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COAST GUARD MISSION BALANCE

(113–2)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster Chairman	Washington, DC 20515	Nick J. Rahall, II Ranking Member
Christopher P. Bertram, Staff Director	February 22, 2013	James H. Zoia, Democrat Staff Director

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Coast Guard and Maritime Transportation
FROM:	Staff, Subcommittee on Coast Guard and Maritime Transportation
RE:	Hearing on "Coast Guard Mission Balance and Capabilities"

PURPOSE

On Tuesday, February 26, 2013, at 10:00 a.m., in 2167 Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will hold a hearing to examine how the Coast Guard allocates hours and resources among its multiple statutory missions, as well as how the Service measures mission performance.

BACKGROUND

United States Coast Guard

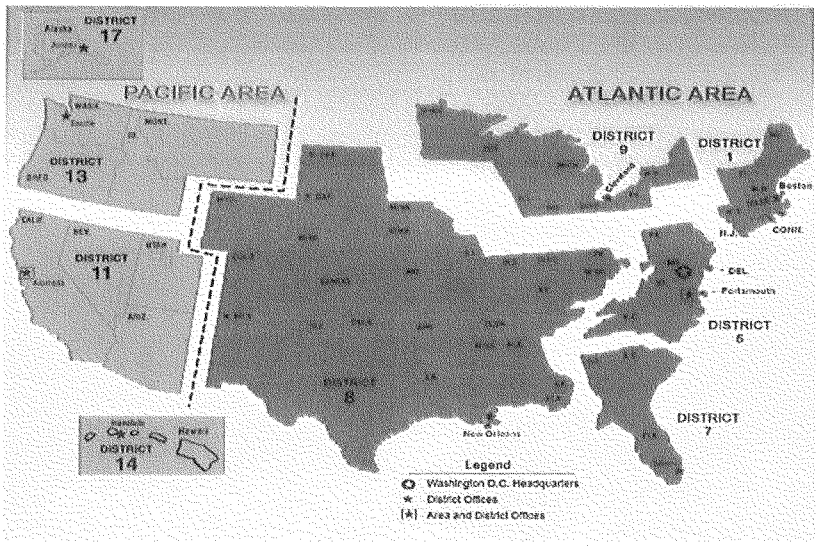
The Coast Guard was established on January 28, 1915, through the consolidation of the Revenue Cutter Service (established in 1790) and the Lifesaving Service (established in 1848). The Coast Guard later assumed the duties of three other agencies: the Lighthouse Service (established in 1789), the Steamboat Inspection Service (established in 1838), and the Bureau of Navigation (established in 1884).

The Coast Guard remained a part of the Department of the Treasury until 1967, when it was transferred to the newly created Department of Transportation. On March 1, 2003, the Service was transferred to the Department of Homeland Security (DHS). As one of the five armed services, the Coast Guard maintains defense readiness to operate as a specialized service in the Navy upon the declaration of war or when the President directs. The Coast Guard is composed of approximately 38,000 military personnel, 8,000 reservists, 6,000 civilian employees, and 35,000 volunteers of the Coast Guard Auxiliary.

The Coast Guard operates a fleet of diverse assets. Vessels under 65 feet in length are classified as boats and usually operate near shore and on inland waterways. The Coast Guard operates roughly 1,000 of these vessels, ranging in size from 64 feet in length down to 12 feet. A "cutter" is any Coast Guard vessel 65 feet in length or greater.

The Coast Guard has over 260 cutters, including harbor tugs, icebreakers, buoy tenders, construction tenders, patrol cutters, and three polar class icebreakers (only one of which is operational). Additionally, the Coast Guard maintains an inventory of roughly 211 fixed and rotary wing aircraft.

The Coast Guard is organized by geographic area into areas, districts, and sectors. The Coast Guard is divided into two areas, the Atlantic and the Pacific, each of which is commanded by a vice admiral. There are nine districts that comprise these two areas. The Coast Guard has 26 air stations and 35 sectors that work for the districts, each of which is typically commanded by a captain. Attached to sectors are small boat stations, of which the Service has 280.



Coast Guard Missions

Pursuant to section 2 of Title 14, United States Code, the Coast Guard is responsible for 11 statutory missions:

1) Marine Safety: Enforce laws which prevent death, injury, and property loss in the marine environment.

2) Marine Environmental Protection: Enforce laws which deter the introduction of invasive species into the maritime environment, stop unauthorized ocean dumping, and prevent oil and chemical spills.

3) Search and Rescue: Search for, and provide aid to, people who are in distress or imminent danger. In 2011, the Coast Guard responded to over 20,510 search and rescue cases and saved over 3,800 lives.

4) Aids-to-Navigation: Mitigate the risk to safe navigation by providing and maintaining more than 51,000 buoys, beacons, lights, and other aids to mark channels and denote hazards.

5) Living Marine Resources: Enforce laws governing the conservation, management, and recovery of living marine resources, marine protected species, and national marine sanctuaries and monuments.

6) Ice Operations: The Coast Guard is the only Federal agency directed to operate and maintain icebreaking resources for the United States. This includes establishing and maintaining tracks for critical waterways, assisting and escorting vessels beset or stranded in ice, and removing navigational hazards created by ice in navigable waterways.

7) Ports, Waterway, and Coastal Security (PWCS): Ensure the security of the waters subject to the jurisdiction of the United States and the waterways, ports and intermodal landside connections that comprise the Marine Transportation System (MTS), and protect those who live or work on the water, or who use the maritime environment for recreation.

8) Drug Interdiction: Stem the flow of illegal drugs into the United States. In 2011, the Coast Guard interdicted over 93 metric tons of illegal drugs.

9) Migrant Interdiction: Stem the flow via maritime routes of undocumented alien migration and human smuggling activities.

10) Defense Readiness: The Coast Guard maintains the training and capability necessary to immediately integrate with Department of Defense forces in both peacetime operations and during times of war. Currently the Service has six cutters conducting port security operations in the Persian Gulf.

11) Other Law Enforcement: Enforcement of international treaties, including the prevention of illegal fishing in international waters and the dumping of plastics and other marine debris.

Section 888 of the Homeland Security Act of 2002 (6 U.S.C. 468) groups the Coast Guard's 11 statutory missions into "Non-Homeland Security" and "Homeland Security" missions and requires the Service to maintain without significant reduction its "authorities, functions, and capabilities" to perform all of its missions. It also prohibits the Secretary of Homeland Security from reducing "substantially or significantly... the missions of the Coast Guard or the Coast Guard's capability to perform those missions." Finally, Section 888 requires the DHS Inspector General (IG) to annually assess and report to Congress on the performance by the Coast Guard in the execution of its statutory missions (see discussion below).

Non-Homeland Security Missions	Homeland Security Missions
Marine Safety	Ports, Waterway, and Coastal Security
Marine Environmental Protection	Drug Interdiction
Search and Rescue	Migrant Interdiction
Aids-to-Navigation	Defense Readiness
Living Marine resources	Other Law Enforcement
Ice Operations	

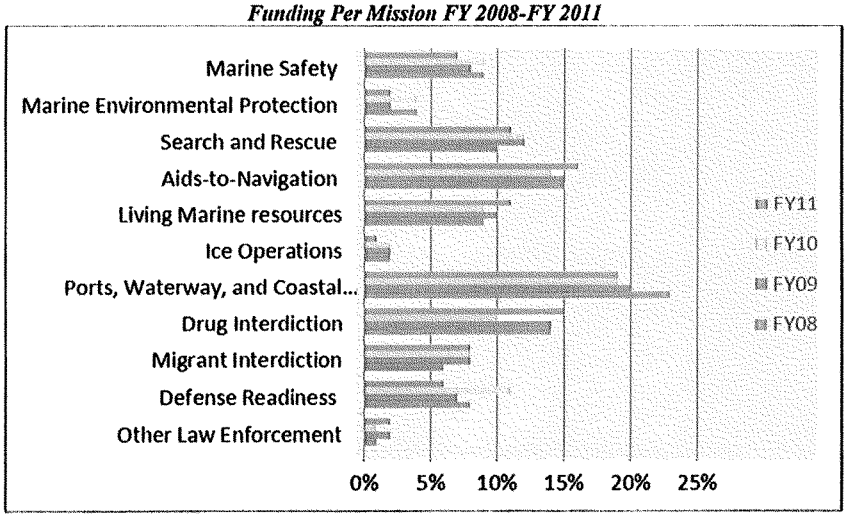
Tracking Mission Balance and Performance

To track Coast Guard mission balance and performance in each fiscal year (FY), three metrics are primarily used: funding per mission, resource hours per mission, and a set of performance measures developed by the Coast Guard pursuant to the Government Performance and Results Act (P.L. 103-62).

Funding Per Mission

The Coast Guard reports funds spent on each of its statutory missions in its annual budget request to Congress. In FY 2011, the Service spent approximately the same percentage of its funding for non-homeland security missions (49.6 percent) as homeland security missions (50.4 percent). Since FY 2001, the largest percentage of funding has been dedicated to the ports, waterways, and coastal security (PWCS) mission. In FY 2011, 19 percent of funds were spent on the PWCS mission.

Funding Per Mission FY 2008-FY 2011



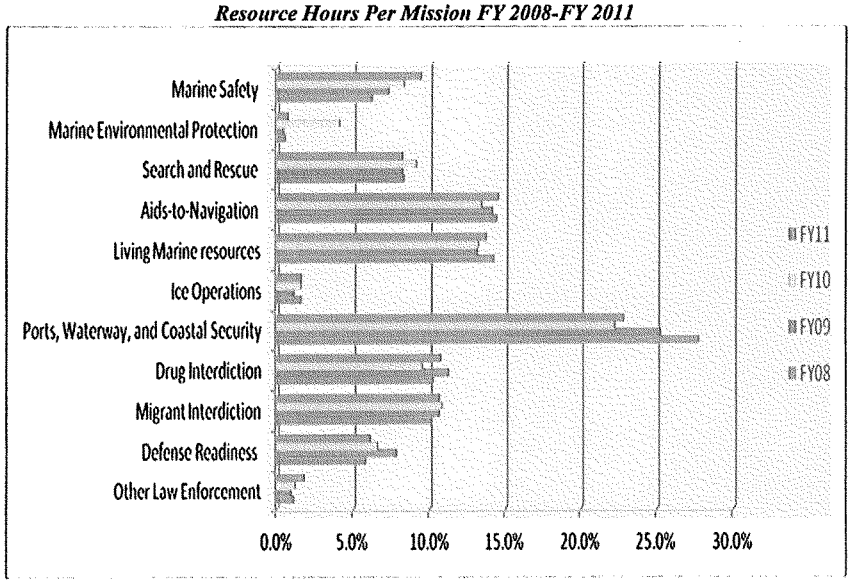
Resource Hours Per Mission

Resource hours are the number of flight hours (for aircraft) and underway hours (for boats and cutters) used to carry out a specific mission. Resource hours are tracked

internally by the Coast Guard and reported annually by the DHS IG in its *Annual Review of the United States Coast Guard's Mission Performance*. In its annual reviews, the DHS IG compares resource hours per mission in the latest fiscal year to previous fiscal years, as well as to a baseline of pre-September 11, 2001 data.

In its *Annual Review of the United States Coast Guard's Mission Performance for FY 2011* the DHS IG found 52 percent of resource hours were spent on homeland security missions, versus 48 percent for non-homeland security missions. Since FY 2001, the largest percentage of resource hours has been dedicated to the PWCS mission. In FY 2011, PWCS accounted for 23 percent of resource hours. Compared to the baseline data from FY 2001, homeland security mission resource hours remain approximately 91 percent above the baseline. Non-homeland security mission resource hours remain only 10 percent above the baseline. The latest DHS IG report is available at: www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-119_Sep12.pdf.

Resource Hours Per Mission FY 2008-FY 2011



Performance Measures

Each year, the Coast Guard undertakes a Standard Operational Planning Process it uses to establish a Strategic Planning Directive (SPD), which determines mission priorities based on risk and helps guide the Service in allocating resources among statutory missions for the next fiscal year. The SPD takes into account historic funding levels, predicted asset availability, planned and potential environmental and geopolitical events, the Service's strategic priorities, as well as DHS priorities laid out in the Quadrennial Homeland Security Review (QHSR). The QHSR sets a strategic framework meant to guide the activities of DHS and identifies mission areas for DHS agencies to focus on.

In FY 2011, the Coast Guard used 23 different performance measures to track its success in meeting SPD mission goals. The Service reported that it met or exceeded 14 of 23 summary performance measures. This included 9 of 12 non-homeland security performance measures and 5 of 11 homeland security performance measures.

