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COAST GUARD AND ITS TRANSITION TO THE DEPARTMENT OF HOMELAND SECURITY

HEARING

BEFORE THE

SUBCOMMITTEE ON OCEANS, FISHERIES, AND COAST GUARD

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

FEBRUARY 12, 2003

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ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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COAST GUARD AND ITS TRANSITION TO THE DEPARTMENT OF HOMELAND SECURITY

WEDNESDAY, FEBRUARY 12, 2003

U.S. SENATE,
SUBCOMMITTEE ON OCEANS, FISHERIES, AND COAST GUARD,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:30 p.m. in room SR–253, Russell Senate Office Building, Hon. Olympia J. Snowe, Chairwoman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. OLYMPIA J. SNOWE, U.S. SENATOR FROM MAINE

Senator SNOWE. The hearing will come to order. Before I begin, I want to express on behalf of the Committee our colleague and the Ranking Member of this Committee, Senator Kerry is undergoing surgery today, and we want to wish him a very speedy and full recovery. We are certainly looking forward to having him come back very soon.

Admiral Collins and Ms. Hecker, I certainly want to thank you for being here today and for testifying at this critical hearing on the Coast Guard and its upcoming transition to the new Department of Homeland Security. This hearing could not come at a more appropriate time. Just last week, the Attorney General and Governor Ridge raised the Nation's terrorism threat level to orange, the second-highest level of threat, for only the second time since September 11, 2001, and the first time since the creation of the Homeland Security Department.

Raising the threat level brings with it a dramatic increase in readiness across our Government and across the spectrum in terms of homeland security issues. As a member of the Select Committee on Intelligence, yesterday I attended an open session in which the Director of Central Intelligence, George Tenet, and the Director of the FBI, Robert Mueller, testified. According to Director Mueller the Al Qaeda threat is the most serious and immediate threat facing our country. According to Director Tenet, Al Qaeda is actively seeking chemical, biological weapons, as well as a radiological dispersion device commonly referred to as a dirty bomb.

These individuals stated that these threats are based on specific intelligence and not just idle chatter. Just yesterday, a tape attributed to Osama bin Laden revealed he is exhorting his followers to rise up and support Saddam Hussein's fight against the United States. It is within this context that we are holding this Coast

Guard hearing today. The Coast Guard is the Federal agency responsibility for protecting our ports and coastline. The Coast Guard's homeland security mission is ever so critical for our Nation's security. Last November, we passed the Homeland Security Act of 2002, which transfers the Coast Guard to the new Department on March 1, a date that is rapidly approaching. The legislation positions the Coast Guard as the cornerstone in the homeland defense, while also recognizing the multifaceted nature of the service.

On that note, I want to thank Senator Stevens as well. He worked with me closely in ensuring the Coast Guard will remain a distinct entity, because they perform so many non-homeland security missions. Obviously we wanted to make sure the Coast Guard maintains the appropriate mission balance, and how we strike that balance will be the focus of a hearing that I will be convening next month.

Today we are here to ascertain how a momentous and historic a transition for the Coast Guard will actually work, and to assess the challenges inherent in the Coast Guard's evolving maritime homeland security strategy. The fact is, the threats that we faced on September 11 have only increased in magnitude and, given that only 1 or 2 percent of the 6 million shipping containers from overseas are inspected each year, and 95 percent of trade from outside North America comes to us through our 361 commercial seaports, can there be any question that securing our ports is a national imperative?

As the most recent Hart-Rudman report stated, if an explosive device was loaded in a container and set off in a port, it would almost automatically raise concerns about the integrity of the 21,000 containers that arrive in U.S. ports each day. A 3- to 4-week closure of U.S. ports would bring the global container industry to its knees.

Fortunately, we have made progress since we learned in a hearing back in October 2001 that a freighter could arrive at a U.S. port unannounced, and one of its containers could then travel by rail or truck clear across this country to its destination, before it was ever scrutinized. That is the reason that I had pressed for the 96-hour pre-arrival message requirement that the Coast Guard wisely implemented over the past year-and-a-half so we can identify and intercept potential threats before they reach the United States.

The Coast Guard has also created the Sea Marshall program, is escorting high-risk ships, and is commissioning numerous maritime safety and security teams that will respond to maritime threats with a SWAT team capability.

These are substantial steps in the right direction, but obviously, we must do more. I know the Coast Guard is currently drafting regulations to implement the Maritime Transportation Security Act, which was passed under the leadership, of Senator Hollings in the last Congress. It establishes local port security committees, mandates that our largest seaports undergo comprehensive port vulnerability assessments, requires comprehensive port security plans, and mandates additional cargo container screening by the Customs Service.

I hope to hear today how this process is working, and learn more about how the port vulnerability assessments are progressing. At the same time, we must remember that secure ports should be our last line of defense, not our first, and that means building layered defense that pushes out our borders by pushing our forces out to sea to meet that threat. This will require better intelligence, mated with a technologically modern and even more capable Coast Guard that can locate and intercept potential threats hundreds of miles from our shores. That is why I believe that we need to accelerate the Deepwater Project and recapitalize the Coast Guard's assets, that in some instances date back to World War II.

We also need improved coordination at the Federal, State, and local levels. 3 weeks ago, when we held the confirmation hearing for Asa Hutchinson to be the Under Secretary for Border and Transportation Security, we spoke at length of how the Coast Guard performs many of the functions under his purview, including securing our borders, territorial waters, ports, territories, waterways, and sea transportation systems, and I stressed then what I stress today.

While the Coast Guard will report directly to the new Secretary, it is essential the efforts of the new Director of Border and Transportation Security be in accord with the strategic plan of the Coast Guard. On that note, I fully expect that you and the new Under Secretary, Admiral Collins, will work closely to ensure your efforts are synchronized.

Finally, with the Coast Guard now supporting the Department of Defense overseas in its first war-time cutter deployment since the Vietnam War, with eight 110-foot Island Class patrol boats, including the Wrangell from Portland, Maine, as well as four port security units, it is apparent and that we need the Coast Guard now more than ever. Can there be any doubt as to the service's unique defense capabilities?

The bottom line is, the multifaceted nature of the Coast Guard makes it both a unique and essential tool in providing safety and security along our Nation's borders and coastlines, and we must all work together to ensure that the Coast Guard remains ever ready and prepared to assume the new responsibilities that you will be transitioning to on March 1.

Senator Hollings.

STATEMENT OF HON. ERNEST F. HOLLINGS, U.S. SENATOR FROM SOUTH CAROLINA

Senator HOLLINGS. I thank you, Madam Chairman, for holding this hearing, and I join with you in our good wishes to Senator Kerry with his surgery, and I will ask consent that my statement be included for the record.

Senator SNOWE. Without objection, so ordered.

[The prepared statement of Senator Hollings follows:]

PREPARED STATEMENT OF HON. ERNEST F. HOLLINGS, U.S. SENATOR FROM SOUTH CAROLINA

Good afternoon. I would like to thank Chairman Snowe for calling this hearing. Given the importance of the Coast Guard for the security of our nation's ports, for the safe enjoyment of our waters by private citizens, for fisheries enforcement, and for environmental protection, the Coast Guard's missions cannot be disrupted by the

move to the new Department of Homeland Security. This is especially important in my home state, South Carolina, where being on the water is a way of life for more than 383,000 recreational boaters.

The creation of this new department will be the largest reorganization of the federal government since 1947, when the War and Navy Departments were combined into the Defense Department. Twenty-two different federal agencies or programs will be merged together into an agency whose prime mission will be to protect the United States from terrorist attacks.

The Coast Guard has unique civilian missions not covered by any other federal agency, that span the widest range of issues imaginable. It has the primary responsibility of carrying out drug interdiction at sea, safeguarding the lives and property of mariners through its search and rescue program, enforcing U.S. fisheries laws and deploying and maintaining aids to navigation.

Since the terrible events of September 11, we have demanded exponentially more from the Coast Guard for homeland security at sea and along our coasts and inland waterways. Last year, Congress passed the Maritime Transportation Security Act, which I introduced with Senator Bob Graham of Florida, creating the first national system for securing U.S. maritime transport systems. The Coast Guard is on the front lines, having a leading role in implementing the MTSA.

It is hard to imagine that moving the Coast Guard into the new Department won't take a toll on its ability to fulfill its critically important missions. Unlike other reorganizations of federal agencies, this one is taking place without all of the internal policies, lines of authority and other functions in place. Instead, the plan seems to be to move the twenty-two agencies and programs under the umbrella of the new Department, and then rationalize and harmonize lines of authority and resources over time. The approach is in stark contrast to the transfer of the Coast Guard from the Treasury Department to the Department of Transportation in 1967, as described in a *Washington Post* article: "It's transfer from Treasury to Transportation in 1967 was an elegantly handled move in which details—down to the telephone books on employees' desks—had been worked out before DOT opened for business." (*Washington Post*, 2002). It's no wonder that a GAO report issued in January 2003 found the overall process of creating the new Department to be "high risk".

I am particularly concerned that by moving the Coast Guard to the new Department, the Coast Guard's traditional missions will inevitably be shifted away from such things as search and rescue of stranded mariners. Such a shift could impact not only our citizens but also the wide variety of groups who rely on the Coast Guard, including other federal agencies such as NOAA, state and local governments and industry. We in South Carolina know only too well the tragic and needless loss of life that can result from gaps in our Coast Guard safety net. The fatal example of the MORNING DEW is something we do not ever want to repeat. We will need to keep a close watch on Coast Guard's ability to fulfill all of its many mandates.

We also need to make sure that the Coast Guard gets the resources it needs to carry out all of its missions. Even before September 11th, the Coast Guard's resources were stretched. While the President's FY 2004 budget request projects increased spending for all Coast Guard missions, it is far from clear how the funds will be allocated in reality. And the budget request does not tell the whole story—for example, the strain on Coast Guard personnel and resources from the recent increases in operating tempo. We need to make sure that the Coast Guard is provided with the resources it actually needs to get the job done.

I look forward to hearing the testimony of Admiral Thomas Collins, Commandant of the Coast Guard, as to how the Coast Guard will avoid such disruptions. I also look forward to the testimony of Ms. JayEtta Hecker, Director of the Physical Infrastructure Section of the General Accounting Office.

Senator SNOWE. Our first witness here today is Admiral Collins, the Commandant of the United States Coast Guard. We welcome you, Admiral. We thank you for taking the time to testify today, and joining Admiral Collins is Ms. Hecker, who is the Director of the GAO Physical Infrastructure Team. I thank you as well, Ms. Hecker, for being here today, and I want to welcome you. We are looking forward to hearing your testimony as well.

Admiral Collins.

STATEMENT OF ADMIRAL THOMAS H. COLLINS, COMMANDANT, U.S. COAST GUARD

Admiral COLLINS. Thank you, Madam Chairman. It is a real pleasure to be with you and Senator Hollings to talk about our transition, and I am glad to be with my colleague, Ms. Hecker, who has been working the Coast Guard account for a number of years.

I would like to begin my testimony by thanking you, thanking this Committee for their support on the Maritime Transportation Security Act of 2002 and the accompanying authorization bill, the first in 4 years that we have received, and along with, also, our budget support that has been increasing budget support for the last 2 years, and that the Coast Guard is growing in capacity and capability, I think which comes as welcome news to anyone with interest in our ability to conduct our many missions, and we look forward to the 2004 budget, which is part of a multiyear plan—budget plan—that emphasizes modernization, building out capabilities in homeland security missions, and sustaining the capability and capacity across all our missions.

By the end of fiscal year 2004, we will have grown by 4,100 people, over 10 percent, and by the end of 2004, our overall budget will have increased $1.6 billion, a 30 percent increase over 2002. In our operating expense account the growth is even bigger. Between 2002 and 2004, we will have grown 40 percent.

President Bush, Secretary Mineta, and Secretary Ridge have been incredibly strong advocates for this growth plan. We are going to work very, very hard to keep their support, keep yours as well, through measurable performance.

We are working very hard to make sure this transition goes smoothly. We have detailed, mostly on a temporary basis, more than two dozen of our finest people to help set up the new Department. Dozens more are members of various transition teams to ensure our preparations are in close alignment. They are busy identifying the full range of transition activities and integrating the efforts of Coast Guard headquarters to ensure unity of effort.

