CONTENTS

STATEMENTS

The Honorable Daniel E. Lungren, a Representative in Congress From the State of California, and Chairman, Subcommittee on Economic Security, Infrastructure Protection and Cybersecurity:
Oral Statement ..................................................................................................... 1
Prepared Statement ............................................................................................. 2

The Honorable Loretta Sanchez, a Representative in Congress From the State of California, and Ranking Member, Subcommittee on Economic Security, Infrastructure Protection and Cybersecurity ..................................... 3

The Honorable Christopher Cox, a Representative in Congress From the State of California, and Chairman, Committee on Homeland Security:
Oral Statement ..................................................................................................... 6
Prepared Statement ............................................................................................. 7

The Honorable Bennie G. Thompson, a Representative in Congress From the State of Mississippi, and Ranking Member, Committee on Homeland Security ................................................................................................................. 5

The Honorable Donna Christensen, a Representative in Congress From the U.S. Virgin Islands ................................................................................................................. 33

The Honorable Peter A. DeFazio, a Representative in Congress From the State of Oregon ................................................................................................................. 28

The Honorable Norman D. Dicks, a Representative in Congress From the State of Washington ................................................................................................................. 25

The Honorable James R. Langevin, a Representative in Congress From the State of Rhode Island ................................................................................................................. 31

The Honorable John Linder, a Representative in Congress From the State of Georgia ......................................................................................................................... 26

The Honorable Bill Pascrell, Jr., a Representative in Congress From the State of Texas ......................................................................................................................... 29

The Honorable Don Young, a Representative in Congress From the State of Alaska
Oral Statement ..................................................................................................... 4
Prepared Statement ............................................................................................. 4

WITNESS

Admiral Thomas Collins, Commandant, United States Coast Guard, Department of Homeland Security
Oral Statement ..................................................................................................... 8
Prepared Statement ............................................................................................. 10

APPENDIX

Questions Submitted for the Record ...................................................................... 45

Rear Adm. Patrick M. Stillman, USCG, Oversight ad Management of the U.S. Coast Guard's, Integrated Deepwater System ................................................................. 46
THE HOMELAND SECURITY MISSIONS OF THE
POST-9/11 COAST GUARD

Wednesday, June 8, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC SECURITY,
INFRASTRUCTURE PROTECTION, AND CYBERSECURITY,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 2:07 p.m., in Room
2212, Rayburn House Office Building, Hon. Dan Lungren [chair-
man of the subcommittee] presiding.

Present: Representatives Lungren, Linder, Rogers, Pearce, Cox
(Ex Officio), Sanchez, Dicks, DeFazio, Pascrell, Langevin, and
Thompson (Ex Officio).

Also Present: Representative Christensen.

Mr. LUNGREN. The Committee on Homeland Security Sub-
committee on Economic Security, Infrastructure Protection, and
Cybersecurity will come to order.

The subcommittee today is meeting to hear testimony on the
post-9/11 security missions of the United States Coast Guard.
Today we have the pleasure for hearing from Admiral Collins, the
Commandant of the United States Coast Guard, as we explore the
Homeland Security missions of the post-9/11 Coast Guard. I want
to start by thanking the commandant for his testimony and appear-
ance before us today, which I understand is the first before the
Homeland Security Committee.

I expect that we will be working together on many issues in the
years ahead as the committee vigorously exercised jurisdiction over
border and port security activities in which the Coast Guard plays
a fundamental and critical role.

Our hearing today will review how the implementation of the
Coast Guard's integrated Deepwater system is considered to en-
hance our Nation's port judge minority capabilities. We will also
exam how this long-term complex and costly project, which was
begun before the terrorist attacks on the USS Cole and as of 9/11,
has been revised by the Coast Guard to appropriately account for
such events and expanded Homeland Security missions in this
unique agency.

As the lead Federal agency for maritime security, the Coast
Guard has the awesome task of protecting our waterways and se-
curing our Nation's ports. For over 200 years the Coast Guard has
patrolled and protected our coastlines, which total over the 95,000
miles. The Coast Guard also plays a key role in pushing our bor-
ders out to prevent terrorists and terrorist weapons from arriving
at our shores. The committee will be particularly interested in the
details as to how the Coast Guard manages both these blue and
brown-water missions.

The Coast Guard implements its acquisition strategy—or as the
Coast Guard implements its acquisition strategy for the Deepwater
program, this committee will pay close attention to how well these
acquisitions enhance the maritime and port security capabilities of
the Coast Guard and support the overall mission of the Depart-
ment of Homeland Security.

It is equally important that the Coast Guard’s acquisition strat-
egy take into account the availability and capabilities of the other
DHS, Federal, State and local air and marine assets operating in
the port and coastal security environment, as well as the need for
greater interoperability and coordination between those assets and
those of the Coast Guard. I am also interested in the flow of infor-
mation.

How does the Coast Guard receive, analyze and act on intel-
ligence? How does the Coast Guard work with State and local law
enforcement in the maritime sector who are both users and major
collectors of valuable information?

I look forward to the insights that Admiral Collins will provide
on these topics today.

PREPARED OPENING STATEMENT OF THE HONORABLE DANIEL E. LUNGREN

Today, the Subcommittee will hear from Admiral Collins, the Commandant of the
United States Coast Guard, as we explore the homeland security missions of the
post-9/11 Coast Guard. I want to start by thanking the Commandant for his testi-
mony and appearance before us today, which I understand is your first before the
Homeland Security Committee. I expect that we will be working together on many
issues in the years ahead, as the Committee vigorously exercises its jurisdiction over
border and port security—activities in which the Coast Guard plays a fundamental
and critical role.

Our hearing today will review how the implementation of the Coast Guard’s Inte-
grated Deepwater System can serve to enhance our Nation’s port and maritime se-
curity capabilities. We also will examine how this long-term, complex, and costly
project—which was begun before the terrorist attacks on the USS Cole and of 9/11—
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As the lead Federal agency for maritime security, the Coast Guard has the aw-
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years, the Coast Guard has patrolled and protected our coastlines, which total over
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prevent terrorists and terrorist weapons from arriving at U.S. shores. The Com-
mittee will be particularly interested in the details as to how the Coast Guard man-
ages both these blue—and brown-water missions.

As the Coast Guard implements its acquisition strategy for the Deepwater pro-
gram, this Committee will pay close attention to how well these acquisitions en-
hance the maritime and port security capabilities of the Coast Guard, and support
the overall mission of the Department of Homeland Security.

It also is critically important that the Coast Guard’s acquisition strategy take into
account the availability and capabilities of other DHS, Federal, state, and local air
and marine assets operating in the port and coastal security environment, as well
as the need for greater interoperability and coordination between these assets and
those of the Coast Guard.

I am also very interested in the flow of information. How does the Coast Guard
receive, analyze, and act on intelligence? How does the Coast Guard work with state
and local law enforcement in the maritime sector, who are both users and major
collectors of valuable information?

I look forward to the insight that Admiral Collins will provide on these topics
today.

I will now recognize the Ranking Member for any opening statement she may
wish to make at this time.
I would now recognize the ranking member from California for any opening statement she may wish to make at this time.

Ms. SANCHEZ. Thank you, Mr. Chairman, and thank you, Admiral, for being before us. I have to tell you that after having been on this committee and the Select Committee—really, since we set this up—I have been very critical of the Department of Homeland Security and many of the measures that haven’t been taken, that haven’t been done and implemented with respect to the security of America and Americans. But I have to say that one of the areas where I am pretty happy is all the work that the Coast Guard has done.

Admiral COLLINS. Thank you.

Ms. SANCHEZ. So I want to commend you really for much of the work. There is a lot more to be done. I want to let you know what pieces I would like to hear from you today. But every time that I go to the Port of L.A. or the Port of Long Beach or the San Francisco ports, I am just amazed at how thoughtful the Coast Guard is with respect to what has to be done and what it has been able to do.

I think its incredibly important that we protect the ports. As you know, 95 percent of everything of the trade that moves from nonNorth America comes through our port system. I think more than anything, the Coast Guard understands what an attack would look like and the result of loss of life, and, more importantly, as we saw on the shutdown we had a couple of years ago in the Long Beach, Los Angeles area, the economic loss that this country would suffer. So I commend you for many of the things that you have done.

There are some items that I think are critical items that still need to be completed, and I hope that you will discuss them with us today. A national maritime security strategy, the long—and short-range vessel tracking system, a comprehensive maritime intelligence plan and the response plan for a maritime security incident.

I understand that the Homeland Security Presidential Directive 13 is supposed to address some of these requirements. So I would like to hear from you when these items will be completed, especially with respect to the vessel tracking requirement.

I am also concerned about the Deepwater program. Many of us have advocated acceleration of Deepwater. We are concerned with the two GAO reports issued within the last year that state the management challenges—because this really is a big job—associated with that program.

Most of all, we want the men and women of the Coast Guard to have the best equipment available to do their jobs, but we also have to insure that Deepwater is being properly managed so that those resources can reach the field in a timely and cost efficient manner. I would love to get some assurances to you as to how that all is moving along.

Again, I welcome you and thank you for being before us today.

Mr. LUNGREN. I thank the gentlelady. Before I recognize the chairman of the full committee and the ranking member of the full committee, I would like to ask unanimous consent to permit the
chairman of Transportation and Infrastructure Committee, who is also a member of this panel, to make a brief opening statement.

Mr. YOUNG. Thank you, Mr. Chairman. It will be brief. I will, for the record, submit my written statement and again welcome you, Commandant. I have worked with the Coast Guard, I know longer than anybody on this committee. It has been my prime objective, ever since the Merchant Marine Committee was existing and then we lost control of that and we went to the Transportation Committee.

I want to thank you. One of the reasons I am now chairman of that committee is because of the Coast Guard. You have played a very vital role. I have watched all the missions we have charged the Coast Guard with, prior to 9/11, the oil pollution, drug interdiction, immigration problems, all new charges that we didn't fund. Happily, the President is beginning to fund the program and this Congress will do also.

My main interest from you, Commandant, is, of course, the Deepwater program. Again, you know my interest in that. I have read your testimony already, and I see that you are addressing that.

The second interest is one that means a great deal to me, and I think you recognize, as I mention all along, there was a mass hysteria to try to have security within our ports, and I argued all along you cannot secure a port. You have to secure the port of origin of what comes into our ports to make sure it is safe. That is the way we make our ports safe, and I see you have addressed that internationally.

We have some fine agreements. I hope you pursue that with the international maritime group so we can affect our commerce. We have to keep our commerce flowing and yes, have security, but the way you gain that is to make sure that those countries that import to us, as we accept those imports, everything that comes into the ports is secured.

Mr. Chairman, I look forward to the Commandant’s testimony and I yield back the balance of my time.

[The information follows:]

THE PREPARED STATEMENT OF THE HONORABLE DON YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

I am pleased to see the Commandant again this morning.

As the other members of the committee know, I have worked with the Coast Guard to improve the safety and security of Maritime Commerce and the boating public as the chairman of the Transportation and Infrastructure Committee, which continues to have jurisdiction over the service.

As you know, I am a strong supporter of the Coast Guard.

The service is a multi-mission agency that is responsible for many important missions including search and rescue, marine safety, the licensing and documentation of mariners, maritime law enforcement, and oil pollution prevention and response.

In addition to these many traditional missions, the Coast Guard has been designated as the lead federal agency for protecting Maritime Homeland Security.

I look forward to hearing the Commandant explain how the homeland security mission is being carried out in concert with the service’s other important historic missions.

Over the years that I have been in Congress several Coast Guard missions have generated widespread public interest. Oil pollution response, migrant interdiction, and drug interdiction have all at one time or the other captured the public’s attention.

Fortunately, those of us who work frequently with the Coast Guard have continued to support all of the service’s many missions.
It is the breadth of coast guardsmen's training, and the multi-mission capabilities of the service's personnel, ship and planes that give the United States a remarkably safe and economically productive maritime domain.

I commend the chairman for holding this hearing today, and I look forward to the Commandant's testimony.

Mr. LUNGREN. I thank the gentleman. The Chair will now recognize the ranking member of the full committee, the gentleman from Mississippi, Mr. Thompson, for any statement that he may have.

Mr. THOMPSON. Thank you very much, Mr. Chairman, Admiral Collins, welcome to the committee.

Admiral COLLINS. Thank you.

Mr. THOMPSON. I am sure you will be very positive while you are here. I would like to thank Ms. Sanchez also and join her in supporting the men and women of the U.S. Coast Guard. As a ranking member of the House Homeland Security Committee, I believe this committee must provide the Coast Guard with the support it needs to keep America's port and coast lines safe and secure.

Our homeland security strategy depends on the security of our ports and waterways as our ports are dependent on securing a Coast Guard that is robust, dynamic and fully capable of performing a diverse set of missions.

Since the tragic events of September 11th, the men and women of the U.S. Coast Guard have been on the front lines of the war against terror. As the Department of Homeland Security's principal agency for maritime security, the Coast Guard continues to play a lead role in securing the Nation's 95,000 miles of coastline and 361 ports. This includes boarding high-interest vessels and assessing security at our ports.

One of my primary concerns is whether the Coast Guard has the resources it needs to perform its many, many missions. I asked the same question at a field hearing we held recently in Vicksburg, Mississippi about these Coast Guard resources.

At that time, I was told by Admiral Duncan that resources were sufficient. But I have had a hard time completely believing, when I see the activities put on the Coast Guard since 9/11, and would love to hear your position from that, Admiral. I have had concerns about the Deepwater program. Make no mistake, I am a strong supporter of the program. I supported the authorization of the $1.1 billion for Deepwater last year as a conferee on the 2004 Coast Guard authorization bill.

But the management challenges raised by GAO are considerable, and I hope that your testimony will address some of these problems. We simply cannot allow poor management to result in squandered resources and delays in the implementation of important Homeland Security projects such as Deepwater.

Finally, I would like to hear the steps taken by the Coast Guard to protect our inland waterways. As you know, the Mississippi River borders the entire western half of my district, and obviously it is absolutely a priority for a lot of us. While the inland ports do not receive attention the coastal ports do, they are just as vulnerable and a terrorist attack will cause significant loss of life and economic damage.

As you know, the Coast Guard is considered a very valuable piece of the Homeland Security proposal. In fact, some might even call the Coast Guard their king. Given the important work you
folks do, we certainly understand why. Admiral Collins, welcome. I look forward to your testimony.

Admiral COLLINS. Thank you, sir.

Mr. LUNGREN. The Chair now recognizes the chairman of the full committee, the gentleman from California, Mr. Cox for any statement he may have.

Mr. COX. Thank you very much, Chairman Lungren, Ranking Member Sanchez, for putting this hearing together today, and especially, Admiral Collins, thank you very much for appearing here today. As you know this committee is strongly supportive of the Coast Guard and its mission. It has been our observation over the last several years, both as the Permanent Committee and as the Select Committee, that the Coast Guard, among the elements that were contributed to this new cabinet department at the Department of Homeland Security, is really the crown jewel, and your mission, even before September 11th, even before the creation of the Department of Homeland Security, lined up very nicely with what became the mission, the national security mission, of what is now the third largest cabinet department.

To put today’s hearing in proper context to understand the daunting challenges of Homeland Security when it comes to such issues as container shipping, it is important to note at the outset that America is connected to the rest of the world, to the global economy, primarily through the maritime sector.

