



**TESTIMONY OF
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**ON
“THE COAST GUARD’S FISCAL YEAR 2023 BUDGET REQUEST”**

**BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

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Introduction

Good morning Chairman Carbajal, Ranking Member Gibbs, and distinguished members of the subcommittee, I appreciate the opportunity to testify today and thank you for your enduring support of the United States Coast Guard. The Fiscal Year (FY) 2022 Consolidated Appropriations Act reflects Congress’ continued commitment to addressing the Coast Guard’s readiness challenges and maintaining progress on surface, aviation, and infrastructure recapitalization, while also highlighting the Service’s increasing role in shaping global maritime affairs and national security. Today, I look forward to discussing how the Administration’s FY 2023 Budget request better positions the Coast Guard to advance our national, economic, and environmental security interests in an increasingly complex geopolitical and technologically sophisticated environment.

The Coast Guard contributes significantly to global maritime safety and security by utilizing its unique blend of authorities and capabilities collaboratively in a “whole of government” approach; a skillset increasingly vital to achieving national objectives across a broad spectrum of strategic challenges. In 2021, as the Nation’s maritime first responder, we surged forces in response to domestic natural disasters such as the deadly and destructive Category 4 Hurricane Ida that ravaged the Gulf region, and mobilized rapidly to respond to the 14 August 7.2 magnitude earthquake that struck Haiti’s Southern Coast, saving hundreds of lives and providing other critical assistance in the disaster’s immediate aftermath. These contingencies were additive to “steady state” operations in which your Coast Guard saved 4,747 lives in Search-and-Rescue cases, interdicted 380,000+ pounds of cocaine, responded to 11,000+ pollution incident reports, and facilitated the free flow of \$5.4 trillion worth of commerce across the Marine Transportation System (MTS) while global supply chain issues impacted the availability and costs of goods and commodities.

As near-peer competitors, adversaries, and transnational criminal organizations attempt to take advantage of finite resources within others’ sovereign waters, as well as erode the rules-based international order that protects and enables the free flow of goods and commerce on the world’s oceans, like-minded countries look to the U.S. Coast Guard for leadership and partnership. I would contend that it is “coast guard work” to ensure the safety of life at sea, to protect the marine environment, to promote economic prosperity, and to generally maintain “good order” in waters of coastal state jurisdiction.

This past year the Coast Guard's most modern and capable assets operated across the globe with partners and allies in a manner that further models maritime governance and ensures safe and free movement across sea lines of communication. National Security Cutter (NSC) MUNRO participated in cooperative at-sea exercises with the Royal Australian Navy in the South China Sea, while NSC BERTHOLF enforced regional fisheries management during Operation North Pacific Guard with maritime law enforcement entities from Canada, the Republic of Korea, and Japan – just one example of Service efforts to counter Illegal, Unreported, and Unregulated fishing, a leading global maritime security threat. In the South Pacific, the Coast Guard commissioned three new 154-foot Fast Response Cutters to operate from Coast Guard Forces Micronesia/Sector Guam. These new assets are strategically placed to support the White House's Indo-Pacific Strategy that details the need for an expanding Coast Guard presence in the region to work collaboratively with partners and bolster Indo-Pacific security.

In the Arctic, Coast Guard Cutter HEALY transited the Northwest Passage and circumnavigated North America. Scientists routinely refer to the Arctic as the world's thermostat, and on this important deployment HEALY conducted seafloor mapping and analyzed meltwater from Greenland's glaciers. This work proved critical not only to improving navigation routes, but to also furthering scientific understanding of how the ocean, atmosphere, and ice interact amidst a changing climate. In the Antarctic, Coast Guard Cutter POLAR STAR, the Nation's only heavy polar icebreaker, created a navigable path through ice as thick as 21 feet to enable the annual replenishment of America's McMurdo Station.

In 2021, your Coast Guardsmen worked overtime fulfilling all 11 "steady state" statutory missions as well as supporting DoD and our sister DHS agencies when needed. They contributed unique and complementary Coast Guard capabilities to the Joint Force across both geographic and functional Combatant Commands. They supported the resettlement of Afghan refugees under the Department of Homeland Security's "Operation Allies Welcome." They provided critical healthcare and other logistical support to meet surging demands on the Southwest Border. Never has the utility of such diverse Coast Guard services been so essential to our Department, the Nation, and the rest of the world.