FY 2011 Performance Measure Summary

Mission	Performance Measure	Met	Not Met
Non-Homeland Security Missions			
Search and Rescue	Percentage of People in Imminent Danger Saved in the Maritime Environment		X
	Percent of Time Rescue Assets are On-Scene within 2 Hours		X
Aids-to-Nagivation	Availability of Maritime Navigation Aids	X	
	Average Number of Navigational Accidents	X	
Ice Operations	Number of Days Critical Waterways Are Closed to Commerce Due to Ice	X	
Living Marine Resources	Fishing Regulation Compliance Rate	X	
Marine Safety	5-Yr Average Number of Commercial and Recreational Deaths and Injuries	X	
	5-Yr Average Number of Commercial Mariner Deaths and Injuries	X	
	5-Yr Average Number of Commercial Passenger Deaths and Injuries		X
	5-Yr Average Number of Recreational Boating Deaths and Injuries	X	
Marine Environmental Protection	Average Number of Chemical Discharge Incidents in the Maritime Environment	X	
	Average Number of Oil Spills in the Maritime Environment	X	
TOTAL NON-HOMELAND SECURITY PERFORMANCE MEASURE		9	3
Homeland Security Missions			
Post, Waterways and Coastal Security	Percentage Reduction of all Maritime Security Risk Subject to USCG Influence	X	
	Percent Reduction of Maritime Security Risk Resulting from USCG Consequence Management	X	
	Percent Reduction of Maritime Security Risk Resulting from USCG Efforts to Prevent a Terrorist Entering the U.S. via Maritime Means		X
	Percent Reduction of Maritime Security Risk Resulting From USCG Effots to Prevent a Weapon of Mass Destruction from Entering the U.S. via Maritime Means		X
	Annual MTSA Facility Compliance Rate with Transportation Worker Identification Credential Regulations	X	
	Percent of Maritime Facilities In Compliance with Security Regulations		X
Drug Interdiction	Removal Rate for Cocaine from Non-commercial Vessels in Maritime Transit Zone		X
Migrant Interdiction	Percentage of Undocumented Migrants who Attempt to Enter the United States via Maritime Routes that are Interdicted		X
	Percent of Undocumented Migrants who Attempt to Enter the U.S. by Maritime Routes Interdicted by the USCG	X	
Defense Readiness	Defense Readiness Assessment of all USCG High-Endurance Cutters, Patrol Boats, and Port Security Units		X
Other Law Enforcement	Number of Detected Incursions of Foreign Fishing Vessels Violating U.S. Waters	X	
TOTAL HOMELAND SECURITY PERFORMANCE MEASURES		5	6
TOTAL USCG PERFORMANCE MEASURES		14	9

The Coast Guard maintains the SPD and the Performance Measure Summary is the best method it currently has to properly assign and balance resources by mission and measure mission performance. The Service has previously testified that numerical targets such as resource hours and funding for a particular mission are not adequate tools to make conclusions concerning mission balance and performance in a multi-mission service.

Variables Impacting Mission Balance and Performance:

Many variables impact Coast Guard mission balance and performance, including asset availability and emergencies.

Asset Availability

The age of Coast Guard vessels and aircraft, coupled with, an increased tempo of operations, have led to increased rates of failure among the assets' parts and major systems. These factors, in turn, have increased scheduled and unscheduled maintenance costs and reduced patrol hours which have negatively impacted operational readiness and mission performance.

The DHS IG reported that the total number of resource hours in FY 2011 dropped to 683,594 from 742,386 hours in FY 2008, a decline of approximately 8 percent. The Coast Guard attributes this decline to the decreased availability of cutters and aircraft due to increased rates of asset failures.

Emergencies

The Coast Guard responds to a wide range of natural and man-made disasters in the United States and abroad. On several occasions over the last decade, the Service surged its personnel and assets from locations across the United States to respond to national and international emergencies. In 2005, the Service surged hundreds of assets, including 40 percent of its helicopter fleet and over 5,000 personnel to the Gulf Coast to respond to Hurricane Katrina, saving over 32,000 lives. In January 2010, the Coast Guard led response and humanitarian relief efforts in the wake of the Haitian earthquake surging dozens of assets and over 800 personnel. In April 2010, the Service moved over 150 assets and 7,500 personnel to the Gulf Coast to lead response efforts to the DEEPWATER HORIZON Oil Spill.

Each time the Coast Guard surges assets and personnel to respond to an emergency, it takes those resources away from a programmed mission. As a result, funding and resource hours are reduced and performance suffers for certain missions. For instance, surging assets and personnel to respond to the Haitian earthquake and the DEEPWATER HORIZON Oil Spill resulted in a reduction in resource hours and funding for aids-to-navigation, drug interdiction, and PWCS in FY 2010.

WITNESS LIST

Vice Admiral Peter Neffenger
Deputy Commandant for Operations
United States Coast Guard

COAST GUARD MISSION BALANCE

TUESDAY, FEBRUARY 26, 2013

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COAST GUARD AND
MARITIME TRANSPORTATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:03 a.m. in Room 2165, Rayburn House Office Building, Hon. Duncan Hunter (Chairman of the subcommittee) presiding.

Mr. HUNTER. The subcommittee will come to order. The subcommittee is meeting this morning to review how the Coast Guard allocates its assets and personnel to carry out each of its 11 statutory missions, as well as the challenges the Service faces in performing its missions and measuring its performance.

This is my first hearing as chairman of the subcommittee, and Congressman Garamendi's first hearing as the subcommittee's ranking member. And I look forward to working with him and with the Coast Guard and the 113th Congress. Very honored to have this subcommittee, worked really hard to get it. I would like to thank the staff, too, for all the work they have already put in, and just giving me information up to this point.

Under section 2 of title 14 of—the Coast Guard is responsible for a wide range of missions, from search and rescue, icebreaking, and marine environmental protection, to port security and drug interdiction. The Coast Guard uses a strategic planning process which determines mission priorities based on risk, and helps guide the Service in allocating resources among its statutory missions.

I know Admiral Neffenger is very familiar with this process from his prior job as director of strategic management and doctrine, and I look forward to hearing from him on how that process works.

As the Nation's primary maritime response organization, the Coast Guard often must surge assets and personnel to respond to a hurricane, oil spill, or other national or international emergencies. In 2005, the Service surged hundreds of assets, including 40 percent of its helicopter fleet and over 5,000 personnel to the gulf coast to respond to Hurricane Katrina, saving over 32,000 lives.

In April 2010, the Service moved over 150 assets and 7,500 personnel to the gulf coast to lead response efforts to the *Deepwater Horizon* oil spill. The Coast Guard is also tasked with preventing maritime accidents, keeping our borders secure, and protecting our ports and waterways.

In fiscal year 2011, the Service conducted over 19,000 safety, security, and environmental inspections of U.S.- and foreign-flagged vessels, and interdicted over 2,400 undocumented migrants and 93 metric tons of illegal drugs. That is why this subcommittee wants to ensure the Service retains its core competencies and acquires the assets needed for its response missions and day-to-day prevention work.

One of the best ways to gauge the Coast Guard's capability to carry out its missions is to review mission performance data. In 2011, the Service used 23 different performance measures to track its success in meeting its missions goals. The Service stated that it met or exceeded 14 of 23 of its performance measures.

In December 2012 the DHS inspector general released its annual review of Coast Guard mission performance objectives for fiscal year 2011. The report indicated the Coast Guard's total number of mission resource hours, the number of flight hours for aircraft and underway hours for boats and cutters had fallen by 12 percent over the last 5 fiscal years. The inspector general largely attributed the reduction in patrol hours to the fact that the Coast Guard's fleets of aircraft and vessels are no longer reliable, having surpassed their service lives and become increasingly prone to failures.

A Representative of southern California, I am particularly concerned about the Service's ability to secure our borders against illegal drugs and migrants, and maintain its defense readiness. As the new chairman of the subcommittee, I look forward to working closely with the Coast Guard and my colleagues to get new assets operating as quickly as possible, and to find other ways to improve readiness and enhance mission performance in a cost-effective manner.

I thank Admiral Neffenger for appearing today and I look forward to his testimony. With that I yield to Ranking Member Garamendi.

Mr. GARAMENDI. Mr. Chairman, thank you very much. Congratulations on the chairmanship of this committee, a very important one in my mind, and certainly for all of the Nation.

I want to also—as fellow Californians, we both realize that very few Federal agencies are as important as the United States Coast Guard. We also recognize that our maritime economy contributes almost $649 billion annually to the U.S. gross domestic product, and more than 13 million jobs, and remains a key resource for the prosperity of all of the American economy, not least of which are the rice producers and farmers in my district that rely upon the exports. And the Coast Guard has a lot to do with that.

In the congressional district that I represent we have the beginning of San Francisco Bay, and one of the most busy of all the service sectors for the Coast Guard's search and rescue. Sector San Francisco also maintains critical aids to navigation that link the ports and the communities: Sacramento, San Joaquin Ports, the Stockton Port, the Delta, and of course, the Bay, itself. This vital activity helps to ensure safe and reliable maritime transportation. And I do like Coast Guard Station Rio Vista, right on the Sacramento River. Also, we have the Port of Oakland, the Nation's fourth busiest container port, and the Concord Naval Weapons Station, one of five designated strategic sea ports in California.

As we export to the world, I hope this committee will also look into ways the Coast Guard can increase its commitment to American manufacturing. The Coast Guard creates jobs by protecting our waterways and our ports. They can also create jobs by implementing a stronger Buy America policy, using our limited taxpayer dollars to make sure that we buy goods and equipment that the Coast Guard needs from companies that manufacture here in the United States.

It is no understatement to say the Coast Guard is indispensable. It is hard to actually imagine the smooth functioning of the maritime transportation system without a ready and able Coast Guard. Yet, here we are, Mr. Chairman, virtually days away from seeing indiscriminate cuts imposed by the sequestration, cuts that are clearly going to reduce the Coast Guard's mission, perhaps by as much as 20 percent. And no one seems really able—at least here in Congress—to find a solution to this very serious problem.

I want to commend you, Mr. Chairman, for scheduling this morning's hearing on how the Coast Guard can maintain a balance across its 11 statutory missions. All of those missions are important. Not one of them should be subject to the arbitrary cuts that are coming down. However, they will be in just 4 days. Whether it is catastrophic oil spills, illegal narcotics, as you said, Mr. Chairman, the interdiction of illegal entry and human trafficking, all of those things are important. But all of those things are going to be impacted.

So, what are we going to do? Well, we are going to hear from Admiral Neffenger. And then I hope we get about dealing with this sequestration in a balanced and sensible way, so that the Coast Guard can go about protecting our citizens and protecting our maritime economy. Thank you very much, Mr. Chairman.

Mr. HUNTER. Thank the ranking member. I look forward to working with you over the next term.

Our witness today is Coast Guard VADM Peter Neffenger, Deputy Commandant for Operations. Admiral, you are recognized for your statement.

TESTIMONY OF VICE ADMIRAL PETER NEFFENGER, DEPUTY COMMANDANT FOR OPERATIONS, UNITED STATES COAST GUARD

Admiral NEFFENGER. Thank you, Mr. Chairman. Good morning and good morning to you, Mr. Chairman and distinguished members of this subcommittee. I thank you for the opportunity to testify today on U.S. Coast Guard mission balance and allocation of operational resources. I have a written statement for the record, and will make brief opening comments.

As you know, the primary mission of the United States Coast Guard is to ensure the safety, the security, and the stewardship of United States waters. Our oceans, our coasts, rivers, and great lakes are the lifeblood of the United States economy, with some 95 percent of all trade traveling by water. Our waters also provide a foundation for research, recreation, and advances in technology.

The Coast Guard's service objective is to balance missions such that limited resources are applied to highest risks and threats. The models we use are adaptive, with success predicated upon our com-

plementary suite of authorities, capabilities, competencies, and partnerships.

We are at all times an arms service, a Federal law enforcement agency, and a member of the intelligence community. This is a unique construct in the Nation and in the world. It allows us to govern the maritime environment and to contend with a challenging array of maritime risks to people, cargo, conveyances, our ports, and our waters. Our adaptability ensures that we address existing risks, as well as those that evolve over time.

In the Arctic, for example, there is a new ocean opening. Summer sea ice has diminished, and the region is becoming increasingly accessible to new and expanding activities. Resource extraction, cargo transhipment and adventure tourism are but three areas in which we are seeing increased activity. And these require maritime governance, and the Coast Guard has responsibility for this in U.S. waters.

In the drug transit zones of the Caribbean and the eastern Pacific, we are attacking illicit networks with layered defenses of our own. It takes a network to defeat these networks, and we are working strategically and operationally with Federal, State, and international partners to address threats long before they reach our physical borders.

The Coast Guard exercises its authorities through a core strategic framework: prevent and respond. We strive at all times to prevent bad things from happening: loss of life at sea, vessel casualties, smuggling of people and drugs, and the like.

Our marine safety program, for example, establishes and enforces standards for construction, along with standards for safe and secure operation or commercial vessels and the ports in which they operate. This includes a credentialing of mariners. We seek to prevent casualties at sea, and ensure the security of ships operating in our waters through oversight, engagement, and investigation.

However, we have to always be ready to respond when necessary. And, as we sit here, there are air crews, boat crews, strike teams, and others ready to respond to search and rescue cases, homeland security incidents, and other missions such as environmental response, all on a moment's notice.

I would also like to emphasize the value that partnerships bring to this prevent-and-respond strategy. We leverage Federal, State, local, tribal, international, and other partnerships to improve our operational effectiveness through depth, reach, and capacity that others bring to our toolbox.

During my time in command of the Great Lakes region, the operations there, we partnered very closely and regularly with Canada on search and rescue and other missions. Depending upon location and nature of distress, these operations often involved U.S. Coast Guard ships and helicopters, operating together with their Canadian counterparts. It takes a team approach to meet the missions that we have, and partnerships are critical to their success.

Coast Guard sectors administer our authorities, capabilities, and partnerships on the frontlines in our ports, along our coasts, and in our inland waterways. As commander of Sector Los Angeles-Long Beach from 2003 to 2006, I applied this prevent-respond

strategy every day to our missions. I focused my finite resources against my highest risks.