More than 95 percent of our overseas trade arrives in the United States by ship. That is about 8,000 ships carrying multinational crews and cargo from around the globe, making more than 51,000 U.S. port calls every year. More than 7 million containers are coming into this country every year.

This maritime environment is amazingly complex, and the government regulatory structure that has gone grown up to deal with it is likewise amazingly complex, even excluding State and local regulations. The number of Federal regulatory agencies responsible for dealing with various aspects of our maritime security is daunting.

There are separate regulatory systems to monitor discrete aspects of maritime activity from tracking and targeting high-risk vessels and crews, to screening the cargo on board those vessels and to vetting passengers aboard the vessel. There is often reasonable justification for this kind of division of responsibilities.

But these divisions can also provide opportunities for our enemies. We know from experience that terrorists seeking to harm America study our systems and seek to exploit gaps in those systems. It is for this reason that the creation of the Department of Homeland Security brought under one roof for the first time, the major elements of our maritime security system. The Coast Guard has been given lead responsibility to insure the seamless execution of this critical mission.

What is required is a level of coordination and information sharing that simply didn’t exist prior to September 11, 2001. We now know that our national ability to detect potential threats from the maritime arena request be significantly improved through effective sharing of information. With such advance information on inbound ships, and on cargo, crews and passengers, border control agencies
will be better able to identify those that require more thorough security screening, exploiting available information to discern threats and concentrating resources to stop them, is at the heart of the maritime domain awareness concept, and it is the key to effective risk management.

In May of last year, the Select Committee on Homeland Security held a hearing examining the coordination of maritime security responsibilities and operations among DHS agencies. This included a look at the various air and maritime acquisition plans within the Department.

One year later, this hearing today will provide a status update on the level of improved coordination. In particular, we will examine how various initiatives, such as the C4ISR program, joint harbor operation centers and other similar activities are working to bridge the interoperability gap between the various maritime and port security agencies within DHS and between these agencies and State and local law enforcement and port authorities across the country. We will also examine the cornerstone of the Coast Guard's long-term strategy for carrying out both its Homeland Security and non-Homeland Security security missions, the integrated Deepwater system.

This quarter-century long acquisition project with costs estimated to range from $19 billion to $24 billion will provide a complete modernization of Coast Guard assets. Deepwater, which was developed in the late 1990s, had to be revised to accommodate the Coast Guard's new and enhanced Homeland Security responsibilities post-9/11. The revised plan was delivered to Congress at the end of last month. This hearing will kick off the committee's oversight of whether these revisions to Deepwater adequately account and provide for the Coast Guard's Homeland Security requirements.

In 2003, the Journal of Homeland Security published an interview with Admiral Collins in which he stressed that the Coast Guard accomplishes its various missions through capacity, capability and partnerships. Today's hearing will provide us with an opportunity to explore each of these areas as part of our broader examination of the Coast Guard's authorization needs in its Homeland Security mission areas.

Again, thank you, Mr. Chairman for holding this hearing. I look forward to the Commandant's testimony and an opportunity to further explore these issues.

[The information follows:]

PREPARED OPENING STATEMENT OF THE HONORABLE CHRISTOPHER COX

Thank you, Chairman Lungren, and welcome, Admiral Collins. To put today's hearing in the proper context, it is important to note, at the outset, that America is connected to the global economy primarily through the maritime sector. More than 95 percent of overseas foreign trade (and 100 percent of certain commodities, such as foreign oil) arrives in the U.S. by ship. Approximately 8,000 ships carrying multinational crews and cargo from around the globe make more than 51,000 U.S. port calls each year. More than 7 million containers enter the country annually.

This complex maritime environment has had similarly complex governmental regulation. Even excluding state and local government involvement, there are several different Federal agencies utilizing separate systems to monitor discrete aspects of maritime activity—from tracking and targeting high-risk vessels and crews, to screening the cargo on board those vessels, to vetting passengers aboard such vessels.
While there is often reasonable justification for division of responsibility, such divisions can also provide opportunities for our enemies—whom we know from experience study our systems and seek to exploit the gaps in such systems. The creation of the Department of Homeland Security brought under one roof, for the first time, the major elements of our maritime security system, and the Coast Guard has been given lead responsibility to ensure the seamless execution of this critical mission.

Such execution requires a level of coordination and information sharing that simply did not exist prior to September 11, 2001. We now know that our national ability to detect potential threats from the maritime arena can be significantly improved through effective sharing and use of information. With sufficient advance information on inbound ships, cargo, crews, and passengers, border control agencies will be better able to identify those that require more thorough security screening. Exploiting available information to discern threats and concentrate resources to stop them is at the heart of the maritime domain awareness concept, and the key to effective risk management.

In May of last year, the Select Committee held a hearing examining the coordination of maritime security responsibilities and operations among DHS agencies, including the various air and marine acquisition plans within the Department. One year later, this hearing will provide a status update on the level of improved coordination. In particular, we will examine how various initiatives such as the C4ISR program (which stands for Command, Control, Communication, Computer, Intelligence, Surveillance, and Reconnaissance), joint harbor operations centers, and other similar activities are working to bridge the interoperability gap between the various maritime and port security agencies within DHS, and between such agencies and state and local law enforcement and port authorities across the country.

We also will examine the cornerstone of the Coast Guard’s long-term strategy for carrying out both its homeland and non-homeland security missions—the Integrated Deepwater System. This 20–25 year acquisition project with costs ranging from $19 billion to $24 billion will provide a complete modernization of Coast Guard assets. Deepwater, which was developed in the late 1990s, had to be revised to accommodate the Coast Guard’s new and enhanced homeland security responsibilities post-9/11. The revised plan was delivered to Congress at the end of last month, and this hearing will kick off the Committee’s oversight of whether these revisions to Deepwater adequately account and provide for the Coast Guard’s homeland security requirements.

In 2003, the Journal of Homeland Security published an interview with Admiral Collins in which he stressed that the Coast Guard “accomplishes its various missions through capacity, capability and partnerships.” Today’s hearing will provide us with an opportunity to explore each of these areas, as part of our broader examination of the Coast Guard’s authorization needs in its homeland security mission areas.

Again, thank you Mr. Chairman for holding this hearing. I look forward to the Commandant’s testimony and an opportunity to further explore these issues.

Mr. LUNGREN. I thank the gentleman for his statement. Other members of the committee are reminded that opening statements may be submitted for the record. We are pleased to have a distinguished witness as our only witness before us today on this important topic. It is my pleasure as the Chair to recognize Admiral Thomas Collins, the Commandant of the United States Coast Guard to testify.

Welcome.

STATEMENT OF ADMIRAL THOMAS COLLINS, COMMANDANT, UNITED STATES COAST GUARD, DEPARTMENT OF HOMELAND SECURITY

Admiral COLLINS. Well, thank you very much, Mr. Chairman, good afternoon to you and to distinguished members of this committee. It is an honor and a pleasure to be here with you to discuss how the Coast Guard is contributing to maritime security of the United States.

Quite simply, Mr. Chairman, the bottom line is America, the maritime sector is safer today than it was in 2001. We still have
a ways to go. But we have made incredible progress, from my perspective, to enhance the maritime security posture implementing programs and practices that are already paying substantial dividends in the way of risk mitigation, risk mitigation.

Our approach has been to draw upon and enhance Coast Guard strength first as an armed force; second as a law enforcement agency, as a first responder and a regulator. When you add up those things, that makes us a unique agency in this government.

The other important ingredient is we pursue risk mitigation, to partner aggressively, both domestically and internationally so it mitigates security risk on this global system, as Congressman Young alluded to.

It is a heavy dose of preemption that characterizes our approach, being preemptive and not static in our approach the maritime. We developed a strategy that has four parts. One, as you have already referred to, to enhance the concept we call maritime domain awareness, a very, very important part of this strategy. The second to create and oversee a maritime security regime, one that did not exist prior to 9/11.

Third, to increase our operation presence, to be persistent for deterrence and response and then overall, improve our response posture in the event an incident does occur. There are a number of very comprehensive initiatives that we have taken in each one of these four buckets, four categories. Many are detailed in my written statement. If you will permit me, I will highlight just a select few to give you a flavor for our areas of emphasis.

Since 9/11, the central element of our strategy requires increasing knowledge of our vulnerabilities, our threats and targets of interest. It depends on timely information sharing, partnering with others, both at home and abroad, building on current international cooperative security events and preparing to respond quickly to future events.

For example, since 9/11 we have made changes to improve our operational intelligence by building out our intelligence program, by increasing our advance notice of arrival from 24 hours to a minimum of 96 hours for all foreign vessels and expanded the type and the amount of information required. This information and the vetting of this information is critical to assess inbound risk.

We have built a robust maritime security regime predicated on the maritime Transportation Security Act of 2002 and the International Ship and Port Security Code or ISPS Code that was pushed through the International Maritime Organization. We have reviewed and approved thousands of vessel facility security plans and, insured compliance through literally thousands of boarding and inspections of foreign vessels. We have set up 13 new deployable maritime security teams, and we are full partners in the foreign intelligence community and have operationalized this in 30 field intelligence port units around the country.

We are realigning and integrating our field structure—that is where security gets delivered—into single multimission commands called sectors across the country and are moving ahead on critical command and control technologies like Rescue 21 and Command 2010 to improve our operational effectiveness.
Overall, we have made, I think, considerable progress in implementing our maritime Homeland Security strategy in the four main areas that I talked about. We will continue efforts to close perceived security gaps by increasing our capabilities and our capacity to deal with those gaps.

In a response to HSPD 13, the Homeland Security Presidential Directive 13 and a counterpart, National Security Directive 41 are the same document, cosponsored by those two White House bodies. We are very enthused as a maritime organization, very enthused about our current efforts, interagency efforts to develop a comprehensive, national interagency strategy covering a broad range of maritime security issues and functions. Hopefully you will see the results of those labors this summer.

I should note that the Coast Guard’s inventory of capabilities and capacities to address the full range of our missions is critical to mitigating security risks now and into the future.

As already mentioned by committee members, Deepwater is the enduring solution to that capacity and capability issue to mitigate risk. It is the key for us to develop the proper level of readiness and to meet our missions across the board. They are essential to providing the necessary capabilities to secure our borders, to fight the war on terror and meet the full range of the missions of search and rescue and beyond.

The President’s fiscal year 2006 budget presses forward each element of our maritime security strategy. It does move the ball along in maritime domain awareness, it furthers our efforts to tighten security, develop and to tighten the security regime. It increases our operational presence and improves our response posture.

So I think with this budget, in support of this budget, we will continue to push ahead aggressively across this challenging area.

I thank you very much for the opportunity to testify before you today. I will be happy to take any questions that you may have, Mr. Chairman, and your committee members.

[The statement of Admiral Collins follows:]

PREPARED STATEMENT OF THE ADMIRAL THOMAS H. COLLINS

Good afternoon Mr. Chairman and distinguished members of the Committee. It is a pleasure to appear before you today to discuss the Coast Guard’s role in homeland security, and specifically maritime homeland security.

The Coast Guard is a military, multi-mission, maritime service. It is those core elements of the service’s character coupled with its broad statutory authorities, membership in the Intelligence Community, command and control structure, and extensive experience conducting maritime operations that uniquely equip the Coast Guard to conduct maritime homeland security missions. For homeland security, the Coast Guard serves as (1) the lead Federal agency for Maritime Homeland Security; (2) the Federal Maritime Security Coordinator in U.S. ports as designated by the Maritime Transportation Security Act (MTSA) of 2002, and (3) as a supporting or supported commander for military operations conducted under Title 10. These and other critical roles have imparted a tremendous challenge on Coast Guard men and women and I would be remiss without remarking on their many accomplishments since September 11, 2001. For example:

• Before 9/11 we had no mandatory ship-tracking requirement; now we have forged an international agreement to accelerate the requirement for Automatic Identification System (AIS) capability. It went into effect in December 2004. Simultaneously, we have initiated a major acquisition project for AIS. It has allowed us to deploy immediate capability including AIS shore stations in VTS ports, outfitting NOAA buoys offshore, and testing AIS receiving capability from a low-flying satellite.
Before 9/11 we had no formal international or domestic maritime security regime for ports, port facilities, and ships—with the exception of cruise ships. Partnering with domestic and international stakeholders, we now have both a comprehensive domestic security regime and an international security convention in place. Both have been in force since July 1, 2004.

Before 9/11 we were shorthanded and could not have met mission requirements without our Reserves and Auxiliary. While our Reserve and Auxiliary forces continue to make vital contributions, since 9/11 we have:

- Established 13 new Maritime Safety and Security Teams,
- Deployed over 80 new small boats (RB-S) and boat crews,
- Provided radiation detection capabilities to our boarding teams,
- Deployed field intelligence support teams to better collect and disseminate maritime threat information,
- Acquired fifteen 87-foot Coastal Patrol boats four 179-foot coastal patrol craft to increase operational presence in our ports.

Before 9/11 our prevention, protection, and response activities were coordinated by multiple commands in a single geographic location. Since 9/11, we have begun establishing Sector commands to streamline our command-and-control structure, provide unity of command, and offer one-stop shopping for port stakeholders. It is an organization re-alignment that will have long term positive impacts on our response and recovery posture.

Looking at their accomplishments, it is clear that Coast Guard men and women continue rising to the challenge and delivering tangible and important results across all Coast Guard mission-programs. No amount of new technology or capability enhances security more than the daily dedication of our personnel. They are the indispensable link in any strategy and I am continually impressed by their ingenuity, courage, and dedication.

The Coast Guard has responded to a broad and substantial level of maritime risk with a comprehensive maritime security strategy that guides our operational and resource planning. We have made tremendous progress in a short period of time. Much of our success to date is a direct result of the strong support we have enjoyed from Congress. Through the passage of MTSA and subsequent laws providing for the resources to implement this new law, Congress enabled the Coast Guard to successfully institute a maritime security regime that now serves as a global model for maritime security. But there is clearly more to do and I echo the consensus of most on this topic; we are safer but not yet safe. In the years ahead, Coast Guard readiness will continue to be the key challenge to our ability to deliver results to the American people.

Maritime Security Risks

The maritime domain is of unparalleled strategic importance. In terms of threat, vulnerability, and consequence, there are few more valuable and vulnerable targets than the global maritime transportation system. I stress the words global and system here because it is critical to understand the broad and diverse nature of the maritime domain in order to adequately confront the threats. Increasingly, the maritime security of the United States depends as much on international cooperation and partnerships as it does on our ability to effect security enhancements within areas of exclusive U.S. jurisdiction; areas which by comparison make up only a small fraction of this global system.

**Threat:** While the 9/11 Commission notes the continuing threat against our aviation system, it also states that opportunities to do harm are as great, or greater, in maritime or surface transportation? From smuggling to piracy, suicide attacks to the threat of weapons of mass destruction, the threats are many and varied.

**Vulnerability:** The maritime transportation system annually accommodates 6.5 million cruise ship passengers, 51,000 port calls by over 7,500 foreign ships, at more than 360 commercial ports spread out over 95,000 miles of coastline. The vastness of this system and its widespread and diverse critical infrastructure leave the nation vulnerable to terrorist acts within our ports, waterways, and coastal zones, as well as exploitation of maritime commerce as a means of transporting terrorists and their weapons.

