



**TESTIMONY OF
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**ON
“THE COAST GUARD’S FISCAL YEAR 2020 BUDGET REQUEST”**

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

MAY 21, 2019

Introduction

Chairman Maloney, Ranking Member Gibbs, and distinguished members of the Committee, I appreciate the opportunity to testify today. Thank you for your enduring support of the United States Coast Guard, particularly enactment of the Frank LoBiondo Coast Guard Authorization Act of 2018 and the significant investments provided in the Fiscal Year (FY) 2019 Consolidated Appropriations Act.

Your Coast Guard is on the front lines of our Nation’s effort to protect the American people, our homeland, and our way of life. As threats and challenges to our national security and global influence grow more complex, the need for a *Ready, Relevant, and Responsive* Coast Guard has never been greater.

Appropriately positioned within the U.S. Department of Homeland Security (DHS), the Coast Guard is a federal law enforcement agency, a regulatory body, a first responder, a member of the U.S. Intelligence Community, and a military service and a branch of the Armed Forces of the United States at all times¹— the Coast Guard offers specialized and unique capabilities across the full spectrum of maritime activities, from security cooperation up to armed conflict.

The Coast Guard has matured and evolved over the course of our 228-year history, adapting our people, assets, and capabilities in response to emerging national demands and international challenges. We are locally based, nationally responsive, and globally impactful.

To outline my vision for the Service, I recently released the U.S. Coast Guard Strategic Plan 2018-2022. To that end, my highest priority is to “Maximize Readiness Today and Tomorrow,” and readiness starts with our people, who are our greatest strength. In the competitive marketplace the Armed Forces find ourselves, now is a critical time to invest in our mission-ready total workforce.

My second top priority is continuing to “Address the Nation’s Complex Maritime Challenges” through international and domestic leadership in the maritime domain. A unique instrument of national power, the Coast Guard offers the ability to secure the maritime border, combat Transnational Criminal Organizations (TCOs), and facilitate \$5.4 trillion of annual economic activity on our Nation’s waterways.

¹ 14 U.S.C. § 101; 10 U.S.C. § 101

Finally, in a competitive budget environment, your Coast Guard is acutely focused on my third priority, “Delivering Mission Excellence Anytime, Anywhere,” by continuously challenging ourselves to innovate and drive increased efficiency for better organizational performance in response to both manmade crises and natural disasters.

Strategic Effects

The Coast Guard plays a critical role in a comprehensive approach to securing our borders – from disrupting drug trafficking and illegal immigration in the southern transit zones, to projecting sovereignty across the globe. Our Nation’s maritime borders are vast, and include one of the largest systems of ports, waterways, and critical maritime infrastructure in the world, including 95,000 miles of coastline.

As part of the DHS layered security strategy, the Coast Guard pushes out our Nation’s border, and serves as the “offense” in a comprehensive approach to layered border security strategy. Through the interdiction of illicit drugs and the detention of suspected drug smugglers, the Coast Guard disrupts TCO networks at sea, over a thousand miles from our shore, where they are most vulnerable. Coast Guard maritime interdictions weaken the TCOs who destabilize our immediate neighbor Mexico, the Central American land corridor, and South American countries. Our interdiction efforts minimize corruption and create space for effective governance to exist. Coast Guard interdiction efforts reduce the “push factors” that are responsible for driving migration to our Southwest land border.

Working with interagency partners, the Coast Guard seized 209 metric tons of cocaine and detained over 600 suspected smugglers in FY 2018, which is more than all other federal agencies combined. Highlighting the capabilities of one of our modern assets, in November 2018, the National Security Cutter (NSC) CGC JAMES, in support of Joint Interagency Task Force South (JIATF-S), seized nearly nine tons of cocaine and detained over 40 suspected drug smugglers from various drug conveyances, including low-profile go-fast vessels and fishing vessels. In addition to stopping these drugs from getting to our streets, the information we gather and share with our partners in the Intelligence Community facilitates deeper understanding of TCOs and ultimately helps our unified efforts to dismantle them.

As an important part of the modern military’s Joint Force², we currently have forces assigned to each of the six geographic Combatant Commanders (COCOMs), as well as Cyber Command, Transportation Command, and Special Operations Command. The Coast Guard deploys worldwide to execute our statutory Defense Operations mission in support of national security priorities. Typically, on any given day, 11 cutters, 2 maritime patrol aircraft, 5 helicopters, 2 specialized boarding teams, and an entire Port Security Unit are supporting Department of Defense (DoD) COCOMs on all seven continents. In the Middle East, our squadron of six patrol boats continues to conduct maritime security operations on the waters of the Arabian Gulf in close cooperation with the U.S. Navy, promoting regional peace and stability.