Furthermore, I am very pleased that the Homeland Security Act of 2002 provides that the Coast Guard will remain a military, maritime, and multimission service, and one that will retain the full range of our missions in the new Department, and I must underscore that all transition planning for the Coast Guard has been completely consistent with the terms, conditions, and the intent of the act.

As the lead Federal agency for maritime homeland security, the Coast Guard is shouldering a tremendous responsibility for enhancing the safety and security of the American public, and I want to assure you upfront that we are up to the task. We have been at the very center of the effort to devise a Maritime Homeland Security Strategy which is carefully integrated with the National Strategy for Homeland Security that was promulgated last summer, and as well is consistent with the national security strategy.

The Maritime Security Strategy is a document that I am holding up, a document that was published this past December, and it will be ready for distribution this month, and we would be very, very pleased to share the key elements of this strategy in a detailed brief with your staff.

The Maritime Transportation Security Act of 2002, which calls for us to implement a comprehensive security regime for ports, vessels, and facilities in close alignment with international standards, is a critical part of our overall strategy. We will have an interim rulemaking done—where is some wood? I will knock on wood—by June, and a final rule next November.

I began my remarks to you by speaking about the importance of sustaining operational excellence as we make this transition. Let me clearly say that when I speak of operational excellence, I do so with respect to the full range of our missions, which extend well beyond the rigors of homeland security to include fisheries enforcement and search and rescue and aids to navigation, those issues that are important to the safety and quality of life of our citizens. We must be able to balance the rigors of homeland security with the demands of these other crucial missions. We can and we will.

We will do it in part by maintaining a flexible multimission force structure and through the application of new and developing technology, such as that being produced by the Integrated Deepwater System and Rescue 21. These systems are absolutely crucial, absolutely crucial to us. It is important they get funding support so that we can replace our aging fleet and recapitalize, and to provide the kind of networkcentric capability that will help us mitigate against a very, very porous maritime border.

Finally, let me assure you that our transition to the Department of Homeland Security is proceeding as smoothly and as quickly as possible. We remain firmly convinced that our impending transfer to the new Department is both timely and important for maritime security, and although we will be leaving the Department of Transportation after 36 years, our continued partnership with them on crucial maritime transportation safety and mobility issues will endure. We appreciate Secretary Mineta's dynamic and caring leadership, and that of his team, more than words can convey.

During the transition, what will remain foremost in my mind as Commandant, even as I sit here before this esteemed Subcommittee, is the operational excellence of our service to America. That excellence depends not only on our place in Government, but also in having the right capacity and the right capability for the missions at hand. I look forward to working with you to that end.

Thank you very much, and I would be pleased to answer any questions that you may have at the appropriate time.

[The prepared statement of Admiral Collins follows:]

PREPARED STATEMENT OF ADMIRAL THOMAS H. COLLINS, COMMANDANT, U.S. COAST GUARD

Good afternoon, Madam Chairman and distinguished Members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's operations across our full spectrum of missions and our smooth transition to the Department of Homeland Security.

I am pleased to report that we are making excellent progress in this transition; and we look forward to becoming an integral member of the new Department of Homeland Security.

Coast Guard Role in the Department of Homeland Security

The Coast Guard is the lead federal agency for Maritime Homeland Security and we have a well-defined strategy to protect America's waterways and ports. The Coast Guard's multi-mission assets, military role as an Armed Force, and maritime presence and authorities bridge security, safety, and response capabilities between

federal, state, local and private organizations, and the other military services. We have been the leader in providing for the maritime security needs of our nation since 1790 . . . it was the reason we were formed almost 213 years ago.

The Coast Guard possesses extensive regulatory and law enforcement authorities governing ships, boats, personnel, and associated activities in our ports, waterways, and offshore maritime regions. We are a military service with around-the-clock command, control, communication, and response capability. We maintain, at the ready, a network of coastal small boats, aircraft, and deep-water cutters, and expert personnel to prevent and respond to safety and security incidents. We have geographic presence throughout the navigable waters of our country, both in large ports and small harbors, along the coasts, on the Great Lakes, and on the inland rivers. The Homeland Security Act of 2002 reaffirms the Coast Guard's status as a military service and branch of the armed forces of the United States, and it preserves the Secretary's role as a military service chief. The Coast Guard is now a statutory member of the national foreign intelligence community, and brings extensive intelligence gathering and coordination to the new department.

We have established a long history of partnerships with other government agencies and the private sector to multiply our effectiveness. The Coast Guard remains the recognized leader in the world regarding maritime safety, security, mobility, and environmental protection issues. These multi-mission, military, and maritime attributes form the core of our organization and maximize our ability to prevent or respond to incidents.

It is also important to recognize the threats to the security of our homeland extend beyond overt terrorism. Countering illegal drug and contraband smuggling, preventing illegal immigration via maritime routes, preserving living marine resources from domestic and foreign encroachment, preventing environmental damage and responding to spills of oil and hazardous substances are all critical elements of national and economic security and they are all Coast Guard responsibilities. As we transition to the new Department, we will accomplish our safety and security missions, both of which must be adequately funded to maintain our high standards of operational excellence in meeting America's future maritime needs.

Maritime Strategy for Homeland Security

Our *Maritime Strategy* balances the Coast Guard's responsibility for upholding America's maritime security against terrorist threats while preserving our fundamental liberties and economic well-being. It defines the Coast Guard's lead role for Maritime Homeland Security, as a supporting agency to other designated lead federal agencies for specific events, or as a supporting or supported commander for military operations. The Coast Guard will pursue five strategic objectives to achieve the maritime strategy: prevent terrorist attacks within and terrorist exploitation of the U.S. Maritime Domain; reduce America's vulnerability to terrorist attacks within the U.S. Maritime Domain; protect population centers, critical infrastructure and key assets; protect the Marine Transportation System; and minimize damage and promote rapid recovery from attacks.

Integral to the strategic elements of the Maritime Strategy for Homeland Security will be fulfilling the increased responsibilities of the Maritime Transportation Security Act of 2002 (MTSA). In particular, implementing and enforcing a security regime aligned with international standards is of paramount importance to port security. The Coast Guard is embarked on an accelerated implementation of the elements of MTSA. The Coast Guard recently held seven public meetings across the country to discuss the envisioned MTSA regulations. We will incorporate public feedback and continue to work with affected stakeholders.

This strategic approach also places a premium on identifying and intercepting threats well before they reach U.S. shores by conducting layered, multi-agency, maritime security operations and by strengthening the port security posture of strategic economic and military ports. This is why an organic intelligence and command and control capability is so critically important. The *Maritime Strategy* also supports the Coast Guard's multimission responsibilities regarding the array of other dangerous threats in the U.S. Maritime Domain—drug smuggling, illegal migration, international organized crime, resource exploitation, infectious diseases, and environmental degradation.

Preparing for the Future

With the increases in the President's fiscal year 2004 budget, the Coast Guard is well positioned to respond to the Nation's future maritime homeland security and safety needs.

The Integrated Deepwater System project will re-capitalize the Coast Guard's aging cutters, aircraft, and offshore Command and Control network to help push out

the U.S. borders and increase our Maritime Domain Awareness (MDA). It is a flexible program, able to meet emerging requirements for maritime security.

Our Rescue 21 project will serve as a maritime 911 system that provides both a distress network, and an integrated coastal command and control system, which will aid communication among agencies responding jointly to emergencies. Further both Deepwater and Rescue 21 will be interoperable. We will soon award contracts to replace our small and medium response boats. These programs are at the heart of providing a ready Coast Guard with the competencies and capabilities to respond to both our traditional maritime safety missions and to our recently enhanced homeland security missions. Rescue 21 will be complete in FY 2006.

Managing the Transition

The Coast Guard maintains a complex web of interdependent and mutually beneficial functions with the Department of Transportation and its agencies that support national policy objectives. This complex relationship, built over the past 35 years, will change, but not end. As the Coast Guard moves to the Department of Homeland Security, interdependent functions will be sustained and strengthened in DOT, eliminated, or transferred to DHS. The Coast Guard has engaged in deliberate planning with DOT and others to ensure continuity of essential services to the Nation, while improving homeland security functions.

Conclusion

The changes that I have described, although extensive, will not change the Coast Guard's essential character as a maritime, multi-mission, military service. Instead, our role in the Department of Homeland Security will ensure the Coast Guard is capable of carrying out elements of the President's National Security Strategy and National Strategy for Homeland Security, while sustaining non-homeland security missions.

Every single mission of the Coast Guard remains important. With your steadfast commitment and support, I am confident the Coast Guard will remain Semper Paratus, "Always Ready." Thank you for the opportunity to discuss the Coast Guard's homeland security efforts with you today. I am pleased to answer any questions you may have.

Senator SNOWE. Thank you, Admiral Collins.

Ms. Hecker.

STATEMENT OF JAYETTA Z. HECKER, DIRECTOR, PHYSICAL INFRASTRUCTURE, GAO

Ms. HECKER. Thank you, Madam Chair.

Madam Chair and Members of the Subcommittee, I am very pleased to be here today to discuss the significant implementation challenges that the Coast Guard faces as it transitions to the new Department. In my remarks, I will be focusing and summarizing my statement on six key areas or implementation challenges we have identified, but before I turn to those, I would like to just provide two quick points of context, both of which are very well-known to you. The first is about some overall points about the transition challenge for DHS as a whole, and the second is about the mission balancing issues under which that the Coast Guard operates under.

On the first issue of the transition challenge for the Department, the GAO has found that, while there is likely to be considerable benefit over time from restructuring and consolidating homeland security functions, in the short term there are numerous complicated and significant challenges that need to be resolved, and they will take time and effort. This is based on a body of work and a comprehensive review of some of the challenges associated with complex mergers, acquisitions, and consolidations, both in Government and the private sector.

Due to both the size and complexity of the challenge, as well as the dire consequences of a diminution of the performance of the De-

partment, GAO has recently designated the implementation and transformation issues for the entire Department as a high-risk area. Basically, that means we think it is very important, we will be focusing on it, and we will be providing continuing support and oversight for the Congress. In addition, we are trying to articulate what the critical success factors are and how to play a constructive role in making transition implementation work. It is not a finding about a problem, it is a finding of what kinds of things need to be done to make it work.

The second point about which you are all aware is clearly the overriding significance of the fundamental tension under which the Coast Guard operates in terms of balancing its missions. Clearly, on the one hand, the agency has done an extraordinary job trying to reinvent itself and assume what is a greatly expanded and urgent role in securing the Nation's ports and waterways.

As you Madam Chair, have noted the reports in this area have consistently identified the vulnerability of our ports and the significant challenges from both the Coast Guard and other agencies in trying to make substantial progress in securing them.

So on the one hand, you have this substantial security effort with significant growth and new activities that really did not exist prior to 9/11. On the other hand, of course, the Coast Guard still has to do the job in SAR, in fisheries enforcement, in marine environmental protection—areas where the workload and the challenge has really not abated and, in fact, some areas are emerging that have not been as active in the past.

The one you mentioned, of course, is the military buildup. That has not been a mission the Coast Guard has performed since the Vietnam War and, in addition, as you may know. Also, I went up to District I, and discussed some of the challenges there with Coast Guard personnel, and they said it is a record-breaking year in terms of icebreaking operations that is diverting resources as well.

So there is challenge of balancing this new and urgent security mission with the traditional missions that continue to demand resources. In fact, you have some surges in these latter missions.

Now, those two points are really contextual for discussing the implementation challenge that our work has identified. As I said, GAO has done comprehensive work both on Government reorganizations and Department alignments, as well as examining best practices and experiences of the private sector with respect to mergers and consolidations. We have identified a number of what we call critical success factors. These are the things that are in place when a merger or an integration works well.

The six areas are strategic planning, communication and partnership—building, performance management, human capital, information management, and technology and acquisition management.

Let me summarize the importance of each of these very briefly, and what our existing work says. We have not done new work on the challenges and the transformation and transition activities within the Coast Guard, but some of our past work basically has pointed out the challenges in each of these areas.

The first one is strategic planning. A strategic plan is really the cornerstone of any organization being able to achieve its mission. It is defining its mission, it is having it clearly spelled out in terms

of strategies, in terms of resource requirements and implementation timetables. But, the Coast Guard has not yet completed a strategic homeland security deployment plan.

Now, it is not the same as the strategy that the Commandant has outlined, which is an important point. We are thinking about more detailed plan that outlines resources and time frames, and a strategy for balancing these multiple missions. So on strategic planning, the Coast Guard done some good work, it has a good record, and it is working on the right things, but it is not there yet.

