

COMMANDANT'S VIEW OF FY11 BUDGET

To the Men and Women of the United States Coast Guard:

Earlier today, the President's Fiscal Year 2011(FY11) budget request, including the Coast Guard's submission, was submitted to the Congress. Our Congressional oversight committees will now consider our request and appropriate funding for the new fiscal year that begins on 01 October 2010. Here is what it means for our Service.

There are many ways to look at the Coast Guard budget and a link is provided at the conclusion of this All Hands. The most useful way to consider the impact on operations and recapitalization is the following: The total amount of discretionary funding (e.g. funding to operate and recapitalize the Service) requested for the Coast Guard in FY11 is \$8.467 billion dollars. The discretionary amount provided by Congressional appropriations for FY10, the current fiscal year, was \$8.542 billion dollars. So, the bottom line is we will operate the Coast Guard, continue to recapitalize our aging assets, support our Reserve component, and a myriad of other critical activities with \$75 million dollars less than we received in FY10. It is critical that each member of our Coast Guard team understand the fiscal environment in which we are operating and how difficult tradeoffs were made in various funding categories, most notably between operating funds and funding to recapitalize our aging assets.

First, the President's budget acknowledges the unique value we provide to the Nation. As our ongoing efforts in Haiti indicate, we are a highly effective instrument of national power at home and abroad. At the same time the Coast Guard and other federal agencies and military services are facing a constrained budget environment.

The country is in the midst of an economic downturn. As President Obama said in his State of the Union address last week: "Families across the country are tightening their belts...the federal government should do the same." This is reflected in our FY11 budget submission. As sound fiscal stewards, we will meet the President's fiscal objectives while continuing to provide superior service to the public.

The challenge I face with Secretary Napolitano is to make tough budgetary decisions. In the case of the Coast Guard's FY11 request, we have made a tradeoff between day to day operations and the need to build new cutters, aircraft, facilities, and sensors to ensure we can operate in the future. The most significant decision made in this process was to strike a balance between our current operational capacity and the preservation of our future capabilities. Together with senior Coast Guard leadership and Secretary Napolitano and her staff, we decided to invest in our future through the continued acquisition of new cutters, aircraft, and infrastructure. If we don't make this commitment to our future, the Coast Guard's aging fleet will continue to deteriorate and rob us of our ability to protect, defend, and save well into the 21st century.

To afford those future investments in a constrained fiscal environment, we had to make difficult reductions to our operational capacity. Subject to appropriations by Congress, the President's budget includes a plan to decommission five major cutters, four HU-25 Falcons and five HH-65 helicopters. Some of these decommissionings were previously planned as we are bringing new assets on line such as BERTHOLF and WAESCHE. We are also decommissioning five Maritime Safety and Security Teams and consolidating forces to achieve savings. By making these reductions, we will be able to continue funding the National Security Cutters, HC-144 Ocean Sentry aircraft, Response Boat-Mediums, as well as the continued refurbishment of our helicopter fleet and shore infrastructure including housing units.

I understand the impacts this will have on our people and their families. We will have a net reduction of 773 full time positions. In FY11, this will be achieved by reducing recruiting. You may also see changes in tour lengths and impacts on advancements. Positions and billets removed from the allowance list will be included in the shopping list published this fall by the Personnel Services Center. We will make every effort to help all members of our workforce through this period.

There is a great deal of uncertainty that surrounds the budget process. None of these proposed changes are final until the Congress appropriates our budget. I will keep you apprised throughout the process.

As the Congressional oversight process proceeds we need to understand that we still must execute our mission and provide mission support for those operations. This will be challenging because the demand for our services continues to grow. We will stay within current operational and personnel tempo standards, manage risk across our full mission spectrum, and allocate existing resources towards the most vulnerable areas.

I recently released a video tape message thanking all of you for your extraordinary effort in support of Haitian relief operations

(<http://www.uscg.mil/comdt/blog/2010/01/thank-you-haiti-relief-efforts.asp#links>).

This is an example of allocating our resources to the highest need and managing the risk associated with that decision. That risk management process resulted in moving USCGC HAMILTON through the Panama Canal to assist in Haiti understanding that we had one less asset involved in counterdrug operations in the Pacific. I note in the video that our actions were guided by the Principles of Coast Guard Operations contained in Coast Guard Publication One, U.S. Coast Guard: America's Maritime Guardian

(<http://www.uscg.mil/top/about/pub1.asp>).

In her address at the Commencement Ceremony of the Coast Guard Academy last May, Secretary Napolitano said these principles define what the Coast Guard does to "protect our country and the American people against 21st century threats." All six principles were evident during our efforts in Haiti:

* Clear Objective: The first cutters and aircraft that arrived in Haiti knew what needed to be done and reconciled their unit's competencies with the opportunities.

- * Effective Presence: We were already in position to respond quickly to Haiti and our continued presence in the ports and oceans make us critical first responders.
- * Unity of Effort: We are bureaucratically multi-lingual which helped us quickly integrate our operations with DHS, USAID, DOD, and other interagency partners.
- * On-Scene Initiative: We expect our people to take action without having to wait for orders. That is part of our DNA and what separates us from other entities.
- * Flexibility: By our nature, we are multi-mission and this greatly enhances our value to the Nation and the global maritime community.
- * Managed Risk: We only have a limited number of assets so we allocate the right mix of units and people, as well as leveraging all partnerships, to achieve desired effects.
- * Restraint: We are sensitive to the broader context of our operations. We understand how our operations impact the public we serve.

As we prepare to align our operational capacity with the funding providing, these guiding principles are as relevant today as they were in 1790 and they will help us navigate through these trying financial straits. The Coast Guard and our Nation are facing major changes and that always fosters anxiety and doubt. The constants are the skill, professionalism, and sheer force of will that has come to define Coast Guard men and women. I am incredibly proud of what you do for the Coast Guard and the Nation. I will continue to work with our external stakeholders to achieve the right mix of resources to execute our missions while investing for the future.

For more information, please visit the Coast Guard's website to view our FY11 Congressional Justification (http://www.uscg.mil/comdt/docs/USCG_FY_2011_Congressional_Justification.pdf), the Posture Statement (http://www.uscg.mil/posturestatement/docs/2010_USCG_Posture_Statement.pdf), and a Fact Sheet (http://www.uscg.mil/comdt/docs/FY11_Budget_Fact_Sheet.pdf).

Thank you for your continued dedication to the Coast Guard and one another. I will keep you informed.

Semper Paratus.

Admiral Thad W. Allen
Commandant, U.S. Coast Guard