² In addition to the Coast Guard’s status as an Armed Force (10 U.S.C. § 101), see also Memorandum of Agreement Between DoD and DHS on the Use of Coast Guard Capabilities and Resources in Support of the National Military Strategy, 02 May 2008, as amended 18 May 2010.

Likewise, as one of the principal federal agencies performing Detection and Monitoring (D&M) in the southern maritime transit zone, the Coast Guard provides more than 4,000 hours of maritime patrol aircraft support and 2,000 major cutter days to DoD's Southern Command (SOUTHCOM) each year.

Coast Guard authorities and capabilities bridge national security needs between DoD war fighters abroad and DHS agencies protecting our homeland. In addition to COCOM support, the Coast Guard partners with federal, state, local, territorial, tribal, private, and international stakeholders to address problems across an increasingly complex maritime domain. Our leadership on global maritime governing bodies and our collaborative approach to operationalize international agreements drive stability, legitimacy, and order. We shape how countries conduct maritime law enforcement and establish governance.

Looking forward, the performance capabilities and expected capacity of our future Offshore Patrol Cutter (OPC) fleet will provide the tools to more effectively enforce federal laws, secure our maritime borders, disrupt TCOs, and respond to 21st century threats. Continued progress on this acquisition is vital to recapitalizing our aging fleet of Medium Endurance Cutters (MECs), some of which will be over 55 years old when the first OPC is delivered in 2021. In concert with the extended range and capability of the NSC and the enhanced coastal patrol capability of the Fast Response Cutter (FRC), our planned program of record for 25 OPCs will be the backbone of the Coast Guard's strategy to project and maintain offshore presence.

In the Arctic region, the Coast Guard remains steadfastly committed to our role as the lead federal agency for homeland security, safety, and environmental stewardship. There, we enhance maritime domain awareness, facilitate governance and promote partnerships to meet security and safety needs in this geo-strategically and economically vital area. As access to the region continues to expand, strategic competition drives more nations to look to the Arctic for economic and geopolitical advantages, and the Coast Guard stands ready to provide the leadership and sustained surface presence necessary to protect our rights and sovereignty as an Arctic Nation.

Looking to the Antarctic, the 43-year old CGC POLAR STAR, the Nation's only operational heavy icebreaker, returned home after successfully completing Operation DEEP FREEZE (DF-19), the annual McMurdo Station breakout, though not without overcoming several high-risk casualties to the ship's engineering systems. The ship's crew had to battle a fire that left lasting damage to electrical systems; ship-wide power outages occurred during ice breaking operations. And in the same transit, divers were sent into the icy waters to investigate and repair a propeller shaft seal leak. Events like these reinforce the reality that we are only one major casualty away from leaving the Nation without any heavy icebreaking capability.

With increased activity in the maritime reaches and growing competition for resources, we cannot wait any longer for increased access and a more persistent presence in the Polar Regions. Our sustained presence there is imperative to ensuring our Nation's security, asserting our sovereign rights, and protecting our long-term economic interests.

Last year we released a request for proposal and in April, we awarded a contract for detail design and construction of the first Polar Security Cutter (PSC) with options for two additional PSCs. I am thankful for your support for the \$675 million in the FY 2019 appropriation. This funding, coupled with the \$300 million in Shipbuilding and Conversion, Navy (SCN) funding in FY 2017 and 2018, made contract award possible and is sufficient to fund construction of the first PSC as well as initial long lead time material for a second PSC.

Our value to the Nation is observed on the farthest shores around the globe as well as closer to home where we continue to be “Always Ready” to answer the call for help. The 2018 hurricane season led to yet another historic Coast Guard response effort. The Coast Guard mobilized over 8,600 active duty members, reservists, and civilians for hurricane response across the United States for hurricanes Florence and Michael in the mid-Atlantic states and Gulf Coast respectively, as well as typhoon Mangkhut in Guam.

In support of, and in coordination with the Federal Emergency Management Agency (FEMA) and other federal, state, local, and territorial agencies, the Coast Guard saved nearly 1,000 lives using helicopters and shallow water craft, provided logistical support to first responders, and oversaw the safe and effective resumption of commerce at over 20 impacted sea ports.