**Consequence:** Contributing nearly $750 billion to the U.S. gross domestic product annually and handling 95% of all overseas trade each year—the value of the U.S. maritime domain and the consequence of any significant attack cannot be overstated. Independent analysis has estimated the economic impact of a forced closure of U.S. ports for a period of only eight days to have been in excess of $58 billion to the U.S. economy.
The only way to effectively address and mitigate these risks is through a layered approach to security. The targets are too many and infrastructure too diverse to rely solely on efforts within the geographic confines of U.S. ports. It requires a layered defense comprising the full range of maritime security operations and measures, starting overseas and extending to U.S. shores, ports, and internal waterways. This defense-in-depth will enable the Coast Guard to address both external and internal threats across the full geographic spectrum and at multiple points in an attack event chain. Simply put, U.S. port security cannot start nor end within our own ports.

Maritime Security Objectives and Strategy

The Coast Guard's overarching maritime security objectives are to prevent attacks in the U.S. maritime domain, protect maritime related critical infrastructure and key assets, and ensure we're prepared to respond to, and can expedite recovery from, an attack. These primary objectives—Prevent, Protect, and Response/Recovery—guide our operational and resource planning. Underlying each is the need for Maritime Domain Awareness (MDA), enabled by our ability to collect, fuse, analyze and disseminate large amounts of maritime data, information and intelligence in a way that facilitates effective decision making at every level of command. Preventing terrorist attacks increasingly depends on ensuring we get the right information, to the right people, at the right time, and in the right form so that optimal decisions can be made.

The Coast Guard's Maritime Strategy for Homeland Security is in direct alignment with the Department of Homeland Security's strategic goals of Awareness, Prevention, Protection, Response and Recovery, and is encapsulated in the below four pillars:

1. Enhance MDA. We seek to increase our awareness and knowledge of what is happening in the maritime arena, not just here in American waters, but globally. We need to know which vessels are in operation, the names of the crews and passengers, and the ship's cargo, especially those inbound for U.S. ports. MDA is critical to separate the law-abiding sailor from the anomalous threat. The core of our MDA efforts revolve around the development and employment of accurate information, intelligence, and targeting of vessels, cargo, crews and passengers—and extending this well beyond our traditional maritime boundaries. All DHS components are working to provide a layered defense through collaborative efforts with our international partners to counter and manage security risks long before they reach a U.S. port.

2. Create and oversee an effective maritime security regime. To help prevent terrorist attacks we have developed and continue to improve an effective maritime security regime—both domestically and internationally. This element of our strategy focuses on both international efforts and includes initiatives related to MTSA implementation, International Maritime Organization regulations such as the International Ship & Port Facility Security (ISPS) Code, as well as improving supply chain security and identity security processes.

3. Increase Operational Presence. We seek to better protect critical maritime infrastructure and improve our ability to respond to suspect activities by increasing our operational presence in ports, coastal zones and beyond . . . to implement a layered security posture, a "defense-in-depth". Our collective efforts to increase operational presence in ports and coastal zones focus not only on adding more people, boats and ships to force structures but making the employment of those resources more effective through the application of technology, information sharing and intelligence support.

4. Improve Response and Recovery posture. Finally, we are improving our ability to respond and aid in recovery if there were an actual terrorist attack. Understanding the challenge of defending 26,000 miles of navigable waterways and 361 ports against every conceivable threat at every possible time, we are also aggressively working to improve our response capabilities and preparedness.

The Coast Guard continues to guide its efforts by implementing policies, seeking resources, and deploying capabilities through the lens of the above maritime security strategy. However, continued risk reduction is contingent upon Coast Guard readiness and capacity. Without these basic building blocks, the implementation of maritime security strategies will not be sustainable. It is no surprise then that readiness and capacity are the focus of my most pressing concerns in fulfilling maritime security missions.

Maritime Security Challenges

Coast Guard readiness is a product of its authorities, capabilities, competencies and partnerships. Each provides a tool for action and no where has this been more important than in the Coast Guard's response to the current security environment.
While each is critical to success, I will focus today on the authorities and capabilities the Coast Guard seeks to equip itself with to ensure it is ready to meet the mission demands of today and tomorrow.

Authorities

The Coast Guard greatly appreciates the tradition of the Administration supporting and Congress passing a Coast Guard Authorization Act each year, as has been the case for three consecutive years. These annual Acts help us keep critical authorities at the cutting edge, enabling us to respond quickly and effectively to the new challenges our service faces daily.

On April 12th, we transmitted to the Congress the Administration’s proposed Coast Guard Authorization Act for 2005. The bill contains sixteen provisions that provide the Coast Guard with important new authorities, as well as expansions and clarifications of existing authorities. I ask that you adopt these provisions and would like to highlight a few of them here today.

Merchant Mariner Credentials

The awful events of September 11th 2001 made clear that our country must take more care in controlling who is able to secure and use government-issued forms of identification. The 9/11 Commission report, noted that the September 11th hijackers obtained and used government-issued identification cards such as driver's licenses. The Commission recommended that forms of identification be made more secure. Congress mandated the development of a biometric transportation security card in MTSA. The Coast Guard is assisting the Transportation Security Administration (TSA) with the implementation of this requirement. The card is known as the Transportation Worker Identification Credential (TWIC).

Concurrently, the Coast Guard has proposed revisions to the existing merchant marine document (MMD) requirements. These documents are, by statute, identification documents, yet they contain virtually no security features. This, among other reasons, is why, with the support of the President and Secretary, I have submitted a complete update of the merchant mariner credentialing statutes. We cannot, and must not, continue with business as usual in the area of mariner credentialing. Not when, as this committee is well aware, our ports and harbors are still vulnerable to terrorist attack. The specter of a terrorist obtaining and using a merchant mariner credential to access and attack vital areas of a strategic port is one that is very real. The changes we have proposed will enable the Department to heighten the security of all merchant mariner credentials in partnership with the mariners themselves and the maritime industry. Additionally, the Coast Guard will work with TSA to ensure the regulations for obtaining the MMDs are consistent with TWIC to minimize future impacts on mariners and to ensure mariners undergo appropriate security threat assessments in accordance with MTSA.

Our proposal enhances the Coast Guard’s ability to be flexible and agile in establishing appropriate criteria and processes for obtaining merchant mariner credentials and in recovering them from unqualified holders. Our proposal also updates the mariner credentialing statutes. The existing merchant mariner credentialing statutes have developed piecemeal over the last 50 years and have not been comprehensively updated since 1983, over twenty years ago in a very different world. As a result, they are unclear, self contradictory and in some cases obsolete. This proposal would update, clarify, and simplify the statutes allowing the Coast Guard to better administer the mariner credentialing program as well as addressing the many changes in the domestic and international maritime communities, and especially, as I mentioned above, security concerns post September 11th.

Critical issues the Administration’s proposal addresses include:

- Authority to conduct background checks to evaluate mariners for both maritime security and maritime safety purposes,
- Authority to issue a single merchant mariner credential, including allowing for the merger with the TWIC,
- Authority to issue cadet credentials (including to foreign cadets) for training and educational purposes,
- Authority to refuse to issue a merchant mariner credential to a mariner who is a maritime safety or security risk, and
- Authority to refuse to issue a merchant mariner credential for one year to a mariner who lies on application.

The suspension and revocation chapter allows for immediate temporary suspension of a merchant mariner credential where the mariner is involved in an accident involving death or serious injury or where a mariner is determined to be a threat to security or safety. Because we are very concerned with fairness and the rights of merchant mariners, it also requires a hearing on any temporary suspension within 30 days of the suspension. The proposal also enhances compliance with the law
by adding significant new civil and criminal penalties for making, using, or presenting fraudulent credentials.

Other Authorization Priorities

Our proposed bill also includes some seemingly small but critically important provisions that would enhance our authorities in maritime homeland security and drug interdiction. These are Extension of Coast Guard Vessel Anchorage and Movement Authority, which would extend to 12 miles the Coast Guard’s authority to enact maritime protection zones around naval vessels; Enhanced Civil Penalties for Violations of the Maritime Transportation Security Act (MTSA), which would make each day of a continuing violation of MTSA maritime security regulations a separate offense; and Certification of Vessel Nationality in Drug Smuggling Cases, which would allow the certification of the nationality, or lack thereof, of interdicted drug smuggling vessels without the presence in a U.S. court of foreign officials.

The Administration’s bill includes other important provisions that would improve our management of the officer corps, streamline and lower costs of small procurements and clarify and update the tonnage laws administered by the Coast Guard. In addition, it includes several provisions to improve the Coast Guard’s ability to carry out non-homeland security missions as well. Most notably, the Administration’s proposal would authorize the Secretary to establish a pilot program to conduct mandatory dockside crew survivability examinations on uninspected U.S. commercial fishing vessels in two geographic areas over the next five (5) years. The purpose of the pilot program would be to examine fishing vessels and their crews to ensure the required safety equipment is on board and that the crew is trained and exercised in its proper use. Currently, the Secretary does not have the authority to conduct mandatory dockside exams. We estimate that only 6 percent of the owners or operators of the approximately 90,000 uninspected commercial fishing vessels operating in the U.S. today make their vessels and crew available to the Coast Guard for a voluntary dockside examination. Since 1991, when the Coast Guard first began offering voluntary examinations, history has demonstrated that the crews of fishing vessels examined under such a program have a much higher survivability rate during an accident or loss of the vessel. I ask for your support in enacting the President’s proposed bill.

Capabilities

The President’s 2006 Budget requests funding to continue the urgently needed recapitalization of our cutters, boats, aircraft and support infrastructure to reverse declining readiness trends and enhance operational capabilities to meet today’s maritime safety and security threats. As detailed in the National Strategy for Homeland Security, this restoration of Coast Guard capability is a critical need in protecting the homeland.

Many of the Coast Guard’s operational assets will reach the end of their anticipated service lives by 2008, resulting in rising operating and maintenance costs, reduced mission effectiveness, unnecessary risks, and excessive wear and tear on our people. Listed below are some specific examples highlighting alarming system failure rates, increased maintenance requirements, and the subsequent impact on mission effectiveness:

- HH-65 helicopter in-flight engine power losses occurred at a rate of 329 mishaps per 100,000 flight hours in FY 2004. This is up from a FY 2003 rate of 63 mishaps per 100,000 flight hours. The comparable Federal Aviation Administration acceptable standard for a mishap of this severity is approximately 1 per 100,000 flight hours. The engine loss rate has resulted in flight and operational restrictions and high levels of risk to our aircrews. Re-engining the HH-65 will remain the Coast Guard’s highest legacy asset priority until every HH-65 aircrew is flying safely with a fully capable aircraft. (The 2006 Budget addresses this issue.)
- The 110-foot Patrol Boat fleet has experienced 23 hull breaches requiring emergency dry docks. The resultant loss in operational days is unsustainable, and risks to our personnel are unacceptable. (The Deepwater fast response cutter initiative helps eliminate this issue.)
- Our high and medium endurance cutters are experiencing sub-system failures due to old and unserviceable systems. The 378-foot WHEC fleet averages one main space casualty, with potential to escalate to main space fire, on every patrol. Three out of a total class of twelve ships have recently missed operations due to unscheduled maintenance required to repair failing sub-systems. The total number of unscheduled maintenance days for the major cutter and the 110’ Patrol Boat fleet has risen from 267 days in FY 1999 to 742 days in FY 2004 (175 percent increase over FY 1999). This loss of operational cutter days in 2004 equates to losing four cutters, or 10% of our major fleet for an entire
The contributions of Deepwater legacy assets to maritime safety and security are not theoretical, evidenced by the below accomplishments in 2004 alone:

- Operation ABLE SENTRY blanketeted the coastline of Haiti with Coast Guard Deepwater assets, which interdicted over 1,000 illegal migrants during this operation and deterred many thousand more from taking to sea in unsafe boats.
- The 378-foot Coast Guard Cutter GALLATIN, and its Airborne Use of Force (AUF) capable helicopter seized more than 24,000 pounds of cocaine worth an estimated $768 million and detained 27 suspected smugglers in the span of seven weeks.
- The Coast Guard’s Deepwater cutters and aircraft patrolled over 28,000 hours in direct support of maritime homeland security missions. 110-foot patrol boats alone patrolled 13,000 hours supporting port and coastal security missions including cruise ship escorts, critical infrastructure protection, and countless security boardings.
- Working in conjunction with the U.S. Secret Service during the national political conventions, 270-foot Medium Endurance cutters and 110-foot patrol boats provided maritime security, enforced security zones, and served as command and control platforms coordinating maritime traffic. Deepwater aircraft, equipped with the AUF package, provided air security and conducted maritime security patrols.

Despite spending increasing amounts maintaining operational assets, the Coast Guard is experiencing a continuing decline in fleet readiness. Legacy cutters are now operating free of major equipment casualties (equipment failures that significantly impact mission performance) less than 50 percent of the time, despite the investment per operational day increasing by over 50 percent over the last six years. The resulting “readiness gap” negatively impacts both the quantity and quality of Coast Guard “presence”—opening an unacceptable hole in our layered defense. If declining readiness trends continue, Coast Guard capability and capacity will continue to be reduced exactly when the nation needs it most.

The Integrated Deepwater System is the enduring solution to both the Coast Guard’s declining legacy asset readiness concerns and the need to implement enhanced maritime security capabilities to reduce maritime risk in the post-9/11 world. Aggressive implementation of the Deepwater program will recapitalize the Coast Guard fleet and introduce much needed surveillance, detection/clarification, intercept, interdiction and command and control capabilities.

The original Deepwater contract baseline sought to replace Coast Guard assets operating at their 1998 performance levels. The post-9/11 national strategic security environment demanded that the original Deepwater solution be revised to defeat terrorist threats, address contemporary mission demands, and satisfy current and emergent operational priorities. In early July 2003, I directed an internal Coast Guard study to analyze operational capability and capacity gaps and the impact these gaps have on mission performance. This process, known as the Integrated Deepwater System Performance Gap Analysis (PGA), identified significant capability and capacity gaps in the existing Deepwater system implementation plan designed to meet the 1998 performance baseline.

Based on the results of the PGA, the Coast Guard, working with the Department, updated Deepwater capability and capacity requirements through development of a revised Mission Needs Statement (MNS). The revised MNS, approved by the Department of Homeland Security on January 24, 2005, calls for additional system-wide capabilities to extend the borders of our ports and reduce maritime homeland security risk. Based on the revised MNS, the Coast Guard developed a revised Deepwater Implementation Plan to reflect new post-9/11 system requirements.

The revised plan addresses the Coast Guard’s dual challenges of legacy-asset deterioration and performance gaps by (1) enhancing the performance of selected Deepwater assets through added capabilities and conversions, including C4ISR systems; (2) adjusting the implementation schedule and mix of individual assets over the life of the program; (3) providing necessary balance over the life of the program based on the Department of Homeland Security’s strategic goals, current and emerging mission requirements, and the need to provide for a high-quality workplace for Coast Guard men and women.

