



**TESTIMONY OF ADMIRAL THAD W. ALLEN  
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**COAST GUARD FISCAL YEAR 2011 BUDGET REQUEST**

**BEFORE THE HOUSE COMMITTEE ON COAST GUARD AND MARINE  
TRANSPORTATION**

**FEBRUARY 25, 2010**

**INTRODUCTION**

Good morning Mr. Chairman and distinguished members of the Committee. Thank you for the enduring support you have shown to the men and women of the United States Coast Guard.

I am here today to discuss the Coast Guard's Fiscal Year (FY) 2011 Budget Request. Before I discuss the details of the request, I would like to take this opportunity to explain how I view the principles of Coast Guard operations, our most recent actions in Haiti, and the current budget environment.

For over two centuries the U.S. Coast Guard has safeguarded the nation's maritime interests at home and around the globe. The Coast Guard saves those in peril and protects the nation's maritime transportation system, resources, and environment. Over the past year, Coast Guard men and women – active duty, reserve, civilian and auxiliaries alike – continued to deliver premier service to the public. They performed superbly in the heartland, in our ports, and while deployed at sea and around the globe. They saved over four thousand lives and worked closely with interagency partners to ensure resilience to natural disasters at home and abroad.

The Coast Guard's military, multi-mission, maritime assets provide agile and adaptable operational capabilities that are well-suited to serve the nation's interests. The national benefit of this multi-mission character is exemplified at the field level by an individual asset's ability to seamlessly, and at times simultaneously, carry out distinct yet complimentary functions in the maritime domain – law enforcement, national defense, facilitation of maritime commerce, maritime safety, environmental protection, and humanitarian response. In short, whether in our nation's intercoastal waterways, ports, coastal areas, or maritime approaches, the Coast Guard is here to protect, ready to rescue.



*A Coast Guard C-130 evacuates U. S. survivors from Haiti following the devastating January 12, 2010 earthquake.*

The Coast Guard's ability to conduct surge operations and leverage partnerships in response to nationally significant safety, security, or environmental threats is critical to disaster recovery and exemplifies the resiliency of the Coast Guard and the Department of Homeland Security (DHS).

At a time when “whole of government” approaches are critical to achieving national objectives across a broad spectrum of strategic challenges, it must be recognized that the Coast Guard provides a unique and invaluable contribution to maritime safety and security. There is no finer example of the ability of the service to respond to all threats and hazards than our recent response to the earthquake in Haiti. The first Coast Guard asset was on scene in Port-au-Prince less than 18 hours after the earthquake. Coast Guard units were the first on scene and have been working around the clock with our interagency partners to provide humanitarian assistance, evacuate U.S. citizens, and help the most seriously wounded. As Commandant, I could not be more proud of our response efforts in Haiti. 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. 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 within DHS as well as with U.S. Agency for International Development, Department of Defense, 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 very make up 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 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.

The principles are as relevant today as they were in 1790, and will guide our implementation of the initiatives proposed in the FY 2011 budget.

### **FY 2011 REQUEST**

The FY 2011 budget presents the most efficient and effective use our resources. We applied strong fiscal discipline to make sure that in 2011 we will be investing our resources in what works, cutting down on redundancy, eliminating spending on ineffective programs and making improvements across the board. We took as our highest priority the continued acquisition of new cutters, aircraft, and infrastructure. This commitment is vital to our ability to protect, defend, and save well into the 21<sup>st</sup> century.

The Coast Guard’s FY 2011 budget request focuses resources on our top budget priority - continued recapitalization of aging assets and infrastructure. In addition to recapitalization, the FY 2011 budget includes pay and standard personnel costs associated with the military workforce, training, operating funds for new assets, and unit and depot level maintenance. Highlights from our request are included in Appendix I.