While such a level of professionalism and distinction is what the American people have come to expect from your Coast Guard, that response comes at a cost. We continue to do our very best to stand ready to respond to all maritime disasters, both natural and manmade; however, these efforts consume future readiness. Our aging assets and infrastructure require increased maintenance and repairs, all of which is compounded by the on-going recovery and restoration operations of the historic hurricane season of 2017.

In 2017 alone, the Coast Guard lost the equivalent of two major cutters (e.g., over 300 operational days) due to unplanned repairs. Expanding that to the last two years, we have lost three years’ worth of major cutter patrol days. In 2017 and again in 2018, shortages in parts and supplies cost the Coast Guard over 4,500 flight hours each year, or the equivalent of programmed operating hours for seven MH-65 helicopters. Each hour lost in the transit zones keeps us further from reaching our interdiction targets and helps the TCOs deliver their illicit cargoes.

Service readiness starts with our most valuable asset – our people. We must continue to recruit, train, support, and retain a mission-ready total workforce that not only positions the Service to excel across the full spectrum of Coast Guard missions, but is representative of the diverse Nation we serve. Our workforce end strength was reduced by over 1,250 personnel during a three-year period from FY 2012 to FY 2015. And compared to the workforce of FY 2012, the Coast Guard has nearly 1,000 fewer personnel to accomplish an ever increasing mission set. Adequate increases to depot maintenance funding, coupled with strategic human capital investments, are critical to addressing these readiness challenges.

Conclusion

The Coast Guard offers a capability unmatched in the federal government. Whether combating TCOs to help stabilize the Western Hemisphere, responding to mariners in distress in the Bering Sea, or supporting U.S. Central Command (CENTCOM) on the Arabian Gulf, the Coast Guard stands ready to execute a suite of law enforcement, military, and regulatory authorities and capabilities to achieve mission success anytime, anywhere. We cannot do this on the backs of our people – now is the time to address the erosion of readiness experienced in our Service over the past decade due to near flat line funding for operations and support.

While the demand for Coast Guard services has never been higher, we must address our lost purchasing power, the growing backlogs of deferred maintenance on our capital assets, and the degraded habitability of our infrastructure.

Our 48,000 active duty and reserve members, 8,500 civilians, and over 25,000 volunteer members of the Coast Guard Auxiliary need your support to maintain a *Ready, Relevant, and Responsive* Coast Guard.

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 support of the men and women of the Coast Guard.

FY 2020 BUDGET REQUEST

The Coast Guard's FY 2020 Budget request is focused on three main priorities:

1. Maximize Readiness Today and Tomorrow
2. Address the Nation's Complex Maritime Challenges
3. Deliver Mission Excellence Anytime, Anywhere

Maximize Readiness Today and Tomorrow

The Coast Guard's top priority is Service readiness. The FY 2020 President's Budget request begins to address the erosion of readiness that resulted from years under the Budget Control Act. Critical investments in the workforce as well as depot maintenance for the fleet will put the Service on the path to recovery to sustain critical frontline operations.

Additionally, investments in asset modernization sustain recapitalization momentum while advancing other critical programs. The FY 2020 Budget request supports the Service's highest priority acquisition, the OPC, and continues recapitalization efforts for cutters, boats, aircraft, IT systems, and infrastructure.

Address the Nation's Complex Maritime Challenges

As one of the Nation's most unique instruments of national authority across the full spectrum of maritime operations, the Coast Guard cooperates and builds capacity to detect, deter, and counter maritime threats.

While nefarious activities destabilize and threaten vulnerable regions, the Coast Guard offers capabilities, authorities, and established partnerships that lead to a more secure maritime border. The FY 2020 Budget invests in a holistic approach to combat TCOs through targeted detection and interdiction of suspected drug smugglers, at-sea biometrics, and increased partnerships with allied law enforcement nations in Central and South America, to quell illegal migration.

As the Marine Transportation System (MTS) grows increasingly complex, the Coast Guard's marine safety workforce must adapt to continue to facilitate commerce. The FY 2020 Budget increases the marine inspection workforce while addressing key findings from the report on the tragic sinking of the freight vessel EL FARO and the loss of 33 crewmembers.

Deliver Mission Excellence Anytime, Anywhere

The Coast Guard is an agile and adaptive force whose greatest value to the Nation is an ability to rapidly shift among its many missions to meet national priorities during steady state and crisis operations.