With the support of the administration and the Congress, the Coast Guard has made important strides towards improving our capability. We've acquired new National Security Cutters, Response Boats-Medium, Fast Response Cutters, Ocean Sentry Maritime Patrol Aircraft, and the Rescue 21 communications distress system, along with system upgrades to existing assets. These acquisitions enhance the Coast Guard's ability to operate in offshore, coastal, and inland waters with improved speed, more capable sensors, and better coverage, all underpinned by greater reliability and safety.

But our missions are conducted by Coast Guard men and women who are heroic and courageous in the face of sometimes unimaginable situations of extreme weather, unforgiving threats, and limited time to react. So I would like to close with a story about one of our people.

During the early morning hours of December 2, 2012, in the waters off southern California, SCPO Terrell Horne was leading a small boarding party to investigate a vessel suspected of smuggling drugs. SCPO Horne and his crew had just launched from an 87-foot patrol boat. It was dark, and they didn't know what they might encounter as they approached.

They saw a panga-type large, open boat with a number of high-horsepower outboards. They came alongside. The suspect vessel suddenly increased speed, maneuvered directly at our small boat and its boarding team, and rammed it. SCPO Horne saw what was happening, moved forward to pull one of his crew out of harm's way. He was thrown from the boat, injured severely, and did not survive. He leaves behind a wife and children, but will always be remembered as a hero in our ranks.

Now, that case is personal for me. His small boat was deployed from the 87-foot patrol boat USCGC *Halibut*, which was under my command, while serving as sector commander in Los Angeles and Long Beach. I know firsthand that night operations are exceptionally challenging. With limited visibility, rolling seas, and complex threats, our crews must be confident, proficient, and agile. And we need to provide them with the best equipment we can. The risks they face are real, and they deserve our best efforts. So, as the Deputy Commandant for Operations, I think about that every day.

I thank you for the opportunity to testify today. I thank you for your interest in the Coast Guard, and your continued support. And I look forward to your questions.

Mr. HUNTER. Thank you, Admiral, for your testimony. Before we get started asking questions here, I would like to recognize an honored guest, the chairman of the full committee, Mr. Shuster.

Mr. SHUSTER. Well, thank you, Mr. Hunter, Chairman Hunter. I appreciate you recognizing me. I will be brief. Thank you and Congressman Garamendi for holding this important oversight hearing. That is one of the most important roles we have as Congress, is to make sure we have aggressive oversight.

And I appreciate your being here today, Admiral, and your testimony. And I guess you are in a unique position, as being the former director of strategic management. You planned this, now

you are operations, you are actually implementing it. So you get to grade yourself on how you are doing.

But it is extremely important, what you are doing, tracing the history back to the Coast Guard, back to 1789 and that first—those lighthouses we built. And, in fact, the first earmark, the first congressionally directed funding was a lighthouse up in what is now Maine but was Massachusetts. So we would like to figure out how we can get back to Congress directing more of those funds to important projects.

But again, what you do in preventing accidents, making sure the system works efficiently, is extremely important to the commerce of the United States. And we want to make sure that we are supportive of you, but we also want to make sure that the Coast Guard is doing the right thing when they are allocating resources and having a balanced mission out there. And since 9/11 I know you have grown significantly, especially in your security that you provide at our ports, and then the waters of the United States.

So again, I look forward to working with you, and I appreciate the fact that Chairman Hunter and the Ranking Member Garamendi are having this hearing today. So thank you very much. I yield back.

Mr. HUNTER. Thank the chairman. OK, so let's get started. We are going to recognize Members for questions, starting with myself. And to touch on what the chairman just said, over the last decade the Coast Guard, post 9/11, has greatly expanded its mission, mostly in the security arena. You have added additional responsibilities, because you have had to respond and be able to respond to emergent threats.

So the question is, how has that changed you? And has it taken away from your other missions? Because your budget has gone up as well, but your needs in ships and in recapitalization has also gone up as well. So your missions have gone up, your budget has gone up. But has the budget been commensurate with the amount of stuff you have had to do, and that you have had piled on you, as well as the recapitalization of your ship fleet?

Admiral NEFFENGER. Thank you, Mr. Chairman. I think that you are right, that our mission set has expanded considerably over the past decade. And—but so has the, I think, the ability of the Coast Guard to both understand how to approach that mission set and to structure itself accordingly for that.

I mentioned that we have a primary mission to ensure the safety, the security, and the stewardship of U.S. waters. And by stewardship, I mean both the environmental piece as well as the management of the waters, the maritime transportation system itself, because that is under our responsibility, as well. And in looking at that overarching mission, and all of those submissions that we have, search and rescue, maritime law enforcement, drug interdiction and the like, all of that plays into that overarching mission.

So I think my point in that is it allows us to look holistically at our missions. I know that there is a designation in statute that determines Homeland versus non-Homeland missions. But, from our perspective, all of our missions are tied to that overarching fundamental purpose for safety, security, and stewardship.

To do that, we have had to do some reorganization. As you know, prior to 9/11 we had a different organizational construct for our shore forces, for example. We had marine safety offices, which were fundamentally responsible for commercial vessel oversight, oversight of the activities of facilities that receive those vessels. We had what we called group offices, which were fundamentally responsible for operating our small boats and our patrol boats in pursuit of law enforcement—near-coastal law enforcement missions, as well as search-and-rescue missions. And then we had our—of course, our offshore patrol forces in the form of our large cutters and our aircraft.

Since the 9/11, since the formation of the Department of Homeland Security, we have reorganized those forces into sectors. And our sector commands now really incorporate all of our authorities under a single operational commander. So, as sector commander for the Ports of Los Angeles—actually, for southern California—my area of responsibility was for the Monterey County line in the north down to the San Diego County line, so about 300 miles of coast, and it had a commensurate offshore piece to it, as well. My task every day was to look across this broad suite of authorities that we have that really give us the ability to address any threat, risk, or hazard in the maritime environment, and apply my resources effectively, whether that was a search and rescue mission or an oil spill or a potential terrorist attack.

So, I think that the way I would—so the general answer to that is that we have changed dramatically. We have had to—we have increased the number of resources we apply to it. I will tell you, as a former operational commander, you can never have enough resources to do the things you do. We have a very large operating area, and we will likely always have limited resources. But we are also well aware of the fiscal constraints that we all face.

Mr. HUNTER. So let me get more specific, then. Because you have heard the saying—I think it was Sun Tzu—if you plan for everything, then you plan for nothing. Right? So you can't prioritize everything the same. So if you have 11 statutory missions, with the entrance of Homeland Security 10 years ago or 12 years now as being one of the primary missions of the Coast Guard, and your integral role in Homeland Security, what have you had to give up?

Admiral NEFFENGER. I guess I would say it is not so much that we have given up missions, but we have had to prioritize the work that we do. Clearly, search and rescue will always be a top priority for us. Someone is in distress on the water, we will do everything we can to find that individual or individuals and rescue them.

Security of this Nation is a top priority, always will be, and we need to do whatever we can to ensure that our harbors, our ports, our waterways are secure, that we understand the potential threats that might face us, and so forth, and that we construct appropriate strategies to combat those threats and to reduce risk in our ports.

The—but I will tell you that there are things that sometimes have to be changed with respect to how we operate. The good news is that we can leverage a lot of partnerships to help us. So, for example, in our oversight responsibilities for commercial vessel inspection and commercial vessel certification. We have worked with

classification societies such as ABS and others to conduct some of these inspections and oversight responsibilities on our behalf, while still conducting the periodic oversight of those agencies that do that for us. We have also looked to leverage capability in our ports and waterways that local agencies bring to the table for us, and they can conduct operations and patrols for us, as well.

What we have done strategically is to look at the range of missions that we face, the relative priorities of those missions with respect to safety of life, security of this Nation, and then we have looked to see who else out there can assist us in operating. So we are much better at interoperating with others now than we ever were before. We have much more established partnerships. We work together in much more seamless ways in our waters.

Mr. HUNTER. Let me ask you this, Admiral, then I am going to pass it on to Mr. Garamendi. You talked about search and rescue being your number one priority, as it is, right?

Admiral NEFFENGER. Yes, sir.

Mr. HUNTER. Life and vessel out there on the water. Coast Guard reported that in fiscal year 2011 it did not meet its two search-and-rescue mission performance goals. The Coast Guard only saved 77 percent of individuals in imminent danger, and not the goal of 100 percent. Obviously, it is 100 percent. And the Service was only on the scene of a distress call within 2 hours 93 percent of the time, instead of the goal of 100 percent.

So, with this in mind, and that being your number one priority, are your performance goals that you currently use realistic? And do they accurately reflect mission performance?

Admiral NEFFENGER. Well, those—as you know, sir, those performance goals are really designed to measure the outcome, or the ability of us to make a difference to the American public, not just the measure of our activity.

The goal we set for rescuing people in distress is admittedly a large goal. We would like to rescue every single person in distress on the water. That is where the 100 percent come from. I think it would be unrealistic and unfair to the American public to suggest that we were striving for anything else. But we can't rescue everyone in distress. There are times when people will die. There are times when people will be lost at sea and we won't be able to find them. It doesn't mean that we look to save every single one of them. We don't look to see whether there is——

Mr. HUNTER. Admiral, I understand that. And if I could, a 77 is a C+. So my question isn't that—not that the Coast Guard is not trying to do its job. Is the—are your metrics realistic metrics? Because if you are getting a C+ at your number one priority and the thing that you put most of your energy and resources into, you are still passing. But are the metrics correct? Because you could probably measure your performance in other ways that would reflect differently and probably up your score a little bit, I would guess.

Admiral NEFFENGER. Yes, sir. And there was a time when we set a lower standard. But let me explain. Maybe it is useful to take a moment to talk about how these metrics are used.

There is really two ways in which you can measure performance. You can look at individual cases to determine did—for example, let's say we have a rescue at sea and it wasn't successful. The first

thing you ask, is there something that the Coast Guard did that made it not successful? So there is an individual outcome measure. Did we do the things that we should have done? Did we act in accordance with our—with known tactics, techniques, and procedures? And did we do so in a way that resulted in a successful prosecution of the case? That is an important measure, and those are measures that we take. Those aren't captured here.

This measure is really designed to ask, are our strategies with respect to—our operational strategies with respect to how we approach our missions, are they adequate for the missions that we are conducting? So when we say that we only met 70 percent of our goal, 77 percent of our goal to save lives in distress, it doesn't necessarily mean that we failed at saving lives in distress. As I said, sometimes there is just no way you are going to save somebody. By the time you are notified, they are already gone. Or they are lost at sea in a way that makes it impossible to find them.

But what it does tell someone like me to do is to look at whether or not there are systems we can put in place that would have obviated the need for that person to get lost in the first place. Rescue 21 is such a system. That system has allowed us to know more about where people are than ever before. Automatic identification system.

So I don't know if that helps to explain it, but the 77 percent number is really a target for me, and a series of questions that I need to ask about the overarching strategy. And it doesn't really tell me whether our people are performing adequately. That I measure on a case-by-case basis. It tells me whether I am performing adequately in providing my operational forces with the strategies and the policies and/or the prevention activities in advance of a case that they might need.

Mr. HUNTER. Thank you, Admiral. I have taken enough time. Mr. Garamendi is recognized.

Mr. GARAMENDI. Thank you, Mr. Chairman. Well, let's see. March 1st is coming, and sequestration along with it. It is my understanding that the Coast Guard is going to be significantly affected by sequestration. Some $340 million will be reduced from your 2013 budget. That is below the 2012 budget level. This is about a 5-percent cut, as I understand it, but it does result, presumably, in a 21-percent reduction in operations, except for training and for readiness for search and rescue.

In light of these pending cuts, what are your plans to be able to preserve the ability of the Coast Guard to meet the highest priority mission requirements? And also, considering the cascading impact that these reductions will have on the Coast Guard's readiness and capabilities, how will the Coast Guard revise its performance measures to reflect the reality of sequestration?

Admiral NEFFENGER. Well, sequestration—any time you take a cut of any magnitude this far into the fiscal year, it is challenging. As you know, most of our expenses are in our people and in the operating hours, the cost it is to operate our vessels and aircraft. So there are some challenges associated with absorbing that level of reduction. I will—and I know that the—our Secretary has recently testified to the Senate Appropriations Committee on the

overarching impacts of those cuts and some of the high-level effects that that will have.

We are still in the process of determining what some of the very detailed cuts are, should the sequestration order be issued this week. But our goal is to ensure that we have our frontline forces at all times ready to respond to emergency, whether that is a search-and-rescue case, or any other contingency that may happen, a natural or a man-made disaster. And, of course, any terrorist events.

We are also ensuring that we have frontline forces in place in those areas of risks that we know are of ongoing concern, whether that is the transit zones in the Caribbean and the eastern Pacific, or migrant interdiction.

The—with respect to our performance targets, we don't intend to reduce our performance targets, we simply intend to report whether or not—you know, what the impact this may or may not have had upon our ability to meet those targets. So I think that that will be a more realistic way—certainly more useful for me to determine, because our performance targets are set to some extent—well, they are set with respect to the risks and the threats, keeping in mind the available assets to apply to those.

Mr. GARAMENDI. Well, it then appears that there—is there going to be a 20-percent—21-percent reduction in the operations of the cutters, other boats, as well as the aircraft?

Admiral NEFFENGER. There will be a reduction to our operations budget. I know that the Secretary testified that it could be as much as 25 percent. What we are trying to do is determine whether a sequestration order would allow us to alter somewhat the types of cuts that we make.

