

The Subcommittee on Coast Guard and Maritime Transportation

Hearing on

Coast Guard Fiscal Year 2003 Budget

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PURPOSE

The purpose of this hearing is to consider the Administration's fiscal year 2003 budget request for the U. S. Coast Guard.

BACKGROUND

Fiscal Year 2003 Coast Guard Budget Request

The Administration requests \$7.1 billion for fiscal year 2003 for Coast Guard activities that are subject to appropriation. This request is \$1.6 billion (28 percent) more than the amount appropriated for the Coast Guard in fiscal year 2002. This request places specific emphasis on the Coast Guard's search and rescue and homeland security focused missions. Approximately \$700 million of the increase is provided for new military entitlement programs and to enhance Coast Guard operations. The remaining increase of \$900 million is due to an accounting change which fully accrues the Coast Guard's retirements and health care costs. Both of these accounting initiatives would require the enactment of legislation to become effective.

The following table compares the fiscal year 2001 and 2002 Coast Guard appropriations (with and without the accrual) with the fiscal year 2003 Coast Guard budget request (in millions of dollars):

Major Coast Guard Account	Fiscal Year 2001 Actual	Fiscal Year 2002 Enacted + \$209M Emergency Supplemental	Fiscal Year 2002 Enacted + \$209M Emergency Supplemental + Accrual	Fiscal Year 2003 President's Budget Request
Operating Expenses	3,295.2	3,589.7	3,902.7	4,635.3
Acquisition, Construction, & Improvements	406.1	636.1	643.9	735.8
Environmental Compliance and Restoration	16.7	16.9	17.2	17.3
Alterations of Bridges	15.5	15.5	15.5	0.0
Retired Pay	778.0	876.3	876.3	889.0
Reserve Training	80.2	83.2	100.3	112.8

Research, Test, and Evaluation	21.3	20.3	21.1	23.1
Payment to CG Military Retirement fund	N/A	N/A	N/A	736.0
TOTALS	4,613.0	5,238.0	5,577.0	7,149.3

OPERATING EXPENSES (OE)

General

The budget request for Coast Guard operating expenses in fiscal year 2003 is \$4.6 billion, an increase of \$733 million, or nineteen percent, over the fiscal year 2002 appropriated level (these figures include the retirement and health care accruals for fiscal years 2002 and 2003). Operating expenses account for about two-thirds of the Coast Guard's budget and fund Coast Guard search and rescue, port security, aids to navigation, marine safety, marine environmental protection, and law enforcement operations. This includes funding for 37,249 military and 6,390 civilian personnel.

The Coast Guard's operating expense request includes an additional \$266 million to continue maritime homeland security projects originally funded in the fiscal year 2002 supplemental appropriation and to continue the operation of other assets acquired in 2002. The President also requests an additional \$213 million to further improve Coast Guard maritime homeland security systems as well as the Coast Guard's search and rescue and maritime safety operations. The President's announced pay raises in fiscal year 2003 for Coast Guard military personnel, 4.1percent, and civilian personnel, 2.6percent, would cost the Coast Guard \$98 million. In addition, this request increases Coast Guard military personnel by 1,978 and civilians by 220.

ACQUISITION, CONSTRUCTION AND IMPROVEMENTS (AC&I)

The Administration requests \$736 million in acquisitions funding for fiscal year 2003, a \$92 million, or 14 percent, increase over the amount appropriated in fiscal year 2002 (these figures include the retirement and health care accruals for fiscal years 2002 and 2003). This request places specific emphasis on the Coast Guard search and rescue and homeland security missions. These activities include the acquisition, construction, renovation, and improvement of vessels, aircraft, other

equipment, and shore facilities. This account also funds the Coast Guard's Deepwater Capability Replacement Project and the Coast Guard personnel responsible for acquisition.

ENVIRONMENTAL COMPLIANCE AND RESTORATION

For environmental compliance and restoration, funding of \$17 million, \$105,000 more than the amount appropriated for fiscal year 2002, has been requested to mitigate environmental problems resulting from the operation of former and current Coast Guard facilities, and to ensure that Coast Guard facilities are in compliance with applicable laws and regulations. This funding would be used to clean up thousands of batteries disposed of by the Coast Guard in many locations. Another part of this program is to continue to clean up hazardous waste sites in Kodiak, Alaska, and Elizabeth City, North Carolina. Finally, this request includes \$500,000 to conduct remedial action at the Coast Guard Yard in Baltimore, Maryland.