As new threats in the cyber domain emerge, the Coast Guard's cyber workforce serves as the critical link between DoD, DHS, and the Intelligence Community. The FY 2020 Budget increases the cyber workforce to promote cyber risk management and protect maritime critical infrastructure from attacks, accidents, and disasters.

The Coast Guard seeks to continually improve organizational effectiveness and the FY 2020 Budget eliminates redundant and outdated IT services to reinforce the culture of continuous innovation and enhance information-sharing across the Service.

FY 2020 BUDGET HIGHLIGHTS

Procurement, Construction, & Improvements (PC&I)

Surface Assets: The budget provides **\$792 million** for the following surface asset recapitalization and sustainment initiatives:

- National Security Cutter (NSC) – Provides funding for post-delivery activities for the seventh through eleventh NSCs, and other program-wide activities. The acquisition of the NSC is vital to performing DHS missions in the far offshore regions around the world. The NSC also provides a robust command and control platform for homeland security and contingency operations.
- Offshore Patrol Cutter (OPC) – Provides funding for construction of the third ship and long lead time materials (LLTM) for the fourth and fifth OPC. The OPC will replace the Medium Endurance Cutters, now well beyond their service lives, which conduct multi-mission operations on the high seas and coastal approaches.
- Fast Response Cutter (FRC) – Funds procurement of two FRCs, totaling 54 of the 58 vessels needed for the domestic program of record. These assets provide coastal capability to conduct Search and Rescue operations, enforce border security, interdict drugs, uphold immigration laws, prevent terrorism, and enhance resiliency to disasters.
- Polar Security Cutter (PSC) – Provides funding to support detail design and construction activities of the joint Coast Guard-Navy Integrated Program Office (IPO) and program management associated with construction of the lead PSC. PSCs will provide the Nation with assured surface access to the Polar Regions for decades to come.
- Polar Sustainment – Supports a multi-year Service Life Extension Project (SLEP) for CGC POLAR STAR, including program management activities, materials purchases, and production work.
- Waterways Commerce Cutter (WCC) – Provides funding for acquisition planning activities, including continued evaluation of options to replace the capabilities provided by the current fleet of inland tenders and barges commissioned between 1944 and 1990. These multi-mission platforms are integral to the protection of maritime commerce on the inland rivers.
- Cutter Boats – Continues funding for the production of multi-mission cutter boats fielded on the Coast Guard's major cutter fleet, including the NSC, OPC, and PSC.
- In-Service Vessel Sustainment – Continues funding for sustainment projects on 270-foot Medium Endurance Cutters, 225-foot seagoing Buoy Tenders, and 47-foot Motor Lifeboats.

- Survey and Design – Continues funding for multi-year engineering and design work for multiple cutter classes in support of future sustainment projects. Funds are included to plan Mid-Life Maintenance Availabilities (MMA) on the CGC HEALY, CGC MACKINAW, and the fleet of 175-foot Coastal Buoy Tenders.

Air Assets: The budget provides **\$200 million** for the following air asset recapitalization or enhancement initiatives:

- HC-144 – Continues Minotaur mission system retrofits and provides high-definition electro-optical infrared cameras to meet DHS Joint Operational Requirements.
- HC-27 – Continues missionization activities, including funding for spare parts, logistics, training, and mission system development.
- HH-65 – Continues modernization and sustainment of the Coast Guard’s fleet of H-65 short range recovery helicopters, converting them to MH-65E variants. The modernization effort includes reliability and sustainability improvements, where obsolete components are replaced with modernized sub-systems, including an integrated cockpit and sensor suite. Funding is also included to extend aircraft service life for an additional 10,000 hours.
- MH-60 – Includes funding to support a service life extension for the fleet of medium range recovery helicopters to better align recapitalization with DOD’s future vertical lift program.
- sUAS – Continues program funding to deploy sUAS onboard the NSC allowing increased interdiction through greater Intelligence, Surveillance, and Reconnaissance (ISR).

Shore Units and Aids to Navigation (ATON): The budget provides **\$174 million** to recapitalize shore infrastructure that supports Coast Guard assets and personnel, as well as construction and improvements to ensure public safety on waterways. Examples include:

- Replacement of covered boat moorings at Station Siuslaw River, Oregon; recapitalization of failed aviation pavement at Sector Columbia River, Oregon; construction in Boston, Massachusetts to support arriving FRCs; and construction in Sitka, Alaska to support arriving FRCs.