The second one is, communication and partnership-building. Again, a lot of good the Coast Guad has done work in this area, but the Coast Guard is going to be moving into a Department, as everyone knows, along with 21 other agencies, and while it is moving intact, and will report directly to the Secretary, the Coast Guard has missions and challenges—and I think, Madam Chair, you indicated this—that will require coordination and partnership not only with the Border and Transportation Security Directorate, but all other directorates and, in fact, all other areas of the Department as well.

So, the Coast Guard will have a challenge to build the kind of communication links within the Department and with the existing Federal agencies that are still out of the Department—like DoD, like Interior and many others. also, the Coast Guad must continue the partnerships outside the organization with virtually every State and hundreds, if not thousands, of local governments and private firms. The importance of communication and partnership-building is something the Coast Guard has taken seriously, but there are new challenges to build effective relationships in the new Department and to have existing state and local relationships not disrupted by the effort to form Department-wide relationships.

The third area is performance management. Again, this is another area that the Coast Guard takes seriously. There is leadership already in terms of thinking about performance indicators, focusing on more than inputs, and focusing on more than outputs. A critical part of this is achieving outcomes. One never knows if one is there if one has not defined it, and it is also an important part of fostering accountability. However, the Coast Guard does not yet have performance measures for its homeland security mission. There is a commitment to try to get there. There is an agreement that it is important. Such measures are not in place yet, so completely these remains a fundamental challenge.

The fourth area is human capital strategy. Again, because there are 21 other agencies merging into the department, the Coast Guard is going to be challenged to adjust its own culture and work effectively within the Department if the Department is to be more than just the sum of the folks put in one Department. The point is to get some integration, to get some synergies. But it will require some adjustments, some compromise, and some balancing.

At the same time, there is the challenge of, having the capacity to recruit and train and retain the over 4,000 people that the Coast Guard is bringing on to expand and better meet the new security mission.

Information management and technology, fundamental for the new Department is the fifth area. The seamless flow of information

and the effective and strategic use of technology is vital to any organization. Integrating the systems of the 22 agencies will be substantial, but it is a heightened challenge because the Coast Guard, and most of the other agencies, are bringing with them not just separate systems, but systems that have problems, systems that do not work, systems that are not really anywhere near their capacity. That exacerbates the challenge that confronts both the Coast Guard and the Department in developing effective information technology systems.

The last area is acquisition management. It is vital to the Department's and the Coast Guard's ability to managing its missions. You know about the importance of Deepwater and Rescue 21. There are real challenges in effectively managing those acquisitions. Risks are presented by each of them, and the Coast Guard's move to integrate its acquisition policies with the Department may complicate some of the challenges, and clearly, these acquisitions need to be aligned with the overall mission and capital needs of the overall Department.

In sum, the challenges are very substantial, in fact, daunting, but not insurmountable. The Coast Guard has a solid record, and a management capability and a flexibility that is admirable, but start-up problems are real, and being committed to good implementation and attention to transition does not resolve the fact that countless acquisition or management integration efforts fail, and they fail at the expense in the short run of losses of productivity and performance. And it is too risky here. That cannot happen, so the lengthy process has to be recognized, it has to be carefully managed. and focused on desired outcomes. This is absolutely essential.

I apologize if I have gone over. I wanted to try to give you the flavor of this large issue, and we hope we can provide whatever support you find necessary.

[The prepared statement of Ms. Hecker follows:]

PREPARED STATEMENT OF JAYETTA Z. HECKER, DIRECTOR, PHYSICAL INFRASTRUCTURE, GAO

Madam Chair and Members of the Subcommittee:

I am pleased to be here today to discuss key implementation challenges facing the Coast Guard as it transitions into the newly created Department of Homeland Security (DHS). Creating this new department means merging disparate organizational structures, cultures, and systems into a cohesive working unit. The newly created DHS represents one of the largest reorganizations and consolidations of government agencies, personnel, programs, and operations in recent history. The department and agencies within it must deal with a myriad of organizational, human capital, process, technology, and environmental challenges that must be addressed and resolved at the same time that the new department is working to maintain readiness. For these and other reasons, we have designated the implementation and transformation of DHS as a high-risk area.[1]

But the Coast Guard, even as a separate entity, was rapidly reinventing itself in many respects in the wake of the terrorist attacks of September 11th. After these attacks, the Coast Guard's priorities and focus had to shift suddenly and dramatically toward protecting the nation's vast and sprawling network of ports and water-

[1] *Major Management Challenges and Program Risks: Department of Homeland Security* (GAO–03–102, January 2003).

ways. The National Strategy for Homeland Security[2] recognizes the important role the Coast Guard now plays in protecting the nation's borders and infrastructure. While homeland security has long been one of the Coast Guard's missions, the agency has for decades focused its efforts on other major national objectives, such as conducting search and rescue operations at sea, preventing and mitigating oil spills and other threats to the marine environment, protecting important fishing grounds, and stemming the flow of illegal drugs and migrants into the United States. September 11th drastically changed the Coast Guard's priorities, and it did so by adding to the agency's many responsibilities rather than by replacing responsibilities that were already in place. For example, the recently enacted Maritime Transportation Security Act[3] made the Coast Guard responsible for numerous new port security functions that will likely require sizable personnel and hardware commitments.

My testimony today, which is based on a large body of work we have completed in recent years, both on governmental reorganization in general and the Coast Guard in particular, focuses on six key factors for implementation success: strategic planning, communication and partnership-building, performance management, human capital, information management and technology, and acquisition management. In prior reports and testimony before the Congress, we have identified these factors as among those that are critical to success in organizational change.[4] Our recent work in reviewing the Coast Guard has focused on challenges the Coast Guard faces in dealing with these six success factors.

In summary, even though the Coast Guard has in many respects done a credible job of managing such things as strategic planning, partnershipbuilding, and aligning its work force with its missions, it now faces major challenges in implementing all six of the implementation success factors. Its expanded role in homeland security and its relocation in a new agency have changed many of its priorities and working parameters, and its adjustment to this new environment remains a work in process. Thus, there is much work to be done. Some of the work is strategic in nature, such as the need to better define its homeland security mission and the level of resources needed to meet not only its new security mission responsibilities but its existing missions as well. Others include accommodating a sudden surge of thousands of personnel that are being added and trying to ensure that its most ambitious acquisition project—the Deepwater Project to modernize its fleet of cutters and aircraft—is well managed and remains on track. Overlying these challenges is a fundamental tension that the agency faces in balancing its many missions. On the one hand, it must still do the job it has been doing for years in fisheries management, search and rescue work, ship inspections, marine environmental protection, and other areas. On the other hand, a sizable portion of its resources are now deployed in homeland security work. In addition, the Coast Guard is contributing to the military buildup in the Middle East. Effectively addressing these implementation challenges in the context of this overarching tension is a sizeable task.

BACKGROUND

The Coast Guard has a wide variety of missions, related both to homeland security and its other responsibilities. Table 1 shows a breakout of these missions—both security and non-security related—as delineated under the Homeland Security Act of 2002.[5]

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[2] *National Strategy for Homeland Security*, The White House, Office of Homeland Security, July 16, 2002.

[3] Pub. L. 107–295, Nov. 25, 2002.

[4] *Homeland Security: Proposal for Cabinet Agency Has Merit, But Implementation Will Be Pivotal to Success* (GAO–02–886T, June 25, 2002). *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies* (GAO–03–293SP, November 14, 2002). GAO has identified several other factors as important to success, including organizational alignment, knowledge management, financial management, and risk management. However, these factors, as they relate to the Coast Guard were not covered in the scope of completed GAO work.

[5] Pub. L. 107–296, Nov. 25, 2002.

Table 1: Security and Non-Security Missions of the Coast Guard

Mission area	Activities and functions within each mission area
Security Missions:	
Ports, waterway, and coastal security	Conducting harbor patrols, vulnerability assessments, intelligence gathering and analysis, and other activities to prevent terrorist attacks and minimize the damage from attacks that d occur.
Drug interdiction	Deploying cutters and aircraft in high drug trafficking areas and gathering intelligence to reduce the flow of illegal drugs across maritime boundaries.
Migrant interdiction	Deploying cutters and aircraft and conducting vessel inspections to eliminate the flow of undocumented migrants entering the United States by maritime routes.
Defense readiness	Participating with the Department of Defense (DOD) in global military operations; deploying cutters and other boats and aircraft in and around harbors to protect DOD force mobilizatio operations.
Non-Security Missions:	
Maritime safety	Setting standards and conducting vessel inspections to better ensure the safety of passengers and crew aboard cruise ships, ferries, and other passenger vessels and commercial and fishing vessels; partnering with states and boating safety organizations to reduce recreational boating deaths.
Search and rescue	Operating small boat stations and a national distress and response communication system conducting search and rescue operations for mariners in distress.
Living marine resources	Protecting our nation's fishing grounds from foreign encroachment; enforcing domestic fishing laws and regulations through inspections and fishery patrols.
Environmental protection	Preventing and responding to marine oil spills; preventing the illegal dumping of plastics an garbage into our nation's waters.
Aids to navigation	Maintaining an extensive system of navigation aids in our waterways; monitoring marine traffic through vessel traffic service centers.
Ice operations	Conducting polar operations to facilitate the movement of critical goods and personnel in support of scientific and national security activity; conducting domestic icebreaking operations to facilitate year-round commerce.

Source: U.S. Coast Guard.

The Coast Guard has overall federal responsibility for many aspects of port security and is involved in a wide variety of activities. Using its cutters, boats, and aircraft, the Coast Guard conducts security patrols in and around U.S. harbors, escorts large passenger vessels in ports, and provides protection in U.S. waterways for DoD mobilization efforts. It also gathers and disseminates intelligence information, including gathering information on all large commercial vessels calling at U.S. ports; the agency monitors the movement of many of these vessels in U.S. territorial waters. It conducts port vulnerability assessments; helps state and local port authorities to develop security plans for protecting port infrastructure; and actively participates with state, local, and federal port stakeholders in a variety of efforts to protect port infrastructure and ensure a smooth flow of commerce. In international maritime matters, the Coast Guard is also active in working through the International Maritime Organization to improve maritime security worldwide. It has spearheaded proposals before this organization to implement electronic identification systems, ship and facility security plans, and the undertaking of port security assessments.

The Coast Guard's homeland security role is still evolving; however, its resource commitments to this area are substantial and will likely grow. For example, under the recently enacted Maritime Transportation Security Act, the Coast Guard will likely perform numerous security tasks, such as approving security plans for vessels and waterside facilities, serving on area maritime security advisory committees, assessing antiterrorism measures at foreign ports, and maintaining harbor patrols. The Coast Guard has not yet estimated its costs for these activities; however, the President's fiscal year 2004 budget request includes over $200 million for new homeland security initiatives, including new patrol boats, additional port security teams, and increased intelligence capabilities.

To provide for the orderly transition of the Coast Guard to DHS on March 1, 2003, the Coast Guard established a transition team last year that identified and began addressing issues that needed attention. Coast Guard officials told us that they patterned their transition process after key practices that we identified as important to successful mergers, acquisitions, and transformations.[6] The agency's transition team consists of top management, led by the Chief of Staff, and enlists the assistance of numerous staff expertise throughout the agency through matrixing. According to Coast Guard officials, the scope of transition issues spans a wide variety of topics, including administrative and support functions, strategy, outreach and communication issues, legal considerations, and information management. The transition team focuses on both DHS related issues and on issues related to maintaining an enduring relationship with the Department of Transportation (DOT). In addition

[6] *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies* (GAO–03–293SP, November 14, 2002).

to its own transition team, senior Coast Guard officials participated with OMB in developing the DHS reorganization plan late last year.[7] Also, key Coast Guard officials participate on joint DHS and DOT transition teams that have been established to deal with transition issues in each department.