ALTERATION OF BRIDGES

The Bridge Alteration program provides the Federal government's share of the costs for altering or removing bridges determined to be obstructions to navigation. Under the Truman-Hobbs Act of 1940, (33 U.S.C. 511et seq.), the Coast Guard shares, with the bridge owner, the cost of altering railroad and publicly-owned highway bridges which obstruct the free movement of vessel traffic.

The Administration requests no funding for the alteration or removal of obstructive railroad bridges.

RESERVE TRAINING

The Coast Guard provides qualified individuals and a limited number of trained Port Security Units for mobilization in the event of national emergency or disaster. The reservists maintain readiness through mobilization exercises and duty alongside regular Coast Guard members during routine and emergency operations. In addition, the Coast Guard Reserve fills critical national security and national defense roles in both Homeland Security and in direct support of the Department of Defense.

In the immediate wake of the September 11, 2001 terrorist attacks, over 2,500 Coast

Guard Reserve personnel were recalled to active duty. Today, approximately 1900 Coast Guard Reservists remain on active duty.

The fiscal year 2003 budget request proposes funding of \$113 million, an increase of \$13 million, for Coast Guard Reserve training to support the authorized strength of 9,000, an increase of 1,000 reservists.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E)

For research, development, test and evaluation, the Administration proposes to spend \$23 million, a \$2 million increase above fiscal year 2003 appropriated level. This account funds the development of techniques, methods, research, hardware, systems, and planning to improve the productivity of existing Coast Guard missions. The RDT&E program is focusing its research competencies on improvements to maritime homeland security by providing sensors, equipment, and decision-making tools needed for threat awareness, prevention, response, and consequence management at the port level.

BOAT SAFETY

In 1984, the Wallop-Breaux amendments to the Deficit Reduction Act of 1984 created the Aquatic Resources Trust Fund. The Wallop-Breaux Trust Fund consists of two accounts, the Sport Fish Restoration Account and the Boat Safety Account. Annually, up to \$70 million of the motorboat fuel taxes paid by recreational boaters are deposited in the Boat Safety Account to fund state boating safety grant programs coordinated by the Coast Guard.

Subtitle D of title VII of the Transportation Equity Act for the 21st Century, P.L. 105-178, is the Sportfishing and Boating Safety Act of 1998. This legislation amends the Recreational Boating Safety Program, administered by the Coast Guard. Under these amendments, states receive \$59 million without appropriation for boating safety programs. An additional \$13 million may be appropriated from the Coast Guard's budget for boating safety programs. This legislation also provides the Coast Guard with \$5 million annually to coordinate and carry out the national recreational boating safety program.

The Administration does not request additional funding above the \$64 million permanently appropriated for the boating safety program and Coast Guard

administrative expenses.

RETIRED PAY

The Coast Guard's mandatory fiscal year 2003 retired pay liability is \$935 million. This year the Administration has proposed legislation to shift retirement costs from a central mandatory account to the affected programs' discretionary accounts (see below section).

OIL SPILL LIABILITY TRUST FUND

Established by the Oil Pollution Act of 1990, the Oil Spill Liability Trust Fund provides a source of funds, not subject to appropriation, to pay oil spill removal costs and damages, including assessment of natural resources damages, and Federal expenses necessary to administer the Fund. Each year, the Fund may provide up to \$50 million for emergency response costs and pay all valid claims for oil spill damages resulting from oil spills. The Administration's fiscal year 2003 request from the Oil Spill Liability Trust Fund is \$61.2 million, including \$50 million for emergency response costs, \$10 million for payment of claims, and \$1.2 million for support of the Prince William Sound Oil Spill Recovery Institute in Cordova, Alaska

KEY ISSUES ASSOCIATED WITH THE BUDGET REQUEST

Homeland Maritime Security

The President's 2003 budget request increases the Coast Guard's homeland security-related missions funding by \$282 million, to an overall level of \$2.9 billion. After September 11, 2001, the Coast Guard's port security mission grew from approximately one to two percent of daily operations to between 50 and 60 percent today.

The President includes \$88 million in funding to build what the Coast Guard calls maritime domain awareness. The goal of maritime domain awareness is the timely possession of information and intelligence, and the ability to conduct surveillance and reconnaissance of all vessels, cargo, and people that operate in the maritime domain well before a potential threat enters U.S. maritime borders. This amount includes \$10 million to conduct 29 port vulnerability assessments for the Nation's

most critical ports. The Coast Guard's maritime domain awareness initiative also provides \$34 million to significantly enhance the Coast Guard's ability to receive, fuse, disseminate, and transmit secure and non-secure information both internally and among other agencies.