In addition to delivering more capable operating assets for the Coast Guard’s post-9/11 transformation to support DHS strategic goals and to reduce maritime security risk, the revised plan will enable the Deepwater Program to make more significant contributions to improved information sharing, collaboration, and interoperability in the maritime domain—essential capabilities to implement the Maritime Strategy for Homeland Security, and in particular enhance MDA.
The Revised Implementation Plan ensures Deepwater cutters and aircraft will be equipped with the right systems and capabilities (summarized below) to operate successfully in the post-9/11 threat environment. These changes are critical to ensuring the maritime security of America and its $750 billion maritime transportation system, including:

- An innovative, integrated network-centric C4ISR system to harness the power of an interoperable network to enhance performance in all mission areas, improve MDA, and provide a common operational picture—key to Coast Guard leading the inter-agency effort to know and respond to maritime conditions, anomalies, vulnerabilities, and threats. Improvements to C4ISR enable earlier awareness of events through the more effective gathering and fusing of terrorism-related information, analysis, coordination, response—all critical to detecting and defeating terrorist attacks. Upgrades to Deepwater surface assets, for example, contribute directly to improved intelligence collection and fusion through a sophisticated Shipboard Sensitive Compartmentalized Information Facility (SS/SCIF), sensors, and increased data-exchange bandwidth;
- Improved maritime-security capabilities such as increased speed and integrated weapons systems on selected Deepwater cutters essential to higher levels of maritime homeland security during a terrorist attack, opposed boardings, and other high-risk operations;
- Airborne use of force and vertical insertion and delivery capabilities to allow helicopters to provide warning and/or disabling fire, and to deploy, deliver, and recover boarding teams safely and more effectively;
- Improved fixed-wing long-range surveillance aircraft to increase MDA and reduce maritime patrol aircraft shortfalls in operating hours; organic Coast Guard air transport capability will enable deployment of Maritime Safety and Security Teams and National Strike Force teams for faster, more effective response;
- Improved capabilities for anti-terrorist/force protection on select Deepwater assets with all-weather self-defense and the ability to protect high-value assets; assets will have the capability to engage terrorists with higher assurance of survivability and continued mission capability; and
- Improved asset capabilities for detection and defense for chemical-biological-radiological (CBR) threats—essential to survival and continued operations during a CBR attack involving a weapon of mass destruction.

The Deepwater system’s performance-based acquisition strategy will allow the Coast Guard to respond to changing conditions and threats, and provides a vehicle for capability and schedule adjustments over the life of the program—maximizing value and performance through technology refreshment and innovation. The flexibility inherent in Deepwater’s acquisition will enable the Coast Guard to adjust the final mix of selected platforms as overall system-of-systems capability improvements are generated by, for example, significant improvements to the program’s system for C4ISR or Unmanned Aerial Vehicle (UAV) technology.

Our plan to incorporate improved post-9/11 operational capabilities on all major surface and aviation platforms will reap significant system-wide performance improvements that will have a bearing on capacity requirements. In the world of C4ISR, for example, we have already seen how command-and-control upgrades to our legacy cutters serve as a force multiplier to generate impressive dividends in operational effectiveness and efficiency. Armed with earlier, more accurate, and continuously streamed intelligence and operational data to maintain a common operating picture, commanders can employ their assets far more effectively than in the past. Our modeling and simulation studies predict a robust return on investment by revising the Deepwater plan to meet post-9/11 requirements.

With the continued strong support of the Department of Homeland Security (DHS), the Administration, and Congress we are positioned to play an even greater role in reducing the future risk of a terrorist event against the homeland. During the past two years, we have modernized select legacy assets to operate more effectively until replaced by Deepwater assets. Now we have established requirements for improved capabilities on converted or newer Deepwater platforms that are necessary for the Coast Guard to perform its full range of post-9/11 missions.

Conclusion
On 9/10/01, our primary maritime focus was on the safe and efficient use of America’s waterways. Since 9/11, we have made great progress in securing America’s waterways, while continuing to facilitate the safe and efficient flow of commerce. There is no doubt that work remains, but there is also no doubt that we continue to improve maritime homeland security each and every day—thanks in large part to the continued strong support of the Administration and Congress.
The Coast Guard’s 2006 Budget continues that support, proposing budget authority of $8.15 billion, an eleven percent increase over 2005 comparable discretionary funding. The budget provides the resources necessary to continue recapitalizing the Coast Guard’s aging cutters, boats, aircraft, and supporting infrastructure, while building out maritime safety and security capabilities essential to meeting present and future mission demands. In addition, the Administration’s proposed Coast Guard Authorization Act for 2005 contains provisions that provide the Coast Guard with important new authorities, as well as expansions and clarifications of existing authorities.

Our country faces many challenges in today’s dangerous world. In the maritime arena the Coast Guard strives every day to be the Shield of Freedom, to protect our homeland and to continue to perform our traditional missions in the outstanding manner that the men and women of the Coast Guard have performed all of their many missions for over 200 years.

By supporting enactment of President’s proposed budget levels and legislative changes, the Committee will better equip today’s Coast Guard to meet our current and future maritime safety and security challenges. Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Mr. LUNGREN. Thank you very much, Admiral. We will be recognizing members for 5 minutes each for questions, and I will start that off by, first, reflecting on the fact that the Coast Guard personnel numbers were down prior to 9/11, you folks suffered as much of a cutback as anybody in the Federal establishment. They are back up now, almost the numbers, to where they were prior to that cutback.

Your budget has been significantly increased since the mid 1990s to the present time, I guess 3.05 billion in 1995 to 6.52 billion in 2005. I would assume that much of that reflects the increased commitment or the new compliment to Homeland Security. Can you tell me what percentage or what portion of those budget increases have been divided between Homeland Security and nonHomeland Security missions of the Coast Guard?

Admiral COLLINS. If you look at our budget presentation, I think that breaks out about 45 to 46 percent of our total budget base is officially described as Homeland Security missions, as defined in the Homeland Security Act. Of course, most of the growth that you refer to, Mr. Chairman, has been allocated to capability and capacity issues within those Homeland Security missions.

Several examples, we built up, as I mentioned, 13 maritime safety and security teams that are placed around the country, 75-person team is augmented with reservists up to 100. They are sort of our special ops team that can provide enhanced security in and around a port environment. That is a considerable—ate up a considerable portion of that increase.

We have added 15 coastal patrol boats to our fleet, is another example in the direct Homeland Security and maritime security assets. Just two examples of where that money has been allocated.

I should note that we have also not neglected our other traditional missions as well. We have invested in those multimission systems, both in people and in systems that will enhance our systems across the board. Case in point. If you look from 2000, 2001 to the present, we have added almost 1,000 people to our search and rescue structure in our Coast Guard between our command centers and our stations to deal with increased operational tempo.

And the Rescue 21, which is a VH/FM command and control distress and calling system, digital-based that we are building around a country is largely focused on our search and rescue mission but
Mr. LUNGREN. Last week I had a chance to go out and visit the Pacific Command in the 11th District in California and had the opportunity to look at some of the intelligence operations you have out there.

My question is this: We have looked at, in other committees, the difficulty, for instance, the FBI is having in transforming itself and both attracting proper intelligence but more importantly analyzing proper intelligence. Your people presented to me the argument, you presented the argument that you do a far better job on intelligence than you did before, that there is more coordination.

How do we judge that other than the fact that we are spending more money at it? At least in my observation, the FBI has been—they are certainly not doing a very good job in terms of analyzing things. They have got sort of a disrespect for analysts, because they are not agents, and so forth.

What kind of significance do you put to the intelligence operations you have? What benchmarks would you suggest we would look at to see that you are actually doing a better job, not just have more money, and now tell us that you are talking to the other elements within DHS and DOD and local law enforcement, for instance?

Admiral COLLINS. Mr. Chairman, that is a wonderful question. It is a very difficult question. The metrics are hard, it is like asking what the deterrence impact is of a patrolling police officer on the street and trying to quantify those benefits. So it is absolutely the right question. The answer to it is exceedingly difficult.

You are right. We have added, almost doubled our intel establishment. We have changed it organizationally. It is a direct report to me. It is not buried down in our operational directorate. We have added a three-tier structure. We have added these field intelligence support teams, area fusion centers east and west, Pacific and Atlantic, and then co-located with the Navy at Suitland, we have a Navy intelligence center located with ONI, which is a terrific partnership for us.

We are in the process of building out structured competency in this area. I can give you a classified briefing on a couple of real high connect-the-dots payoff, connect-the-dot things that our analysts have done that no one else saw. I would be glad to give you a classified briefing on that. Really some terrific, terrific, analytical work. We did it right because we have a systems view of the maritime. We know the safety part, maritime, environmental part, domestic part, and we are able to tie the dots together. That is one measure, analytical success.

The second is, not only have information developed, flowing from the bottom up and feeding into the total intel picture, but just as important from my perspective, it is giving tactical information to our operational commanders every day. That is the real payoff, the real payoffs of the FITs, the field intelligence teams.

Every day, they are assimilating information, the vessel arrival of information that comes in, vetting that information, up through ONI and Suitland and back, and taking that information, fusing it
and giving the operational commander information on which he can say, well, where do I put my boarding team today. What vessels do I escort today, where do I put my inspection resources. It is all based on risk.

But it has to be done on the fusion of information, the best information you have to allow you to make those kinds of decisions. That is the real payoff, I think, that is the real payoff. One of the elements of success is that they are joint multiagency entities, as these field intelligence support teams, other agencies that are coming, State and local, willingly and eagerly to participate in this, because they see a value proposition in the information that is brought together within those structures.

Mr. LUNGREN. Thank you, Admiral. My time is up. The gentlelady from California.

Ms. SANCHEZ. Thank you, Mr. Chairman, again, thank you, Admiral. The GAO issued a report in 2004 on the automatic identification system, which, as you know, is the short-range tracking system, and stated that currently the Coast Guard could only monitor vessels in 10 ports with the existing Vessel Traffic Services, or the VTS.

It would appear to me that if you are going to be doing this, you would have to have more ability to monitor ships than just in 10 ports. I understand that expanding the AIS coverage is not an easy task, and the GAO estimated that it would—a national ATS system would be around $150 million. Have you thought of how you are going to enlarge that capacity? And in particular, because, in having gone to the Port of Los Angeles—Long Beach, they have the automatic secure Vessel Tracking System. It would seem to me like maybe you could work with them and get some more coverage than if it wasn’t an AIS type of coverage, but something close to it.

Admiral COLLINS. Sure.

Ms. SANCHEZ. So my question is, how do you plan to expand the AIS coverage to all the other ports and major ports and would you consider something like that system in partnership?

Admiral COLLINS. Great. Terrific question. If I could just start from a broad perspective, you are talking about maritime domain awareness. How do you get visibility, transparency of people, cargo and vessels and activity in the maritime, so you can intervene and prevent. You need many systems and subsystems to do that. AIS is a great system and it has great potential. It is one system.

There is, if you add them all, and you get a fused, fused multiple systems that will give you this kind of picture, it sensors its reporting requirements, its procedures. It is all intelligence and bringing all together to give you this kind of transparency. So, low light level TV in a port is a great maritime domain awareness sensor.

AIS is a very important sensor. I would submit our Deepwater system that we are building is really an MDA sensor system. So it is how do you bring all of these systems together, fuse it and have a good common picture that you can share.

AIS is an important part of that. We have it started off in phases, the first phase was to implement all our vessel tracking
systems with AIS. We have done that. We have done the nine sys-

Now we are building out. We have a multiyear plan to build out
nationally to have coverage around entire coastal areas. We are
looking at efficient ways to do it. Partnering as mentioned, as sug-
gested, is one of those, to give you an example of the partnering.
Instead of building additional structures to hang the AIS tran-
sponders off, for instance, along our coast, we have partnered with
NOAA in putting them on—in installing them on NOAA weather
buoys as a source. In the Gulf, we are partnering with the petro-
leum industries to hang them off oil platforms that cover our entire
gulf. There are 3400 oil platforms in the Gulf of Mexico.

So we are looking—and we don’t want to build separate dedi-
cated towers and things like that to AIS, so we are hanging some
of these off our Rescue 21 tower infrastructure that is going on. We
are looking at satellite-based AIS systems.

So many, many different ways to track and sensor, putting those
all together, and that will be included in our plan to hit the streets
this summer, knock on wood, on a national plan to achieve mari-
time domain awareness. That is an interagency effort, a national
effort that we have locked the whole team up for 6 months, shoved
pizzas under the door, and they have been working real hard, 7
days a week to develop this plan. It is interagency in scope, and
they will lay out how all these things intersect to give us the kind
of transparency of the maritime we need.

Ms. SANCHEZ. The MTSA requires a long-range Vessel Tracking
System. How long do you think before really how that plan is in
place?

Admiral COLLINS. That is one of the things, we have been activ-
ists, I would describe ourselves, in the International Maritime Or-
ganization, driving security standards through the word, literally,
through that body, I think, with a great deal of success. Our next
step, and we got short-range AIS requirement is the function of the
Solis amendments and ISBS code that we moved through IMO sev-
eral years ago.

The next step is long-range identification and tracking. We have
an effort underway right now at IMO to develop international
standards for carriage requirements for long-range tracking out to
2,000 miles, both to the flag State, the coastal State and the port
State that would monitor this system. It is working through that
body as we speak. We have been successful at getting two special
intercessional work groups sponsored by the Secretary General of
IMO. I have his personal commitment for the long-range identifica-
tion tracking.

They are paying for and sponsoring special intercessional work-
groups to move this along. We hopefully will get those stand-
ards codified, documented, and agreed to by the key countries so
that there will be a stamp of approval next spring. That is the
next—the Marine Safety Committee is the committee in IMO that
is dealing with this. So we are working very hard to deliver the
bacon when it comes to long-range innovation and tracking, and I
think we have made progress.

Ms. SANCHEZ. Thank you very much.

Mr. LUNGREN. The gentlelady’s time has expired.
The gentleman from California, Mr. Cox, is recognized for 5 minutes.

Mr. Cox. Mr. Chairman, I ask unanimous consent to exchange my place in the order of questioning, with the gentleman from Alaska.

Mr. Lungren. Without objection, so ordered.

Mr. Young. I thank the chairman—both the chairmen for that courtesy. My question will be very short. You mentioned about the original mission. That is my dear dream about the Coast Guard. Do you have another subcommander or commandant that handles that mission, oil spill pollution, navigational purposes, search and rescue, or—I am worried, Commandant, more than anything else? I listen to your testimony, you are doing very well, but it seems to be focused only on security. I have another role, that original mission.

Who decides the personnel count, the ships, everything that is needed, and I am being very parochial, I have more coastline in all the United States together and half the world and great involvement. I don't want to see the mission diminished. Who is handling that for you?

Admiral Collins. Sir, we have, of course, our operation, we have an operation directorate and a marine safety directorate. Two separate flag officers in our headquarters. The marine safety directorate deals with port security port and coastal security issues, carrier security, large-capacity cruise ship security and the like, and oversees the compliance associated with the Maritime Transportation Security Act.

The Office of Operations, the admiral in charge of that office oversees, all our ships, and patrol boats and the utilization of them, the allocation of them and the policy associated with them, the counterdrug operation and the like.

Mr. Young. Do you have any plans in the future that you know of that would drop personnel or ships in Alaska?

Admiral Collins. Of stopping?

Mr. Young. No, dropping or diminishing.

Admiral Collins. Absolutely not, sir.

Mr. Young. I wanted that on the record. Thank you, Mr. Chairman.

Secondly, I have one interest, and I am going to make, I hope, a constructive suggestion, again parochial. I am a mariner, I am a licensed mariner, although you say I am now honorary, but I am still licensed. And one of your recommendations is the proposed revision of Merchant Marine documentation.

I would suggest respectfully that whoever is helping you write that communicate with me very closely. Because what concerns me the most is that in the last paragraph it says the proposals, the preparedness, it says that there shall be an ability to appeal any type of decision made by the Coast Guard. Who would you appeal to? The Coast Guard?