I will tell you that we are—again, we are committed to—I am committed to ensuring that we have frontline resources at all times ready to respond. But there will be an impact to our ability to operate with a reduction.

Mr. GARAMENDI. Will those impacts be in the search-and-rescue area, or in the prevention area?

Admiral NEFFENGER. We will not reduce our ability to respond to search-and-rescue cases or to contingencies and emergencies. We at all times have to be ready to meet the Nation's demand in that respect.

We will look across our other activities to determine whether we can postpone, alter, or otherwise delay the other types of activities we will do. We will look at things like maintenance, deferring maintenance on our vessels, and doing other temporary measures to extend our budget through the rest of the fiscal year.

Mr. GARAMENDI. Thank you very much.

Mr. HUNTER. Thank the ranking member. And Mr. LoBiondo is now recognized.

Mr. LOBIONDO. Thank you, Mr. Chairman.

Admiral, thank you. A little bit different to be sitting here after a number of years, but it feels good. Chairman Hunter, congratulations.

Admiral, I would like to consider myself one of the biggest cheerleaders of the Coast Guard and partner with the Coast Guard. But also when questions come up, sometimes tough questions—and in

this budget environment, and that is—we are talking about priorities and a lot of things of how we should handle it.

I have been made aware that over the last couple of years the Coast Guard has been, on a fairly regular basis, sending Government employees to Paris, France, to attend weeklong meetings involving representatives from five small countries to discuss the regulation of marine pilotage.

I also understand that the Coast Guard has been a driving force in organizing these gatherings, and is largely responsible for ensuring these small gatherings continue to be held regularly.

I would hope that you would tell me my information is wrong, and this is not the case. But if it is, I am really confused as to why the Coast Guard is so invested in this issue when the law is clear. With the limited exception of the Great Lakes, pilotage in the United States is regulated by State and local authorities. And I just can't understand why the Coast Guard is spending these vitally scarce funds to regularly send Government employees to Paris for a week at a time to meet with a handful of small countries on an issue that is not the primary responsibility of the Coast Guard. Can you help me out here?

Admiral NEFFENGER. Yes, sir. I think I can, and I think I can put you in a more comfortable place, with respect to the issue you bring up.

I will start by saying we have sent one individual to France for a 3½-day meeting once each in the past year. So it has been one individual from the United States Coast Guard. It has been out of our Great Lakes pilotage authority office. As you know, the Coast Guard is a pilotage authority itself. We regulate pilotage on the Great Lakes. We set their work hours, we set the rates, and we do so in concert with Canada, because it is a jointly used waterway.

We have also been subject to a number of recommendations over the years from the National Transportation Safety Board with respect to pilotage, both our own regulation of pilotage as well as our oversight of pilotage authorities in the form of our licensing and so forth of Federal pilots. And some of those regulations have suggested that there is a need for greater information sharing among pilotage authorities for best practice—learning best practices.

So, the purpose of attending this conference—and it is not one that the Coast Guard organizes, although we participate in it—the purpose of attending it is to—really, to share best practices with other pilotage authorities. It is an international body. It is the only body of its type in the world in which you can have those kinds of interactions. It is very similar to the kinds of work we do through the International Maritime Organization, the International Association of Lighthouse Authorities, and the like.

So, I would put it in the category of understanding best practices, understanding what standards exist elsewhere in the world. And to your point on overseas travel, we are absolutely aware of the responsibility we have to husband our taxpayer dollars carefully. As I said, it is one individual that has attended this.

It is likely not going to happen this year, particularly if we are under a sequestration order, because we have cut back on all of our travel. But I believe that it is a reasonable use of that time, and we get good information out of that. And it helps us to be better

at our pilotage on the Great Lakes. So I hope that is responsive to your question, sir.

Mr. LOBIONDO. Well, it helps.

But I have to tell you that I am concerned that with such limited Coast Guard oversight, shall we say, of pilots just to being the Great Lakes, and you being stretched so thin in so many areas, that is just something that I can't connect the dots with in my head. I mean we all want to get best practices, but it is not like you are dealing with the whole United States of America. We are only dealing with the Great Lakes here. And I know that we want to be the best that we can be, but I don't—to my recollection, there haven't been any real problems. So I would hope you would take a close look at this.

Admiral NEFFENGER. Yes, sir. We will.

Mr. LOBIONDO. Thank you. Yield back, Mr. Chairman.

Mr. HUNTER. Thank the former chairman of this committee. And I would like to recognize Ms. Hahn for 5 minutes.

Ms. HAHN. Thank you. And thank you, Chairman Hunter, Ranking Member Garamendi, for convening this hearing focusing on our Coast Guard mission balance and capabilities. I really want to thank my friend, VADM Peter Neffenger, who has been my friend since he was captain of the port in Los Angeles during the time that I was on the city council in Los Angeles. Thanks for being here today and for providing your testimony.

Statutory mission of the Coast Guard play a critical role in protecting our Nation. From drug interdiction to defense readiness to port security, Coast Guard is our best asset to counter the many threats that we face on the domestic and international waters. Same time, our Coast Guard is facing emerging threats that require modern and innovative strategies in order to remain effective.

For instance, as you talked about, the rising use of panga boats not only risk pouring tons of illegal drugs and weapons into our country, but also threaten the safety of our Coast Guardsmen, as you talked about. The tragic loss of SCPO Horne, I attended his memorial service and was very moved and very saddened at the family that he leaves behind. I think the only silver lining to that tragic event was maybe for a brief moment Americans began to understand what the Coast Guard actually does, and the risk that they take personally every time they go out to protect our waters.

You know, since 9/11 we have focused in this country on our Nation's ports of entry in beefing up the security. Most of the attention, in my opinion, has gone to focusing on our airports and less on our Nation's seaports. I represent the largest port in the country, the Port of Los Angeles. And I still think we have vulnerable entryways into this country through our ports.

Without giving away any secrets to those who would do us harm, are you able to tell this subcommittee what you think is some of our biggest vulnerabilities that currently exist in our ports and maritime security? And should Congress be focusing more on these gaps in security?

Admiral NEFFENGER. Thank you, Congresswoman. And thank you for your thoughts about SCPO Horne. I know it meant a lot to his family to have you out there.

With respect to our ports, as you know, much of that, with respect to vulnerabilities, is in the classified realm. And I am always happy to come back to the committee and brief you in a classified setting as to the specifics with respect to that. But let me speak in very high levels.

The very thing that makes our ports so powerful in their—in the economic engine that they provide to this country is their openness. And that openness is the very thing that argues against security and safety. So it is—there is a balance there, with respect to our ports. You can't lock them down in the same way that you can lock down an airport and expect to move the kinds of volumes that we move through there.

During the time that I was in Los Angeles and Long Beach, I think there was a combined total of about 13,000 actual containers a day coming into the port, not to mention those that were being moved around, and the like. That is a lot of containers. And if you tried to lock that all down, it would be challenging.

So, how do you determine, you know, what is the—how to protect a port? Well, it starts by looking—getting—really, gathering experts together to think about the ways in which a port has to operate. That may sound like a fairly straightforward question, but it is a challenging question to answer, if you think about what makes a port efficient, and then you look at the ways in which that efficiency can be damaged or is vulnerable.

And so, we spent a fair amount of time—this is a continuous process—where we look at the vulnerabilities in a port. And vulnerabilities can be to any type of thing that you might think about, whether it is a small boat type attack or some other type of incident. And again, I am talking in the intentional category here of somebody trying to do damage. And you look at how those vulnerabilities rank in terms of the consequence that there might be to the port if something were to happen.

So, some things could happen that would have very little impact on the operation of the port. There may be a psychological effect, but it wouldn't put the port out of business. Some things could happen that could put the port out of business for some extended period of time. So that, by definition, starts to force a rank order of those vulnerabilities, and it creates some priorities for us.

And then we try to determine what the potential threats are, you know, who—what might an adversary try to do? And so, ultimately you come up with an equation that leads to a risk that you might have in the port. And that equation starts with: What do I think the threat might be? What are the vulnerabilities that those threats might try to exploit? And what is the consequence of that happening?

Now, the threat is the independent variable. We don't really know what might happen. And we know that there is intent, and we have seen examples of what people can do around the world, but we don't necessarily have any specific threat information. So we game that out. And we game that out against our vulnerabilities, and we game it out against the things that we do to try to protect the ports. And in doing we determine to go back to Mr.—Chairman Hunter's question about our measures, we set measures that try—that use our existing tactics and techniques

and procedures and strategies, and then we take those scenarios and we game them against those. And sometimes we find in our scenarios that we fail, and then we have to change our tactics and techniques.

So, what I would say is that we know a lot more about the security of our ports, about the vulnerability of our ports, about how those vulnerabilities can lead to unpleasant and difficult consequences for us to deal with. We know less about actual threats, a lot about intent. And we can game out a number of potential scenarios.

And we have done a great deal to coordinate amongst all the various agencies responsible for security and safety in our ports.

I think that is a high-level view of it. What I would be happy to do is do some more detailed briefings in a closed setting for some specifics that we have discovered in particular ports, as well.

Ms. HAHN. Thank you. I know my time is up but, Chairman Hunter, I would love it if you would consider reconvening this in a classified setting so we could hear more specifics about the threats to our Nation's ports. I think this subcommittee would be the perfect place to hear those facts.

Mr. HUNTER. Sounds like a great recommendation to me. We will take it up.

Mr. Southerland is recognized.

Mr. SOUTHERLAND. Thank you, Mr. Chairman. And, Admiral, thank you for appearing before us today. I am new to the committee, so I may ask you some questions that may seem pretty basic to you, but just to give me some education.

I understand that the topic of sequestration seems to be on everybody's lips, and we are hearing—you know, I have heard you mention today that cuts up to 20 percent, perhaps, give or take. Of those—of the percentage of those cuts, I mean, how much of those cuts will be done at the administrative level, as opposed to, you know, right there where the operations are taking place? How much upstream in offices will those cuts be administered to?

Admiral NEFFENGER. Well, our plan is to move as much upstream as possible. The last place that I will go for cuts is our frontline operations. And so I think I already mentioned in response to Mr. LoBiondo's question that we are—we will cut our nonoperational travel almost completely. There is very little other travel that we do.

There are certain things that you still have to do, but we are cutting administrative overhead to the extent possible, we are reducing nonessential operational activities, and that would—when I say nonessential, it doesn't mean that you don't have to do them eventually——

Mr. SOUTHERLAND. I get it.

Admiral NEFFENGER [continuing]. But nonessential from the standpoint of deferring maintenance, deferring activities that would inspect vessels, deferring other types of activities.

Mr. SOUTHERLAND. So it sounds like you are very unique, compared to some of the rhetoric we have been hearing as far as food inspectors and the like, because that is the frontline. It seems to me that if you equate your philosophy, it is a stark contrast to

some of the things that we are hearing coming from other departments.

So, if you, in fact, implement the cuts in a commonsense approach as you just outlined, first of all, I want to commend you. It is refreshing. Because we are hearing just the opposite of that in other departments if we go into sequestration.

And I want to say this as a small business owner and I had not—you and I just met. You know, I had not had a background in political service or elected office before. Our family had small businesses. I just want everyone to know that across America today small businesses take 15 to 20 percent cuts every year as standard operating procedure over the last 4 to 5 years. And so I have to say that we find a way to make it happen. We don't have any choice. And so, you know, I know these are difficult to do.

I am pleased by your presentation and the way that you seem—the reasonable way that you seem to go after things. But I think to make cuts farther away is important.

I wanted to ask you another question. The Service reports that funding dictated by—or, excuse me, dedicated by mission on an annual basis, and the DHS inspector general annually reviews the number of patrol and flight hours dedicated to each mission. The IG reported that the total number of patrol and flight hours have decreased by nearly 12 percent over the last 5 fiscal years. What are the main reasons for this? And what is the Service doing to reverse this trend?

Admiral NEFFENGER. The primary reason for that reduction is the age of our assets and the increasing unreliability of those assets. So as our cutters and aircraft have aged, they suffer increasing casualties. Clearly these are not expected. And those casualties tend to be more and more consequential in their nature.

So, instead of just the—a small part failing, now you have an entire system failing on a vessel. With the average age of our cutter fleet—some are above—some are between 40 and 50 years—it is not possible to keep them running at the same efficiency that they were once before. And, as I mentioned before, when you have to defer maintenance in order to meet certain fiscal targets, then that only compounds the problem. So, that is the primary reason.

What have we done to address that? Well, we have been working for some time now with the assistance of the Congress and the support of the administration to recapitalize the major assets of the Coast Guard: our cutters, our aircraft, our small boats, and the like. I will tell you that we are thankful for the amount of recapitalization that we have had so far. And we are bringing on board quite a new—a number of new assets from our small boat fleet, all the way up into our major cutter fleet.

We recognize the challenges of doing this in constrained fiscal environments, but we know that if we don't recapitalize, we will continue to have more and more of these casualties, and continue to fail to meet the operational hour targets that we have.

Mr. SOUTHERLAND. Admiral, thank you. I see my time has expired. And I just appreciate your service and that of the Coast Guard, especially in my area, living on the Gulf of Mexico. I appreciate it, and I yield back.

Mr. HUNTER. Thank the gentleman. Ms. Frankel is recognized.