## Recapitalizing to Preserve Future Capability

The FY 2011 budget continues funding for recapitalization of aging assets (e.g. cutters, aircraft, boats, Command, Control, Communication, Computers, Intelligence, Surveillance, and Reconnaissance, and infrastructure. I cannot emphasize enough that recapitalization is critical to preserving future surface, air, and shore asset capability; this is an essential investment for the Coast Guard. What the Coast Guard builds today will help secure the nation's borders, rescue those in peril, preserve our maritime resources and vitality, and protect the environment for decades to come.

The FY 2011 budget continues the disposition of



*The Coast Guard plans to decommission four High Endurance Cutters (HEC) in FY 2011. HECs provide primary long-range maritime interdiction capability for DHS, and will be recapitalized through the National Security Cutter (NSC) program. Coast Guard Cutter HAMILTON, pictured above, is over 40 years old.*



*Coast Guard Cutter WAESCHE (WMSL 751), the second NSC, will be operational in FY 2011. The Coast Guard's HECs will be replaced by more capable NSCs. The FY 2011 request includes funding for the production of the fifth NSC.*

legacy assets where new surface and air assets are coming online. Additionally, savings from targeted reallocations of operational capacity, efficiencies, and consolidation initiatives are redirected to support continued recapitalization of aging assets and infrastructure. These capacity shifts could create short-term impacts on Coast Guard service delivery if recapitalization schedules are not met, however, operational commanders will always allocate resources to meet the nation's highest order maritime safety, security, and stewardship needs. As such, monitoring performance and adapting through risk management will be a key strategic aim for the Coast Guard in FY 2011. In general,

long-term Coast Guard performance ultimately depends on the pace and stability of future recapitalization, which in turn depends on our ability to manage the cost, schedule and quality of our acquisition programs.

Preservation of the Coast Guard's maritime capability through the recapitalization of surface and air assets is a strategic imperative for DHS and the Coast Guard. The FY 2011 budget continues major cutter recapitalization by funding production of the fifth National Security Cutter (NSC), refurbishment of another 270-ft Medium Endurance Cutter, design of the Offshore Patrol Cutter (OPC), and construction of four more Fast Response Cutters (FRCs).. Another FY 2011 recapitalization priority is the HC-144A Maritime Patrol Aircraft (MPA) which will replace the HU-25 Falcon, approaching the end of its service life.

At the requested funding level of \$1.4 billion, we will maintain a robust and stable capital investment funding profile, which is my highest priority for the Coast Guard. I appreciate Congress' continuing efforts to coordinate closely with the Coast Guard to support our acquisition reform initiatives.

## Delivering Value to the Nation

In FY 2011, the Coast Guard will continue to provide exceptional service to the nation. The FY 2011 budget provides \$87 million more for the operating expenses of Coast Guard, including personnel pay and allowances, training and recruiting, operating funds for newly acquired assets delivered through Coast Guard recapitalization programs, and unit and depot level maintenance. Further, the budget annualizes new funding provided by Congress in FY 2010 for marine safety, financial management oversight, armed helicopters, Biometrics at Sea, the Seahawk Charleston Interagency Operations Center, counternarcotics enforcement, and new watchstanders. It also enhances deployable law enforcement capacity to mitigate emergent terrorism and border security risks.



*A Coast Guard Response Boat-Medium (RB-M) assists New York City first responders following the Hudson River crash landing of US Airways Flight.*

## Workforce Optimization

In FY 2011, the Coast Guard will sustain previous enhancements to the acquisition, financial management, and marine safety workforces, and it will continue to promote a diverse and competent workforce that can adapt to employ new and improved assets to meet evolving mission demands.

Maintaining the welfare of our workforce remains one of my top priorities. The FY 2011 budget supports our need to improve military housing. The Coast Guard currently owns 4,020 military housing units, the average age of which is over 40 years. Many of the Coast Guard's housing assets require recapitalization due to safety and habitability issues. The budget funds the recapitalization, improvement, and acquisition of 18 military family housing units in critical areas where we struggle to provide suitable and affordable housing for our members.