Admiral Collins. We have hearing offices.

Mr. Young. With the Coast Guard?

Admiral Collins. That judges—.

Mr. Young. My point is I want to suggest, and hopefully I will do with this my other committee, because I am protecting the exist-
ing Mariners that are documented, that are making their living out of the Coast Guard, I say blessing, on Merchant Marine ships that are Jones Act in our Nation. Now to have them come under scrutiny other than security. This is about security, and have you not allow them and the ability to appeal to me is unfair. So I want to make sure that you understand that.

Admiral COLLINS. Yes, we will work closely with you, sir, to make sure that that is addressed.

Mr. YOUNG. I want to make sure I get my license back. Go ahead.

Admiral COLLINS. That whole issue of credentialing and documentation does need an overhaul. That is the point. We need to make it more effective, more efficient, more customer-oriented for the mariner. That whole realignment of that is to that end. We will make sure that the appeals process and the hearing process is fair and addresses your concerns.

Mr. YOUNG. Thank you, Admiral. Thank you, Mr. Chairman, for your time.

Mr. LUNGERN. The Chair recognizes the gentleman from Mississippi, Mr. Thompson.

Mr. THOMPSON. Thank you very much, Mr. Chair and Mr. Admiral. I appreciate your testimony.

We are about 4,000 men short, based upon reports that I read from a manpower standpoint. Do you agree with that? Are those numbers just—.

Admiral COLLINS. I haven’t heard that. I haven’t seen that report. I don’t know which report you are referring to, sir. We have grown by 12.5 percent since 2001. That is pretty significant in the history of our service, in terms of growth over that similar period of time. I think it has been measured growth. I think it would be difficult to grow faster during that timeframe. I mean, you can grow good or you can grow not so good. That is not being able to absorb and acculturate that workforce and bring them up to speed and so forth.

So I think at the right pace we are on that has been reflected in the budget since 2001. I am pleased with the support that we have gotten through the administration and Congress on building up that 12.5 percent.

Mr. THOMPSON. Well, just for the record, GAO more or less indicated that you were 4,000 short. Obviously they had produced the numbers based on their analysis of, I guess, Coast Guard material. So maybe we need to go back to them and suggest that their numbers might be a little off.

But nonetheless, is it your testimony today that we are at a number that you are comfortable with that we don’t need to increase our numbers with the Guard or anything like that?

Admiral COLLINS. I think there is, you know, I probably deal with that budget 1 year at a time. You look at the merits of the initiatives in the budget, and every budget gets configured based upon the, you know, the puts and the takes and the priorities in a given budget year, as you know very well, sir. I think the—.

Mr. THOMPSON. Well, let me put it another way. If you had your druthers, would you like to have some more people?
Admiral COLLINS. Well, let me maybe answer it this way. The first year—we had the opportunity this year to submit an unfunded priorities list as directed by Congress in the 2005 Act. We submitted that list. What that list is, both dollars and people. It said if I had the next person or the next dollar, this is where I would put them.

So that document is on the record, on the Hill. It shows you where we think the next dollar or the next person would be placed if I had it at my disposal, and I think they are very significant item, let me leave it that way. I think they are important items that have to do with inland rivers. That deal with security.

Mr. THOMPSON. Well, that is my next question.

Admiral COLLINS. That item is on the unfunded priority list. It has to do with the inland river vessel movement center. It tracks dangerous cargos that move in our inland rivers. They are very hazardous, very dangerous. If a terrorist did something bad to those in a high-density area, and we have defined about 20 high-density areas along the river we have to worry about, we need to track those. Right now, we are doing it by hook or by crook with a reserve force that we cobbled together.

We need to make that more permanent, and we are a little more sophisticated in terms of technology. That is why that line item is there. So I think that is the best way to answer your question, sir, that we do have a list of unfunded priorities that are meaningful, or substantial, could add value.

Mr. THOMPSON. I think, for the sake of the committee, if you could just provide each member of that committee, of the committee, that information. It would be helpful to us again.

You talked about the inland waterway security in the center. So you are also saying that if we chose to give you the money, it would be an additional asset that you think the Coast Guard could do a better job in monitoring the inland waterways?

Admiral COLLINS. Absolutely. That particular item, as I said, is made up of reservists that we brought on. Their service ends the end of this fiscal year. We are going to have to hunt down other reservists if they want to keep that going. Our game plan would be to put active duty permit people there along with some contracted people, and given the proper information technology systems to track those barges and river traffic efficiently.

Mr. THOMPSON. Thank you.

Mr. LUNGREN. The time of the gentleman has expired. The time of the gentleman from California who, I guess, wants to reclaim his time now.

Mr. COX. Thank you, Mr. Chairman.

Mr. LUNGREN. Recognized for 5 minutes.

Mr. COX. Admiral, on May 31st, the Coast Guard submitted your revised Deepwater implementation plan to the Congress. I want to read from it. Because if I didn't identify the source, this would sound like a pretty trenchant criticism of the Coast Guard. Today's Coast Guard outfitted with assets defined for the threat environment of 30 to 40 years ago lacks the maritime security and network centric capabilities essential for operational effectiveness.

That is really an indictment of where we stand. I would like to know how the new capabilities that you are seeking to achieve ad-
dress the need for interoperability, because that is one of the things that is referenced in our opening statement.

It is also one of the things as I mentioned in my opening statement. Last year we held a hearing to examine the maritime operations of the Department, and we were focused on whether Coast Guard, aircraft and vessels are yet capable to engage in secure communication with other DHS assets, such as border patrol boats. Does this plan address that? And what is the answer to that question? Can we do that today?

Admiral COLLINS. The current preDeepwater systems are really independent systems, they are not network based. What I mean by that tied together with real data; real-time data capability, exchanged between the component parts.

To steal a term out of the Department of Defense, what we are building is a network centric system with Deepwater with advanced communication systems, advanced census systems, advanced command and control systems that tie the network together. What it does is leverages your capability to have maritime domain awareness to understand your environment and act on it and have real-time information through what is—the buzz word is common operating picture.

Everyone has the fused operational picture that is moved instantaneously that leverages each asset and increasing the productivity of the asset. That is what we are building with Deepwater. It is a system of ships, fixed wing, helicopters and boats tied together in a robust way that has transparency of its operating area. It allows you to push the borders out and transparency along the threat axis and act on it. It will not only help Homeland Security issues in the courts in the like, but migrant interdiction, counterdrug interdiction, search and rescue mission reinforcement. So it is all mission system that will enhance our ability to act in the maritime.

[Insert for the Record. See page 46.]

Mr. COX. I love the term “network centric,” and I completely agree that it is an object much to be desired that we have a common operational picture. My question remains, do we have it yet at least to the extent that we can communicate with a border patrol boat.

Admiral COLLINS. Yes, we do. We have it.

Mr. COX. By communicate, can we communicate securely, because intelligence sharing is a big piece of this. Do we have interoperable secure communications now between those Coast Guard aircraft and border patrol boats?

Admiral COLLINS. We have partial capability in that regard. Part of the Deepwater program was building replacement assets for the current assets over a period of time and enhancing existing legacy systems while we transition.

So, for instance, if you look at our medium endurance cutters, our high endurance cutters, part of the investment of Deepwater has been to secure communications on those platforms, they all have secure communications now. Even the legacy system. So we have enhanced the current system and all that will be in the new system. We are working very, very hard to insure—and that is part of the rebase lining of Deepwater—is to insure that they are all post-9/11 interoperable systems, that our Rescue 21 systems are
interoperable with our Deepwater system, that is interoperable with the AIS system that can talk to the border patrol that can talk to the local police. That is all embedded in the requirements definition that we have baselined.

Mr. Cox. Thank you, Admiral. Obviously, the sooner the better on that. I am delighted we are heading in that direction. Thank you, Mr. Chairman.

Mr. Lungren. Thank you. The gentleman from Washington, Mr. Dicks, is recognized for 5 minutes.

Mr. Dicks. Thank you. Thank you, Commandant. We are glad to have you here. Another maritime State, Washington State, where the Coast Guard plays a great role out there. We appreciate it. The Maritime Transportation Security Act requires that security plans be developed for the Nation's port facilities in U.S. flag vessels.

According to the Coast Guard, 3,000 facilities and 9,000 vessels subject to the regulations have approved plans in place. What does the approval process entail?

Admiral Collins. They have submitted, of course. This played out over the last year, 2 years, they submitted their plan to us. We evaluated the plan that it had certain prescribed things that it had to address. Access control, perimeter security and the like, so there are some basic ingredients as we bake the cake, so to speak.

Mr. Dicks. So it includes physical verification and review of the security plan by the captain of the port?

Admiral Collins. Yes.

Mr. Dicks. Good. Now that the plans have been approved, how is the Coast Guard going to insure that facilities and vessels are in compliance with their plans and maintain their compliance?

Admiral Collins. That we will inspect those facilities annually and—also, as part of MTSA, as you know, sir, that as is required is an exercise regime, it is also required not to exceed 18 months. So there is exercise of regimes that have to take place to exercise the plan. That is a wonderful way to have visibility into how prepared they are.

In addition, we are starting with this 40-tabletop-exercises plan starting this summer, across the key ports and areas that exercise these plans.

Mr. Dicks. Now, isn't it true that there still is a question about the financing of port security? That the ports themselves have said that the Federal Government should be financing this and the Federal Government has been saying well, no, it should be the shippers and the ports doing it privately. But isn't that still a problem?

Admiral Collins. It is still an issue, I think it may be debated forever, but it is a key issue. There are costs to building out the security plans. Now, the important part is that you have a standard set of regulations that are applicable to everyone, so there is not an unlevel playing field. It would be really bad if we had one State that had one set of standards and another place with another set of standards and so forth, and that would be an unequal playing field. One of the national standards is a level playing field of standards.

Mr. Dicks. Wasn't it true that the Coast Guard said to fully implement the plan to do all the port security this would cost billions of dollars, which we have not appropriated, and the money hasn't
been raised at the local level. There has got to be a huge gap in the effectiveness of these plans that have been put down on a piece of paper. That doesn’t mean they have been implemented and the work done to secure these ports; isn’t that correct?

Admiral COLLINS. There has been, of course, I think five rounds of grants to date; $560 million have been distributed around the country. There is another round this year. I think it closes out, the applications close out the end of this month or early July for another 150 million, that pushes it close to $700 million through 2005.

Mr. DICKS. You had some numbers that you presented to the Congress, as I recall, that were in the billions of dollars that were needed to implement port security, and we are nowhere near that. In many of these cases, Congress had to add the money to the budget. It wasn’t even in the President’s budget; isn’t that correct?

Admiral COLLINS. Yes, sir. There was in the cost/benefit analysis that is required as part of the regulatory effort, there was an estimate of several billions of dollars.

Mr. DICKS. As I understand, 5.4 billion over 10 years for port facilities?

Admiral COLLINS. Yes, sir.

Mr. DICKS. We are at $700 million. And most of that has been put in by the Congress. So I still worry about this. I mean I am a big supporter of the Coast Guard, but I worry whether we have done enough on port security. And it seems to me that with a gap of—in this case, would be $4.7 billion that hasn’t—work that hasn’t been done. We still have a lot to do here in this area, don’t you agree with that?

Admiral COLLINS. Yes, sir. I think it is going to be built out over time. And there are alternative security techniques and provisions that can be included into the plan to have equivalent levels of security while the final solution is built up. That is built into the plan review and the system as we go forward. It boils down to, sir, how do you distribute between what public expense—a private expense and the public expense, whether it is State, local, and Federal, and how that gets distributed. There is no magic formula that has been adjudicated that sets those boundary conditions.

Mr. DICKS. Thank you. My time has expired.

Mr. LUNGREN. Thank the gentleman. Mr. Linder is recognized.

Mr. LINDER. Thank you, Mr. Chairman. Admiral, welcome. How many personnel do you have?

Admiral COLLINS. If you count the civilian personnel, which you should, they are a great part of our work force, around 47,000 individuals.

Mr. LINDER. How many reservists are on duty?

Admiral COLLINS. We have a selective Reserve of 8,100. We currently have about between—voluntarily recalled and involuntarily recalled—around 1,500 as we sit here today on duty.

Mr. LINDER. How many reservists do you have entirely, including those that are not on full-time duty?

Admiral COLLINS. Eighty-one hundred selective Reserve.

Mr. LINDER. All of your personnel trained in all of your various missions?
Admiral Collins. Not everyone knows every mission. We have multi-mission ships and multi-mission planes. A ship could be doing a search and rescue mission in the morning and could be interdicting drugs in the afternoon, which is frequently the case, by the way. The competencies necessary to do a variety of missions that are built into that platform in the amount of people—.

Mr. Linder. Platform-related essentially, yes?

Where do you fit in the intelligence loop? Quite a bit of discussion about intelligence and the substantial ability to change it. Where do you fit in that loop?

Admiral Collins. We are, of course, we are a member of the foreign intel community. That was an act of Congress right after 9/11 that saw that need and made us a part of that community. We are—we have intel analysts. We are a form of collectors in the foreign intel community. Throughout our department, we obviously have a relationship with the IAIP, Intelligence Analysis and Infrastructure Protection under the Secretariat.

We are co-located—and obviously responsible to the Secretary through them. We are co-located with the Office of Naval Intelligence in Suitland, a national intelligence entity. And as the current—the HSPD 13 work that I referenced earlier is a family of plans. There is an over—umbrella, national maritime security plan and then eight subordinate plans, one of which is integrated maritime intelligence.

In that plan that is evolving, it defines the role and the organizational positioning particularly with the new entity. And how we see it is we have become the maritime plug-in up the chain in terms of focus integrated maritime intelligence.

Mr. Linder. How much of that intelligence comes from civilian both commercial and pleasure boats? I suspect there are a million of them.

Admiral Collins. Every one is sensor is our approach. We have HUMINT teams. We have these 30 field intelligence support teams that I mentioned earlier. We have started a program called America’s Waterway Watch, which is drawing upon marinas and boatmen around the country, orchestrated and promoted by our Coast Guard Auxiliary, which is our volunteer arm of 45,000 people that help us in this neighborhood watch of the waterway basically, and it is very, very effective. It is another maritime domain awareness sensor, if you will, to give us information so we can put this all together. So—.

Mr. Linder. Is it your sense that people are paying more attention since 9/11?

Admiral Collins. Absolutely. We get the call, the report that there is a perceived increased—someone surveilling or taking a picture of this ferry, and looks strange, and we are worried about him or her. So you get that kind of input all the time. You run those things through the ground and collect the information and do the field intelligence report and all those things. There is a consciousness around our ports and waterways that these are precious things, these ports and waterways, and people want to protect them. The best way is to have people, local folks that know what is supposed to happen in a waterway and what is not—what is an aberration and what is not, and they can see that aberration and
Mr. LUNGREN. The gentleman from Oregon is recognized for 5 minutes.

Mr. DeFazio. Thank you, Mr. Chairman. Foreign port security assessments, I am disturbed to see—and I am certain this is a personnel or funding issue—but only 26 of your planned 135 assessments have been done at this point in time?

Admiral Collins. Yes, sir. I think it is pretty good, sir, from my perspective. We have, of course, had to stand up that whole program. We had to staff that whole program and get an inspection protocol accomplished. We got adopted by, approved by, and embraced by IMO. So that same standard approach will be used by others around the world. And we have done 26 already and we are on tap to do a whole bunch this summer. So I think as I recall the mandate, sir, if I got it right, it was 3 years to have it all done. And I think we are going to meet that.