The President's budget provides funding to ensure the control of high interest vessels by increasing vessel boarding and escort operations as well as the tracking of inbound vessels. The Administration requests \$18 million to fund 160 active duty sea marshals for the armed escort of high interest vessels and \$4 million to increase harbor safety patrols for all 49 Captains of the Port.

The President's budget proposal enhances Coast Guard presence and response capabilities by providing \$48 million to support six Coast Guard maritime safety and security teams. Each team will consist of 71 active duty personnel with the capability for harbor patrols, establishment of security zones, vessel interdiction and waterborne incident response within most critical U.S. ports.

The Administration requests \$51 million for the Coast Guard to protect its personnel, physical plant, and information technology capability. This amount includes \$18 million to provide chemical, biological and radiological protection, detection, and decontamination capabilities to Coast Guard units and strike teams. In addition, the President requests \$9.1 million for the acquisition of Coast Guard small arms thereby enabling Coast Guard units and personnel to operate and maintain an adequate small arms weapons inventory.

The President's budget request includes \$29 million to increase Coast Guard domestic and international outreach activities. This amount includes \$27 million for 110 contingency response planners for worldwide seaport infrastructure security. In addition, the President requests \$2 million for personnel and resources to manage all command, control, and communications aspects for response to an act of terrorism. Specifically, this funding will allow the Coast Guard to manage the implementation of an incident command system throughout the agency, which will ensure integrated planning and response operations.

Search and Rescue

The President's budget places specific emphasis on the Coast Guard's search and rescue mission by providing an additional \$122 million to enhance the Coast

Guard's ability to plan and respond to maritime incidents. Annually the Coast Guard responds to approximately 40,000 calls for assistance. This amount includes \$22 million to provide an additional 138 search and rescue personnel during fiscal year 2003 to fill critical personnel shortages at Coast Guard field search and rescue units. In addition, the President requests \$10 million to begin replacing the aging 41-foot utility boat fleet and to purchase several small boats. Also included in the request is \$90 million to overhaul the critical National Response System (discussed below).

Deepwater Capability Replacement Project

The Coast Guard's Deepwater Capability Replacement Project is intended to replace or modernize all assets used in the Coast Guard's Deepwater missions, which generally occur more than 50 miles offshore. Coast Guard activities in this zone typically require either extended on-scene presence, long transit distance to reach the operating area, forward deployment of forces, or a combination of these approaches. The Coast Guard has identified fourteen missions in this zone, including alien migration interdiction operations, drug interdiction, and fisheries law enforcement.

The Coast Guard began planning for replacing assets in 1996 because Deepwater-capable assets are nearing the end of their service lives, are technologically limited for performing deepwater missions effectively, and are expensive to operate because of relatively high crew requirements. Instead of proposing a traditional one-for-one asset-replacement program, the Coast Guard has hired three industry teams to develop competing proposals to develop a single, integrated package of ships, aircraft, and associated systems that will optimize performance of deepwater missions while minimizing life-cycle costs.

To date, the Coast Guard has spent \$436.3 million for three industry teams to develop a plan for replacing or modernizing existing assets. The winning team is to be selected the third quarter of fiscal year 2002. The Administration has requested \$500 million in fiscal year 2003 to fund the second year of implementation of the selected team's proposed plan. Both the Secretary of Transportation and the Office of Budget and Management have jointly certified full funding for the Deepwater project for fiscal years 2003-2007. The Coast Guard estimates the acquisition cost of the Deepwater project at \$10 billion over the next twenty years, but this figure could change.

National Distress and Response System Modernization (NDRSM) Project

The National Distress System provides two-way voice communications coverage for the majority of Coast Guard missions in coastal areas and navigable waterways where commercial and recreational traffic exists. The Coast Guard's system monitors the international VHF maritime distress frequency (Channel 16) and acts as the primary command and control network to coordinate Coast Guard search and rescue response activities. The secondary function of the system is to provide command, control, and communications for Coast Guard missions involving national security, maritime safety, law enforcement, and marine environmental protection. The national distress and communication capability of the existing communications system, built in the 1970's, is inadequate. The current system is unable to accommodate the significant growth in maritime commerce and recreational boating.

The President's request provides \$90 million to conduct independent environmental assessments of potential site locations, complete test and evaluation plans, as well as conduct site surveys of potential tower locations. This project will fully modernize the existing VHF-FM National Distress System and provide improved distress alerting and response coordination capability, along with improved command and control for all Coast Guard missions. The new system will include direction finding, asset tracking, digital selective calling, and multi-channel transmitting and receiving capability.