Through strong efforts and a commitment to the workforce, the Coast Guard will continue to foster an environment in which every individual has opportunity to prosper. In 2009, the Coast Guard launched its Diversity Strategic Plan. This plan builds upon the significant progress we have achieved to date and provides direction for our collective efforts to make the Coast Guard a leader in diversity development and a model for the nation.

## Savings and Decommissionings

The safety and security of the American people are our highest priorities, and the Coast Guard will continue to meet national search and rescue standards across the country. The Coast Guard will leverage available efficiencies to maximize service delivery and provide the nation with the highest possible return on investment. Proposed efficiency highlights include small boat logistics management improvements, contract in sourcing, headquarters management efficiencies, and the consolidation of intelligence fusion centers under a single operational command. The FY 2011 budget also includes the decommissioning of legacy assets, the restructuring of deployable forces, and the realignment of helicopter capacity to the Great Lakes region. Four HECs, which have been in service since Vietnam, are being recapitalized with newer, more capable NSCs. A new regionalized construct for Maritime Safety and Security Teams (MSSTs) will enable the

Coast Guard to rapidly deploy teams of skilled professionals to ports and operating areas across the country based on risk and threats as needed. Rotary wing realignment reallocates existing highly capable aircraft to the Ninth Coast Guard District where they will be more operationally effective in executing assigned missions, thus allowing the closure of two seasonal Air Facilities.

## **Modernization of Business Practices**

Coast Guard Modernization is the centerpiece of an overarching strategy to transform our legacy command and control structures, support systems, and business processes into an adaptive, change-centric, learning organization. This transition from a geographically based structure to a functionally aligned organization enables the Coast Guard to optimize sustained mission execution and support, and increase alignment within DHS and with our fellow Armed Forces. By positioning ourselves to be more flexible, agile, and change-centric, we will improve our service to the nation and enhance every Guardian's ability to protect, defend, and save.

Our recent experience and support of Haiti response and relief operations is instructive. As I have noted in the past, the Coast Guard operates one of the oldest fleets in the world. Of the 12 major cutters assigned to Haiti relief operations, 10 cutters, or 83 percent, suffered severe mission affecting casualties, two were forced to return to port for emergency repairs, and one proceeded to an emergency dry dock. We also had to divert air resources away from evacuation efforts to deliver repair parts. This process was coordinated flawlessly through our new logistics structure, including the creation of a forward-deployed logistics structure at Guantanamo Bay. The response was a triumph for our modernized mission support organization. It also underscores the condition of our fleet and the responsible actions we are taking to decommission those assets with liabilities that outweigh their service value.

We are creating a better Coast Guard through modernization, and the recent positive endorsement our efforts received from the National Academy of Public Administration reinforces the need to continue moving forward. As I enter my final months of service as Commandant, I ask for your support to provide the Coast Guard with authority to carry out the remainder of our modernization efforts.

## **CONCLUSION**

Regarding our ongoing efforts in Haiti, many have questioned how the Coast Guard can do so much so quickly, and I simply reply: "This is what we do." Our Guardians are committed to protecting, defending, and saving without having to be told to do so. Along with all Americans, I am truly inspired by the Coast Guard men and women operating in theater, backfilling for deployed units, or providing the necessary support to make it all possible. As always, our Guardians are here to protect and ready to rescue at a moment's notice. That is who we are and why we serve.

I look forward to working with the Committee as we move together to achieve our shared goals of a stronger, more capable and effective Coast Guard across all of our safety, security and stewardship missions. Again, thank you for the opportunity to testify before you today. I am pleased to answer your questions.