Ms. FRANKEL. Thank you, Mr. Chairman, for this opportunity. And thank you, Vice Admiral, for your service and your colleagues. Just to let you know, my father was in the Coast Guard. And I still actually have one of his uniforms hanging at home.

So, I didn't have the exact—I don't want to withdraw a compliment from you—I didn't have the exact interpretation of your testimony to mean that the sequestration would not hinder your operations. But thank you for your efficiencies.

I represent an area that has two ports, and—which is—and they are huge economic drivers. I represent part of south Florida. And I would like to know, in your opinion, whether the sequestration will—or how it would impact our ports.

Admiral NEFFENGER. Well, again, we are well aware of the vulnerability of our ports. We are also well aware of the need to keep them in operation. Fortunately, we have a lot of partners in ports these days. We work very closely with them. Everyone is constrained these days, and that is true, and we understand that other Federal partners, as well as State partners, are suffering from some of the same fiscal constraints that we do, as well.

But the upside is that over the past 10 years we have put a lot of systems in place, a lot of understanding in place, to allow us, in a limited fiscal environment, when you have to ultimately reduce some of your nonemergency operational capabilities, it lets us know where to focus the remaining capabilities that we have to most effect.

There is always going to be concern when you reduce operational budgets this far into a fiscal year. And it poses challenges with respect to how you then allocate the hours that you can afford to operate. But our goal is to make sure we allocate those to our most pressing risks and concerns, and that includes our ports, Congresswoman.

Ms. FRANKEL. Thank you, Mr. Chair.

Mr. HUNTER. There are no more questions on our side, so we will go to Mr. Cummings.

Mr. CUMMINGS. Thank you very much. It is good to see you again.

You know, I was listening to the questions of the gentleman at the end. And I want to go back. You know, I don't—I am trying not to get caught up in this sequester thing, but it is a little bit more major than I think he described it.

Having been a chairman of this committee, I know that we have already had deferred maintenance. Am I right?

Admiral NEFFENGER. Yes, sir, you are.

Mr. CUMMINGS. And how many vessels—I remember when we had the Haiti earthquake and we were trying to get to Haiti, and we had vessels breaking down. Can you describe that to the gentleman?

Admiral NEFFENGER. We did have a number of casualties on the vessels that we deployed to the Haiti earthquake response. Yes, sir. And it put two of those vessels out of commission for——

Mr. CUMMINGS. Put two vessels—out of about how many?

Admiral NEFFENGER. For a period of time. Yes, sir.

Mr. CUMMINGS. Out of how many?

Admiral NEFFENGER. Out of—I don't have the—I don't recall the exact number——

Mr. CUMMINGS. Just make a reasonable guess.

Admiral NEFFENGER. We had roughly—I think we had three vessels that immediately responded, and two of those suffered engineering casualties during that response.

Mr. CUMMINGS. And so we have been deferring maintenance quite a while, haven't we?

Admiral NEFFENGER. Yes, sir. We have deferred maintenance.

Mr. CUMMINGS. And with regard to Deepwater, how are we doing with Deepwater?

Admiral NEFFENGER. The acquisition program?

Mr. CUMMINGS. Acquisition program.

Admiral NEFFENGER. Actually, I think that we have really done quite well in the last few years. As you know, that was originally a program that was run by a lead systems integrator, not the Coast Guard. Since 2007 we have re-assumed the lead on that acquisition program. We no longer call it the Deepwater acquisition program. It is really just an acquisition program to replace our major capital assets. And——

Mr. CUMMINGS. So—I talk about Deepwater all the time in speeches. So I guess when I tell people to go to Google, they won't get an update on Deepwater, huh? What do you call it?

Admiral NEFFENGER. What they will see is they will probably get a link to our acquisition programs now, across the board.

Mr. CUMMINGS. No, I am very proud of the work that we all did, this committee did, working with the Coast Guard to make that program more efficient and effective.

As you well know, nearly 10 years ago the Coast Guard was required to bring towing vessels under inspection by the Coast Guard and Maritime Transportation Act of 2004. The Coast Guard issued a notice of proposed rulemaking in 2011, but has not yet issued a final rule. I have asked a number of witnesses in many different hearings when a final rule would be issued, and I will continue my effort to obtain today, by which towing vessels will begin to be inspected, by asking you the same question. When do you think the final rule will be issued? And will towing vessels finally come under inspection?

And I want to incorporate in my question does—I mean I—one of the things that we have heard in the past is there is a backlog, and sometimes there were personnel problems. Is it reasonable to assume that under sequestration that this—it will be even put further on the back burner? If it is still on the back burner. It may not be there. But we can't seem to get a final rule, and I am just wondering.

Admiral NEFFENGER. No, we will not put it on the back burner. The good news is that the—over the past few years the Congress has been very generous in providing new people for our marine safety oversight program, in particular the regulatory component of that. As you know, that is a very labor-intensive operation, requires a fair amount of analysis and review in order to meet the various requirements that exist before you put potential new regulations on the street that may—that affect an entire industry.

So, we don't intend to do that. That—and it doesn't suffer from a backlog. That rulemaking, as you know, sir, is one that involves an awful lot of details and affects a large industry that has never been inspected before. We have been working very closely with the American Waterways Operators, in particular—that is a representative of that towing vessel industry—as well as individual owners and operators to ensure that we get the right mix of inspection, oversight, and applicability. That makes that a complicated process, by definition.

So, I recognize your—and appreciate your concern with respect to the timing——

Mr. CUMMINGS. Let me ask you this before my time runs out. If—assuming we get the rule, say, within the next year or so, will we have the inspectors, the trained marine inspectors, to inspect? As you probably know, in the past we have had a problem with people who are even qualified to inspect. And I just wondered. Do you—how—what do you foresee for that?

Admiral NEFFENGER. Yes, sir. As you know, as a result of your oversight, the oversight of this committee and the assistance of the appropriations committees, we have been able to significantly increase the number of inspectors and inspection-related personnel in the Coast Guard. So we thank you for that. That has been—and that is done under what we call our Marine Safety Enhancement Plan, which I think you are familiar with, sir.

And so, over the past number of years we have added a significant number of new—over 500 new individuals to the marine safety program in that inspections/regulatory world. Some of those individuals are towing vessel inspectors. Not all of those people are yet on board, for obvious reasons. We don't have all those regulations in place yet, and so you want to make sure that you cycle them in. But we have created a towing vessel center of expertise, we have put people into that towing vessel that have expertise. And we developed a plan for going from apprentice to master in the inspection trade.

So I think we are on a good stead. We are concerned about potential, you know, budget impacts in the near future. We don't intend to go after any of those new billets that we have coming on board, and we are doing our best to continue to meet the requirements——

Mr. CUMMINGS. I see I am out of time. But how are we doing with diversity? You know, we made tremendous strides with regard to diversity in the Academy. How are we doing there?

[The Coast Guard submitted the following information for the record regarding diversity at the U.S. Coast Guard Academy:]

Class Year	Total	Non-Minority	Minority	Native American / Alaska Native	Asian	Black / African American	Hispanic of Any Race	Native Hawaiian / Pacific Islander	Two or More Races
2014 Applicant	2223	1749	474	18	61	128	190	16	61
2014 Entry	289	219	70	1	8	9	36	5	11
2015 Applicant	2344	1820	524	17	85	118	214	16	74
2015 Entry	291	190	101	5	16	16	45	1	18
2016 Applicant	1985	1500	488	9	63	63	222	6	125
2016 Entry	248	161	87	1	17	14	34	2	19

This table does not include International Students.

Mr. HUNTER. The gentleman is out of time. If you wouldn't mind taking this for the record——

Mr. CUMMINGS. Yes, but with your permission I just had one question.

Mr. HUNTER. If Mr. Larsen would like to yield to you, he is welcome to. I would like to recognize Mr. Larsen for 5 minutes.

Mr. LARSEN. Admiral, thanks for coming this morning, and a couple of questions. We put together the bill last year and had a lot of information there on capital building, acquisition, and procurement. Two things in particular I was working on I want to just ask some questions about.

As you know, one of the Coast Guard's missions is to provide icebreaking services, and including in the Arctic. And so, I wonder if the Coast Guard—can you answer if the Coast Guard has looked at the impact of these across-the-board spending cuts on the timeline for the Coast Guard to design and build new icebreakers that are needed in the Arctic?

Admiral NEFFENGER. We have. We don't—as you know, the President's budget, the fiscal year 2013 budget, included $8 million for survey and design for a new icebreaker. And although that budget has not yet been agreed to, what we have done is move forward with preliminary survey and design work. This is work that we can do that doesn't require an appropriated budget to do. This is, you know, getting together with those people that we know have requirements in the Arctic and determining what initial requirements would be.

Assuming that the budget request is funded as requested, I don't see it affecting our ability to move forward with a procurement—ultimate procurement of a new icebreaker, sir.

Mr. LARSEN. All right. Well, section 222 of the act that we passed requires the Coast Guard as well to complete a business case analysis of the cost of reactivating the *Polar Sea* icebreaker and options to maintain her capabilities. Can you update the committee on how the Coast Guard is progressing with that report?

Admiral NEFFENGER. I know that that report is underway. I don't have the exact date for when that is due, sir. I can—I will get that for you, what the projected date is. But I know that we are conducting that business case analysis now, to determine what the ultimate disposition should be for the——

Mr. LARSEN. The sooner that you can at least get back to the committee——

Admiral NEFFENGER. Yes, sir.

Mr. LARSEN [continuing]. With an approximate date, that would be fine.

Admiral NEFFENGER. Yes, sir.

[The Coast Guard submitted the following information for the record:]

> The CGC *Polar Sea* Business Case Analysis is underway and it is anticipated that the final report will be submitted to the committee by September 2013, in accordance with the 2012 Coast Guard and Maritime Transportation Act, Public Law 112–213.

Mr. LARSEN. If you could. Then on Response Boat-Medium you mentioned in your testimony the importance of RBMs as one of the new assets. Section 220 of the Act requires the Coast Guard to maintain a program of record of 180 boats, unless the Commandant submits to this committee documentation justifying a smaller acquisition level.

Does the Coast Guard plan on completing the program of record of 180 for RBM?

Admiral NEFFENGER. As you know, that is an exceptionally capable vessel. And as we field that vessel and put it into operation, we are discovering that it has even greater capability than we had planned to receive. So that may allow us to change the program of record.

I will determine where we are with respect to the report to the committee, but I think that as we look at that, our general belief is that we may not have to go to the full 180-boat buy in order to meet our operational requirements. That would provide us with some flexibility, with respect to our other acquisitions. But allow me to get you a specific answer.

Mr. LARSEN. Well, please just do that, because the 2012 Act said that you will maintain the program of record of 180. That is what we said.

Admiral NEFFENGER. Yes, sir. And I know we owe you a discussion before we change that.

[The Coast Guard submitted the following information for the record:]

> The Coast Guard's FY2013 President's Budget states "...in FY2013 the Coast Guard will reduce the scope of the RB–M acquisition, leveraging FY2012 funding to procure 40 RB–Ms over FY2012–2013 and close out the project at a total of 166 boats" (page CG–AC&I–4).

Mr. LARSEN. Yes, all right. Great. And with that, Mr. Cummings, I would yield the remainder of my time to Mr. Cummings.

Mr. CUMMINGS. Well, thank the gentleman. Tell me about how we are doing with the Academy. We made great strides a few years ago, and they worked with the Navy, and I was very proud of what the Coast Guard did. And I just wanted to know whether we are continuing that.

Admiral NEFFENGER. Yes, sir. Actually, we have made significant strides. I can get you specific numbers for the record, because I don't have them off the top of my head. But this is, I know for a fact, the most diverse class the Academy has ever seen. And it is also a class with the greatest number of women cadets ever, this entering class this past year. And so we thank you for your attention to that and your ongoing concerns in that.

Mr. CUMMINGS. You know, back—you know, there was a time when a lot of arguments were made and they were very insulting to me, personally, and I am sure to many people. And when folks said that if you made your class more diverse, the standards would be going down. That would be class—you know, the SATs would be lower, and all that. That has not been the case, has it?

Admiral NEFFENGER. No, sir. We have not lowered the standards for——

Mr. CUMMINGS. And I am talking about your classes still have high SATs, very high SATs——

Admiral NEFFENGER. Yes, sir. Yes, sir.

Mr. CUMMINGS. Thank you very—and I really appreciate it, Mr. Larsen. Thank you, Mr. Chairman.

Mr. HUNTER. Thank the gentleman. We are going to go through another round of questions, and I would like to recognize Mr. Southerland again.

Mr. SOUTHERLAND. Thank you, Mr. Chairman. I was not familiar, I wasn't serving on this committee when you shared the story about SCPO Horne. I am curious. It just prompted a question regarding operations.

When dangerous missions like that, obviously, are being performed, how do you determine what vessels you board? And just—and I know this is probably an elementary question, but I am asking. When you go out in the dark of night on the open water, I mean, what is the determining factor in boarding a boat?

Admiral NEFFENGER. Well, in this case—so I will speak to this specific case, and then general. In this case, this was an intelligence-cued boarding. So there was intelligence that a vessel of this type—and when I say panga-type vessel for—just for the benefit of those who may not know what that is, this is an open-style boat. In this case, this boat was some 40 feet in length. And these are open, and they are really designed to move quickly through the water with a load of drugs or a load of—or smuggling people. They are just a big open boat with high-horsepower outboards on the back, anywhere from one to three outboards, sometimes four outboards. And they typically run up in the dark of night along the coast of California, coming up from Central America.