The Coast Guard Faces Numerous Complex Implementation Challenges as It Transitions into DHS

We have testified that, despite the complexity and enormity of the implementation and transformation of DHS, there is likely to be considerable benefit over time from restructuring homeland security functions.[8] These benefits include reducing risk and improving the economy, efficiency, and effectiveness of these consolidated agencies and programs. In the short term, however, there are numerous complicated challenges that will need to be resolved, making implementation a process that will take considerable time and effort. Reorganizations frequently encounter start-up problems and unanticipated consequences, and it is not uncommon for management challenges to remain for some time. Our past work on government restructuring and reorganization has identified a number of factors that are critical to success in these efforts. Coast Guard officials now involved in transition efforts told us that they are aware of these factors and are addressing many of them as they prepare to move to DHS. Our testimony today focuses on six of these factors—strategic planning, communication and partnership-building, performance management, human capital strategy, information management and technology, and acquisition management—and, based on past work, some of the key challenges the Coast Guard faces in addressing and resolving them.

Strategic Planning

The strategic planning process involves assessing internal and external environments, working with stakeholders, aligning activities, processes, and resources in support of mission-related outcomes. Strategic planning is important within the Coast Guard, which now faces a challenge in merging past planning efforts with the new realities of homeland security. The events of September 11th produced a dramatic shift in resources used for certain missions. Cutters and patrol boats that were normally used offshore were quickly shifted to coastal and harbor security patrols. While some resources have been returned to their more traditional activities, others have not. For example, Coast Guard patrol boats in the nation's Northeast were still conducting security patrols many months later, reducing the number of fisheries patrols by 40–50 percent from previous years. Even now, the Coast Guard continues to face new security-related demands on its resources. Most notably, as part of the current military build-up in the Middle East, the Coast Guard has sent nine cutters to assist the DoD in the event of war with Iraq.[9]

While its greatly expanded homeland security role has already been merged into its day-to-day operations, the Coast Guard faces the need to develop a strategic plan that reflects this new reality over the long term. Where homeland security once played a relatively small part in the Coast Guard's missions, a new plan must now delineate the goals, objectives, strategies, resource requirements, and implementation timetables for achieving this vastly expanded role while still balancing resources among its various other missions. The agency is now developing a strategic deployment plan for its homeland security mission and plans to finish it sometime this year. However, development has not begun on a long-term strategy that outlines how it sees its resources—cutters, boats, aircraft, and personnel—being distributed across all of its various missions, as well as a timeframe for achieving desired balance among missions. We recommended in a recent report to this Subcommittee that the Coast Guard develop such a strategy to provide a focal point for all planning efforts and serve as a basis for spending and other decisions.[10] The Coast Guard has taken this recommendation under advisement but has not yet acted on it.

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[7] *Department of Homeland Security Reorganization Plan*, November 25, 2002. This plan, required by the Homeland Security Act of 2002, addresses (1) the transfer of agencies, personnel, assets, and obligations to DHS, and (2) any consolidation, reorganization, or streamlining of agencies transferred to DHS.

[8] *Homeland Security: Proposal for Cabinet Agency Has Merit, But Implementation Will Be Pivotal to Success* (GAO–02–886T, June 25, 2002).

[9] The Coast Guard is sending one 378-foot high endurance cutter and eight 110-foot patrol boats to the Middle East in support of DoD's Enduring Freedom, the Global War on Terrorism.

[10] *Coast Guard: Strategy Needed for Setting and Monitoring Levels of Effort for All Missions* (GAO–03–155, November 12, 2002).

Communication and Partnership-Building

There is a growing realization that any meaningful results that agencies hope to achieve are likely to be accomplished through matrixed relationships or networks of governmental and nongovernmental organizations working together. These relationships exist on at least three levels. First, they exist within and support the various internal units of an agency. Second, they include the relationships among the components of a parent department, such as DHS. Third, they are also developed externally, to include relationships with other federal, state, and local agencies, as well as private entities and domestic and international organizations. Our work has shown that agencies encounter a range of barriers when they attempt coordination across organizational boundaries.[11] Such barriers include agencies' concerns about protecting jurisdictions over missions and control of resources, differences in procedures, processes, data systems that lack interoperability, and organizational cultures that may make agencies reluctant to share sensitive information.

Specifically, our work has shown that the Coast Guard faces formidable challenges with respect to establishing effective communication links and building partnerships both within DHS and with external organizations. While most of the 22 agencies moving to DHS will report to under secretaries for the department's various directorates,[12] the Coast Guard will remain a separate entity reporting directly to the Secretary of DHS. According to Coast Guard officials, the Coast Guard has important functions that will require coordination and communication with all of these directorates, particularly the Border and Transportation Security Directorate. For example, the Coast Guard plays a vital role with Customs, Immigration and Naturalization Service, the Transportation Security Administration, and other agencies that are organized in the Directorate of Border and Transportation Security. Because the Coast Guard's homeland security activities require interface with these and a diverse set of other agencies organized within several DHS directorates, communication, coordination, and collaboration with these agencies is paramount to achieve department-wide results.

Effective communication and coordination with agencies outside the department is also critical to achieving the homeland security objectives, and the Coast Guard must maintain numerous relationships with other public and private sector organizations outside DHS. For example, according to Coast Guard officials, the Coast Guard will remain an important participant in DOT's strategic planning process, since the Coast Guard is a key agency in helping to maintain the maritime transportation system. Also, the Coast Guard maintains navigation systems used by DOT agencies such as the Federal Aviation Administration. In the homeland security area, coordination efforts will extend well beyond our borders to include international agencies of various kinds. For example, the Coast Guard, through its former parent agency, DOT, has been spearheading U.S. involvement in the International Maritime Organization. This is the organization that, following the September 11th attacks, began determining new international regulations needed to enhance ship and port security. Also, our work assessing efforts to enhance our nation's port security has underscored the formidable challenges that exist in forging partnerships and coordination among the myriad of public and private sector and international stakeholders.[13]

Performance Management

A performance management system that promotes the alignment of institutional, unit, and individual accountability to achieve results is an essential component for organizational success. Our work has shown performance management is a key component of success for highperforming, results-oriented organizations. High-performing organizations have recognized that a key element of a fully successful performance management system is aligning individual employees' performance expectations with agency goals so that employees can see how their responsibilities contribute to organizational goals. These organizations (1) define clear missions and desired outcomes, (2) measure performance as a way of gauging progress toward these

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[11] *Managing for Results: Barriers to Interagency Coordination,* (GAO/GGD–00–106, March 9, 2000).

[12] Most agencies within DHS are organized within one of the four directorates: Science and Technology, Information Analysis and Infrastructure Protection, Border and Transportation Security, and Emergency Preparedness and Response.

[13] *Container Security: Current Efforts to Detect Nuclear Materials, New Initiatives, and Challenges* (GAO–03–297T, November 18, 2002). *Port Security: Nation Faces Formidable Challenges in Making New Initiatives Successful* (GAO–02–993T, August 5, 2002).

outcomes, and (3) use performance information as a basis for decision-making.[14] In stressing these actions, a good performance management system fosters accountability.

The changed landscape of national security work presents a challenge for the Coast Guard's own performance management system. The Coast Guard has applied the principles of performance management for most of its missions, but not yet for homeland security. However, the Coast Guard has work under way to define its homeland security mission and the desired outcomes stemming from that mission. The Coast Guard expects to have such measures this year and begin collecting data to gauge progress in achieving them. Progress in this area will be key in the Coast Guard's ability to make sound decisions regarding its strategy for accomplishing its security mission as well as its various other missions.

Human Capital Strategy

In any organization, people are its most important asset. One of the major challenges agencies face is creating a common organizational culture to support a unified mission, common set of core values, and organizationwide strategic goals. The Coast Guard, like the 21 other agencies moving to DHS, will have to adjust its own culture to work effectively within the department. The Coast Guard also faces other important new human capital challenges. For example, to deal with its expanded homeland security role and meet all of its other responsibilities, the Coast Guard expects to add thousands of new positions over the next 3 years. The Coast Guard acknowledges that such a large increase could well strain the agency's ability to hire, develop, and retain talent. Coast Guard officials acknowledge that providing timely training for the 2,200 new personnel it plans to bring on by the end of fiscal year 2003 and the additional 1,976 staff it plans to add by the end of fiscal year 2004 will likely strain its training capabilities. Compounding this challenge is that over the next decade, the Coast Guard is modernizing its entire fleet of cutters and aircraft with more modern, high technology assets that require a higher skill level to operate and maintain.

Information Management and Technology

One factor that often contributes to an organization's ineffectiveness or failure is the lack of accurate, complete, and timely information. Sometimes this lack of information contributes to the failure of a system or to cumbersome systems that cannot be effectively coordinated. In other instances, however, it can relate to the institutional willingness to share information across organizational boundaries. Concerns about information management have been well chronicled in the discussions about establishing DHS. Programs and agencies will be brought together from throughout the government, each bringing its own systems. Integrating these diverse systems will be a substantial undertaking.

The Coast Guard is among several agencies moving to DHS that will bring with it existing information technology problems. For example, 14 years after legislation was passed requiring the Coast Guard to develop a vessel identification system to share vessel information, no such system exists, and future plans for developing the system are uncertain.[15] Given today's heightened state of homeland security, such a system has even more potential usefulness. Coast Guard officials stated that law enforcement officials could use a vessel identification system to review all vessels that have been lost or stolen and verify ownership and law enforcement history.

Acquisition Management

Sound acquisition management is central to accomplishing the department's mission. DHS is expected to spend billions annually to acquire a broad range of products, technologies, and services. Getting the most from this investment will depend on how well DHS manages its acquisition activities. Our reports have shown that some of the government's largest procurement operations need improvement.

The Coast Guard has major acquisitions that pose significant challenges. The agency is involved in two of the most costly procurement programs in its history—the $17 billion Integrated Deepwater Project to modernize its entire fleet of cutters and aircraft, and the $500 million national response and distress system, called Rescue 21, to increase mariner safety. We have been reviewing the planning effort for the Deepwater Project for a number of years, and the agency's management during the planning phase was among the best of the federal agencies we have evaluated, providing a solid foundation for the project. While we believe the Coast Guard is

[14] *Executive Guide: Effectively Implementing the Government Performance and Results Act* (GAO/GGD–96–118, June 1, 1996).

[15] *Coast Guard: Vessel Identification System Development Needs to Be Reassessed*. (GAO–02–477, May 24, 2002).

in a good position to manage this acquisition effectively, the current phase of the project represents considerably tougher management challenges. The major challenges are:

- **Controlling costs.** Under the project's contracting approach, the responsibility for the project's success lies with a single systems integrator and its contractors for a period of 20 years or more. This approach starts the Coast Guard on a course potentially expensive to alter once funding has been committed and contracts have been signed. Moreover, this approach has never been used on a procurement of this size or complexity, and, as a result, there are no models in the Federal Government to guide the Coast Guard in developing its acquisition strategy. In response to the concerns we and others have raised about this approach, the Coast Guard developed cost-related processes and policies, including establishing prices for deliverables, negotiating change order terms, and developing incentives.
- **Stable sustained funding.** The project's unique contracting approach is based on having a steady, predictable funding stream of $500 million in 1998 dollars ($544.4 million in 2003 dollars) over the next 2 to 3 decades. Significant reductions in levels from planned amounts could result in reduced operations, increased costs, and/or schedule delays, according to the Coast Guard. Already the funding stream is not materializing as the Coast Guard planned. The 2002 fiscal year appropriation for the project was about $18 million below the planned level. The fiscal year 2003 transportation appropriations have not yet been signed into law; however, the Senate appropriations committee has proposed $480 million for the Deepwater Project, and the House appropriations committee proposed $500 million.
- **Contractor oversight.** Because the contracting approach is unique and untried, the challenges in managing and overseeing the project will become more difficult. To address these challenges, the Coast Guard's plans require the systems integrator to implement many management processes and procedures according to best practices. While these practices are not yet fully in place, in May 2002, the Coast Guard released its Phase 2 Program Management Plan, which establishes processes to successfully manage, administer, monitor, evaluate, and report contract performance.
- **Unproven technology.** Our reviews of other acquisitions have shown that reliance on unproven technology is a frequent contributor to escalated costs, schedule and delays, and compromised performance standards. While the Coast Guard has successfully identified technologies that are sufficiently mature, commercially available, and proven in similar applications for use in the first 7 years of the project, it has no structured process to assess and monitor the potential risk of technologies proposed for use in later years. Specifically, the Coast Guard has lacked uniform and systematic criteria, which is currently available, to judge the level of a technology's readiness, maturity, and risk. However, in response to our 2001 recommendation, the Coast Guard is incorporating a technology readiness assessment in the project's risk management process. Technology readiness level assessments are to be performed for technologies identified in the design and proposal preparation and procurement stages of the project.