## **Appendix I - FISCAL YEAR 2011 BUDGET REQUEST**

The FY 2011 President's Budget continues funding for recapitalization of aging assets (e.g., cutters, aircraft, boats, and command, control, computer, communications, intelligence, surveillance, and reconnaissance (C4ISR) and infrastructure. Recapitalization is vital to preserving future surface, air, and shore asset capability, and is an essential investment for the nation. In addition to recapitalization, the FY 2011 President's Budget includes pay and standard personnel costs associated with the military workforce, training, operating funds for new assets, and unit and depot maintenance.

### **FISCAL YEAR 2011 INITIATIVES AND ENHANCEMENTS**

#### **Recapitalize Operating Assets and Sustain Infrastructure**

##### **Surface Assets**

**\$856.0M, 0 FTE**

The budget provides \$856.0M for surface asset recapitalization or enhancement initiatives: production of National Security Cutter (NSC) #5; continued analysis and design of the Offshore Patrol Cutter (OPC); production of Fast Response Cutters (FRC) #9 - #12; production of Cutter Small Boats -- one Long Range Interceptor and one Short Range Prosecutor; and operational enhancement of three Medium Endurance Cutters at the Coast Guard Yard through the Mission Effectiveness Project.

##### **Air Assets**

**\$101.0M, 0 FTE**

The budget provides \$101.0M for the following air asset recapitalization or enhancement initiatives: production of HC-144A Maritime Patrol Aircraft #15; HH-60 engine sustainment and avionics, wiring and sensor upgrades for eight aircraft; HC-130H avionics and sensor development and testing, and the acquisition of components for two center wing box replacements; and HC-C130J fleet introduction.

##### **Asset Recapitalization – Other**

**\$155.5M, 0 FTE**

The budget provides \$155.5M for the following equipment and services: continued development of logistics capability and facility upgrades at shore sites where new assets will be homeported; and design and development of C4ISR-integrated hardware and software systems for surface and air assets.

## **Response Boat Medium (RBM)**

**\$42.0M, 0 FTE**

The budget provides \$42M to order 10 boats to replace the aging 41-foot utility boat and other non-standard boats with an asset more capable of meeting the Coast Guard's multi-mission requirements.

## **Rescue 21**

**\$36.0M, 0 FTE**

The budget provides \$36.0M to complete deployment at Sectors Detroit, Mich; Los Angeles/Long Beach, Calif.; Honolulu, Hawaii; San Juan, P.R.; Guam; and Buffalo, N.Y.; and continue deployment at Sectors Lake Michigan and Sault Sainte Marie, Mich.; Ohio River Valley, Ky.; Upper Mississippi River, Mo.; and Lower Mississippi River, Tenn. The Rescue 21 system is the Coast Guard's primary communications, command, and control system for all inland and coastal missions.

## **Shore Facilities and Aids to Navigation (ATON) Recap Projects**

**\$69.2M, 0 FTE**

The budget provides \$69.2M to recapitalize shore infrastructure for safe, functional, and modern shore facilities that effectively support Coast Guard assets and personnel. FY 2011 funding supports:

- Survey and Design – Planning and engineering of out-year shore projects.
- Minor Shore Projects – Completion of minor shore construction projects that are less complex but enable the Coast Guard to respond to critical operational and life safety issues associated with degraded shore facilities.
- ATON Infrastructure – Improvements to short-range aids and infrastructure.
- Chase Hall Barracks – Continued renovations to the Coast Guard Academy's Chase Hall by modernizing and improving habitability of the cadet barracks.
- Newport, R.I. Pier – Improving an existing pier face to provide over 800+ linear feet of moorings for Coast Guard Cutters Juniper, Willow, and Ida Lewis, and creates the necessary pierside support facilities.
- Aviation Technical Training Center – Building upon efforts funded under the American Recovery and Reinvestment Act (ARRA) to rehabilitate Thrun Hall at the Aviation Technical Training Center in Elizabeth City, N.C.

## **Housing**

**\$14.0M, 0 FTE**

The budget provides \$14.0M for the construction, renovation, and improvement of Coast Guard military family housing. The Coast Guard currently owns 4,020 military housing units, the

average age of which is over 40 years. Funding is critical to improving Coast Guard-owned housing facilities, enhancing the quality of life of the military workforce and their families, and reducing the overall shore infrastructure maintenance backlog.