While I remain incredibly proud of the exceptional service the Coast Guard provides to the American taxpayer, increasing mission demands, inflationary costs, and constrained resource levels continue to challenge Service readiness for both steady-state missions and contingency operations. The Service requires increased operational funding to continue closing the readiness gap while building the Coast Guard the Nation needs, as well as funding to support the continued recapitalization of operational assets and infrastructure.

I appreciate the significant investments for surface, aviation, and shore maintenance included in the FY 2022 Appropriation; however, the desired impacts of these investments are greatly diminished by the historic inflation we experience today. In recent years, the Coast Guard has been hamstrung by increasing maintenance backlogs resulting in hundreds of lost patrol days for cutters and thousands of lost flight hours for aircraft. This means that cutters, boats, and aircraft are unable to deploy for planned operations, our people are unable to complete their mission, and our partners are left without full Coast Guard support. Rising inflation and supply chain issues continue to increase costs throughout the life cycle for our assets.

For example, in the past year the price for steel to build our ships has increased 48%, fuel costs have increased 20% with an additional adjustment on the horizon, and the price for select critical parts to maintain our Medium Endurance Cutters have increased 37%. These increasing costs for operating and sustaining our fleet negatively impact our ability to perform our missions and our combined efforts to restore service readiness.

Restore Readiness

Service readiness for the Coast Guard has been, and remains, my top priority. Increasing global complexity and expanding demand for Coast Guard capabilities necessitate modern technology, resilient infrastructure, highly-capable assets, and a trained workforce that reflects the diversity of our Nation. The FY 2023 budget request best positions the Coast Guard by investing in mission-enabling technologies and the modernizing of assets and capabilities to meet today's challenges and prepare for tomorrow's threats.

Support the Mission Ready Total Workforce: Building and sustaining a “mission-ready total workforce” is the cornerstone of our success, and I remain committed to providing our dedicated and talented people with the tools, resources, and policies that will enable them to professionally thrive and personally grow. The world's most capable and talented Coast Guard is comprised of over 57,000 Active Duty, Reserve, and Civilian personnel, supported by 21,000 Auxiliary volunteers.

Moving forward, we will continue to pursue policies and practices that maximize readiness and enable us to recruit, train, and retain a workforce increasingly more representative of the American public we serve. We remain committed to creating an environment that not only attracts the best of our Nation's diverse talent, but also provides an inclusive environment and rich experience that positions the Coast Guard to be an employer of choice with unmatched retention in today's highly competitive economy. We must adjust our human resource practices to fill our ranks and optimize our mission ready total workforce. The FY 2023 budget requests \$170 million for pay and benefits; as well as \$53 million to enhance recruiting and retention initiatives, further expand diversity and inclusion efforts, modernize training, and better support the needs of our workforce.

Modernize Capability: The Coast Guard is in the midst of its largest recapitalization effort since World War II – an effort critical to ensuring our Nation has the capable, modern assets it needs to meet the unprecedented growth in demand for Coast Guard services. However, until fully recapitalized the Coast Guard continues to conduct missions with legacy assets, some of which are over 50 years old.

Surface Assets

With the continued strong support of both the Administration and Congress, we're acquiring the Nation's first new heavy polar icebreakers in almost half a century. The \$80 million provided in the FY 2022 Consolidated Appropriations Act partially funded long-lead time material for the third Polar Security Cutter (PSC). The FY 2023 request of \$167 million will sustain the program and procure an additional portion of long-lead time materials for the third PSC. When fully operational, PSCs will provide the global reach and icebreaking capability necessary to ensure United States presence in the Arctic and Antarctic regions in support of national interests and in furtherance of the National Security Strategy and the National Defense Strategy, as appropriate.

The FY 2023 request also includes the acquisition, modification, and operation of a commercially available polar icebreaker in order to add near-term national capability in the Arctic, train icebreaker sailors, and help inform capability requirements for the future acquisition of Arctic Security Cutters (medium icebreakers). As melting sea ice creates new routes in the High Latitudes that increasingly attract human activity, scientific discovery, and economic prospects, the Coast Guard needs year-round surface access to the critically important geo-strategic Polar Regions.