To date, the Coast Guard has spent \$91.2 million on this project. The future cost of the National Distress System project is still to be determined. The Department of Transportation fiscal year 2002 appropriation requires this project to be completed by the end of fiscal year 2006.

Full Funding of Coast Guard Retiree Cost and Health Benefits

Last year, the Administration proposed legislation, the Managerial Flexibility Act of 2001, to fully accrue the retirement and health care costs of Coast Guard military personnel as well as other Federal government personnel whose agencies do not use an accrual system at the present time. This legislation requires the establishment of the Coast Guard Military Retirement Fund. The new fund will make payments to current retirees, receive the accrual payments from Coast Guard accounts for

current active duty members, and receive annual payments from the general fund to pay over time the previously unfunded retirement liabilities of current Coast Guard personnel.

The President's fiscal year 2003 budget assumes passage of this proposed legislation. Starting in fiscal year 2003, retirement costs will be shifted from a mandatory central account to the discretionary affected program account. The proposal does not increase or lower total budget outlays or alter the surplus/deficit since the higher payment will be offset by receipts in the pension fund. The shift will reduce reported costs from central mandatory accounts and increase reported costs in affected discretionary accounts.

The Administration requests \$889 million for the Coast Guard Military Retirement Fund to pay current retirees during fiscal year 2003. All of the Coast Guard's fiscal year 2003 requested budget accounts include an additional funding level for the accrual payments for current active duty members, as reflected in the above table. In addition, the Administration is requesting a \$736 million payment from the general fund to the retirement fund. This payment is to fund the unfunded liability of Coast Guard personnel that accrued prior to this change in the law, amortized over 40 years.

In addition, the National Defense Authorization Act of 2001 changed health care benefits of retirees over age 64 from a pay-as-you-go basis to an accrual system starting in fiscal year 2003. The proposed Managerial Flexibility Act of 2001 would also convert under age 65 retiree health benefits to an accrual system starting in fiscal year 2004.

User Fees

The fiscal year 2003 budget proposes that Congress enact legislation which would establish user fees for Coast Guard navigation assistance services to commercial vessels arriving in U.S. ports. Coast Guard navigation assistance services include buoy placement and maintenance, vessel traffic services, radio and satellite navigation systems, and waterways regulations. The fiscal year 2003 fee collections are estimated to be \$165 million. The Clinton Administration proposed user fees of this type, but Congress rejected the proposals.

WITNESSES

PANEL I

[Admiral James M. Loy](#)

Commandant
United States Coast Guard

[Master Chief Petty Officer Vincent Patton, III](#)

United States Coast Guard

DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD
STATEMENT OF ADMIRAL JAMES M. LOY
ON THE
COAST GUARD FISCAL YEAR 2003 BUDGET
BEFORE THE
SUBCOMMITTEE ON COAST GUARD & MARITIME
TRANSPORTATION
COMMITTEE ON TRANSPORTATION &
INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
MARCH 07, 2002

INTRODUCTION

Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's fiscal year 2003 budget request and its impact on the essential daily services we provide the American public.

Working with Secretary Mineta and the Department of Transportation, the Coast Guard's fiscal year 2003 budget request first and foremost represents significant increases to address our Homeland Security responsibilities. The President said, "*the budget [being sent] to the United States Congress [has] the largest increase in spending for the Coast Guard in our nation's history.*" Our ports, waterways, and coastal security are the focus of that increase.

Last year I talked about the Coast Guard's multi-year plan to

transform our organization by Restoring Our Readiness and Shaping Our Future to enable the Coast Guard, as a multi-missioned, maritime, military organization, to adapt to the needs of our Nation. This budget methodically continues that strategic effort and also concentrates on our efforts to rebuild our Search and Rescue program, a clear, Administration and Congressional priority. All these intentions were changed by the events of September 11th of last year. The transformation that we had designed occurred sooner, faster, and with greater force than we might have anticipated but it did not alter our fundamental vision...we must continue that transformation. As we bolster the foundation of our service, we'll simultaneously enhance our increased Maritime Homeland Security capabilities.

TRANSFORMING OUR ORGANIZATION

The Coast Guard achieves its flexibility and strength through its military discipline, multi-mission character, and civil law enforcement authority. This unique authority and flexibility in operations allows our organization to shift our resources rapidly from one priority to another, often in a matter of minutes.