For these and other reasons, our most recent series of Performance and Accountability Reports continues to list the Deepwater Project as a project meriting close management attention.[16] We will continue to assess the department's actions in these areas.

The Coast Guard's move to DHS may complicate these challenges further. For example, central to the acquisition strategy for the Deepwater Project is a clear definition of goals, needs, and performance capabilities, so that a contractor can design a system and a series of acquisitions that can be carried out over 2 to 3 decades, while meeting the Coast Guard's needs throughout this time. These system goals and needs were all developed prior to September 11th. Whether the Coast Guard's evolving homeland security mission will affect these requirements remains to be seen. Properly aligning this program within the overall capital needs of DHS is critical to ensuring the success of the Deepwater Project. Also, the Homeland Security Act of 2002 requires the Secretary of DHS to submit a report to the Congress on the feasibility of accelerating the rate of procurement of the Deepwater Project. If

[16] *Major Management Challenges and Program Risks: Department of Transportation* (GAO–03–108; January 30, 2003).

the project is accelerated, even greater care would need to be exercised in managing a project that already carries numerous risks.

In conclusion, these challenges are daunting but not insurmountable. The Coast Guard continues to do an admirable job of adapting to its new homeland security role through the hard work and dedication of its people, and it has the management capability to address the implementation issues discussed here as well. However, reorganizations frequently encounter startup problems and unanticipated consequences, and even in the best of circumstances, implementation is a lengthy process that requires a keen focus, the application of sound management principles, and continuous reexamination of challenges and issues associated with achieving desired outcomes. As the Coast Guard addresses these and other challenges in the future, we will continue to monitor its efforts as part of our ongoing work on homeland security issues, and we will be prepared to report to you on this work as you deem appropriate.

Madame Chair, this concludes my testimony today. I would be pleased to respond to any questions that you or Members of the Subcommittee may have at this time.

Contacts and Acknowledgements

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Related GAO Products

Major Management Challenges and Program Risks: Department of Transportation. GAO–03–108. Washington, DC: January 30, 2003.

Major Management Challenges and Program Risks: Department of Homeland Security. GAO–03–102. Washington, DC: January 30, 2003.

Homeland Security: Management Challenges Facing Federal Leadership. GAO–03–260. Washington, DC: December 20, 2002.

Container Security: Current Efforts to Detect Nuclear Materials, New Initiatives, and Challenges. GAO–03–297T. New York, NY: November 18, 2002.

Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies. GAO–03–293SP. Washington, DC: November 14, 2002.

Coast Guard: Strategy Needed for Setting and Monitoring Levels of Effort for All Missions. GAO–03–155. Washington, DC: November 12, 2002.

National Preparedness: Technology and Information Sharing Challenges. GAO–02–1048R. Washington, DC: August 30, 2002.

Homeland Security: Effective Intergovernmental Coordination Is Key to Success. GAO–02–1011T. Washington, DC: August 20, 2002.

Port Security: Nation Faces Formidable Challenges in Making New Initiatives Successful. GAO–02–993T. Washington, DC: August 5, 2002.

Homeland Security: Critical Design and Implementation Issues. GAO–02–957T. Washington, DC: July 17, 2002.

Managing for Results: Using Strategic Human Capital Management to Drive Transformational Change. GAO–02–940T. Washington, DC: July 15, 2002.

Homeland Security: Title III of the Homeland Security Act of 2002. GAO–02–927T. Washington, DC: July 9, 2002.

Homeland Security: Intergovernmental Coordination and Partnerships Will Be Critical to Success. GAO–02–899T. Washington, DC: July 1, 2002.

Homeland Security: New Department Could Improve Coordination but May Complicate Priority Setting. GAO–02–893T. Washington, DC: June 28, 2002.

Homeland Security: Proposal for Cabinet Agency Has Merit, But Implementation Will Be Pivotal to Success. GAO–02–886T. Washington, DC: June 25, 2002.

Homeland Security: Key Elements to Unify Efforts Are Underway but Uncertainty Remains. GAO–02–610. Washington, DC: June 7, 2002.

National Preparedness: Integrating New and Existing Technology and Information Sharing into an Effective Homeland Security Strategy. GAO–02–811T. Washington, DC: June 7, 2002.

Coast Guard: Vessel Identification System Development Needs to Be Reassessed. GAO–02–477. Washington, DC: May 24, 2002.

National Preparedness: Integration of Federal, State, Local, and Private Sector Efforts Is Critical to an Effective National Strategy for Homeland Security. GAO–02–621T. Washington, DC: April 11, 2002.

Coast Guard: Budget and Management Challenges for 2003 and Beyond. GAO–02–538T. Washington, DC: March 19, 2002.

Homeland Security: Progress Made, More Direction and Partnership Sought. GAO–02–490T. Washington, DC: March 12, 2002.

Homeland Security: Challenges and Strategies in Addressing Short-and Long-Term National Needs. GAO–02–160T. Washington, DC: November 7, 2001.

Coast Guard: Actions Needed to Mitigate Deepwater Project Risks. GAO–01–659T. Washington, DC: May 3, 2001.

Coast Guard: Progress Being Made on Deepwater Project, but Risks Remain. GAO–01–564. Washington, DC: May 2, 2001.

Managing for Results: Barriers to Interagency Coordination. GAO/GGD–00–106. Washington, DC: March 9, 2000.

Executive Guide: Effectively Implementing the Government Performance and Results Act. GAO/GGD–96–118. Washington, DC: June 1, 1996. (544065)

Senator SNOWE. I appreciate your comments, Ms. Hecker. No question, this is an ambitious endeavor, and I think all the more important to get off on the right track in terms of establishing a certain culture and institutionalizing a process with respect to the Coast Guard being integrated in our overall Homeland Security Department.

Admiral Collins, let me begin by asking, what percentage of your operation is now devoted to homeland security? I know prior to September 11 that you had maybe 1 to 2 percent of your overall operations were associated with homeland-type security responsibilities, monitoring the coastline. Then obviously in the aftermath of the devastating events on September 11, it went upwards of 56 percent, then it declined to 25 percent. Where are you currently with respect to overall percentage as a part of your operation assigned to homeland security responsibilities?

Admiral COLLINS. Clearly, there are a number of ways to look at this. You can look at it in terms of percent budget, you can look at it in terms of employment hours, where do you employ—what percentage of your aircraft, cutter, and boats are allocated to certain missions. If you look at—and I think it is incorporated in the 2004 budget that the Department of Homeland Security has submitted—it breaks out homeland security missions and non-homeland security missions in a little bit of a profile, and the non-homeland security missions are a little over 50 percent, and the homeland security missions are a little under 50 percent as a percent of the budget.

And of course, what is important is, well, what do you include in those definitions and, of course, what is included is the definitions as reflected in the act which, as you recall, and I know you do, is the delineation between homeland security and non-homeland security.

In terms of employment hours—and let me refer to a little chart I have in front of me. In terms of employment hours, by the end of—and employment hours means, again, how we use and plan to deploy our ships, our boats, and our aircraft. They are within—in terms of our enforce of laws and treaties mission, which includes counterdrugs, migrant interdiction, fisheries enforcement and the like, we will be within 7 percent of pre-9/11 levels. By the end of 2004 budget, we will be within 5 percent in terms of that particular mission area.

The ports, waterways, coastal security component will take up roughly about 25 percent of our overall budget, and then if you add on migrant interdiction on top of that, and counterdrug activities on top of that, it gets you up into the 40 percent. By my definition,

homeland security includes migrant interdiction and drugs, so it is about in the forties, mid-forties when you add up all of that.

And again, in terms of the employment hours, I think we are going in the right direction in terms of rebalancing those employment hours, so we are getting the right kind of distribution between the mission areas.

Senator SNOWE. What about port security? As you know, port vulnerability assessments are being conducted on the top 50 over the next 5 years. I frankly think the pace of those assessments should be accelerated.

Now we are operating under terrorist warning level code orange, the second-highest alert, it obviously raises questions about the level of security at ports when we are talking about 95,000 miles of coastline. Based on the testimony provided by Director Tenet yesterday. Al Qaeda is a potent threat to the United States. As they indicated in their testimony, and other reports have indicated in the press, Al Qaeda may be closer to acquiring a dirty bomb and attempting to purchase chemical and biological weapons.

What is our capacity to detect these types of threats at the ports, given the millions of containers that traverse the ocean to get to the United States every year? We are talking millions of containers, 11 million containers 10 times a year. What is our ability to detect these before they reach our shores?

Admiral COLLINS. Well, clearly, the maritime environment remains a vulnerable one, and those combinations, I think, should cause us all a sense of urgency about moving ahead on many fronts on this issue.

The port security assessment issue is proceeding. We have done 15 of 55 ports that we intend to do. We have learned a few things from that initial work. And again, I will be glad to—a lot of it is classified in terms of the specific findings. I would be glad to brief your staff in a classified way on those. There are certain things that we have learned, and we have folded those into ongoing dialogues within each captain of the port.

In addition, each captain of the port has already conducted risk-based decision assessments within each—in advance of these formalized assessments, and they are already rolling those into discussion with the Port Security Committee, so the dialogue is going, and it is moving, so that assessment part, can it go faster, yes. I think it is going in the right direction.

The other part, increased presence, is with the build-up of the United States Coast Guard between 2002, 2002 supp, 2003 and 2004, we will have an increased presence in our waterways. That is good news. I can go into the details of that build-up.

With the new security regime we are putting in place, the new rulemaking, that tightens up the planning end of the business in terms of having—based upon assessments, based upon risks and vulnerabilities, making prudent intervention strategies, developing the necessary plans and, of course, as you know, the act puts the Captain of the Port square in the middle of that in coordinating with local stakeholders to make a common sense, practical approach to that, and it will be reflected in our rulemaking, but it is rolling on while the rulemaking is going on.

The container issue is another sliver of this whole port security problem and, as you know, the Customs Service has the lead on the container end of the security initiative. The container security is a primary imperative of the national Homeland Security Strategy that was promulgated last summer, and in that strategy, it said there were four basic criteria, four basic parts of the initiative, establish a criteria to identify high-risk containers, prescreen those containers, use technology to inspect high-risk containers, and develop smart and secure containers. That is all part of the grand, grand design.

Customs has a number of initiatives that Customs has launched. We are an active participant. There is a container working group—a Federal container working group that we are a part of, Customs chairs, and part of their strategy they are rolling out they call the Container Security Initiative, which is establishing bilateral agreements with the megaports around the world. They have got 20 megaports in their sights for these bilateral agreements. They have negotiated with, it may be as high as—I know it is 16. It may have, over the last couple of weeks it may be 18 of the 20, already negotiated, all over the world, Singapore, Hong Kong, Halifax, Le Havre, Rotterdam and the like.

What this does is allow Customs to go overseas and prescreen—work with and prescreen containers, part of the strategy. It is all about pushing the borders out so that you know what is coming at you, so that is a very, very important initiative.

A second initiative is a trade partnership against terrorism with other Customs agencies, trade agencies and so forth, and I think they have over 50 partners signed up for that initiative.

A third effort is a recent requirement that containers that if are inbound to the United States are in a foreign port, 24 hours before they are loaded in a foreign port, the electronic manifest has to come into Customs before they can be loaded on the inbound ship to the United States, so that puts the onus—again pushing the borders out, getting increased visibility and screening. It helps you winnow down what containers, how many containers you really have to look at.

All of those things are tremendously positive progress, and it is going very, very quickly, and I can assure you it is one of Secretary Ridge's highest priorities, along with the information flow and analysis, and understanding the coming and going of people.

So it is all about having visibility of platform, people, and cargo, and pushing your borders out with respect to those things, and all those agencies have a role to play in it, including the United States Coast Guard.

Senator SNOWE. Thank you. Senator Hollings.

Senator HOLLINGS. Thank you, Madam Chairman.

I am glad, Admiral Collins, you are outlining the tremendous progress that has been made. The fact is that a lot of it has been made under the leadership of our distinguished colleague, Senator Breaux, who held field hearings all around with the Collector of the Customs, or whatever title he may have, Mr. Bonner, and Admiral Loy over the past year-and-a-half now.

Ms. Hecker, you gave a very, very comprehensive rundown, and I guess that is the role of GAO, of acquisitions policy, strategic

plans, performance measures, and everything else like that. Knowing what you know, what can this Committee do to help Admiral Collins?