### **Military Workforce**

**\$86.2M, 0 FTE**

The budget provides \$86.2M to maintain parity of military pay, allowances, and health care with the Department of Defense. As a branch of the Armed Forces of the United States, the Coast Guard is subject to the provisions of the National Defense Authorization Act, which includes pay and personnel benefits for the military workforce. The Coast Guard's multi-mission military workforce is unique within DHS. This request includes funding for basic allowance for housing, childcare benefits for Coast Guard members, permanent change of station costs, and military health care costs.

### **Shore Facilities**

**\$4.3M, 0 FTE**

The budget provides \$4.3M for the operation and maintenance of acquisition, construction and improvement shore facility projects scheduled for completion prior to FY 2011. Funding is required for daily operating costs for energy, utility services, grounds maintenance, routine repairs, and housekeeping. These costs also include the operation and maintenance of the ATON's day/night/sound/electronic signal, power system, and support structure.

### **Response Boat-Medium (RB-M) Maintenance**

**\$2.0M, +5 FTE**

The budget provides \$2.0M for FY 2011 operations and maintenance costs associated with delivery of 18 RB-Ms. This request also includes electrical support personnel and associated personal protective equipment to support the platform's increased capability.

### **Rescue 21 Follow-on**

**\$7.1M, +1 FTE**

The budget provides \$7.1M for follow-on funding to operate Rescue 21, the Coast Guard's primary system for performing the functional tasks of command, control, and communications in the inland and coastal zones for Coast Guard operations including search and rescue and maritime security missions. This funding will support five distinct cost categories that sustain Rescue 21: equipment operation and maintenance, circuit connectivity, property and power, training, and technology refresh.

## **Rescue Swimmer Training Facility (RSTF)**

**\$1.9M, +7 FTE**

The budget provides \$1.9M for the operation and maintenance of the RSTF, its Modular Egress Training Simulator, and recurring training costs. The RSTF will directly support Aviation Survival Technician (rescue swimmer) training and qualification standards, as well as egress certification and recertification for air crews and some small boat crews.

## **Surface and Air Asset Follow-on**

**\$62.5M, +173 FTE**

The budget provides a total of \$62.5M to fund operations and maintenance of cutters, boats, aircraft, and associated subsystems delivered through major cutter, aircraft, and associated C4ISR acquisition efforts. Funding is requested for the following assets:

- NSC – Shoreside logistics support and maintenance funding necessary for three NSCs located in Alameda, Calif.; unit operations and maintenance funding for the third NSC scheduled for delivery in FY 2011.
- Training System Personnel – Funding and training personnel for the NSC C4ISR training suite at Training Center Petaluma, Calif.
- FRC – Operating and maintenance funding for the first five FRCs scheduled for delivery in FY 2011 and homeported in Miami, Fla.; shore-side maintenance personnel needed to support FRCs being delivered in FY 2011; and, personnel to operate and maintain the seventh and eighth FRCs scheduled for delivery early in 2012.
- Transition Aviation Training Center Mobile and Air Station Miami to HC-144A Maritime Patrol Aircraft (MPA) – Funding to support a change in aircraft type, allowance, and programmed utilization rates at Aviation Training Center Mobile, Ala. and Air Station Miami, FlaFL.
- HC-144A MPA – Operating and maintenance funding and personnel for aircraft #12 and personnel for aircraft #13; logistics support personnel and maintenance funding for the HC-144A product line.
- Armed Helicopters for Homeland Security Follow-on – Recurring funds to maintain Airborne Use of Force (AUF) Kit “A” equipment for 22 HH-65C helicopters.
- C4ISR Follow-on – Funding to maintain new high-speed Ku-band satellite communications systems installed on major cutters prior to FY 2011.