And so this one, particular one, was we had some intelligence that there was a vessel of this type out there. We generally knew where to find that vessel. And it resulted in that boarding. And so this was a boarding that we suspected this was a bad agent, a bad actor, we go prepared to deal with what may be an unsettled situation, in that case.

In other cases, when we are just out patrolling, we may come across—in some senses, everything is intelligence-cued, because we know that there are areas where we have greater risk of people smuggling drugs and migrants. And so we concentrate our forces in those areas. But sometimes it is a concentration of forces that then discover activity, not necessarily a specific target to that vessel. And in that case, we may have to go investigate the vessel. So you may not know that you have got an actual bad actor, but you may want to go take a look at this bad actor. And that may come from cuing from aircraft or cuing from human intel on the ground, sir.

Mr. SOUTHERLAND. If the—but as far as—I mean, obviously, if you have longliners, boats that are operating, they are businesses in open water. And I understand you do inspections of those vessels, and I understand that. The process by which you do that, though, is it a—I mean is that a forewarned process, or do they

know, or does a boat just—you know, do you come up beside them? I mean how does that——

Admiral NEFFENGER. You know, it depends on the type of activity we are talking about. So fisheries——

Mr. SOUTHERLAND. A longliner. I mean——

Admiral NEFFENGER. I mean, fisheries, that is a kind of a unique situation. We are responsible for enforcing U.S. fisheries laws in U.S. waters, as well as we have certain international treaty obligations to ensure that what is called illegal, unreported, or unregulated fishing doesn't go without notice.

And so these, a longliner or a—high-seas driftnet fishing is a good example. People who are putting these—essentially these killing machines out into the water that can be 50, 60 miles in length, and they just indiscriminately pick up marine life, that is illegal by definition around the world.

And so, there are planned inspections, where a vessel knows they are going to get inspected, they can expect to be inspected, and then there are the routine—or essentially the routine inspections. And then there are the unplanned, or nonroutine spot checks, if you will. So it could be either. Most times you gain compliance through voluntary measures and through regular periodic inspections. And then you do spot checks, just the way any law enforcement agency would do, to ensure that you don't have a bad actor out there.

Mr. SOUTHERLAND. Thank you very much, and that was just from my personal knowledge of how you operate.

My colleague on the other side alluded to my not understanding the seriousness of sequestration and the decommissioning of ships. As a small business owner, a three-generation small business that my grandfather started, I see decommissioned small businesses all over America going out of business. And when a small business run by a family, when they have employees that depend on a paycheck, when they are put out of business—for a lot of reasons, but clearly because of the cost of doing business, and it is estimated that a small business with 20 employees has regulatory costs of over $10,000 per employee—it gets a little bit difficult to hear some of the things that I have heard.

So, I just want to make it very clear. I understand a lot about decommissioning, and in my world, the decommissioning of small businesses, because of the cuts and the pressures of having to operate in the current environment, as it relates to sequestration and the 2-percent cut.

So, with that, thank you, Admiral, and I yield back.

Mr. HUNTER. Thank the gentleman. Mr. Garamendi is recognized for 5 minutes.

Mr. GARAMENDI. Thank you, Admiral. I don't believe you run a small business. You run a critical part of the U.S. Government's effort to maintain commerce and safety. It is not a small business.

Early on it was described that you might be able to deal with sequestration by dealing with certain administrative and travel cuts. Is that the only reduction that you will be facing? Or will you be facing reductions in operations such as maintenance, and port inspections, inspections of cruise ships, and the like?

Admiral NEFFENGER. You know, sir, we are a pretty lean organization to begin with. So there is not a lot of places to go for administrative overhead. We try to ensure that we have as little overhead as possible in our organization, and we put our activities to frontline operations.

So, any cut to operational dollars is obviously going to be a cut to certain types of operations. Our goal is to ensure that the most important and most critical frontline operations are not affected. So we don't intend to pull any aircraft or vessels offline. We don't intend to fail to meet our responsibilities for rescuing people in distress and for responding to emergencies.

But there will be—there will obviously have to be some impacts to our other operations. And those impacts are in the form of things like additional deferred maintenance, perhaps additional deferred what we might consider nonessential training. And when I say "nonessential training," I mean training that doesn't directly go towards maintaining proficiency in aircraft, cutters, and boats, and other such things.

Mr. GARAMENDI. I would appreciate you delivering to the committee a detailed accounting of changes in operations, maintenance, administrative overhead, and other activities as a result of sequestration. Also, sequestration, together with the continuing resolution, has the unfortunate effect—or, depending on where you are coming from, the fortunate effect—of changing your baseline to a lower level. And I would like to have an accounting, an estimation, of what that means, going forward. I suspect it will have some significant impact.

[The Coast Guard submitted the following information for the record:]

The following table summarizes the Coast Guard's budgetary reductions under sequestration:

Account	USCG Baseline*	Sequestered Amount
Operating Expenses *(includes OCO)*	$3,576	–$195
Environmental Compliance & Restoration	$14	–$1
Reserve Training	$36	–$2
Research, Development, Testing & Evaluation	$26	–$1
Acquisition, Construction & Improvement**	$1,681	–$85
Maritime Oil Spill Program	$101	–$5
Oil Spill Liability Trust Fund	$45	*[Included in other totals]*
Boat Safety	$116	–$6
Total	$5,595	–$295

* Data reflects the Office of Management and Budget's Report to the Congress on the Joint Committee Sequestration for FY2013 provided to Congress on 3/1/2013, and are based on FY2012 enacted funding levels (excluding exempt funding).

** Reflects FY2013 AC&I Hurricane Sandy Disaster Supplemental funding ($274M) and associated reduction.

Under sequestration, reductions will require the Coast Guard to curtail air and surface operations by approximately 25 percent below planned levels, affecting maritime safety and security across almost all mission areas. This means reducing hours related to drug and migrant interdiction, fisheries and other law enforcement, aids to navigation maintenance and other activities involved in the safe flow of commerce along U.S. waterways. To meet the budgetary reductions imposed by sequestration, the Coast Guard will also reduce administrative/overhead functions and travel, defer lower priority planned asset maintenance, and postpone job/technical training activities. The Coast Guard's objective under sequestration is to preserve the ability to meet the highest priority mission activities, including search and rescue, critical security operations, and emergency response.

Mr. GARAMENDI. One final—that is the final question. Thank you, Mr. Chairman.

Mr. HUNTER. I thank the gentleman. I would like to weigh in here and ask. You say you are going to take a 21-percent cut because of sequestration, and most of that is going to go towards operational capability?

Admiral NEFFENGER. Well, we haven't put a specific number on it. I know that the Secretary has testified that it could be as much as 25 percent. As I said before, we are really still knocking around the specific details as we get closer to the potential for sequestration——

Mr. HUNTER. But I understand you are not going to do any civilian furloughs, is that right?

Admiral NEFFENGER. We hope not to furlough any of our civilian workforce.

Mr. HUNTER. But in exchange you would cut operational capability, right?

Admiral NEFFENGER. Well, no. As I said, we are trying not to cut any frontline operational capability, as well.

The challenge is that simply furloughing individuals does not necessarily provide us with the operational capability we need. It is the way in which the monies are distributed in our budget——

Mr. HUNTER. Well, I think Admiral Papp has already told me if you have sequestration—I think you have three ships in South America. Is that true? How many ships have you got down in South America, running——

Admiral NEFFENGER. Well, we——

Mr. HUNTER [continuing]. Drug interdiction?

Admiral NEFFENGER. Well, we—it depends on the time of year. I would prefer not, in open session, to talk about specifically what our lay down is.

Mr. HUNTER. OK.

Admiral NEFFENGER. But we have—we have had to—we will adjust that. That adjusts on a regular basis, as it is. I suspect that we will have to adjust our present——

Mr. HUNTER. But I understand that is going to be impacted by sequestration.

Admiral NEFFENGER. It is——

Mr. HUNTER. And that is an operational capability.

Admiral NEFFENGER. That is an operational. Yes, sir.

Mr. HUNTER. OK.

Admiral NEFFENGER. Yes, sir.

Mr. HUNTER. Ms. Hahn?

Ms. HAHN. Thank you, Mr. Chairman. Actually, I had two more, but we talked a lot about the panga boat threat. I am glad we are talking about it in this committee. I will give kudos to my colleague, Dana Rohrabacher, who invited the chairman of the Committee on Homeland Security, Mike McCaul, to, 2 weeks ago, go to the Ports of Long Beach and Los Angeles to learn some of the issues that we have in security. But they got a personal demonstration of one of the panga boats and what it means.

That incident happened right off the coast of Rancho Palos Verdes, right where I live. And I think this is a growing threat, particularly on the west coast. They are smuggling people, they are smuggling drugs, they are smuggling potential weapons. And the threat of terrorism, I think, is very clear. So I hope you continue to give us an update on what the Coast Guard is doing to handle that.

But while I have you here, one of the things I was thinking about when you were talking about the mission of the Coast Guard was, of course, one of your number one priorities, is to rescue those who are in distress upon our waters. And there was no more visible symbol of 4,000 people in distress on our ocean than the Carnival Cruise Line a couple of weeks ago. The whole country, the whole world, was watching that as it was unfolding daily. Certainly it was about folks who have chosen to recreate on our waterways. But for someone, again, who represents ports—and I have started this bipartisan port caucus—the cruise industry in Long Beach and Los Angeles is very key to our economy and our jobs. I think that incident set back the cruise industry probably a decade.

I know there is probably an investigation going on on what went wrong, what we can do to prevent it in the future. Maybe you can give us just a little bit of what your—what we have learned, what we can do to prevent that, how the Coast Guard works with the cruise ship industry. I was—you know, just watching it on TV—I didn't understand why we couldn't—I know the Coast Guard, I think, came alongside and helped to provide supplies. Was there talk about actually rescuing those people, getting them off the ship?

I also was dismayed at the tug and the line that was used to tow that cruise ship. Did we not have in our arsenal, with the Navy or the Coast Guard, some more industrial-strength tow line or tug? Is that all we have to tow a vessel of that size? That was distressing to me, that we didn't deploy some giant Navy tug or some other Coast Guard vessel to pull that ship to where it went. That was—it felt a little like we were, you know, using, you know, a breakable tow line to tow these people.

And again, I felt these people were in distress. Thank God no one perished. But this was clearly people in distress on the water, and

it didn't look like we did all we could do to actually get those people to—either off the ship or to shore quicker. What do you think?

Admiral NEFFENGER. Well, let's see if I can tackle some of those. Let me start with your last point, with respect to the towing. I will tell you there is no—there is nothing in the Federal Government that has the capability to tow that a large commercial towing vessel does. So you are always better off going to a large commercial towing vessel. This is a big ship, though. There is a lot of mass there. So it is not surprising that you could occasionally part a tow line. That happens sometimes. The good news is is they were able to get it back in tow and to carry it in.

With respect to taking people off the vessel, I—you know, we always start from the assumption that the ship itself is the best lifeboat. So if you don't have to remove people, even if they are uncomfortable, even if they are dealing with unpleasant, perhaps even unsanitary at times situation, they are still safer on board the vessel than they would be attempting to take them off that vessel at sea. If you think about an at-sea transfer, it can be challenging. As someone who has done a couple at-sea transfers myself, as they move me from one ship to another, it is—it can be a challenging evolution. And when you think about doing that with, you know, up to 4,000 people, many of whom are not sailors, are not familiar with operations at sea, that can be challenging.

So, I think you rightfully note that the good news is is that there was nobody killed, nobody injured, and only one person that I think that was removed for medical reasons, but unrelated to the accident.

As to how the investigation proceeds, as you know that is a Bahamian-flag vessel. So the Bahamas does have the authority to conduct—and the responsibility to conduct—an investigation. We also have responsibility to conduct an investigation. And, in fact, there are a number of Coast Guard investigators, along with National Transportation Safety Board investigators on board that vessel in Mobile, conducting the investigation.

So we will conduct our own investigation in concert with the Bahamians, as well as we have the option to do our own independent report. And we are looking at exactly what happened. We may have some specific reason it happened. You know, the—I think there was a speculation that there was a hole in a fuel line. But as to how that hole got there, and what the procedures were, and all of the chain of events leading up to that, that is yet to be determined. But we are going to be very interested in that.

And we are going to be interested to see whether we learn something about the construction of cruise ships that we may need to change, or that we may need to alter in—as we look to construct new vessels and/or look at existing vessels in operation. All of that may come out of that investigation.

But we are very interested in how these ships operate. We work very closely through the International Maritime Organization to set appropriate international standards for safety of life at sea, and that includes the way in which vessels are constructed, their ability to withstand casualties at sea, their ability to withstand fires, their ability to protect the people who are on board that vessel.

And so, while exceedingly unpleasant for those folks on board—and I would not want to have been one of those passengers over that 4- or 5-day period that it took to get them back to Mobile—I am happy that they were able to survive that with minimal long-term effect. And again, we will be interested in seeing what the investigation reveals, and what our investigators discover in the process of that investigation.

Ms. HAHN. Thank you. I appreciate that. But that is a little disconcerting, that that is our best form of towing that we have, currently, on the open seas. Because, as you said, that was a big vessel, but we do big vessels in this country.

Admiral NEFFENGER. Well, and——

Ms. HAHN. If we were to have another incident or major disaster and a large vessel became incapacitated, that is a little bit distressing, that that is our best mode of towing.