Mr. DeFazio. Of those 26 that have been completed, have you identified problems?

Admiral Collins. There were two countries, small African countries that were determined to be noncompliant. There were five countries—and don’t ask me to name them because I don’t remember them off the top of my head—I will get you the information. There are five countries that have not reported compliance. Under the ISPS code, flag states have to report compliance and that they have met the port standards. There are five countries that have not reported compliant. And two we found on inspection.

Currently five countries have not reported compliance as required by the ISPS Code. (Democratic Republic of the Congo, Guinea-Bissau, Liberia, Mauritania, and Nauru). Conditions of Entry have been imposed on vessels arriving from those countries. These Conditions of Entry require vessels to take additional security precautions while in ports in the foreign countries and when in the U.S. In addition these vessels receive intense scrutiny when they arrive in the U.S. The Coast Guard consulted with our interagency partners to insure all other agency and foreign policy considerations are taken into account.

What we do with that, we can deny entry for those vessels. And what we have chosen to do with the five that have not reported compliant is impose additional restrictions on any vessel coming from those ports to our country. They have had to maintain a higher security posture while they were in that country and other documentation in order—and there are mandatory offshore inspections before they come into our country. We have ratcheted the security net up based upon the status of the security in that foreign port.

Mr. DeFazio. So for ports that are noncompliant, and any ships that have transited those ports, before coming to the U.S., you are doing mandatory inspections?

Admiral Collins. Yes, sir.

Mr. DeFazio. The issue of vessel ownership, I know we have talked about this before, I am just curious where we are in terms of transparency, penetrating the veil of ownership. Osama bin Laden may well personally own vessels that are transiting the United States. Where are we at on that?
Admiral COLLINS. Part of the ISPS code in the Solis amendments that went through IMO was a requirement for a synopsis record on the bridge that required a full history of that vessel, ownership.

Mr. DeFAZIO. Only down to the agent level or the law firm or whatever. It does not get to actual ownership; is that correct? We don’t have anything that requires that we know what individuals or corporations or entities own it?

Admiral COLLINS. I can give you a classified brief on this. There are a number of intelligence avenues to get that information. And in many regards we do have that information. There was a motor vessel voyager that we tracked I think very successfully over the last—about a month ago—that had ownership issues, flag state issues, and a whole bunch of other risk factors that we vetted with ONI at Suitland and with our foreign partners and identified it, located it, tracked it with national assets, boarded it 800 miles off shore.

So we are active from all sources to get the information we need to assess risk. And we err on the side of being conservative. And if there is an element of risk we are going to be all over that vessel. I think there are some good examples. And that was an inter-agency coordinated effort, by the way. And this committee is interested in interagency coordination. I think it is getting better and better and better in the sharing of information. Customs has a tracking targeting center. We have Coast Guard people with permanent liaisons there. They have folks in our National Maritime Intelligence Center and Vessel Tracking Center that we have at Suitland, and we are sharing all the information back and forth all the time.

So I am pretty pleased—not there yet, we have a way to go—but I am pretty pleased where we are.

Mr. DeFAZIO. Then on the questions raised by the Ranking Member and I believe by the Chairman, if I could quickly, Mr. Chairman, on the long-range tracking, aren’t there a number of maritime cargo companies that actually have installed on their vessels commercial systems so they know where that ship is real-time all the time?

Admiral COLLINS. Yes, sir. And we have a couple of pilot programs going. One in Alaska. With ORBCOMM, we have a satellite project going. We are looking at various techniques and lining them up to see what we could use and how we can derive that as a solid long-range identification tracking system. That is part of our project is to look at the options and do demonstration projects, kick the tires, see them in action, and then pick the best solution.

Mr. DeFAZIO. Thank you, Admiral.

Mr. LUNGREN. You mentioned Alaska and the gentleman from Alaska was not even here. I am sure he will hear about that.

Mr. PASCRELL. Thank you, Mr. Chairman.

Admiral a few questions that go into general policy and strategy, I am really shocked by the record of the HH–65 helicopter. You brought that to our attention in your testimony in terms of the amount of incidents and the amount of mishaps; 500,000 flight hours, 329 mishaps. That is up from 63 mishaps. And as you know,
the FAA says what is acceptable. The standard is 1 in 100,000. Now that is not close; that is bordering on tragic.

Could you respond to that, please?

Admiral COLLINS. I couldn’t agree with you more, sir. That is why we have such a priority and such an urgency with our re-engineering effort. In the meantime, we are managing the risk through operational restrictions on the aircraft commensurate with the current condition and reliability; and we are building out, replacing that engine absolutely as fast as we possibly can do it. We have got 12 already installed, another batch in the making. And we are putting them in as fast as the manufacturer can build them and spending over 350 million doing it. So this is a huge priority. It is a mainstream asset for us. And we have—it is not only the engine, it is the engine we are replacing, the fuel control system and the gear box, all three in that aircraft.

If you go to the air stations where that aircraft has now been reengined, there are a lot of aviators walking around with their smiley faces on, because it is a much more capable aircraft.

Mr. PASCRELL. Some of those things we are addressing in the 2006 budget. But this is something that needs immediate attention by all of us. This is totally unacceptable. I think you would agree with that.

Admiral COLLINS. Absolutely.

Mr. PASCRELL. My second question is this: New York Harbor. We were up there just the other day, Homeland Security Committee. And I want you to give me a brief assessment of the New York Harbor in terms of security and protection of this huge, huge harbor.

Admiral COLLINS. It is a very complex harbor and a very valuable harbor. It has significant traffic in and out and, of course, a lot of it is bulk liquid traffic. It comes in to Bayonne and Arthur Kill area. There are vulnerable assets there in terms of bridges and structures of national significance.

Mr. PASCRELL. How many people are assigned there?

Admiral COLLINS. I have to get you that for the record. We have the biggest Coast Guard station and our service is located there, the most boats and the most people.

INSERTED FOR THE RECORD

There are 58 members assigned to Coast Guard Station New York.

Mr. PASCRELL. That is functioning totally? That facility is functioning?

Admiral COLLINS. It is on Staten Island and has the most boats and most people of any station in the Coast Guard. We have a major capital port function there, office in charge of reinspection there, sector—sector New York, and we have the capacity to augment. For example, obviously, New York is the center of every orange condition. If you have an orange alert or a national convention that is there, Republican in this case, if you have the national convention there, then the security goes up and we roll assets in and augment that. And we did that at the national convention. We did that for the other security conditions. So it is a dynamic process. We allocate resources. We have the basic core level of re-
sources there and we increase based on risk. We have a maritime safety and security team there.

Mr. PASCRELL. I want to make one other point, Mr. Chairman and that is when we started our first hearings a few years ago and we looked at the Coast Guard, we were very concerned that the process of interdiction of drugs would take a back seat. I know that you are dealing with priorities. When everything is a priority, nothing is a priority. But I believe the members on both sides of the aisle feel very strongly about the interdiction process continuing and being successful.

We have a homeland security problem with the infiltration of drugs in our country. And let us not kid ourselves. The terror on our streets is something that is not written about too much lately. The Coast Guard—we have to rely on the Coast Guard primarily to continue. This is homeland security and it may not be somebody bringing in a bomb. To me, there is no difference in that bomb and the drugs that are killing adults as well as kids. And I am glad and I know you are trying to make that effort more substantial. And I appreciate it and I salute your entire Coast Guard.

But I want you to know, we feel very, very serious about that issue. And I hope, Mr. Chairman, that we can look into that specifically down the road.

Mr. LUNGREN. I thank the gentleman. I might say when I was out there for my briefing with Pacific Command, I got no suggestion that there has been any slacking on the interdiction efforts with respect to drugs.

Admiral COLLINS. Sir, in fact, I agree there is nothing more homeland "security-ish" than counterdrugs, and we have continued to put great effort into that. Last year, we had an all-time record interdiction year. We seized 241,000 pounds of cocaine at sea. Broke the previous record by 100,000 pounds. And this year we are ahead of that record-breaking pace. We are putting attention to it and I think we are getting great results.

Mr. LUNGREN. And I would suspect that your increased emphasis on intelligence helps in that regard.

The gentleman from Rhode Island, Mr. Langevin, is recognized for 5 minutes.

Mr. LANGEVIN. Thank you Mr. Chairman. Admiral, thank you for being here today and for your testimony. As you know, Rhode Island has a long and proud maritime history and we have always enjoyed strong ties with the Coast Guard and we appreciate your service and everything that the Coast Guard does to keep our waterways safe. I am glad to hear today in your testimony you were talking about maritime awareness and your focus and your concern about that, and I share that concern.

I have had several opportunities to receive a demonstration of a very impressive maritime security system known as Project Athena that is located at Raytheon in Portsmouth, Rhode Island. Project Athena architecture is the same as that used by NORAD for the national air picture; Raytheon solipsys data fusion software, which fuses data from multiple sensors over vast areas to monitor airborne and surface platforms and has the potential to integrate undersea targets of interest as well. I have been a strong supporter
of Athena’s work and its capabilities continue to grow and improve each time I have had the opportunity to visit the site.

In addition to the obvious regional interest in protecting Narragansett Bay and Port of Providence, I really now see its a great potential for national homeland defense application as well. I believe that two gentlemen from the Coast Guard, Mr. Jeff High and Rear Admiral Joe Nimick recently had a chance to see Athena’s potential firsthand. I am curious whether you were briefed about their visit and what their assessment was and whether the Coast Guard has any plans to integrate Project Athena’s technology and plans to integrate the technology into any current or future operation. I know Raytheon is eager to contribute to maritime security in any way that is possible, and I believe that Athena could be a critical tool for our country.

Admiral COLLINS. I asked them to visit based on the correspondence that you sent me. I have yet to get a downbrief from them on their experience and am looking forward to that soon and we will crank it into the equation. We are in the formative stages of our maritime domain awareness effort and our national plan to achieve maritime domain awareness and looking at various procedures, systems, and doctrine to attain it. And this will be part of the mosaic and some of the options we can look at.

Mr. LANGEVIN. It is an impressive capability. And I hope you have the opportunity to go see it for yourself. I know Dr. McQueary has been out there and Secretary McHale from homeland defense has had the opportunity to personally visit the site and it would be an eye opener.

Another area I want to turn to is basically the ability to do the job right now with current resources. One of my primary concerns is whether the Coast Guard has the resources to adequately perform its new homeland security responsibilities. And I know we have been talking about that here today, and one area of particular interest to me is the movement of LNG tankers through New England ports and waterways and the possibility of a proposed expansion of an LNG facility in Providence. The Coast Guard officials in my region that I have had the opportunity to meet with have indicated to me that their staff and vessels are already stretched very thin, particularly for LNG traffic, and it would be a great challenge to ensure security of additional LNG traffic in the area. I know that LNG tankers are only a small part of the Coast Guard’s homeland security responsibilities, but this anecdote really does seem to point to a larger concern about the ability of the Coast Guard to perform its security functions with existing resources.

So my question, Admiral, would be whether you feel the Coast Guard has sufficient resources to reliably perform the requirements that you have been charged with; and, if not, whether the authorization levels in H.R. 889 will provide the necessary boost or whether more still has to be done to adequately enhance the Coast Guard’s capability.

Admiral COLLINS. The short answer is no. I have talked to the commanding officer stationed at Castle Hill on this issue, who incidentally just received the National Award for Leadership, and one of our very best, and to look at what the proper configuration is. In the 2006 budget, there is a line item for more people and dollars
for boat crews specifically for LNG. And so that is the next increment and I hope that will get supported with Congress. With that, we will have additional boat crews and additional staff to oversee the security associated with LNG. That is step number one and that is a good step. If that can get supported, we are able to beef up places like Narragansett Bay.

Mr. LUNGREN. The gentleman’s time has expired. The Chair would ask unanimous consent that the gentlelady from the Virgin Islands, Ms. Christensen, who is a member of the committee but not the subcommittee, be allowed to ask questions for 5 minutes. Without objection, so ordered.

Mrs. CHRISTENSEN. Thank you, Mr. Chairman. I would like to welcome you, Admiral and thank you for the team that you have in Puerto Rico that assists us and the U.S. Virgin Islands. Of course they are very stretched. And I noticed that the Coast Guard released a report on its current interagency operational centers and its plans to create 40 additional centers. And I was wondering what plans might we anticipate to have either Puerto Rico expanded to be able to reach over to the U.S. Virgin Islands where we have almost 200 miles of open borders, while they are now mostly in the Mona Passage, or have our own center.

Admiral COLLINS. Just one point in clarification. These are not new centers. We are taking existing centers and converting them. So in reshaping them and enhancing them, those are existing centers that were part of our creation of sectors around the Coast Guard. We are integrating our field structure, and along with that, enhancing the existing command and control operation centers within those entities. And we are doing that around the country. It is called our 2010 project. Sector Puerto Rico will be included in that. And exactly what its reach will be in terms of sensors and so forth, I don’t have at my disposal. But there is a project in the Miami area called Project Hawkeye that ties together Fort Lauderdale, Miami, and Key West with AIS and radar sensors into this new command and control center.

Mrs. CHRISTENSEN. I hope that in the plans we could get a permanent cutter in the Virgin Islands. We don’t have one as yet.

In your statement, you talk about a layered defense in starting overseas to extend, you know, the defense layer. And I was wondering about the operations in the Caribbean in general and what your operations are there and how much are the island nations in the Caribbean able to support your efforts, because we hear from them all of the time that they are really strapped and unable—

Admiral COLLINS. Take the Caribbean Basin as a whole, I get an operations brief every morning. I look at the force structure every morning. If you look at that, you will see an international force structure. We have French, British, Dutch, the United States, United States Navy, and Coast Guard working together in a team in a coordinated way through Joint Interagency Task Force south out of Key West. I think it is a terrific team and gets wonderful results and it is international in scope. And we have Coast Guard law enforcement detachments on British ships.

Mrs. CHRISTENSEN. I have been on one of the Dutch ships as they come into the Virgin Islands. What about the readiness of their ports? Have they met the criteria to be approved? Because we have
a lot of small cargo in between the islands and we have had a lot of difficulty either getting those boats in or out.

Admiral COLLINS. I will get back to you on the record and the detail, but my recollection is that they all have reported compliant. And with the 26—and I don’t know if Caribbean countries are a number among the 26 visits. We have already made international visits. But if they have, none have been identified as deficient, as not meeting the basic intent of those standards.

INSERTED FOR THE RECORD

Twelve Caribbean Island nations trade with the U.S. and are on the IPS Program country list: Antigua, Bahamas, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Saint Lucia, Saint Vincent, and Trinidad. All twelve countries reported their compliance with the ISPS Code. This report is made to the International Maritime Organization (IMO) for SOLAS signatory countries and U.S. Coast Guard for non-SOLAS signatory countries. The Coast Guard has visited the Bahamas, Dominican Republic, Jamaica and Trinidad as part of our IPS Program. Based upon our visits, all four countries have substantially implemented the ISPS Code. The remaining countries will be visited within the next two years.

Mrs. CHRISTENSEN. I see my time is almost up. I want to associate myself with the remarks of my colleague from New Jersey about the drug interdiction. I notice that you say you have done better on search and rescue, which is another area that I was very concerned about, because I lost a young man from my district with whom I had been very close, who had been in the water for 36 hours before he was lost, and his companion made it. And I am hoping you will continue your efforts in that regard.