Our mission profile is different than planned for a year ago. At that time, Marine Safety was allocated 14 percent of our mission portfolio including the Coast Guard's traditional Port Safety and Security efforts. In the days and weeks following the terrorist attacks, we dedicated over half of all Coast Guard resources to Maritime Homeland Security—or as we now refer to it—Ports, Waterways, and Coastal Security. In fiscal year 2003, our traditional Marine Safety activities coupled with the resources dedicated to Ports, Waterways & Coastal Security will represent

a very significant 27 percent of our Coast Guard resources.

Terrorism, however, is only one of many modern day threats to homeland security. Migrant and drug smuggling compound the threat of terrorism when they contribute to illicit movement of people, money, and weapons across our borders. They continue to grow in severity each year. Profits from these criminal activities are well documented as significant funding engines for international terrorism.

Our Maritime Transportation System (MTS) is both valuable and vulnerable. The MTS includes waterways, ports, intermodal connections, vessels and vehicles. The Maritime Transportation System moves 95 percent of the nation's overseas trade accounting for nearly \$1 trillion in GDP. Protecting America from terrorist threats requires constant vigilance across every mode of transportation: air, land and sea. The agencies within the Department of Transportation, including the U.S. Coast Guard, the Maritime Administration (MARAD), and the Transportation Security Administration touch all three modes of transportation and are cooperatively linked. The vast majority of the cargo handled by this system is immediately loaded onto or has just been unloaded from railcars and truckbeds, making the borders of the U.S. seaport network especially vulnerable. The Coast Guard, with strong support of Secretary Mineta, has developed five key goals, which when met will protect and ensure the safety of our Nation's waterways and ports, as well as maintain and increase public confidence in the Maritime

Transportation System. In fiscal year 2003 the Coast Guard will make great strides in addressing these five goals:

BUILD MARITIME DOMAIN AWARENESS –The United States must have continuous awareness of all vessels – with their cargo and crew along with associated risk profiles– that operate to and from our ports, or transit our coastal waters. Determining a threat profile of each asset as far out to sea as possible works to optimize the “maritime sovereignty” that is required to ensure security of the maritime transportation system as well as the Nation in general. We will complete Port Vulnerability Assessments for the Nation’s most critical ports. We are also requesting 300 personnel and \$88 million to establish intelligence fusion centers for the collection, analysis, and sharing of intelligence information. The initiatives in this component of our maritime homeland security strategy have the potential to significantly reduce security risks while allowing better decision-making and allocation of security resources.

ENSURE CONTROLLED MOVEMENT OF HIGH INTEREST VESSELS – We have categorized any vessel that could be used as a weapon of mass destruction and vessels carrying a large number of passengers (i.e. Liquefied Natural Gas carriers, chemical tankers and cruise ships) to be “High Interest” and subject to special scrutiny as they approach our ports. These vessels must be identified, and possibly boarded and inspected by Coast Guard personnel well offshore before a possible threat could cause harm to our nation’s ports or people. This budget supports 160 Sea Marshals for armed escort of High Interest Vessels and provides the resources to increase on-the-water

patrols for all 49 Captain of the Port zones.

ENHANCE PRESENCE AND RESPONSE CAPABILITIES –

Increased presence has great value as a deterrent and if a potential threat has been identified, the Coast Guard needs the capability to detect, intercept and interdict it, preferably on the high seas, using a layered defense of major cutters, patrol boats, and maritime patrol aircraft. Such action will effectively disrupt a terrorist's planned chain of events and prevent a possible catastrophic terrorist attack well before it threatens our shores. This budget completes the establishment of 6 Maritime Safety & Security Teams with nearly 500 active duty personnel. It will also add 26 more Port Security Response Boats and staffing for small boat stations.

PROTECT CRITICAL INFRASTRUCTURE AND ENHANCE COAST GUARD FORCE PROTECTION –

The Coast Guard must take measures to ensure protection of our personnel, physical plant, and, consistent with the Administration's Critical Infrastructure Protection Program, information technology capabilities. The threats posed are wide and varied, and require considerable actions to safeguard the Coast Guard's people and resources. \$51 million is requested for Anti-Terrorism / Force Protection – with specific enhancements to physical infrastructure, cyber-security, personal protective equipment, and firearms and ammunition.