Other (Asset Recapitalization): The budget provides **\$69 million** for other initiatives funded under the Procurement, Construction, and Improvements account, including the following equipment and services:

- Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) – Provides design, development, upgrades, and assistance on C4ISR hardware and software for new and in-service assets.
- Program Oversight and Management – Funds administrative and technical support for acquisition programs and personnel.
- CG-Logistics Information Management System – Continues development and deployment of this system to Coast Guard operational assets.
- Cyber and Enterprise Mission Platform – Provides funding for emerging Command and Control, Communications, Computer, Cyber, and Intelligence (C5I) capabilities.
- Other Equipment and Systems – Funds end-use items costing more than \$250,000 used to support Coast Guard missions, including equipment to support operation and maintenance of vessels, aircraft, and infrastructure.

Operations and Support (O&S)

Operation and Maintenance of New Assets: The budget provides **\$59 million and 297 FTE** to operate and maintain shore facilities and sustain new cutters, boats, aircraft, and associated C4ISR subsystems delivered through acquisition efforts:

- Shore Facilities – Funds operation and maintenance of shore facility projects scheduled for completion prior to FY 2020. Projects include: Coast Guard Yard dry dock facilities in Baltimore, Maryland; FRC Homeport Facilities in Galveston, Texas; Electrical Utilities for Air Station Barbers Point, Hawaii; and Housing for Station Jonesport, Maine.
- FRC – Funds operation and maintenance and personnel for five FRCs and shore-side support for FRCs in Galveston, Texas; Key West, Florida; and Apra Harbor, Guam.
- NSC – Funds crew of NSC #9, as well as personnel for sensitive compartmented information facility (SCIF) crews and analytical support, and shore-side support personnel in Charleston, South Carolina.
- OPC – Funds a portion of the crew for OPC #1, as well as shore-side personnel to develop operational doctrine for the new class of cutter to be homeported in Los Angeles/Long Beach, California.
- HC-130J Aircraft – Funds operations, maintenance, air crews, and pilots for HC-130J airframe #12.

Pay & Allowances: The budget provides **\$118 million** to maintain parity with DoD for military pay, allowances, and health care, and for civilian benefits and retirement contributions, including a 3.1 percent military pay raise in 2020. 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 include pay and personnel benefits for the military workforce.

Asset Decommissionings: The budget saves **\$12 million and 119 FTE** associated with the planned decommissioning of one High Endurance Cutter (WHEC) and three 110-foot Patrol Boats (WPBs). As the Coast Guard recapitalizes its cutter and aircraft fleets and brings new assets into service, the older assets that are being replaced will be decommissioned:

- High Endurance Cutter (WHEC) – The budget decommissions one WHEC. These assets are being replaced with modernized and more capable NSCs.
- 110-foot Patrol Boats (WPBs) – The budget decommissions three WPBs. These assets are being replaced with modernized and more capable FRCs.

Operational Adjustments: In FY 2020, the Coast Guard will make investments that begin to address the erosion of readiness of the Service while investing in new workforce initiatives:

- Aircraft Federal Aviation Administration (FAA) Compliance – The budget provides **\$22 million** to replace obsolete aircraft equipment and systems necessary to comply with FAA 2020 airspace requirements.
- Cyber and IT Infrastructure – The budget provides **\$16 million and 38 FTE** to mature the cybersecurity defense program. The budget also provides funding for an information technology framework and platform to establish a consolidated user interface primarily for Command Centers.
- Restoring Depot Readiness – The budget provides **\$10 million** to begin to restore eroded vessel and aircraft readiness and address critical information technology maintenance and inventory backlogs.

- Human Capital and Support Infrastructure – The budget provides **\$17 million and 22 FTE** to improve enterprise-wide support for the workforce, including the transition to electronic health records and training and support for the Coast Guard Reserve.
- Counter Transnational Criminal Organizations (TCO) – The budget provides **\$7 million and 26 FTE** to expand the Coast Guard’s capacity to execute a multi-layered approach in the Western Hemisphere maritime transit zone, dismantle TCOs, and secure our Nation’s borders from illicit smuggling of all kinds.
- Maritime Safety, Security, and Commerce – The budget provides **\$6 million and 20 FTE** to strengthen the Coast Guard’s marine safety program through improved marine inspector training, establishment of a third party oversight and auditing program, expansion of the marine inspector workforce, and improved accession opportunities for marine inspectors.