Continued progress on the Offshore Patrol Cutter (OPC) program is absolutely vital to recapitalizing the capability provided by our legacy fleet of 210-foot and 270-foot Medium Endurance Cutters (MECs). The FY 2023 request provides \$650 million for construction of the fifth OPC and long lead time materials for the sixth as we progress towards our program of record of 25 hulls. The legacy assets the OPC's will replace have been workhorses for decades and have served the Nation with distinction, but the MEC fleet is becoming more difficult and expensive to maintain, and we continue to see degradation in its operational availability.

The FY 2023 request also includes \$77M to support the Waterways Commerce Cutter (WCC) program, specifically, the detailed design and construction of the first two articles. Recapitalization of our fleet of inland tenders – some of which have been in service since the 1940s – is essential to maintaining both the fixed and floating aids that enable navigation on the U.S. Marine Transportation System (MTS). This system includes over 25,000 miles of rivers and navigable channels that connect America's consumers, producers, manufactures, and farmers to domestic and global markets; these marine highways are the economic lifeblood of our economy, and are absolutely critical to American prosperity.

Aviation Assets

The FY 2023 request continues the Coast Guard's transition of our rotary wing fleet with \$100M included for an additional four MH-60T helicopters. Our current fleet includes 98 MH-65 Dolphin and 48 MH-60 Jayhawk helicopters. Both helicopters are undergoing essential Service Life Extension Programs (SLEP) to push current capabilities into the late 2030s. Growing the Coast Guard's fleet of MH-60s via the purchase of new hulls, or the conversion of low-hour former Navy air frames at our Aviation Logistics Center, is crucial to sustaining Coast Guard air operations and meeting mission demands.

Expanding Operations - Arctic, Oceania, and the Atlantic Basin: Our mission effectiveness and global impact is multiplied when we pursue persistent efforts to address common challenges, share costs, and widen the circle of cooperation. As transformational change in the maritime domain triggers persistent demand for more “coast guard work” globally, coastal nations worldwide seek leadership from the U.S. Coast Guard to establish or bolster their own coast guards or maritime services, and to adapt or expand their existing maritime security capabilities. Our collaboration in “coast guard work” strengthens partnerships and amplifies our collective ability to disrupt threats before they reach our shores. The FY 2023 request provides the Coast Guard \$118 million to expand the Service's operations in regions vital to America's national security and prosperity – the Arctic, Oceania, and the Atlantic Basin.

Cybersecurity and C5I Modernization: Evolving cyber threats continue to present challenges to ensure the security of the Coast Guard’s network, but also that of the Marine Transportation System. The FY 2023 request promotes continued efforts to modernize and protect the Coast Guard’s networks pursuant to Executive Order 14028 on Improving the Nation's Cybersecurity, while positioning the Service to have the robust suite of cyber tools and professionals necessary to keep pace with technological advances and increasing cyber threats. Additionally, we are leveraging the momentum of recent years’ Congressional support for our “Technology Revolution” – a “Whole of Service” effort to ensure our dedicated workforce has reliable, mobile, and integrated information systems to empower operations, attract and retain a skilled workforce, and leverage data.

Shore Infrastructure

Coast Guard facilities must be safe and resilient to meet mission demands. Based on the nature of our missions, Coast Guard facilities are located in areas prone to hurricanes, flooding, earthquakes, and other natural disasters. The Nation’s reliance upon the Coast Guard to serve as a first responder after such disasters underscores the importance of our facilities being resilient and ready for operations. We greatly appreciate the \$434 million provided by the Congress as part of the Infrastructure and Investment and Jobs Act, and the \$355 million provided in FY 2022 to support critical shore facility investments.

The Coast Guard has been slowly recapitalizing our shore infrastructure, updating and where possible replacing legacy military housing and support facilities, and modernizing waterfront facilities to accept new assets. Despite these efforts, the Service carries substantial backlogs for both the recapitalization of infrastructure and asset maintenance. While we are making consistently strong headway on recapitalizing our cutters and aircraft, that progress requires making tough annual trade-offs that continue to impact our shore infrastructure needs. Every Coast Guard mission begins and ends at a shore facility, and the FY 2023 request includes targeted investments to improve the condition of our aging shore facilities, and to prepare for the Coast Guard’s future fleet. Given the scope of the challenge, both additional investments as well as a modern approach to project planning, prioritizing, and execution are necessary to ensure the Service has the adequately maintained and resilient infrastructure required to meet the operational demands of both today and tomorrow.