INCREASE DOMESTIC AND INTERNATIONAL

OUTREACH – Addressing security risks in the maritime environment is an “all-hands” affair. It will require partnerships

and strategic relationships at home and abroad. To help build this security network, the Coast Guard will require robust security plans, including plans for commercial vessels, offshore structures, and waterfront facilities. These plans will address access control, credentialing of waterfront employees, state physical and other security issues. Coast Guard Captains of the Port, in concert with all other port stakeholders, will prepare anti-terrorism contingency plans. All of these plans will be exercised periodically. The Coast Guard will continue to work with the International Maritime Organization to align international activities and improve security. The budget proposes 110 contingency response planners for worldwide seaport infrastructure security.

RESTORING OUR READINESS

We must also continue our multi-year, phased efforts to restore readiness as we strive to establish equilibrium to sustain our “new normalcy.” We must attend to traditional operations and perform appropriate training, maintenance and administrative work, while maintaining ‘surge’ capacity for emergency operations. We must ensure adequate levels of training, maintenance, and other support resources are in place to achieve the full measure of output from our ships, aircraft, and shore facilities.

Search and Rescue (SAR) - The Coast Guard remains the sole government agency that has the expertise, assets, and around the clock, on-call readiness to conduct Search and Rescue operations in all areas of the maritime environment. Through education, regulation, and enforcement efforts, as well as SAR operations,

the Coast Guard strives to reduce fatalities, injuries and property loss at sea. Annually, the Coast Guard responds to approximately 40,000 calls for assistance. In fiscal year 2001, the Coast Guard saved over 84 percent of all mariners in distress, over 4,100 lives.

The Coast Guard has undertaken a multi-year effort to improve our readiness at our small boat stations where many of the search and rescue cases take place. We added 67 personnel for back-up safety boat crews and tower watches at our surf rescue stations in fiscal year 2001. This year the Coast Guard is adding nearly 200 personnel to small boat stations and command centers. Additionally, we are opening a formal school for training Boatswain's Mates and establishing traveling small boat training teams, ensuring that our personnel have critical skills required to successfully carry out search and rescue missions. Personal protective clothing inventories have been enhanced to protect our crews from the harsh environment. This effort continues in fiscal year 2003 by adding another 174 personnel to our small boat stations to reduce the work hour requirements and enhance the retention of our front line personnel.

The National Distress & Response System Modernization Project (NDRSMP) – In addition to adding personnel to our emergency response system, we are making major commitments to the capital infrastructure that enables effective safety and security response capability. The Coast Guard is underway with a major re-capitalization of the Nation's "Maritime 911 System."

The National Distress & Response System Modernization Project will update our 1970's technology to an integrated communications network that will greatly increase detection and localization of distress signals, eliminate known radio coverage gaps, and enhance Coast Guard command and control capabilities across all mission areas, including homeland security, on the Nation's inland and coastal waterways. This budget will fund the initial installation of NDRS equipment and networking at six of the Coast Guard's Group regions along the Atlantic, Gulf, and Pacific Coasts.

Human Capital - Our personnel remain our organization's most valuable resource. It is their hard work and dedication that have enabled the Coast Guard to adapt to evolving missions and changing operational environments. The Coast Guard's motto of *Semper Paratus* – always ready- is more a statement of our people's mindset than of the capabilities of our physical assets.

At his State of the Union address, President Bush emphasized the commitment of men and women in uniform to provide for our Nation's security and safety. He said, "*Our men and women in uniform deserve the best weapons, the best equipment, the best training -- and they also deserve another pay raise.*" This budget reflects the President's desires.

SHAPING OUR FUTURE

We must also plan the U.S. Coast Guard's future now. The ability to anticipate and respond to new threats, risks, demands and opportunities is critical to our success.

The Integrated Deepwater System - Of the 39 similar naval services throughout the world, the U. S. Coast Guard has one of the oldest inventories of ships and aircraft. With great support from the Department of Transportation and the Administration, we're ready to move forward with our plans to recapitalize and upgrade our deepwater assets. During his recent trip to Portland, Maine, President Bush said we "... *must make sure our Coast Guard has a modern fleet of vessels.*" Providing capability across all mission areas, our Deepwater assets are vital to the layered defense and response for Maritime Homeland Security. Deepwater is key to ensuring the Coast Guard can continue to fulfill all our missions and essential in providing a high level of "maritime domain awareness" to exercise and protect our national sovereignty.

CONCLUSION

The President's fiscal year 2003 budget provides immediate capability for our Homeland Security responsibilities and continues to build upon past efforts to restore service readiness and shape the Coast Guard's future. The budget also demonstrates unwavering support for both the Deepwater project and National Distress and Response System Modernization Project (NDRSMP). The end result of the President's fiscal year 2003 budget will be a more capable Coast Guard that is correctly positioned for transformation into the Coast Guard of the 21st century.