## **FISCAL YEAR 2011 EFFICIENCIES, REALLOCATIONS, AND DECOMMISSIONINGS**

The FY 2011 President's Budget includes efficiencies, consolidation initiatives, decommissionings, and operational restructuring. Savings associated with targeted efficiencies and consolidation initiatives have been redirected to support operations and maintenance and recapitalization priorities.

### **Maritime Safety and Security Teams**

**-\$18.2M, -196 FTE**

In FY 2011, Maritime Safety and Security Teams (MSSTs) Anchorage, Kings Bay, New Orleans, New York, and San Francisco will be decommissioned. The seven remaining MSSTs will provide the same geographic coverage by deploying regionally to mitigate the highest prevailing port security risks in the nation's critical ports.

MSSTs will continue to escort vessels, patrol critical infrastructure, perform counter terrorism activities, enforce laws aboard high interest vessels, and respond to unanticipated surge operations (e.g., mass migration response, hurricane response, terrorist attack, etc.) consistent with regional threats.

As part of this initiative, the Coast Guard will reinvest partial MSST savings in the Law Enforcement Detachment (LEDET) program to address increased demand for LEDET services in support of Coast Guard missions. The FY 2011 investment increases the roster of all 17 existing LEDETS from 11 to 12 members per team, and creates one new 12-person LEDET. LEDETs are high return-on-investment national assets that augment defense operations in support of combatant commanders and counter drug operations in the Caribbean and Eastern Pacific.

### **High Endurance Cutters**

**-\$28.2M, -383 FTE**

In FY 2011, the Coast Guard will decommission four High Endurance Cutters (HEC): RUSH, JARVIS, CHASE, and HAMILTON. The average age of the HEC fleet is 42 years. A disproportionate share of the depot level maintenance budget is being used to sustain these aging assets. With two NSCs anticipated to be operational by 2011, the Coast Guard is positioned to begin decommissioning these legacy assets.

### **Medium Endurance Cutter**

**-\$2.8M, -43 FTE**

In FY 2011, the Coast Guard will retire the Medium Endurance Cutter Acushnet. Acushnet is well past its useful service life and has unique systems that are costly and difficult to sustain.

### **HU-25 Aircraft**

**-\$7.7M, -32 FTE**

In FY 2011, Coast Guard will decommission four HU-25 fixed winged aircraft. Three aircraft will be immediately replaced by the new HC-144A aircraft. The fourth HU-25 will be retired from service at Coast Guard Air Station (A/S) Cape Cod, Mass., reducing aircraft allowance at this station from four to three until a replacement HC-144A arrives. Three aircraft provide the minimum manning required to maintain 24/7 Search and Rescue capability.

### **Rotary Wing Capacity**

**-\$5.5M, -34 FTE**

In FY 2011, the Coast Guard will realign rotary wing capacity to provide four medium-range HH-60 helicopters to the Great Lakes region. To facilitate this delivery of enhanced multi-mission capability, two HH-60 helicopters from Operations Bahamas Turks & Caicos, and two HH-60s from Maritime Security Response Team (MSRT) in Chesapeake, Va. will be permanently relocated to Coast Guard Air Station Traverse City, Mich. Upon arrival of the four HH-60s, five HH-65 helicopters presently stationed at Air Station Traverse City will be removed from active service.

The HH-60 helicopter has the added capability over the HH-65 to operate in extreme cold weather conditions, including icing, which persist in the Air Station Traverse City area of responsibility approximately five months per year. In addition, the HH-60 helicopter has double the flight time endurance of the HH-65 providing additional operational range for search and rescue (SAR) missions and security patrols in the Great Lakes region and along the northern maritime border. Enhancing the operational capability of Air Station Traverse City helicopters will also enable the closure of two seasonal Coast Guard Air Facilities at Muskegon, Mich. and Waukegan, Ill. while still meeting SAR program response requirements.