Admiral COLLINS. That is our bread-and-butter mission for us. Anything that is associated with saving a life, whether a security issue or safety issue, that is our number one priority. We are maintaining our standards and our readiness posture for search and rescue. And we will not back off of that one inch.

Mr. LUNGREN. Admiral, I have a few more questions and I want to start another round for those who are here remaining. I would like to ask you about the maritime safety and security teams. I know you are very proud of them. I know recently you have established an enhanced maritime safety and security team with the express purpose of providing greater prevention and response capabilities for WMD events. It is my understanding the Coast Guard has asked the Congress for some clarification in legislation to ensure that they can be deployed internationally if needed, since current legislation appears to restrict MMSTs to domestic operations.

What is the essential difference between the enhanced maritime safety and security teams from the original ones? How do they strengthen the maritime security mission? Is there additional legislative authority you believe you need in order to do your job? And why would you need it with respect to international activities as opposed to domestic activity?

Admiral COLLINS. Let me start with the difference. The enhanced MMST is an MMST on steroids.

Mr. LUNGREN. I am from California, so I understand what you are talking about.

Admiral COLLINS. It is night vision goggles, automatic weapons, vertical insertion, carrying detection devices. In the Department of Defense parlance, special operations framework, national structure
for special operations. It is Tier 2 capability. Tier 1 is that capability that can go and detect and render safe a weapon of mass destruction. Tier 2 doesn’t have the render-safe capability, but has about everything else. These are folks that can jump out of the sky in the middle of the night and see things with infrared. It is training. It is high, high-end offensive capability.

The MMST is more defensive capability and not the high end. The MMST has canine explosive teams and underwater capability and the like. We are outfitting three of the MMSTs with nuke-type detection devices. We will have one on each coast. Enhanced—we just have one. The enhanced MMST in Chesapeake will have it. New Orleans will have it and San Diego will have it. So we will cover gulf, west and east coasts with that. The enhanced MMST is a schedule deployer only. It is not 7 by 24 capable. It is capable—and this has to do with resourcing. It can do a schedule of events. It was mobilized for the national conventions. Mobilized for the G-8 summit, et cetera. It has dedicated helicopters.

Mr. LUNGREN. Why international rather than just domestic?
Admiral COLLINS. My lawyers say I have all the authority I need to deploy currently. It would be nice to have additional clarification. That is what my lawyers are thinking.

Mr. LUNGREN. What training do you give your analysts? Because I am concerned about the quality of analysts. You talked about anecdotally and you have given me a classified briefing on several instances.
Admiral COLLINS. We leverage like crazy at the Department of Defense on a lot of things. We train our pilots at Pensacola, the Naval Training Station. Wherever we can leverage off the United States Navy, the Marine Corps, the Department of Defense for this training, that is what we do. A lot of our folks get trained through Department of Defense intel structure and it pays huge dividends for us.

Mr. LUNGREN. Last question, and this is a general question but I think it is important for informing the public. Some would suggest if they look at your deepwater proposals and look about the whole idea of advancing our borders or putting our borders further out for national security and homeland defense purposes that that should be the job of the Navy and not the Coast Guard, and are we creating a second Navy. What would you say to the public so they would understand why you believe deepwater is not only important for your original mission, but, more importantly, for this homeland security mission? And how do you make sure you are not duplicating the Navy or getting in the Navy’s way and they are not getting in your way?
Admiral COLLINS. Deepwater is a little bit of a misnomer. If you look at the entire system, it is out from port and out in. It is all of our helicopters. It is a prime asset for our port and coastal surveillance and protection and the like. And it is delivering, as I testified before, it is delivering network-centric surveillance information to the entire system. So it is indispensable to our homeland security work.

There are also—every deepwater asset is a multi-mission asset, so it is doing everything from fisheries enforcement to search and rescue to drug interdiction to migrant interdiction and the like.
And the difference between the Navy and the Coast Guard, they are higher end, high-threat platforms with high-end weapons systems. You could plot the spectrum of threat and higher end, the Navy owns. The lower end, we are predominant. And in the middle, there is a slight overlap, which is good for international interest.

We have carefully discussed that relationship and that division of labor with the Navy collaboratively for the past 4, 5 years. We have developed the document that both Vern Clark and I have signed, have called the National Fleet Policy Statement. And it is a document that pledges our respective organizations to plan together our respective fleet so they are complementary, nonredundant systems. And that is exactly what we have done in planning out our two fleets. They are synergistic and complementary and not redundant. We have joint teams that determine the requirements and the performance dimensions of each system so they are in sync with that relationship. It is a powerful relationship.

Mr. Lungren. Thank you, Admiral. Gentlelady from California.

Ms. Sanchez. Thank you, Mr. Chairman.

I really only have one question that I want to ask you and it comes back from this GAO report that was done in June of 2004. And it said that the Coast Guard was relying on reservists to conduct vessel and facility inspections. And as you can imagine, many of the reservists are reaching their Active day service limit. And I think that means you need to find other replacements to do those inspections.

So my questions are how are you going to do that? Does the current budget you are proposing reflect that? Are you going to hire more full duty inspectors? Is the $114 million that you have in the budget sufficient to carry out that responsibility?

Admiral Collins. The use of reservists through 2004 and into 2005 was—the best way to describe it was a bridging strategy. Through the budget, we got over 500 additional billets last year, positions, so that we could ensure compliance and oversee and implement the regulation. But it takes a while to attract, train, promote or whatever you have to do to fill those positions. So use of Reserves was a great way to bridge, because the work couldn't be put off, and it was a "now" type of a thing. We mobilized our Reserve. That is what they are there for, to provide for surge capability, and they performed incredibly well. They have helped us bridge, and well on the way of getting all those things filled out.

So now we are in the tail end of transitioning from that Reserve-dominated force to a total Active Duty force and we are doing well. And the money is sufficient to do that. The annualization of that 500-plus billet—in other words, we had partial funding in 2004 until we brought them all on. The annualization of that is in the 2006 budget. I am pleased where we are, and I am very appreciative of the support and I think we are in good shape.

Ms. Sanchez. I have one last question and several of the gentlemen alluded to it in one way or the other. This is the Homeland Security Committee and we care about homeland security and we understand that our ports are much of the front line. You are the first responders in the sense here, but we are cognizant of the fact that many of us who live near ports in the State of Washington or California, that you have other responsibilities: water safety, drug
interdiction, search and rescue, et cetera. Do you have resources? Are you really cannibalizing—

Admiral COLLINS. It is nice to have another dollar and another person. Someone would always say that would be nice to have. I think that given the budget is a relative thing, you submit it as part of the Department. Competing requirements and competing needs, and the President has to put together a complicated Federal budget and he has to balance.

Ms. SANCHEZ. We understand that, and we balance it here in the Congress. I guess the question is, do you feel comfortable that the original pieces of what the Coast Guard does and did and is supposed to do for us are getting done and not falling between the cracks because of this whole new layer of security that we are requiring of you?

Admiral COLLINS. The answer is yes. I am comfortable. And the performance of our Coast Guard men and women has been extraordinary, number one. You could look at it several ways. You could look at what are the number of boat hours or aircraft hours that you apply to these different missions and how do they compare to point X in time: What is the performance you have achieved in each of these areas? And I would submit if you look at mission area by mission area by mission area, our mission performance has been extraordinary and it hasn’t taken a back seat anywhere.

If you look at our counterdrugs, we shattered previous performance records for drug interdiction. Last year, we interdicted the highest amount of migrants we interdicted in the last 10 years. Our SAR, we have exceeded our performance standards for search and rescue. If you look at every performance dimension, I think we are answering the mail, and men and women doing some extraordinary things.

Ms. SANCHEZ. Thank you.

Mr. LUNGREN. The gentleman from Washington.

Mr. DICKS. Thank you, Mr. Chairman.

Let us go back to deepwater. I serve on the Appropriations Committee and I was concerned when the subcommittee, Mr. Rogers’ subcommittee, cut 466 million out of the budget for deepwater. Now, as I understood it, and the Chairman told us in our full committee markup, was that there had been certain reports that had not been submitted and that that is why they were taking this large cut.

What comments—are we going to get the reports? I assume the Chairman is going to get the reports that he wants over the time frame that he wants.

Admiral COLLINS. This is probably the most frustrating 3 or 4 months since I have been in Washington, and I have been in and out of Washington 15 years. The issue was the Appropriations Committee wanted the full new rebaseline implementation plan for 2006 and outyears. And that was in the 2005 appropriations bill; that was the stated requirements submitted along with the 2006 request when it came up this February. We weren’t able to deliver on that direction. We couldn’t get the consensus within the administration to get the information up here. And so we were late on the initial submittal. The initial submittal came up. It wasn’t seen as responsive by the chairman and his staff. And thankfully, at the
end of last month, I think we have answered the mail. We have got the full package of information through the administration and into the committee. And my feedback is they are basically pleased with the package we have given them and we will have meetings with them to follow up. So the information is there.

Mr. DICKS. Now GAO has also stated that deepwater has serious management challenges that have to be addressed; contractual deadlines are going to be met if costs are to remain within the budget. What do you have to say about that?

Admiral COLLINS. I say this is the ongoing partnership with GAO. They have been our—we have been thrilled—they have been part of the deepwater program for the last 7 years. In the formation of the strategy, they are always poking a critical finger at it, which we have welcomed and we have taken every bit of advice from them and we have tweaked and we have molded and improved the structure. There are 11 areas that they pointed out that have to be attended to. We are well on our way of attending to them. A good number of them have been checked off.

Mr. DICKS. Let me give you a couple of these for the record. The GAO reported last year that the primary contract management teams are understaffed, insufficiently trained and lack decision-making authority. Has that been reversed?

Admiral COLLINS. In large measure, it has. And we have worked with the project staff, brought both contracted and ours; enhanced the training, enhanced the partnering construct, increased the training. I would be glad to give you a blow-by-blow point/counter-point with here are the 11 GAO issues and this is where we are in meeting all of those. I would be glad to provide that to you and for the record.

Mr. DICKS. Mr. Chairman, I think this would be a good subject for another hearing, because this is a big part of our—

Mr. LUNGREN. Could we request it in writing and take a look at it?

Admiral COLLINS. I would be glad to provide this for the record and take a look at it.

[The information follows:]
UPDATE AS OF: 10 May 2005, GAO RECOMMENDATIONS COAST GUARD (CG) INTEGRATED DEEPWATER SYSTEM (IDS) ACQUISITION SCHEDULE AND CONTRACT MANAGEMENT AUDITS

Note: Items in BOLD reflect brief description of Coast Guard’s comment to GAO’s response to action taken. Coast Guard IDS Program has also provided five briefings, four update letters and responded to frequent requests for conference calls and deliverables in the past year. The IDS Program embraces GAO’s recommendations and will continue to communicate with them and provide periodic updates to the status of recommendations.

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<td><strong>ACQUISITION SCHEDULE AUDIT:</strong></td>
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<td>Update the original 2002 Deepwater acquisition schedule in time to support the fiscal year 2006 Deepwater budget submission to DHS and Congress and at least once a year thereafter to support each budget submission.</td>
<td>The Deepwater program updated its Integrated Master Schedule (IMS) in time to support the 2006 budget submission and will continue to do so every 6 months.</td>
<td>CG will continue to update its Integrated Master Schedule (IMS) every 6 months and provide GAO additional clarity regarding its use and capability as needed.</td>
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<td><strong>CONTRACT MANAGEMENT AUDIT:</strong></td>
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<td>Increase Integrated Product Team (IPT) effectiveness by training IPTs in a timely manner, chartering sub-IPTs, and making improvements in electronic information-sharing system.</td>
<td>Training programs and processes improved and fully automated. Metrics updated on monthly basis. IPT Measures of Success (MOS) have improved and charters for IPTs updated. Domain Management Teams (DMT) were established to manage product IPTs, as a result of continued emphasis on improvement.</td>
<td>All IPTs are now chartered and an improvement to 80% of members have received IPPD entry level training; CG will continue to manage these processes in a timely manner, define IPT team roles and responsibilities and improve IPT effectiveness and information systems.</td>
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<td>Require notification to the Coast Guard, including “buy” alternatives considered, for “make” decisions on subcontracts valued at over $5M.</td>
<td>Integrated Coast Guard Systems (ICGS) will notify the Coast Guard one week prior to implementation of a decision if the amount is greater than $10M, which comports with the respective Federal Acquisition Regulation (FAR). Policy was adopted in July 2004.</td>
<td>Coast Guard will ensure compliance.</td>
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<td>Human Capital Plan (HCP) policy implementation to ensure adequate staffing and proactively address personnel turnover.</td>
<td>The HCP provides the overarching guidance and the implementation of a Deepwater Human Capital Solutions Database provides for the execution. Workforce planning and coordination is addressed in the HCP. The program is adhering to requirements to ensure that the workforce is aligned with the program needs at every phase of the acquisition. These defined processes focus on key components of workforce effectiveness including training, leadership, knowledge management, recruiting, retention and culture development. Turnover risk mitigation steps taken, additional billets assigned and certified program management support contracted to bridge gaps.</td>
<td>Coast Guard is taking steps as indicated and will strive to achieve HCP and GAO objectives, while improving results.</td>
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<td>Timely communication of asset transition information to field units.</td>
<td>Transition team pursuing aggressive outreach plan that continues to expand with program execution. Over 100 field visits have been completed since July 2004. Maintenance and support systems, databases and documentation have improved based on actual application and user feedback. Additional training sessions, hot washes and conferences conducted to ensure continued support and that operational commanders remain knowledgeable. Field personnel also serve on IPTs and as liaisons for related training and maintenance activities. ICGS has placed site representatives at key field locations in anticipation of asset deployment. Internal outreach plan implemented by Deepwater Communications Management Team. Input and feedback obtained, Survey Implementation Plan developed, and Survey System executed.</td>
<td>Coast Guard will continue to take steps as indicated to achieve objectives and improve results, while closely monitoring transition requirements for critical internal communications.</td>
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<td>Development and adherence to measurable award fee criteria.</td>
<td>Coast Guard has incorporated measurable award fee criteria and will use this criteria in the future.</td>
<td>CG will continue to use measurable award fee criteria.</td>
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UPDATE AS OF: 10 May 2005, GAO RECOMMENDATIONS COAST GUARD (CG) INTEGRATED DEEPWATER SYSTEM (IDS) ACQUISITION SCHEDULE AND CONTRACT MANAGEMENT AUDITS—Continued

Note: Items in BOLD reflect brief description of Coast Guard’s comment to GAO’s response to action taken. Coast Guard IDS Program has also provided five briefings, four update letters and responded to frequent requests for conference calls and deliverables in the past year. The IDS Program embraces GAO’s recommendations and will continue to communicate with them and provide periodic updates to the status of recommendations.

