our core missions while we fill remaining capacity and capability gaps in our layered security posture.
<ul style="list-style-type: none"> DW Legacy Sustainment SCBA Implementation HF Recapitalization Financial Management DW Logistics Shore Infrastructure Maintenance Inflation Energy Gap 	<ul style="list-style-type: none"> MDA – Sector Command Center NAIS DW C4ISR MAGNET SIPRNET Counter-Intel 	<ul style="list-style-type: none"> DW Modernization R21 RB-M NCR Air Defense MSRT C-130J Airborne Use of Force operations MPA follow-on

Conclusion

I am committed to continuously improving **mission execution**. To do so, we must better integrate with our partners, organize our deployable forces, assess our command and control structure and realign our mission support systems. I would like to take this opportunity to lead the Coast Guard towards these changes, and I request your support as I introduce steps that will improve **mission execution**. One step will organize all specialized, deployable forces under a single command structure. A second will be to transform the entire logistics systems by capturing efficiencies between the Deepwater logistics plan and our internal, Coast Guard-wide logistics process. Lastly, we plan on merging our Deepwater and Acquisitions Directorates into one Directorate expanding our major acquisition flexibility, coordination and effectiveness across all projects. These are all aggressive initial steps that will improve **mission execution** and ensure the Coast Guard is ready to respond to *all threats...all hazards...at all times*.

The Coast Guard is a *tested and trusted* Service ready to answer the Nation’s call, but future successes are a function of the effective, integrated employment of our collective capabilities and competencies to reduce risks and mitigate threats to our Homeland. Our challenge is to attack each day and each task with a purpose grounded in who we are, what we have been and what we must become.

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