Ms. HECKER. Well, I think hearings like this are certainly appropriate—being interested in the progress, understanding the nature of the plan. I think the areas that we identified are ones that we do believe are critical, so I think following up is appreciate—looking for that kind of detail in a strategic deployment plan, looking for the detail begun to be illuminated today in terms of measures, what this new normalcy really means, and not just target numbers, but actual numbers, because the actuals vary.

For example, this year, with the icebreaking in the Northeast, or with the Middle East deployment, all of those actual performance measures will change, from those original targets, so continuing to be interested in these issues is needed. They make a huge difference in the fundamental performance of an organization, so oversight and then support for what it takes to respond is really the key.

Senator HOLLINGS. Well, Admiral Collins, when we go in, and I would not be surprised, after the Friday report, if they went in on Saturday, this country has got to be prepared. We could easily go into Iraq by this time next week, and you have moved eight of the patrol boats to the gulf, and now I am thinking about the ports here. I mean, we used to say in the war about the MLR, the main line of resistance, the main line of resistance is not just the gulf and Iraq, it is Philadelphia.

If I am Osama bin Laden, and I know I have got 10 ships that I own and another 10 that I control, and I know I have got crews for those ships, I do not even have to use one of my ships. I can get an Exxon tanker, and I can get my crews onboard. They got five-man crews on different planes to run into the World Trade and the Pentagon. So they can take over any one of those tankers, come right up the Delaware River, and blow it there at the tank farm at Philadelphia and close down the whole Eastern Seaboard for a year. That could happen, and you will not have the time to do all of these performance standards and measurements and acquisitions policies and all of those other things.

Are you prepared for that, moving all your patrol boats out? Have you got all the ports protected?

Admiral COLLINS. I think we have substantial presence in our ports. We have a process in place to identify risks and move to those risks. We have, as Senator Snowe mentioned, 96-hour notice of arrival, where we vet cargo vessels and people through national data bases, and we react to those either unilaterally or in tandem with fellow law enforcement agencies.

Senator HOLLINGS. So you have got enough personnel and ships out there? Moving those eight patrol boats does not——

Admiral COLLINS. It does not. I think that is a very reasonable approach to bringing our core competencies in partnership with the Navy. Maybe a little bit of background. I have worked very, very closely with the CNO——

Senator HOLLINGS. Right.

Admiral COLLINS.—to partner with him on a two-way street where Navy assets flow to the Coast Guard, Coast Guard assets

flow to the Navy where it makes sense, where we bring certain core competencies to bear in the national interest.

Senator HOLLINGS. Right.

Admiral COLLINS. Let us avoid duplication. Let us put our collective competencies together and have a great partnership and a great team. That is what is happening with the deployment of those eight boats and with those PSU's——

Senator HOLLINGS. So you did not need those eight boats to protect our ports?

Admiral COLLINS. Well, certainly they would have been fully employed in the United States, but there is also the need to put the best foot forward over there, and then over here, as mentioned, this two-way street, the United States Navy has given us tactical control of 11, that is three more than eight, 11 PC–170s that we are currently employing in our ports and coastal waterways to give us homeland security. That is a pretty good deal.

And in addition, they provide for HUMINT teams, human intelligence teams in our ports. They have supported us with explosive ordnance details. They provide gray hulls for our counterdrug efforts in the Caribbean, which I call homeland security. In fact, 74 percent of the seizures last year, cocaine seizures, and there was 72 tons of it, 74 percent of it was off gray hulls.

Senator HOLLINGS. I understand. Let us get back to Osama. If that port blows, the Captain of the Port, some 21-year-old little lieutenant is going to be in charge of the security, and he does not have all of those liaisons that you are talking about, and all of these other fancy things. I mean, is he alerted? Is he helped? Does he have enough help? That is my question. That is all I want to know.

Admiral COLLINS. He will have—they tend to be Commanders and Captains, Senator, but——

Senator HOLLINGS. Well, move one to Charleston, will you?

[Laughter.]

Admiral COLLINS. Yes, sir. You have a Commander down there, sir.

Senator HOLLINGS. Yes.

Admiral COLLINS. I think you have some great folks in Charleston.

Senator HOLLINGS. You have. Promote them.

[Laughter.]

Admiral COLLINS. Yes, sir. But they have at their disposal boats—patrol boats, many endurance cutters, Navy gray hulls, explosive ordnance details and other tools to deal with threat. When orange went up last Friday, we moved—in certain ports did certain things, moved certain assets, and we will continue to do that.

I think we have shown since 9/11, and frankly I would say since 1790, I think we are an adaptable, flexible organization that has multimission platforms, multimission people who are capable——

Senator HOLLINGS. You are good at testifying. Let me ask a question. Who do you report to? Do you report to Secretary Mineta, or Governor Ridge, or Asa Hutchinson? I saw where Asa had some kind of responsibility about maritime issues. I am confused. Who do you report to?

Admiral COLLINS. Well, until 1 March, Senator, I report to Secretary Mineta.

Senator HOLLINGS. And then on 1 March what happens?

Admiral COLLINS. On 1 March I report to Secretary Ridge.

Senator HOLLINGS. And what is Asa Hutchinson? Does he have any responsibility over your Coast Guard or over maritime issues?

Admiral COLLINS. Asa, of course, is the Under Secretary for Border and Transportation Security. Customs, INS, Transportation Security Administration, Border Patrol and others are in there. I am to report directly to the Secretary, organizationally on a par with the other Under Secretaries. That is the relationship.

Senator HOLLINGS. Thank you, Madam Chair.

Senator SNOWE. Thank you. Senator Lott.

STATEMENT OF HON. TRENT LOTT,
U.S. SENATOR FROM MISSISSIPPI

Senator LOTT. Well, thank you, Madam Chairman, for having this hearing. It has been very interesting.

Thank you, Admiral Collins, for what you do with the Coast Guard, and Ms. Hecker, thank you very much for being here.

I was interested in Senator Hollings' last question. Senator Hollings knows exactly who you report to because he and Ted Stevens made sure that you report directly to the Secretary, rather than going through two or three layers, and so it is just like he planned it. I remember that discussion. It was one of the things that delayed homeland security, but you got it done, and I think it will work out fine.

Senator HOLLINGS. I know it. I wanted to make sure he knows it.

[Laughter.]

Senator LOTT. Yes, you wanted to make sure he knew it. Okay, well, he reads the law.

[Laughter.]

Senator LOTT. Two or three questions. One, I was going to ask a question about what was your level of deployment. I think that Senator Hollings has already addressed that. Did he say an eighth of your capability, or eight?

Admiral COLLINS. We have eight patrol boats, 110-foot patrol boats, we have four port security units, two high-endurance cutters and a buoy tender.

Senator LOTT. And they will be involved in securing ports where there is American naval activity?

Admiral COLLINS. They will be over there securing EUCOM and CENTCOM in the standard areas of competency that we bring, marine intercept operations, boarding, escorts, port security. Those are the areas that we bring our competency in. Those are the areas we will——

Senator LOTT. But in that connection, and I am sorry Senator Hollings will not hear what I am going to ask you, because I think it refers to one of the questions he was pursuing you on, and that is, in my home town, Pascagoula, you have a Coast Guard cutter and three frigates and two cruisers at the naval station there. They are involved in the drug interdiction program in the Gulf. When

that cutter is at sea it is actually under a unified command, correct?

Admiral COLLINS. We are under a joint interagency task force East and West, Key West and Alameda that have tactical control of the counterdrug efforts in the Caribbean, if it is the counterdrug mission you are talking about, that is.

Senator LOTT. But those gray hulls, as you call them, can be involved in other surveillance and can kind of pick up some of the slack if you have that need in the Gulf, for instance, and I presume similar things occur on the East Coast and West Coast, too.

Admiral COLLINS. As we said, we have tactical control of 11 PC–170's, patrol boats, Navy manned, Navy funded, Navy maintained, Coast Guard boarding crews on board augmenting our Captain of the Ports in places like Charleston and other places, so it is a quid pro quo with the Navy in sharing assets to do the Nation's bidding.

Senator LOTT. Now, as you go into the Department of Homeland Security, one of the things that we are seeking is better communication and coordination between various agencies and entities that have quite often been competing, duplicating or not working with each other.

I remember also in my home town one time we were having a ship loaded with drugs coming in, and it was a pretty good tussle between Coast Guard, Customs, DEA, State officials and local officials as to who was the lead dog. I was afraid we were going to blow the whole thing, because I was even aware of it, and you know, when a Senator is aware of something like that, that can really get out in the media and cause a problem.

Are you working to do a better job of not trying to worry about who is getting credit, but some procedure to have somebody in charge of an operation where you have got three or four entities that are actually working on it?

Admiral COLLINS. Yes, Senator. I think we have extensive relationships with most of the agencies coming in, and that relationship is getting better, and when we are all together under one roof, I think it will be even better.

We are coordinating with Customs. Over the last 6 months to a year, I cannot tell you how many joint boardings—cooperative, productive joint boardings we have done with INS, Customs, and FBI, responding to stowaway situations coming into the gulf and a whole host of—very, very productive coordination, and I just see that getting better and better.

We are working very closely with Asa Hutchinson and his staff. We are in four work groups that he has got going within the Border Transportation Security Under Secretariat. We have Coast Guard members on those. We are building coordinating mechanisms. I think it is going to be a terrific arrangement.

Senator LOTT. All right. We are counting on that. The best news for the Coast Guard in a long time is Integrated Deepwater System program. Finally, we are going to modernize, upgrade the quality of your ships and aircraft and other surveillance capability. That was supposed to be a 20-year program at $500 million a year for a total of $10 billion, but it looks to me like in only a year-and-a-half, you are already slipping behind that.

I think the plan was, the Coast Guard was saying it might take as much as $600 million a year to keep up with inflation, and so forth. The target I think had been $500 million in FY98 dollars, and in fact in the first year it looks like it is going to be $480 million in FY03 dollars. I am worried about that, because having a lot of experience with Navy contracts, I know what happens when you lose $20 million here and $40 million there, and it slips and slips and slips, and a 20-year program becomes a 30-year program. You do not get the capability you need, and it just generally messes up plans.

So I will just end with this question, then. What impact will the fiscal year 2003 appropriations shortfall have, and how is that going to affect your outyear capability if we do not keep up with how this is planned and budgeted?

Admiral COLLINS. I will try to keep this short and uncomplex in answering the Senator, but the project started out with a notional level of funding, and we put boundary conditions around the three consortia that were bidding on this design, and we said, figure on $500 million capital funding a year in 1998 dollars, and figure $1 billion a year in operating costs, and deliver us a system within those boundary conditions with the highest level of performance. That was the metrics, so there was sort of a gist of planning factors to give them a level playing field to design and give us competitive proposals so we were comparing apples and apples.

The contract structure and the acquisition strategy is flexible enough to absorb ups and downs of funding. We are not naive to think we are going to get exactly everything as initially in this notional plan. Yes, we have had a little bit less. In 2003, we asked for 500. What came back out of both marks was 480, I think, although the omnibus may be tinkering with that. I do not know the latest number.

Senator LOTT. Are you suggesting Ted Stevens might still tinker with that number a little bit?

[Laughter.]

Admiral COLLINS. No, sir. There are thoughtful considerations of the pros and cons at hand, sir, but I do not know the exact number, but it is going to be somewhere between—480 was the last formal number. We will have to make adjustments in the task numbers over time, as we have perturbations in funding, and the structure of the contract, the structure of the acquisition strategy and the contract vehicle allows for that to happen.

Would we like a steady flow? Yes. Are we happy with $500 million support in 2004 by the administration? Absolutely. That is a lot of money by Coast Guard standards. We are thrilled to have $500 million in 2004. We can make major progress with the national security cutter, which is the biggest ship, and major progress with vertical takeoff UAV, which in my mind is one of those real primo high return on investment components in the system, and that is where we are going to put our money, and if we have to jiggle around other things and push them, we will do that.

Senator LOTT. Thank you.

Admiral COLLINS. Thank you, Senator.

Senator SNOWE. Thank you, Senator Lott. Senator Breaux.

STATEMENT OF HON. JOHN B. BREAUX, U.S. SENATOR FROM LOUISIANA

Senator BREAUX. Thank you, Madam Chair, and thank you, Ms. Hecker and Admiral Collins, welcome back to the Committee, and congratulations for all the good work that you all and your team are doing in this transition to the new agency.