Admiral NEFFENGER. Yes, ma'am. And the investigation will look at that aspect, as well. So there may be some recommendations that come out of that, as well.

Ms. HAHN. I would hope so.

Mr. HUNTER. Thank the gentlelady for her question, and we do look forward and trust the NTSB and the Coast Guard to conduct a good investigation of what happened.

One final thing here. I would leave you with this, Admiral. The Coast Guard budget just about doubled over the last decade. About a quarter of a billion dollars was lost—and I wasn't on this committee, I got elected in 2008, but about a quarter of a billion dollars was lost because of acquisition and procurement boondoggling with Deepwater. You got that on track now.

I would give you the same words that I give my DOD friends. I served in the Marine Corps three tours overseas: two in Iraq and one in Afghanistan. Never floated, flew over every time, unfortunately, so I didn't get the marine part of the Marine Corps. But I would do everything that you can, and I would advise the Coast Guard to do everything that they can to keep operational capability where it is now, especially your homeland security missions and your search-and-rescue missions. I think, you know, that is what you are there to do.

And I know it is easy to try to make us—get us worried and get the American people worried and say, "This is what is going to happen under sequester, and the sky is going to fall," but I think when you have a budget double in the last decade, and a lot of your resources went to nothing a while back—but that has all been straightened out now—I think it is incumbent upon the Coast Guard to make sure that they do what the American public expects of them, even with—if you lose $200 or $300 million out of this year's budget with sequester going forward, I think it is—you are going to have to be prepared, always be prepared, and just make it work.

So, with that, thank you for your time, thank you for your service to your Nation. And with that, the hearing is adjourned.

[Whereupon, at 11:25 a.m., the subcommittee was adjourned.]

U. S. Department of Homeland Security

United States Coast Guard

Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: CG-0921
Phone: (202) 372-3500
FAX: (202) 372-2311

TESTIMONY OF
VICE ADMIRAL PETER V. NEFFENGER
DEPUTY COMMANDANT FOR OPERATIONS

ON
"U.S. COAST GUARD MISSION BALANCE"

BEFORE THE
HOUSE COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE

FEBRUARY 26, 2013

Introduction

Good morning Mr. Chairman and distinguished Members of the Subcommittee. Thank you for the opportunity to testify on U.S. Coast Guard mission balance and allocation of operational resources. The primary mission of the United States Coast Guard is to ensure the safety, security and environmental stewardship of our Nation's waters: we protect those on the sea, we protect the Nation from threats delivered by the sea, and we protect the sea itself. The world today is globalized and dynamic characterized by rapid advances in technology, more efficient markets, and increasing information-sharing. The Coast Guard's strategic approach balances the execution of our eleven missions to maintain our focus on the Nation's highest risks in the maritime domain.

The United States faces a challenging array of possible maritime risks to people, cargo, conveyances and the environment. The ports, coastal areas and waterways of the United States are vulnerable to natural and man-made disasters in addition to other more common hazards. Transnational criminal organizations use maritime means for illicit movements of people and contraband such as cocaine and marijuana. We remain watchful for signs of terrorist interest in exploiting the maritime domain to attack our homeland. U.S. maritime regions continue to experience competition for a host of uses including, but not limited to, offshore energy production, fisheries, recreation, and transportation. Looking ahead, the U.S. Arctic will open up to similar human activity. These challenges demand effective maritime governance: The Coast Guard's authorities, capabilities, partnerships and competencies are important components of America's "whole of government" approach to maritime governance and national security.

Authority and Responsibility to Safeguard U.S. Maritime Interests

The Coast Guard is at all times an armed service, a federal law enforcement agency and a member of the Intelligence Community charged with significant responsibilities in U.S. waters. Our complementary and extensive suite of authorities enables the Coast Guard to effectively and efficiently govern U.S. waters through regulation, monitoring, enforcement and operations. Coast Guard authorities enable and shape our efforts to enforce U.S. law in the maritime domain, facilitate safe commerce and promote environmental stewardship. Day to day, Coast Guard operations include not only search and rescue, but

also escorting vessels carrying dangerous cargoes, interdicting drug and migrant smugglers, patrolling ports and waterways, enforcing fisheries laws, responding to oil and hazardous material spills, maintaining aids to navigation, screening commercial ships and crews entering U.S. ports, inspecting U.S. flagged vessels, examining cargo containers, investigating marine accidents, training international partners, credentialing merchant mariners, and supporting Overseas Contingency Operations.

Safeguarding U.S. Maritime Interests

Prevention, Response and Partnership

The Coast Guard exercises authorities strategically through a core concept of "Prevent" and "Respond." Through this approach, the Coast Guard seeks to deter and interdict potentially dangerous or illicit maritime activities. If undesirable or unlawful events do happen – whether deliberate or accidental – our forces respond rapidly and effectively mitigate the incident and minimize impacts. Across the nation, the Coast Guard is on watch in our ports, along our coasts and far offshore with an agile mix of aircraft, cutters and small boats crewed by highly trained, proficient, and motivated Coast Guard men and women.

Partnerships complement the Prevent-Respond concept of operations. We leverage federal, state, local, tribal and non-governmental partnerships to improve operational effectiveness. As an example, the Coast Guard recently joined other DHS components (U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement) as well as state and local entities in an intensive, multi-faceted effort to reduce the level of drug-related violence that is plaguing Puerto Rico. This initiative will substantially increase the number of DHS-led operations to interdict illicit drugs in and around Puerto Rico and the U.S. Virgin Islands. This alliance of federal, state and local partners has also expanded efforts to curb the flow of firearms from the United States mainland to Puerto Rico.

To improve Search and Rescue response, the Coast Guard leverages extensive partnerships with state and local government emergency service agencies, and international agreements, such as the Arctic SAR Agreement, to organize and dispatch front-line assets in U.S and international waters spanning the Atlantic, Pacific and Arctic Oceans as well as the Gulf of Mexico. As part of the Joint Force, the Coast Guard partners with the Department of Defense to support the National Military Strategy and other over-arching guidance. Supporting activities include National Capitol Region Air Defense, Rotary-Wing-Air Intercept, Maritime Operational Threat Response, and theater security cooperation among others.

Integrated, Layered Operations

The Coast Guard implements the Prevent-Respond strategic concept in an integrated and layered manner throughout U.S. waters. Much of this work is accomplished by Coast Guard Sectors which administer our capabilities, authorities and partnerships on the front lines in our ports and along our coasts. For example, Coast Guard Sector Commanders have Captain of the Port authority to enforce port safety, security and marine environmental protection regulations; Officer-in-Charge of Marine Inspection authority for regulation of commercial ships and mariners; Federal On-Scene Coordinator authority over oil and hazardous material spill response; Search and Rescue Mission Coordinator authority over search and rescue operations; and Federal Maritime Security Coordinator authority to coordinate Area Maritime Security Committees.

Coast Guard shore-based, maritime patrol and deployable specialized forces are positioned in the offshore, coastal and inland maritime environments. These forces reduce the risk of security incidents by identifying and addressing vulnerabilities; and then detecting, interdicting and preventing threats before they reach U.S. coasts. Coast Guard forces are also positioned to respond and assist with recovery operations for any incidents that may occur.

The framework of prevention, response, partnership and integrated, layered operations helps to effectively govern the U.S. maritime domain and reduce risk. Each region and force structure requires appropriate authorities, capabilities, competencies and partnerships for mission success.

Focusing Presence

U.S. sovereign maritime territory covers over 3.4 million nautical square miles, 95,000 miles of coastline, 12,000 miles of navigable waters, 1,500 miles of international maritime border with Canada, and 361 ports. The Coast Guard focuses capability and capacity to support national priorities within this domain. Front-line forces can be postured to surge or provide persistent presence as necessary. Coast Guard forces provide persistent presence in the transit zones in the Caribbean and Eastern Pacific to prevent narcotics smuggling and trafficking in persons; in selected Exclusive Economic Zones to protect fish stocks; and in our Nation's ports to help ensure the safety and security of the global supply chain. We also surge our capability and capacity to respond to major disasters. Recent examples include Hurricane Sandy, the BP Deepwater Horizon oil spill, and dangerously low water on the inland rivers.

Strategic allocation of resources, including specific asset capabilities and capacities, is central to the Coast Guard's ability to operate in dynamic, vast and diverse areas of responsibility. Through the support of the Administration and the Congress, the Coast Guard is making important strides toward recapitalizing air and surface capability and capacity essential to safeguarding U.S. security and prosperity. Our new assets, including National Security Cutters, Response Boats-Medium, Fast Response Cutters, Ocean Sentry maritime patrol aircraft and the Rescue 21 communications system, are replacing legacy assets and improving the Coast Guard's ability to operate in the offshore, coastal and inland domains with improved speed, coverage, reliability, and safety.

The following diagram illustrates how Prevent-Respond is administered from its highest level as a strategic construct; through our core functions of "regulate," "monitor," "enforce" and "operate;" enabled by "authorities," "partnerships" and "presence;" and administered on the front lines through an array of people and assets:

Mission Execution

Front-line operations are guided by the Prevent-Respond concept of maritime governance, as well as the formal "Principles of Coast Guard Operations." These principles include: Clear Objective; Effective Presence; Unity of Effort; On-Scene Initiative and Authority; Flexibility; Managed Risk and Restraint. These principles guide all Coast Guard men and women in the administration of diverse mission requirements and allocation of resources.

At all times the Coast Guard is an armed service that leverages its command authority and military discipline to successfully organize and conduct operations. Commanders, Commanding Officers and Officers-in-Charge must demonstrate courage, ethics, leadership, judgment and situational awareness to meet their many responsibilities. Biased towards action and equipped with the Prevent-Respond concept of operations, our field commanders apply their resources to the highest risks and we hold them accountable to the highest standards.

Conclusion

In conclusion, mission balance is not an end state in and of itself. It emerges from a strategy that leverages Coast Guard authorities, capabilities and competencies to safeguard national security, economic growth and the environment. The Coast Guard's longstanding multi-mission approach delivers the most responsive, cost-effective services to the American public.

Thank you for the opportunity to testify today, and for your continued support of the U.S. Coast Guard. I look forward to your questions.

Question#:	1
Topic:	Impacts of Sequestration
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)
Name:	Vice Admiral Peter Neffenger, USCG Deputy Commandant for Operations
Organization:	U.S. Department of Homeland Security

Question: Admiral Neffenger, it is my understanding that sequestration will cut the Coast Guard's Fiscal Year 2013 funding by approximately $340 million below the Fiscal Year 2012 funding level. This would represent roughly a 5 percent cut from the Coast Guard's discretionary operating budget. More important, however, this cut will equate to a reduction of cutter and aircraft operating hours of almost 21 percent for all missions except training and readiness for search and rescue.

In light of these pending cuts, how will the Coast Guard be able to preserve its ability to meet its highest-priority mission requirements?

Response: Since sequestration has been implemented, field commanders have had maximum flexibility to manage risk and implement the reductions required by sequestration in a way that is most suited for their area of operations to ensure the safety, security and stewardship of the maritime communities they serve. The key overarching objective for all commanders has been, and will continue to be, to preserve the ability to meet the highest-priority mission activities, including search and rescue, critical security operations, and emergency response.

Question: Considering the cascading impact these reductions will have on the Coast Guard's readiness and capabilities, will the Coast Guard revise its performance measures to reflect this reality?

Response: No. Performance measure targets are designed to be ambitious. The focus remains on continuous improvement.

Question: If so, how?

Response: Not applicable. In accordance with GPRA implementation, performance measure targets are typically not revised in response to short-term resource fluctuations.

Question#:	2
Topic:	Sequestration and declining legacy assets
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: Admiral, as you know, members of this subcommittee have been critical of recurrent delays and cost-overruns concerning the Coast Guard's plans to recapitalize its fleets of cutters and fixed and rotary wing aircraft. Compounding this challenge is the fact that the Coast Guard continues to rely on legacy assets, especially the high endurance and medium endurance cutters, which are becoming less reliable, are more frequently out of service for longer periods, and are increasingly expensive to maintain and operate.

In fact, if sequestration cuts force the Coast Guard to defer various contract and programmatic support activities and also defer some depot level maintenance activities, what will this mean for the Coast Guard's recapitalization schedule? Will there be cuts in the Acquisitions Directorate?

Response: The near-term impact of the FY 2013 Sequestration is the deferral of selected project activities such as the procurement of spares or the implementation of engineering changes.

There are no planned reductions for Acquisition, Construction & Improvements (AC&I) personnel due to the FY 2013 sequestration.

Question: What will be the impact on existing contracts? For example, will the Coast Guard lose any of the cost savings achieved on the most recently awarded National Security Cutter contracts? How will this affect the Fast Patrol Cutter procurement?

Response: Existing Coast Guard contracts will continue within provided funding levels. With respect to the Fast Response Cutter (FRC) project, the Coast Guard received sufficient funding to order six FRCs which were ordered in September, as planned.

Question: Will sequestration in any way affect the Coast Guard's schedule for determining a final design for the Offshore Patrol Cutter?

Response: The schedule for Offshore Patrol Cutter (OPC) preliminary and contract design will not be affected as the current contract actions are funded from prior year appropriations; however, as a result of sequestration, the Coast Guard has modified acquisition spend plans for the OPC project which may impact the design review process.