Conclusion

As we look to FY 2023 and beyond, we must resource the Coast Guard that our Great Nation needs to ably conduct domestic operations, as well as leverage the unique authorities and capabilities of the “World’s Best Coast Guard” to conduct operations far beyond our coasts in support of our national interests. Funding provided in the FY 2023 President’s Budget will enable the Service to protect the Homeland, save those in peril, enhance our economic prosperity by supporting the maritime industry, protect our national resources, adapt to climate change, and strengthen the international rules-based order.

With the continued support of the Administration and Congress, your Coast Guard will live up to our motto – *Semper Paratus* – Always Ready. Thank you for your enduring support of our Coast Guard workforce.

FY 2023 BUDGET HIGHLIGHTS

BUDGET PRIORITIES:

- ***Restore Readiness***— The Coast Guard must maintain momentum restoring Service readiness. More than ever, the Nation needs a ready Coast Guard with the personnel, tools, and support systems to operate in an increasingly complex, interconnected, and technologically advanced maritime domain.
- ***Build the Coast Guard of the Future***— The Coast Guard is in the midst of the largest recapitalization effort since World War II – an effort critical to ensuring the Service has the capable, modern assets it needs to meet the unprecedented growth in demand for Coast Guard services.

The FY 2023 Budget requests **\$9.62 billion** for Operations and Support (O&S) and **\$1.65 billion** for Procurement, Construction and Improvements (PC&I). Budget highlights include:

RESTORE READINESS (O&S):

Support the Mission Ready Total Workforce

- **\$170 million** for requisite military pay and allowances per National Defense Authorization Act requirements, maintaining parity with the military branches within the Department of Defense, and **\$49 million** for civilian pay and benefits (O&S).
- **\$53 million** for workforce readiness, including recruiting, retention, diversity and inclusion, training, and support.

Modernize Operational Capability

- **\$100 million** for new assets including: operations and maintenance for OPC #2; crew for OPC #3; operations and maintenance for National Security Cutter (NSC) #10 and crew for NSC #11. Additionally, the Budget provides funding for operations, maintenance, and crew for three C-27J aircraft.
- **\$11 million** for marine safety capacity to modernize and oversee the merchant mariner credentialing program, and additional personnel to conduct timely and thorough marine inspections and investigations to enable commerce and maritime security.

Expanding Operations: Arctic, Oceania, and the Atlantic Basin

- **\$30 million** to crew a commercially available polar icebreaker to expand Coast Guard capacity, and near term enhanced capability to conduct Arctic operations, grow High Latitude sailors, and inform Arctic strategy.
- **\$48 million** to expand operations in the Indo-Pacific in order to promote economic prosperity, combat IUUF, promote environmental resilience, and ensure unrestricted lawful access to the region's maritime environment.
- **\$40 million** to support activities in the Partnership for the Atlantic Basin initiative to address maritime security issues.

Cybersecurity and CSI Modernization

- **\$47 million** to operate, maintain, secure, and protect Coast Guard IT networks and conduct cyber effects operations to deter and respond to cyber-attacks on the Marine Transportation System (MTS).
- **\$7 million** to transition to modern software and provide mobile solutions for the workforce.

RECAPITALIZE LEGACY ASSETS AND INFRASTRUCTURE (PC&I):

- **\$1.2 billion** for vessels, including: \$650 million for construction of OPC #5 and long-lead time materials for OPC #6; \$167 million for the PSC program, including project management and construction of PSCs #1-2 and long-lead time materials for PSC #3; \$60 million for post-delivery activities for NSCs #9-11; \$77 million for the Waterways Commerce Cutter (WCC) program, including project management and long-lead time materials; and \$125M to acquire a commercially available polar icebreaker.
- **\$182 million** to recapitalize and sustain fixed and rotary-wing aircraft including: sustainment of the current MH-60T helicopter fleet and funding for fleet expansion; modernization and sustainment of MH-65 helicopters to extend service life into the 2030s; and continued missionization of HC-27J medium-range fixed wing surveillance aircraft.
- **\$180 million** for shore infrastructure improvements to support new acquisitions and the execution of Coast Guard operations including: PSC homeport in Seattle, Washington; FRC homeport in St. Petersburg, Florida; WCC homeports; continued buildout of the consolidated operational base in Charleston, South Carolina; and other infrastructure repairs and upgrades.