Let me ask a question that sort of is a pick-up from where I think Senator Hollings had left off with regard to the conflicts that may exist within this homeland security structural chart that we have. It seems to me that under the law establishing the Department of Homeland Security, it really provided that the Border and Transportation Security Directorate would be responsible for, among other things, number 2, securing the borders and territorial waters, ports, terminals, waterways, and air, land, and sea transportation systems of the United States.

Now, your testimony is that the Coast Guard is in charge of maritime homeland security. It seems like the law setting it up talked about the Border, Transportation Security Directorate legally having the authority to do things on the oceans and territorial waters and waters of the United States. How has that been resolved, because I think it obviously should be in the Coast Guard. That is your expertise and your history, not the Border Patrol.

Admiral COLLINS. I think there is a little bit of a shared responsibility, although in terms of driving the train, the engineer on the main engine, I think, is the United States Coast Guard when it comes to port, vessel, and facility security and coastal waterway security. I think the Maritime Transportation Security Act of 2002 goes a long way to codifying that when it designates the Coast Guard Captains of the Ports as the Federal Maritime Security Coordinator in the ports to head up the port security committees, to oversee all the planning, and all that. I think that is a very, very powerful signal about the coordinating oversight of this.

In terms of trying to ensure we have good coordination and understand the division of labor between the respective organizations, I think we have made great progress on that. I have a great respect for Admiral Loy as my previous boss, and friend. We have a tremendous rapport. We have met numerous times to go through, understand the division of labor between the Transportation Security Administration——

Senator BREAUX. Is there anything you would like to have differently under the current set-up as to what the responsibilities are that is seemingly in place now?

Admiral COLLINS. I think the Maritime Transportation Security Act of 2002 is a pretty specific document in terms of assigning responsibilities.

Senator BREAUX. I am just concerned that when it is in conflict with the legislation establishing the Department of Homeland Security, how do we resolve it, and I am wondering if there are any potential problems out there. I think it is pretty clear what Congress is talking about. I have a great deal of respect for the Border Patrol, but I mean, their expertise is not in the waterways of the United States and dealing with ships. That is your expertise, and so you are telling the committee that there are not any problems, or potential problems?

Admiral COLLINS. I think we have got it in the right quadrant. I think there is some fine-tuning that can be done, most of which can be done between the agencies involved, and there is great collaboration, by the way, between Customs, Coast Guard, and TSA, particularly on this issue. I think the maritime—excuse me, the homeland security strategy that was promulgated last fall clearly identified the Coast Guard key role in the maritime component of homeland security.

Admiral Loy clearly understands our pivotal and central role in maritime security strategy, the Department's liaison in coordination with IMO, et cetera, et cetera, so I think that there are enough boundary conditions where the individual agencies can deal with this in a collaborative way. Both Admiral Jim Loy and myself, again, have talked, and we expect to develop a memorandum of understanding between our two organizations that defines the divisions.

Senator BREAUX. I think it would be helpful for us to have a look at that memorandum when it is completed, because I think you have some very strong feelings in the Congress about who should be doing the waterways and the sea lanes and the ports and the sea terminals around the country.

I mean, there is a role for Border Patrol. I am not trying to say it is all-or-nothing, but it is clear that this Committee, I think, and the Congress in general has pretty strong feelings about who should be in charge of the waterways and things that are wet in terms of security, and it is the Coast Guard, so we would like to see that memorandum of understanding.

I was pleased that you had commented to Senator Lott about when he brought up the Deepwater Project. Is it, in your opinion, on schedule? Is it moving in the direction that we want it to move in, and if there are any problems, what are they?

Admiral COLLINS. As Commandant of the United States Coast Guard, I would like to have all those things tomorrow. There is an incredible capability that this project will bring, just the kind of capability we need to have more positive control of our maritime borders.

Having said that, I think we are going in the right direction. I appreciate the support of both the President and Secretary Ridge, Secretary Mineta, and OMB in supporting the 2004 level as they have. I think we will make great progress with the national security cutter, great progress with the UAV's. I was just down in Lockport. We just delivered 110-foot patrol boat, the Matagorda, that was built in Lockport and is going back to be extended from 110 feet to 113 feet with stern launch and a whole bunch of——

Senator BREAUX. 123 feet.

Admiral COLLINS. 123—excuse me, 123 feet, right.

[Laughter.]

Admiral COLLINS. Excuse me. But it was a great event, and really the first production start of Deepwater.

Senator BREAUX. It is really very important. I was in New Orleans on the 270-foot medium endurance cutter with Commander Mike Parks, who is in charge of it. He loves the ship and would die if he knew I was saying this, but that is an old boat. I mean, that thing really looks like it should be in a Third World country

doing patrol work. That is not the type of ships we need in the United States Coast Guard.

I mean, that thing was short-changed because of budget cuts. It was supposed to be, I think, 300-foot, and they ran out of money so they chopped the bow off of it. I mean literally. I mean, that thing, it does not look like it is seaworthy to me, and they are very proud of it. The men and women on that cutter are as proud as they can be and serving wonderfully, but that is not what we need in the United States Coast Guard in the year 2003, so this new Deepwater is very, very important to replace those type of ships in the Coast Guard.

Thank you very much.

Senator SNOWE. Thank you. Senator Lautenberg.

STATEMENT OF HON. FRANK LAUTENBERG, U.S. SENATOR FROM NEW JERSEY

Senator LAUTENBERG. Thank you, Madam Chairman, and this is a first for me in my newly graduated to freshman status. It took me 18 years to get to be a freshman.

[The prepared statement of Senator Lautenberg follows:]

PREPARED STATEMENT OF HON. FRANK LAUTENBERG, U.S. SENATOR FROM NEW JERSEY

Madam Chair, I thank you for giving me the opportunity to make a statement before the Subcommittee on this important topic.

Let me also welcome the witnesses. Admiral Collins faces a large challenge in integrating the Coast Guard into the Homeland Security Department. We wish him well in this critical endeavor, and will provide whatever help he needs.

The GAO's insights into this complicated process as always are welcome and I look forward to hearing the comments of Ms. Hecker.

Of our many concerns about this transition, one is that we do not rob Peter to pay Paul. The homeland security missions of the Coast Guard have increased dramatically. But all of the Coast Guard's traditional important missions remain.

Prior to 9/11, according to the Congressional Research Service, the Coast Guard already had been under-funded in relation to its expanding responsibilities. Although the Coast Guard is smaller than it was several years ago, over the last 25 years there has been a substantial growth in mission areas such as counter-drug operations, alien interception,pollution prevention, and fisheries enforcement.

We also should not forget the Coast Guard's significant Department of Defense missions.

Eight Coast Guard ships, including two from New Jersey, the *Bainbridge Island* and *Adak*, have been sent overseas. This is the first deployment of Coast Guard cutters in support of a wartime contingency since the Vietnam War.

"Coasties" are working hard and making sacrifices for this country both near and far from our shores.

As important as homeland security is, it should not come at the expense of security and safety of our waters, the security and safety of our mariners, and the security and preservation of our marine environment.

For these reasons it is important that Congress do everything possible to help this transition to take place as smoothly as possible.

If the Administration does not provide the resources to guarantee the balance is met between the "old" and "new" missions of the Coast Guard, Congress must step in to make sure the dollars are there to secure our shores and seas in every needed way.

Madam Chairman, I have another concern relating to the reported reduction of Coast Guard non-homeland security missions in the Northeast. A recent GAO report found that boats used for fisheries patrols in the Northeast were reassigned to security patrols. As a result, fisheries patrols were 40–50 percent lower than in previous years.

A November 2002 Coast Guard communication directed the Coast Guard groups in the Atlantic Area to cut back on non-homeland security missions in order "to fur-

ther compensate for the increased demands of the Coast Guard's Maritime Homeland Safety Mission."

These are worrisome developments.

I would be interested to know more details about reductions in non-homeland security missions in the Northeast and how we can work to restore the needed level of fisheries and other patrols.

Admiral, I want to wish you the best of luck, and I offer my pledge to work with you to meet these challenges that we all face together.

Thank you, Madam Chair.

Admiral, you know I am a long-time friend of the Coast Guard because I think the Coast Guard serves us so well, and I, from my earliest days here, noted that the Coast Guard got more assignments. I did not know where the next one was going to come from, but they always found more assignments to give the Coast Guard, often accompanied by less money. It was quite an act that you folks developed, that is doing more with less, but I think finally the realization has come that we cannot afford that kind of negative luxury—that we cannot do more with less. If we are going to do more, we have to give more, and I am concerned about several things.

I could not help but notice that around this table, Madam Chairman, that as we talk to the Coast Guard, that there are four States that do a lot of boat-building, so Admiral, just remember, I am a friend of the Coast Guard.

[Laughter.]

Senator LAUTENBERG. Anyway, the assignment now of giving aid to the military sector of the Coast Guard's responsibilities, Senator Hollings asked about that, whether there was any diminution of capability as a result of putting the eight boats in the gulf, and I wondered what branch of the nonsecurity assignment that you have do you think runs the risk of not getting the level of attention that you or we would like to see, because again, I do not think you can constantly do more with less.

By the time you get the retrofitting of the ships that you need and so forth, it is going to be a long time out, but when you go through the assignments, whether it is the vessel inspections, or pollution control, or migration problems, there is always the emergency response function that the Coast Guard does so well and so importantly. Where do you think you might be taxed if we give the kind of service that you are going to be obliged to give to homeland security as well as the military component?

Admiral COLLINS. Well, of course, everything being equal, the wild card is what happens here at home, what kind of incidents you have in our ports and waterways. That is really a wild card.

In terms of the planned resources, the planned resources in 2003 and 2004 are fairly close on all the non-homeland security areas. They are fairly close, like enforcement of laws and treaties mission area, within 5 percent of pre-9/11 areas. That is because of the capacity and capability build-up that we appreciated through the 2002 supplemental and 2003 and 2004 budget, and in terms of the eight patrol boats going over, we can make up those with increased OPTEMPO.

We have 115 patrol boats in the United States, 4,900 10-foot boats. The rest are coastal patrol boats, 87-foot. We can increase the OPTEMPO by 20 percent or so, that means the number of deployed hours on the remaining boats, and we could make up for the

eight boats that left, plus we have, of course, as I mentioned, 11 Navy vessels that are employed in our service, so on net, I think we can mitigate the impact, and the deployment overseas represents about 2.6 percent of our force structure, so a relatively small part of our force structure.

If we have an incident here at home, obviously, or several incidents, those are the wild cards, and that will put incredible pressure on many of our law enforcement missions if, in fact, we had a couple of incidents. Clearly, as we did in 9/11, we surged back into the ports and coastal areas with our ships out of the deep Caribbean and other law enforcement missions to provide that momentary several months, about 4 or 5 months' worth of high OPTEMPO port security mission, and then we have tapered off, and I would expect the same kind of thing would happen.

So yes, we have a 2003 and 2004 program that gets us back to normal almost, just about back to normal on our missions. The wild card is additional home security, and we will surge to that, as we should.

One thing that we will not back off on is our search and rescue posture around the country. You know, as you know better than anyone, we have certain search and rescue standards, readiness standards for our helicopters, boats, and our stations around the country to provide search and rescue response. We are not walking away from that one iota, and that will be maintained.

Senator LAUTENBERG. So you do have to prioritize those functions that you go to first, the things like fishery inspections, to make sure that the rules are maintained. While it looks relatively unimportant among those things that we just detailed, search and rescue and so forth, they have long-range impact if we do not pay attention to those fishing requirements, or strictures.

The next thing that was discussed briefly here is, where do you report, how do you report, and the question is whether or not the homeland security sector is going to be part of the review, Madam Chairman, of the budgetary requirements. Where does the Coast Guard go?

I do not know, Ms. Hecker, whether you want to answer that. Where do they go to seek the funding that they need, and seek rules changes that they need? Does it continue to go to Commerce, or does it go directly to Homeland Security?

Admiral COLLINS. There is some lack of clarity on some of that for me, as both the House and the Senate work through those issues I think, and my understanding is on the House side, there have been some adjustments in the Appropriations Subcommittee staff in terms of allocating the oversight of Homeland Security, and there is a Select Committee on Homeland Security that will oversee the elements of the reorg bill, but the original committees of jurisdiction, i.e., for us, the Transportation Infrastructure Committee in the House will still have policy programmatic oversight of the Coast Guard, but it will be——

Senator LAUTENBERG. You are going to have to sort it out as time goes by as I see it.