I close with a quote from our Commander in Chief as he reflected on the Coast Guard's efforts as of late.

“I saw how the Coast Guard has responded after 9/11 and I know how important the Coast Guard is for the safety and security and the well-being of our American citizens.

This is a fine group of people, who don't get nearly as much appreciation from the American people as they should. And I'm here today [Jan 25, 2002] to say thanks, on behalf of all the citizens who appreciate the long hours you put in, the daring rescues you accomplish and the fine service you provide to our country. Oh, yes, we're on guard in America.”

Protecting our ports, waterways, and coastal regions, saving mariners in distress, interdicting illegal migrant and seizing drugs, or protecting our fisheries – With this budget the Coast Guard will be there to answer the call...

Semper Paratus

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
STATEMENT OF
MASTER CHIEF PETTY OFFICER OF THE COAST GUARD
VINCENT W. PATTON, III
ON THE FISCAL YEAR 2003 BUDGET AUTHORIZATION
BEFORE THE
SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION
COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
MARCH 7, 2002

Mr. Chairman and distinguished members of this subcommittee, I am most appreciative of having the opportunity to speak before you, as this is my last time in my position regarding the issues, concerns, as well as the health and well-being of our Coast Guard's workforce.

I would like to begin my statement with a little known yet interesting historical event that occurred almost 188 years ago. It was October 1814 and our young country was engaged in another war, the "War of 1812" with Britain. The Revenue Cutter Service, the 'birth name' of today's Coast Guard, was tasked with protecting our nation's shores with a small handful of sparsely outfitted cutters in what can be easily considered a 'homeland security' mission. The small single-masted, one cannon capable Revenue Cutter EAGLE with a crew of 40, set out in search of a British warship that was raiding American

commercial ships near Long Island Sound. After an all night search, the EAGLE caught up with the single-masted sloop, which was being escorted by a much larger two-masted, multi-gunned vessel known as a 'brig.' Out-gunned and under-manned, the EAGLE's captain quickly devised a plan, ordering his crew to run their ship aground and drag its cannon to the top of a bluff where they could gain a better advantage. Once in place, the EAGLE offered the first volley of fire against the two British ships. As ammunition ran low, crewmembers returned to their grounded vessel under heavy fire and obtained more. They also risked their life to replace the ship's ensign that had been shot away during the battle, a visual symbol that the EAGLE was not going to give up the fight. Unable to keep up with the need for ammunition, the EAGLE crew became innovative, dug out enemy cannon balls, and returned fire with great accuracy. The battle raged for over 12 hours until the Brits finally had enough of the EAGLE's will to survive and withdrew their warships. The ships had suffered heavy damage, mostly from their own cannon balls fired from EAGLE's lone cannon. This event, in my view, captures the true essence of the legacy of our service.

On that unforgettable day of September 11th, the Coast Guard was again called upon to fulfill it's duties of homeland security, and our Coast Guard personnel, active duty, reserve, civilian and auxiliarists, performed just as admirably and with much the same vigor and sacrifice as the EAGLE. Over 2,800 reservists were activated and all available resources were immediately pressed into action and remain today ever vigilant in protecting our nation's shores, a true testament of our service's multi-

mission maritime culture.

I speak on behalf of the entire Coast Guard. We are all extremely grateful this committee, Congress and the administration for your support of the Coast Guard's fiscal year 2002 budget, your recognition of the Coast Guard's increased responsibilities through Supplemental support, and your thoughtful review of our service's fiscal year 2003 budget submission.

I also thank you for recognizing the sacrifices, needs and concerns of our service people. You have responded to major issues of our military personnel such as pay and compensation, housing, and family health care through the recent passage of the National Defense Authorization Act of 2002 (NDAA-02) and I look forward to your continued support of these initiatives in the NDAA-03 proposals. These initiatives are extremely important towards helping our recruiting and retention efforts. My senior enlisted counterparts from the DOD services and I agree, we must keep moving forward in enhancing military pay and compensation so we can maintain an efficient, enthusiastic, and effective military workforce, and remain competitive with the private sector to attract the best and brightest into the Armed Services.