Question#:	3
Topic:	Sequestration and Arctic Operations
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: Admiral, last year Admiral Papp testified before this subcommittee that something akin to a new ocean is emerging in the Arctic with significant implications for national security, maritime commerce and environmental protection. The Commandant was blunt in his assessment that the Coast Guard isn't ready to address this challenge, and in fact, he stated that the Coast Guard was in a deplorable condition to commence operations in the Arctic. Moreover, according to the Congressional Research Service and the Government Accountability Office, the Coast Guard will need additional funding anywhere between $2 to $3 billion to competently initiate and maintain Arctic operations.

How are the looming cuts caused by sequestration going to disrupt the Coast Guard's internal planning to initiate operations along this "Fifth Coast"?

Response: In FY 2013, operating hour reductions imposed by sequestration resulted in a 25 percent reduction of programmed air and surface operations. This reduction was taken over the last 7 months of the fiscal year. If sequestration continues into FY 2014, the Coast Guard will be forced to once again curtail operations. While this has meant planned reductions to normal operating hours related to drug and migrant interdiction, fisheries and other law enforcement, and aids to navigation maintenance along U.S. waterways, these planned reductions do not preclude the Coast Guard from surging personnel and assets, or continuing internal planning for future adjustments to Coast Guard's ongoing Arctic Operations.

Question: Will sequestration in any way affect or delay the return to service of the Coast Guard's heavy icebreaker, Polar Star?

Response: No, sequestration will not in any way affect or delay the return of POLAR STAR to service.

The reactivation of POLAR STAR is nearly complete and she is undergoing a one year "ready for sea/ready for operations" period. She has achieved the "ready for sea" designation after having successfully completed two sea trial periods. POLAR STAR recently returned from a two month ice-trials/training voyage to the Arctic in August 2013 and is currently undergoing her last dockside maintenance availability prior to her upcoming Antarctic deployment. The cutter will enter an intensive training period at the end of October to obtain her "ready for operations" designation. POLAR STAR is scheduled to deploy to the Antarctic for Operation DEEP FREEZE 2014 in early December 2013.

Question#:	3
Topic:	Sequestration and Arctic Operations
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: In lieu of cuts in operating hours for vessels and aircraft, will the Coast Guard be able to dispatch assets to the Arctic to monitor offshore exploratory oil drilling this summer?

Response: There was no offshore exploratory drilling during the summer of 2013. However, the Coast Guard augmented its normal Arctic operations to support developing Arctic initiatives through the following activities:

- CGC HEALY and the Coast Guard Research and Development Center conducted science missions to evaluate new technologies including unmanned aerial and unmanned undersea/ice submersibles for coordinated oil spill detection and recovery;
- A forward operating location was established at the Alaska National Guard hangar in Kotzebue, AK to support several deployments of a Coast Guard helicopter and personnel to the Seward Peninsula;
- CGC POLAR STAR conducted ready for ice certification and operations;
- Coast Guard buoy tender SPAR and the Canadian Coast Guard Icebreaker SIR WILFRED LAURIER tested a vessel of opportunity skimming system to reinforce crew equipment familiarization and to build upon the Coast Guard's international partnership with Canada;
- A Spill of National Significance (SONS) key leader seminar was held in Anchorage and several mass rescue workshops have been held in coordination with state representatives in Kotzebue, Nome, Dutch Harbor and in Barrow, AK;
- Two deployments of HC-130s for Maritime Domain Awareness were conducted out of Eielson AFB near Fairbanks, AK

Question: If so, what will this mean for the Coast Guard's mission readiness in other operating areas in the Pacific?

Response: Under sequestration, the Coast Guard reduced surface and air asset operational hours, while retaining the capacity to respond to Search and Rescue missions, critical Ports, Waterways, and Coastal Security (PWCS) and law enforcement activities,

Question#:	3
Topic:	Sequestration and Arctic Operations
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

and maintain crew training proficiency. Operational commanders continue to have the authority to allocate available resources based on strategic commitments and risk.

Question#:	4
Topic:	Sequestration and Decreased Surge Capacity
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: Admiral, the Coast Guard has had to stage several large scale surge operations over the past few years, including Hurricanes Katrina and Rita, the Haitian earthquake, the Deepwater Horizon oil spill, and most recently, Super Storm Sandy, which incidentally inflicted over $500 in damages to Coast Guard assets and infrastructure from the Mid-Atlantic to the Northeast. Regardless of the Coast Guard's outstanding performance, it is hard to believe that these surges have not worn down the Service's readiness.

What have been the after affects of these surge responses on the Coast Guard's ability to maintain mission readiness in areas outside of their response zone?

Response: The Coast Guard's surge response efforts to "Super Storm Sandy" did not directly damage cutters, boats and aircraft, but some shoreside infrastructure was damaged. Overall mission readiness outside the response zones has not been impacted because the Coast Guard funds all critical frontline operations, training programs and maintenance to sustain mission readiness across our diverse areas of operation. Coast Guard operational commanders conduct risk-informed decision making on how to best deploy our suite of available response assets and personnel to ensure effective steady-state mission employment, as well as surge response operations that draw assets and personnel from other Coast Guard Districts (areas of responsibility). Additionally, Coast Guard Reserve forces are available to help reduce stresses on mission readiness during surge operations.

Question: How do you measure these effects?

Response: Coast Guard mission readiness is tracked using a variety of measures primarily focused on operational availability of assets, and total maintenance costs. Some examples of mission readiness indicators include the number of unplanned (versus scheduled) maintenance days, the number of lost patrol days by asset class, and/or the cost of maintenance per asset operating hour. A number of variables influence these indicators, which make direct attribution to specific incidents or events very difficult, but these indicators support planning for steady-state and contingency response.

Question: Considering the substantial reduction in operating hours that will be imposed by the sequestration, will the Coast Guard's surge capabilities be diminished?

Question#:	4
Topic:	Sequestration and Decreased Surge Capacity
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Response: Operating hour reductions imposed by sequestration resulted in a 25 percent reduction of programmed air and surface operations. This reduction was taken over the last 7 months of the fiscal year. While this has meant planned reductions to normal operating hours related to drug and migrant interdiction, fisheries and other law enforcement, and aids to navigation maintenance along U.S. waterways, these planned reductions do not preclude the Coast Guard from surging personnel and assets in response to major catastrophes. The Coast Guard will continue to respond to the highest risks – including major incidents.

Question: Will the Coast Guard be able to respond effectively to multiple events?

Response: The Coast Guard responds to multiple events on a daily basis. Field commanders continue to have maximum flexibility to manage risk and implement response operations to normal, steady-state operations, as well as larger, more complex events. Coast Guard responses will continue to balance the reductions required by sequestration in ways that make sense to ensure safety, security and stewardship for the diverse maritime communities served across all areas of operation. The Coast Guard also maintains a reserve force to respond to major incidents.

Question#:	5
Topic:	Decreased Homeland Security Performance
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: Admiral Neffenger, I was disappointed to learn that the Coast Guard is failing to meet more than 50 percent of its homeland security performance measures. This was interesting considering that the Coast Guard devotes, proportionately, more operating hours to its homeland security missions than to its non-homeland security missions.

What are the factors that are contributing to this relatively poor performance?

Response: Performance measure targets are designed to be ambitious. The focus remains on continuous improvement. There was one Homeland Security measure where performance levels fell below prior year performance as documented in the Annual Review of Coast Guard Mission Performance (FY11) published by the DHS Office of Inspector General (OIG) in September 2012 (Drug Interdiction mission). For FY12, the DHS OIG Report (September 2013) showed a slight uptick in Drug Interdiction mission performance, though still below the performance measure target. Additionally, there were three Ports, Waterways and Coastal Security (PWCS) measures that were new for 2011 that did not meet their newly established performance targets.

Two new PWCS measures related to Coast Guard efforts to prevent terrorists or Weapons of Mass Destruction (WMDs) from entering the United States via maritime means missed their performance targets. Both missed targets were mainly attributed to the Coast Guard's Maritime Security Response Team loosing dedicated airlift and due to the Coast Guard wide suspension of hook-and-climb operations.

The Coast Guard also narrowly missed a new PWCS target for "Security Compliance Rate for High Risk Maritime Facilities" by one tenth of one percent. While performance did not fully achieve this target of 100% for FY11, data indicate that the overall "Security Compliance Rate for High Risk Maritime Facilities" was extremely high at 99.9%. The Coast Guard conducted over 6,500 security inspections on MTSA regulated commercial waterfront facilities in FY 2011, with fewer than 60 major deficiencies.

Question: Is this a function of a shortage of resources?

Response: Performance measure targets are designed to be ambitious. The focus remains on continuous improvement. For those few Homeland Security measures where performance levels fell below prior year performance or new targets were missed, as documented in the Annual Review of Coast Guard Mission Performance (FY11) published by the DHS Office of Inspector General in September 2012, shortfalls fell

Question#:	5
Topic:	Decreased Homeland Security Performance
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

under Ports, Waterways and Coastal Security (PWCS) and Drug Interdiction missions. As reported, in FY 2011, resource hours for PWCS totaled 155,969, which is a decrease of 0.9 percent from FY 2010. Drug Interdiction resource hours increased 9 percent to 73,401 hours between FY 2010 and FY 2011 (following a decline due to shifting resources for the 2010 Deep Water Horizon Oil Spill response). For FY12, the DHS OIG Report (September 2013) showed a slight uptick in Drug Interdiction mission performance, though still below the performance measure target.

Question: Have these missions substantively changed so that the Coast Guard's metrics are obsolete and not indicative of performance?

Response: No.

Question: It is my understanding that sequestration cuts will force the Coast Guard to scale back training and maintain the current hiring freeze. Being denied the opportunity to bring on and train more personnel, will the Coast Guard be able to improve its performance measures for its homeland security missions?

Response: As a result of sequestration, the Coast Guard reduced lower priority training activities to preserve mission critical pipeline and technical training. To maintain the operational readiness, the Coast Guard has preserved proficiency training. It is difficult to isolate any impact from scaled back hiring and training, as the Coast Guard has reduced operations as well. The combination of all reductions present performance challenges. The Coast Guard continues to focus on optimizing performance for the highest priority frontline activities in all its missions.

Question#:	6
Topic:	change to environmental conditions
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: Admiral, you mention that the Coast Guard considers environmental factors in the development of its Strategic Planning Directive, and subsequently, in the development of performance measures to gauge the service's effectiveness in fulfilling its eleven statutory missions. Yet I do not see any consideration of long-term environmental change brought about by climate variability – such as sea level rise and coastal inundation, increased frequency of severe storms, and low water levels – that are likely to significantly affect Coast Guard infrastructure and operating assets. These factors are also likely to alter the Coast Guard's operating tempo and force many more "surge" responses in the future.

What is the Coast Guard doing now to incorporate the uncertainty of climate variability on its future strategic and operational planning?

Response: The Coast Guard remains committed to carrying out its missions in all environments, and continuously evaluates the impact of climatic variability on operational and support requirements. The Coast Guard has increased its crisis response capabilities to ensure the Service is best prepared to respond to natural disasters. The Coast Guard is also actively engaged with the Department of Homeland Security (DHS) on the DHS Climate Change Adaptation (CCA) Steering Committee and associated CCA workgroups to implement the 2012 DHS Climate Change Adaptation Roadmap.

Question: How does the Coast Guard avoid having its "prepare and respond" model not be reduced to simply "muddling through" the next crisis?

Response: The Coast Guard has taken strong measures in the past three years to increase its crisis response capabilities. Organizationally, the Coast Guard recently stood up the Incident Management and Preparedness Directorate (CG-5RI) to oversee incident response policy. In addition to the two existing collateral duty Area Incident Management Assistance Teams (IMATs), the Coast Guard created the CG-IMAT, a new permanent, full-time, deployable unit. The Coast Guard has added new civilian Incident Management and Preparedness Advisors at each District to provide a dedicated regional interagency planning and preparedness coordinator in addition to other existing national, regional, and local liaisons. The Coast Guard has also reorganized surge logistics planning through creation of the Director of Operational Logistics to provide integrated logistics services for all operational assets.

Question#:	7
Topic:	small business
Hearing:	Coast Guard Mission Balance and Capabilities
Primary:	The Honorable Rick Larsen
Committee:	TRANSPORTATION (HOUSE)

Question: Admiral Neffenger, on 4 January 2013, the Coast Guard posted on Federal Business Opportunities a Sources Sought Notice "seeking qualified sources to perform dry dock repairs of the USCGC Polar Star" under a five year contract anywhere on the west coast of the US. The Notice also stated the information obtained from industry will be used to determine "whether to set-aside the procurement for small business or other set-aside programs". Responses were due on 14 January 2013.

Ship builders in the Pacific Northwest have a long and proven track record helping the Coast Guard maintain ice breakers.

Can you please tell me what response the Coast Guard received in regard to its Sources Sought Notice?

Response: The Coast Guard received three responses to the sources sought notice seeking qualified sources to perform dry dock repairs of the USCG POLAR STAR. Responses were submitted by three respondents, two large businesses and one small business.

Question: And specifically, whether the response has led to a decision concerning both the small business set aside issue and the related issue of repairing Polar Star in its homeport?

Response: Based on these responses, there was no reasonable expectation that at least two small businesses would submit offers in response to the resultant solicitation, which is the standard contained in Federal Acquisition Regulation Part 19 to set aside a requirement for small businesses. Therefore, the Coast Guard issued the solicitation as a full and open competitive acquisition. The solicitation contained a geographic restriction/requirement for the repairs to be completed on the West Coast of the United States for which all offers must comply.

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