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<td>Consideration of award fee assessment input from the Contracting Officer Technical Representative (COTR).</td>
<td>Coast Guard has standardized the method to compile Performance Monitor input and subsequent revisions.</td>
<td>CG will continue to consider COTR input through a standardized methodology and ensure performance monitors’ input is included as part of the award fee determination.</td>
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<td>ICGS accountability for improved IPT effectiveness included in future award fee determinations.</td>
<td>Award fee criteria have been revised to incorporate specific IPT metrics during the current award fee evaluation, including Integrated Product and Process Development (IPPD) administration, management commitment, collaboration, and IPPD training.</td>
<td>CG will continue to evaluate ICGS accountability for improved IPT effectiveness.</td>
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<td>Develop a comprehensive plan to evaluate ICGS accountability for ensuring out-year competition among second-tier suppliers.</td>
<td>The Coast Guard and ICGS agree with the emphasis on competition as a method of achieving cost control. Prices originally contained in Section B of the contract represent fair and reasonable pricing obtained as a result of competition. In Award Term evaluations, the Coast Guard will specifically examine ICGS’ ability to control cost throughout the evaluation period by assessing the degree to which ICGS fosters competition at the major subcontract level; ICGS’ project management structure and processes to control costs, market surveys, or similar assets and major subsystems.</td>
<td>CG will continue to incorporate an assessment of the steps the system integrator is taking to foster competition at the major subcontractor level.</td>
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<td>Establish a time frame, based on the current asset delivery schedule, for measuring the contractor’s performance toward improving Operational Effectiveness with the appropriate degree of fidelity.</td>
<td>The program has a comprehensive framework and methodologies for measuring performance. The program uses the Balanced Scorecard (BSC) framework and developed a “Strategy Map”, an industry best-practice, in order to develop program objective and measures that not only support the BSC perspectives but also identify linkages to the Department of Homeland Security Goals, USCG Programs and Deepwater goals. The Earned Value Management System (EVMS) compares actual cost and schedule results with planned cost and schedule using an enterprise-wide EVMS. The Deepwater Performance Measurement System (DPMS) was implemented as a web-based tool for every member of the program to view overall program status and current metrics at any given time. The Deepwater program, with its defined performance standards and performance-measurement plan determines operational effectiveness, total ownership cost, and customer satisfaction.</td>
<td>CG will continue to execute and improve its comprehensive framework and methodologies for measuring performance as assets are delivered. The Integrated Master Schedule (IMS) has been updated starting with the FY06 budget request and will be updated every 6 months based on GAO’s recommendation to update the schedule annually in its audit report, “Acquisition Schedule Update Needed”.</td>
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<td>Refine Total Ownership Cost (TOC) baseline that compares the IDS acquisition approach to the cost of a traditional acquisition.</td>
<td>The program established a TOC baseline for the entire program at $78.0B in FY02 dollars, which is lower than the traditional business as usual acquisition approach, projected at $83.76B in FY02 dollars, by the Logistics Management Institute (LMI). The TOC baseline has been refined to enable comparison of the IDS acquisition approach to the cost of traditional acquisitions.</td>
<td>CG provided explanation to GAO. GAO was given a copy of the MNS by DHS and has a copy of the Implementation Plan. CG will continue to work with GAO to provide further clarity as the program progresses.</td>
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<td>Establish criteria for adjusting the TOC baseline and ensure that the reasons for such changes are documented.</td>
<td>The Program adjusts the contract baseline based on approved Program Decision Memorandums from the Agency Acquisition Executive (AAE). The Performance Measurement Team established a database system that tracks the impact of contract changes to the TOC of the program and changes approved by the AAE.</td>
<td>CG provided explanation to GAO and took action to establish criteria for adjusting the TOC baseline. CG will continue to work with GAO to provide further clarity as the program progresses.</td>
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Mr. DICKS. In addition, the GAO stated that the Coast Guard did not hold the system integrator accountable for its performance and the Coast Guard has not developed the comprehensive schedule to measure progress. According to GAO testimony in April 2005, the Coast Guard has had mixed results in addressing the management challenges associated with deepwater, specifically about holding the system integrator accountable. Is that being done?

Admiral COLLINS. Yes, sir. And we have answered the mail on the master schedule and it has already been delivered to GAO and it meets their requirements. A lot of this stuff we have already marched through and answered. And we would be glad to give you a blow-by-blow.

Mr. DICKS. I assume that a $466 million cut in your deepwater program would be devastating. It would require complete restructuring?

Admiral COLLINS. That is obviously separate from the GAO report, related but separate. Absolutely, sir. If we are not able to reverse this 466, it would absolutely destroy the current acquisition strategy. We would have to totally restructure the program and it would stretch it out forever. We would go back to a replacement in kind, one-for-one replacement approach, which is absolutely the wrong approach.

This systems approach we have is truly, I think, ground-breaking in terms of acquisition strategy. It is the right approach. It allows the necessary tradeoffs between the component parts and the two basic metrics for this whole system of systems, gives us the total performance of the overall system at the lowest total cost of ownership. That is good stewardship and a good acquisition strategy. I would hate for that perspective alone to reverse this. And if we don’t turn this around, it will implode.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. LUNGREN. I thank the gentleman. And thank you, Admiral Collins, for your valuable testimony. The members of the committee may have some additional questions for you, sir, and we will ask you to respond to those in writing in addition to what we just talked about with the gentleman from Washington.

The hearing record will be open for 10 days and the committee stands adjourned.

[Whereupon, at 3:50 p.m., the subcommittee was adjourned.]
APPENDIX

QUESTIONS SUBMITTED FOR THE RECORD

Responses to the following questions have not been received.

1. As required by the Coast Guard and Maritime Transportation Act of 2004 (P.L. 108–293), the Coast Guard recently released a report on its current interagency operational centers and its plans to create up to 40 additional centers in the future. The report did not address whether future centers will be solely Coast Guard centers or if they will be run and staffed by multiple agencies and serve multiple purposes. An April 2005 GAO report has shown that centers constructed on the interagency model have improved the effectiveness of coordinating operations and information sharing.
   - When will you provide the Homeland Security Committee with a copy of this report?
   - What plans, if any does the Coast Guard have to create additional operational centers that are interagency in nature, as opposed to centers constructed on the single-agency, single-purpose model?
   - When will these centers be operational?
   - Where will the Coast Guard centers be located?

2. I understand that the MTSA was an important first step in improving our port security.
   - Admiral Collins—Could you tell me what further actions are needed beyond meeting MTSA requirements to improve security at our nation's ports?

3. Clearly, Deepwater is a crucial program since the Coast Guard needs to replace its outdated cutters, aircraft used to patrol our ports and the communications systems used on these assets. Many of us have supported accelerating the program to ensure that the men and women of the Coast Guard have the equipment they need to protect our ports. The GAO issued a report last year that stated that the Deepwater program is plagued with management problems. For example, the report stated that the Coast Guard has not held the contractor accountable, that the Deepwater program is understaffed, and that there is no acquisition schedule in order to measure progress. The GAO testified in April 2005, that the Coast Guard has taken some but NOT all of the GAO recommended steps.
   - Admiral, when will the Coast Guard fully implement the GAO recommendations for this critical program?

4. Currently helicopters and small airplanes are performing touch and go’s and aerobatics on the bridge to Terminal Island at the Port of Los Angeles—not only do these “tricks” contribute to noise issues, but more importantly, there appears to be a strong margin for error where these touch and go’s are concerned. It is my understanding that the FAA currently controls the air space over the Port and that the USCG has no jurisdiction over this air space.
   - As we are moving towards collaboration and cooperation in this post 9–11 environment, and working to secure our ports and borders, what types of protocol are in place and has there been communication with the FAA on this issue?
   - If not, is there a way that Congress may help?

5. The Coast Guard and TSA are responsible for developing the Transportation Worker Identification Card or TWIC. The MTSA required the development of the TWIC card. The program is way behind schedule. The delay is a problem for transportation security, but it is an especially big security challenge at our ports.

(45)
When will DHS begin issuing TWIC cards and what is the revised schedule for completion of the initial issuance?

INTERTED FOR THE RECORD

OVERSIGHT AND MANAGEMENT OF THE U.S. COAST GUARD'S

INTEGRATED DEEPWATER SYSTEM

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Introduction
During congressional testimony in March and April 2005, Margaret Wrightson, Director of Homeland Security and Justice for the Government Accountability Office (GAO), discussed the constructive nature of GAO's relationship with the Integrated Deepwater System (IDS) Program. This testimony incorporated GAO's ongoing analysis of the Coast Guard, and actions taken on GAO recommendations from reports issued in 2004 on the Integrated Deepwater System (IDS).

GAO's 2004 recommendations focused on four main areas of improvement, the Deepwater acquisition schedule, program management, contractor accountability, and cost controls. In conjunction with these GAO recommendations, the Program has made significant advancements to strengthen business operations and managerial practices—leading to noteworthy improvements in the acquisition.

As Ms. Wrightson stated, "I compliment the Coast Guard on their very nimble approach to responding to GAO's findings and recommendations even while we're conducting our work. . . . When GAO goes out and finds a problem, before I can get the report written, the Coast Guard is actively engaging with us in a way to fix it."

Deepwater Acquisition Schedule
Deepwater's acquisition schedule, or Integrated Management System (IMS), is intended to enable the Coast Guard and its industry partner, Integrated Coast Guard Systems (ICGS), to track the cost, schedule, and performance of every contract in the Deepwater Program. GAO cited concerns in 2004 about the IMS's reliability, and further stated a need to update the schedule annually.

At that time, ICGS had initiated a third-party independent review of the IMS that during the ensuing months overhauled the entire system. Additionally, the Coast Guard will have ICGS update the implementation plan twice each year, which exceeds the GAO recommendation for annual updates.

This work resulted in a greatly enhanced acquisition schedule that allows monitoring of contractual successes and areas in need of attention. As Ms. Wrightson testified, this IMS now provides the Coast Guard and ICGS with "a much better visibility into where they are with each particular part of the acquisition."

Program Management
Deepwater Program Management improvements began with the restructuring of IDS Integrated Product Teams (IPTs). Recognizing the notable success of IPTs in improving cost, schedule, and performance in industry and certain government product—development programs, the Coast Guard and ICGS instituted IPTs at the program's inception. GAO offered guidance that proved very helpful in enabling the IDS-ICGS team to resource, train, and empower Deepwater IPTs to meet their responsibilities more effectively.

IPT Measures of Success, which track training, member empowerment, application of project management processes, and communication and collaboration both within the IPT and with the IPT customer, have improved 69 percent since ICGS introduced them in August 2003. Deepwater also upgraded a computer-based information-sharing system to facilitate better document management, program oversight, and timely exchanges of information.

GAO also identified aspects of Deepwater human capital management as a risk to the program. In response, Deepwater helped stabilize turnover rates by converting certain military positions (subject to normal rotations) to civilian billets. Additionally, the Coast Guard sought to retain institutional knowledge and insulate the program against inevitable personnel changes by hiring experienced program managers as support contractors and better preparing military officers with advanced training before they report to the program. Human capital management remains a long term challenge.
GAO faulted the Coast Guard and ICGS a year ago for not communicating more effectively to the field about the status of the program and the assets that fleet operators would be receiving. Team Deepwater consequently conducted more than 100 outreach visits to key “Operations and Support” units since March 2004, invited Coast Guard field personnel to serve on Integrated Product Teams and as local contacts for training and maintenance issues, and assigned ICGS site representatives at key field locations.

The Deepwater team also increased the quality and quantity of communication products targeting the Coast Guard’s internal audience. Improved documentation now allows field operators to better understand the equipment they have or will receive, and enhanced maintenance system databases facilitate faster repairs when necessary. In the Program Executive Office, the Deepwater Communications Team surveyed the Coast Guard internal audience and established benchmarking data to track information-sharing effectiveness to guide its efforts to ensure that Coast Guard information needs outside of Headquarters are met appropriately.

**Contractor Accountability**

The Program’s main source of contractor performance is an increasingly comprehensive “Strategy Map” (also an industry best practice) that identifies program objectives, measures, and accomplishments. The Strategy Map links the Department of Homeland Security goals to specific IDS goals. This strategy map relies upon several assessments of contractor accountability:

- **Earned Value Management** compares actual contractor cost and schedule to projected amounts.
- **Integrated Product Team (IPT) Performance** evaluates the effectiveness of joint Coast Guard/contractor development efforts.
- **Risk Mitigation** identifies factors threatening cost, schedule, and performance.
- **Contract Deliverables** provide insight into timely delivery of key contractor outputs.
- **Technical Performance Measures** indicate whether actual technical specifics of assets/system meet the projected technical specifications.
- **Customer Satisfaction** assesses the Coast Guard’s impression of contractor performance in delivering the system.
- **Operational Test & Evaluation** demonstrates how the delivered system performs under actual operating conditions.
- **Operational Performance Measures** reveal actual year-end performance results and modeled performance projections using the Coast Guard’s model.
- **Readiness Measures** link to the Coast Guard Readiness Measurement System to capture information deepwater asset availability, casualties, mission capabilities, and human capital status.

The Coast Guard also conducts formal, periodic assessments of ICGS intended to both incentivize ICGS to improve program execution with potential award fees and discourage low performance by establishing a body of records in preparation for the Coast Guard’s decision whether or not ICGS has earned a subsequent award term. In accordance with GAO recommendations, the Coast Guard has refined the process through which program managers provide assessments, and increased the objectivity of the criteria used to assess ICGS performance.

GAO also focused on Deepwater Total Ownership Cost measurement as a means of ensuring contractor accountability. The Coast Guard understands that Total Ownership Costs (TOC) is a key performance factor. We have developed criteria for managing the TOC baseline to ensure that reasons for changes are well justified and documented. Any changes to Deepwater’s baseline are accompanied by a TOC analysis. In addition, the Coast Guard continually examines innovative ways to reduce Deepwater TOC.

**Cost Control through Competition**

The Deepwater contract was competed over several years, and the Coast Guard analyzed multiple industry solutions before selecting ICGS. GAO, among other independent parties, previously endorsed the results of that competition. Additionally, Lockheed Martin and Northrop Grumman’s respective procurement systems are validated by Department of Defense audit agencies on a periodic basis.

However, the Deepwater Program spans more than two decades and represents an extraordinarily wide scope composed of a multitude of subsystems. GAO seeks to ensure that competition within the IDS did not end with the selection of ICGS, and the Coast Guard has bolstered its assessment of ICGS subcontractor competition. More specifically, the Coast Guard examines ICGS ability to control cost during periodic award-term evaluations. It will base future IDS award terms, in part, on the degree to which ICGS makes competitive lower-tier awards. A third party
independent assessment of competition employment by ICGS and its prime subcontractors is ongoing.

ICGS has agreed to notify the Coast Guard prior to deviating from the accepted contract proposal if it decides to execute work in-house above $10 million that was proposed to be subcontracted by a company other than the ICGS prime contractor.

**Conclusion**

As evidenced by these significant improvements in the last year, the Coast Guard and ICGS have embraced the GAD’s observations and continue to reinforce the Deepwater Program’s foundation and execution as it matures. Throughout that time, the Deepwater Team has maintained a working dialogue with the GAD, first by proactively issuing periodic update letters throughout the year, and recently hosting a series of meetings and providing written responses to significant data requests as the GAD prepares for testimony in 2005. As Ms. Wrightson testified to Congress in April, GAD is “working with the Coast Guard to put the internal controls and other management that we asked for into place. And once that’s done, one will still need to monitor that program because of its complexities.”

The Deepwater Program, a performance-based acquisition that unites air, surface, logistics, and C4ISR domains, is an unprecedented endeavor. Deepwater’s mission, to properly equip the Coast Guard charged with preserving our maritime security and safety at an affordable cost to the American taxpayer, mandates continuous introspective improvements as well as external oversight.