Though many aspects of service life have been improved over the past four years, there are still significant challenges that face the Coast Guard today. In order to continue the outstanding performance of our workforce and continue to instill pride and professionalism, we must be vigilant in continuing to invest in the future. Many of our operational assets are aged to being

extremely labor-intensive to which the workload has often times been overwhelming keeping equipment working properly and safely. Our people do not want to fail – but they also are in danger at times and put at risk because of the very equipment used to perform their jobs.

One such example which illustrates the danger our people face as a result of working with aged equipment occurred a little more than a year ago aboard the 50-plus year old cutter STORIS on patrol in the Bering Sea. The cutter's small boat with nine crewmembers onboard was preparing to be lowered to conduct a fisheries enforcement boarding when something in the clutch system on the boat lowering mechanism gave way. Then, one of the two davit arms broke, leaving the small boat hanging vertically, dumping the small boat occupants into the icy waters of the Bering Sea. It took quick thinking and action by two STORIS crewmembers, petty officers David An and Jeff Reynolds, who dove into the water to rescue them. Having served as a boarding officer myself in the Bering Sea, I know first hand the dangers of that environment, thus this rescue was indeed phenomenal. It was indeed a difficult and an even scary situation, where we could have very well encountered some serious injuries or loss of life from this mishap. Mishaps relating to faulty equipment on other cutters that fall in the 'thirty-something' age group are not uncommon and often occur in harsh environments like the Bering Sea. Coasties performing their duties on aged equipment only adds to an already high-risk situation.

I feel it is important to bring this up, especially with this being

my last opportunity to speak before this committee in my position for one paramount reason.

With the increased Maritime Homeland Security mission requirements that the Coast Guard has recently realized, the workload continues to increase among our operational and support units, where crews work day and night doing what they can to keep our ships and boats running, planes flying, and even to ensure our personnel are paid properly. While our people are filled with pride of serving their country, and the love of the Coast Guard, they also are extremely frustrated because they want to do a good job, but feel hampered by not having the right tools or equipment and by having to devote additional work hours and personnel to keep up with the tasks so we can perform our missions. I believe we are losing good people who would otherwise be willing to stay if they had the adequate tools and equipment to allow them to do their job more efficiently and effectively.

I am a subscriber to our Commandant's credo that "Preparation Equals Performance." I interpret this to mean, *prepare* our people well, so they can *perform* well. Just as the inspiring story of the EAGLE which I told earlier – our Coast Guard members today have the desire and enthusiasm to do their best, and succeed in their mission without fail. As their advocate, I have a commitment and an obligation to ensure that their voices are heard.

The Coast Guard is presently investing in long-term solutions such as recapitalizing operational assets through the Integrated

Deepwater Systems project and enhancing our Search and Rescue response capabilities through the National Distress and Response Systems Modernization Project (NDRSMP).

Furthermore, we are dedicating needed resources to improve our search and rescue staffing standards. Your continued support of these initiatives is a positive reinforcement to the troops and greatly appreciated.

As I close my testimony I must again publicly state that in the words of one of our most famous Coast Guardsmen and my personal friend and mentor, Chief Journalist Alex Haley to “find the good and praise it!” We have a countless number of people in the past year who have performed admirably and proudly. First, I ask that we please keep in our thoughts and prayers the families of Boatswain’s Mate Second Class Scott Chism, and Fireman Chris Ferreby. These two young men lost their lives in the performance of their duties in March of last year, near Niagara River, NY. Although I did not know them personally, they were part of my Coast Guard family and there is not a day that goes by where I do not think of them. This unfortunate incident is a grim reminder that we place our people in extreme risks and danger every day, and it should not be taken for granted. It’s the nature of our business, which we so proudly serve. Our people carry out these often difficult and dangerous tasks without complaint or concern. It’s important that we should remind ourselves ever so often that in the Coast Guard; there is no such thing as “routine”.

I am honored to have served for our Secretary of Transportation, Norm Mineta, who was appointed an honorary command master

chief because of his display of personal affection and commitment and serving as our very own “Secretary of the Coast Guard.” We are very proud of his sincere support and devotion to duty.

I close with a reiteration from my conclusion of last year’s testimony that our Coast Guard workforce is made up from a group of outstanding professionals who, through mirroring the history of our service’s 212-year existence, exhibits that our core values of *Honor*, *Respect*, and *Devotion to Duty* are more than just words. They remain as a ‘condition of employment,’ where our people are concerned not only for their own personal well-being, but also the future of the Coast Guard. Our service is indeed made up of “ordinary people” who do “extraordinary things.” I am honored to have served them as their master chief.

Thank you for allowing me the opportunity to address these concerns before you. I am available to answer any questions you may have.