Admiral COLLINS. We are going to have to sort that out.

Senator LAUTENBERG. Well, thank you very much, Admiral, and good luck to you and your corps. They do excellent work. We are

proud of you, and we want you to continue. We want to make sure you have the tools to do the job.

Admiral COLLINS. Thank you, and we will worry about even fish. I was mentioning to Senator Snowe in the Portland Press Herald on Monday, we made the front page about working with the shrimping industry in Maine about protecting the shrimp opening in Maine, and we are going to be there and continue doing that.

Senator LAUTENBERG. In Maine they do not call them shrimp, they call them lobsters.

[Laughter.]

Senator SNOWE. Well, that is why the Coast Guard is a multi-faceted agency.

In response to what Senator Lautenberg raised. As I understand, the Senate, is going to maintain the normal jurisdiction, as in the past, between the Appropriations and Authorizing Committees for your budget, and for your authorization.

I would like to follow up on some of the other issues that I raised earlier and that had been also expressed by Senator Hollings and Senator Lott and others here regarding port security. Back in September, the Coast Guard found radioactive readings on a vessel that was in the Harbor of New York. The vessel was moved out of port until the source of the radioactivity could be located. I gather it was related to some ceramic tile.

It was important to discover the radioactive reading, but the point is, the vessel was already in the port when it was discovered, which could have been too late. Can you explain to us the procedures and how we can avoid that kind of occurrence in the future, particularly with this high level of risk?

Second, as you know, on February 7, the same day that the Attorney General and Governor Ridge elevated the alert to Code Orange, there was a group of four armed Cuban Border Guard defectors that sailed out of Cuba and entered Key West, walked two blocks into Key West until they were discovered by policemen because they were dressed in camouflage. A week earlier with fishermen that were able, again to be able to come into Florida undetected.

It makes it all the more alarming because, these are 30-foot boats, high-speed, that can blend in with the local traffic, and again it exposes a vulnerability in our port security system. Could you address that, because I think that given these incursions we have to understand what the vulnerabilities are, and how the Coast Guard is addressing these particular issues and vulnerabilities. Obviously, some ports are more vulnerable than others, but what steps is the Coast Guard taking to better screen the traffic on our coasts?

Admiral COLLINS. In terms of—well, let me take the first one. The vessel coming in with ceramics that were giving off—we did not know what we had, but were giving off something, and detected in our ports, we did an off-shore boarding on that. That was a 96 notice of arrival. We were looking for—we had some intel on a certain classification of ships. We did some screening and sorting. That was one of the things that popped up; we wanted to take a look at. We did an off-shore boarding.

We looked at the vessel. We checked out the documentation, we checked out the people on board. It is tough to get into containers at sea. You make sure everything else is in check, then we cleared it for the port. The boarding crew thought they heard voices coming from some of the container areas, and they thought, well, maybe we have some stowaways, a stowaway issue, so they did not clear the vessel to be unloaded, but directed it to the dock to do a more comprehensive boarding on the containers.

There just happened to be some Department of Energy folks on with some sophisticated gear in the Port of New York at that time. They said, why don't you come and do the boarding with us, and it was an opportunity to practice cooperation, collaboration and those kinds of things.

In the course of that dockside boarding, that is when they detected some emissions, and they could not ascertain exactly what it was, and there was an element of uncertainty. There is a lot of art as much as science to this in terms of reading radiation, and so as a matter of prudence and risk-mitigation we directed that vessel off shore, and then went through additional readings and finally ascertained—now, what the story is, the story is off-shore boarding is good, screening is good.

I would submit that we have got to put mechanisms in place where you understand as much about people, cargo, vessel, as far away from your borders as possible. That is why the Container Security Initiative by Customs is very, very important. That is why foreign port assessment that we are going to do is very, very important. That is why the supply chain management that the trade agreement, the Association Against Terrorism is looking at. It is looking at the entire supply chain, so you have visibility when the goods are loaded into the container, the container is properly sealed, it is electronically tracked throughout its transit.

That is when we will have all the pieces in place. It is all about visibility; visibility to the cargo people and vessels, and we are building that competency over time. I think it is going in the right direction. I think Customs has made incredible progress with the container security issue.

In terms of the boats, I have a picture, if I could just pass it around. That is a picture of the boat that came ashore. That is about a 30-foot boat. There is not a lot of markings on it. It was in the middle of the night, coming across from Cuba, across the Straits, no lights. We received that—middle of the night we received—we have fairly good communications with the Cuban Border Guard, have had for a number of years. A lot of the migrants and the drugs we interdict in the Florida Strait are based on cued information coming from the Cuban Border Guards to us that we act on.

This case they reported, hey, there is a go-fast, we think southbound. They did not identify it, and we have not been able to correlate it, whether that telex that we got was for this boat. We launched a Falcon jet out of Miami and a patrol boat, and we scoured the area. We did not see it. We did not find it, and it came ashore. Those kind of targets are incredibly difficult. The State of Florida, we have over 1,500 miles in that arc of coastal area, and we do not have a—you know, it is not like they are getting through

a picket line or something like that, or that we have sophisticated sensors.

The fact of the matter is that we have a very porous maritime border, and we do not have the technology and the sensor systems to help us. The technology can be a big help here. That is why things like Deepwater are so terribly important. If you put a Deepwater package—when we ultimately get a Deepwater package, with the cutter, the helicopter, the UAV, and the Global Hawk, you have the eyes, the ears, and the sensor capability to detect these kinds of things.

We do not have—as I mentioned in my oral statement there is a capacity and capability issue for us, and for us to do our missions, that is what we have got to solve.

Senator SNOWE. Well, that is what concerns me, because the Deepwater Project will take 20 years at the minimum. If it continues to be consistently underfunded every fiscal year, then we are talking about 30 years. I included an amendment in the homeland security legislation to have an evaluation of accelerating that program to 10 years. Obviously, you are going to need to increase the funding in order to accomplish that. But it does concern me to have these gaping holes along our coastline in America. That really does mean that we have a vulnerability that we have not adequately addressed.

You are right, I can see the difficulties inherent in this kind of detection, but it is one that we have to do everything that we can to identify and prevent against. What can we do more immediately?

One of the issues is going to be accelerating the Deepwater program for the whole recapitalization of new ships so you get all the technology and equipment along with it. But the question is, what can we do more immediately to detain the kind of technology that will assist you in this deterrence?

Admiral COLLINS. Of course, intelligence, sensors, communication, networkcentric platforms are all part of that. That is all part of the buildout strategy that we have.

The good news is that we catch about 4,000 of those people crossing the Florida Straits up from the Windward Pass every year, and even in 2001, when we had to relocate a lot of our assets into the ports, we still were up around 3,950 in terms of migrants interdicted, and in 2002, it was a little over 4,100, and that compares favorably with, in 2000 there was about 4,000, so in terms of, we are, in fact, interdicting a lot of migrants. Just in the last 2 days, we have interdicted 160, and we are interdicting a couple of hundred a week, so, in fact, we have presence. We are putting metal on target. We are interdicting.

Unfortunately, we do not have a zero-defect system in force laydown, and we do not have positively controlled and sealed maritime borders and, quite frankly, it would be very, very expensive to get that across the Nation, so it is quite a dilemma on how you prioritize where you focus, understand the threat factors, and try to put the resources there to make a difference.

Senator SNOWE. I appreciate the exceptional job the Coast Guard is doing without question. I have always said that we always asking you to do more with less, and so we want to assist you in every

way possible. I guess it really does mean identifying the key priorities and determining what we can do now, because there is a sense of urgency in addressing this new normalcy.

Constant vigilance is going to be the norm, and so I think we will have to help in every way possible to identify those vulnerabilities and determining what we can do in the more immediate future to redress those gaps in the system. I certainly understand the burdens that you are facing and the multifaceted nature of your responsibilities.

Senator Lautenberg.

Senator LAUTENBERG. You provoked a thought in my head. I spent some time out on the water before I was in the United States Senate. I did call upon the Coast Guard to give me a hand in when the halyard and the sail was torn and the engine stopped, and now I would not dare—I would never let it be said that a United States Senator got preference being pulled out of the ocean just because he was who he was, and not because he was a bad sailor, but I wonder, is there such a thing as the equivalent of a transponder—you know what transponders are—that could be required for American waters? They are not expensive, and I do not know what the difficulty is of emitting a signal from the water surface.

Admiral COLLINS. There is a part of the Maritime Transportation Security Act of 2002, and part of—I headed up an international delegation to IMO last December. One hundred eight nations agreed on an international protocol for SOLIS amendments and for an ISPSC, an International Ship to Port Security Code to support various initiatives that dovetailed with our domestic legislation.

It is an unprecedented accomplishment, I think, in my mind, but part of those adjustments under the SOLIS amendments out of IMO was the acceleration of AIS, automatic identification system, which is a transponder system required for commercial vessels entering on international voyages. That was accelerated over 4 years, and to go into effect December 2004, to require all commercial vessels to carry these identification systems, gives the positioning information and other key information, and that we will automatically poll, and that will drive into a Rescue 21 system and drive into our VTS systems.

So I think that is a real step forward, and our intention is to have additional carriage requirements beyond the 500 gross tons for the international, but require it for smaller vessels as well in our domestic, so we are working on that right now. There is a rulemaking underway on that.

Senator LAUTENBERG. Those are not high-cost items, either, and I wrote legislation to put them into airplanes, to insist that every airplane that flies in crowded air space has a transponder, and the pilots got mad at me, but I think it helped safety overall.

Admiral COLLINS. Yes, sir. Technology can be a tremendous help here in gaining greater awareness of the maritime environment, absolutely.

Senator LAUTENBERG. Absolutely.

Senator SNOWE. Yes, that is why in the legislation last year, there was an attempt to include, I think it was Senator Feinstein and Senator Kyl's legislation, which I had supported regarding radioactive pagers. On the borders, the Inspectors would be able to

detect radiation when they are reviewing cargo and so on. It is another technology that would be useful in the process.

Admiral COLLINS. Madam Chairman, we are working with other agencies to see what kind of equipment enhancement for our off-shore boarding teams, so when our off-shore boarding teams, they vet the vessels, that is the one to go look at before it comes in. They go out, they go out fully packed, they go out with the right gear on that can winnow down threats, so we are working on that to have better equipment there, and we are also working to have canine teams.

Now, we are going to put dogs at sea. We have an initial pilot program with the University of Auburn. At Auburn University, they have a little canine school down there, and we have got a bunch of labs, Australian labs—I just got briefed on this today—that will be part of those boarding teams, and part of those maritime safety and security teams. They can go aboard, smell for drugs and smell for explosives, and that is all about pushing the border out, understanding as much as you can as far out as you can, so we are excited about low-tech as well as high-tech.

Senator SNOWE. That is great. Anything else, Senator Lautenberg? Thank you. I thank you.

Just a couple of questions, Ms. Hecker. Given your evaluation of the new mandates that have been vested in the Coast Guard and also the transition to the Homeland Security Department, do you have any type of timetable that you would recommend for producing a strategic plan for implementation? I mean the sooner the better.

Ms. HECKER. We have not set a specific time frame. In our report to you in November, it was an outstanding recommendation. We do not actually have an official response from the Coast Guard about what their time frame is, what they think makes sense.

Senator SNOWE. Admiral Collins, do you have a timetable for this strategic plan? I mean, inherent in all of this, merging cultures and various missions and responsibilities there is going to be an adjustment period. What do you envision for a timetable based on what Ms. Hecker has said?

Admiral COLLINS. I think we have it in various forms. Of course, the higher-level document is this document I referred to earlier, which is the maritime strategy for homeland security, and it talks about some strategic elements and objectives; concepts we are trying to drive to, and of course, what is being mentioned here is the next-lower-down plan that says here is how, in fact, you deploy that strategy in terms of resources and people and program emphasis.

We have it in various parts right now. I mean, Deepwater is, in fact, part of our deployment plan in many respects. Rescue 21 is part of it. Our budget in 2004 is part of it. If you look at the 2004 budget, there is a great correlation to the 2003 budget. If you look at the 2003 budget, there is a great correlation with the 2002 supp.

So we have had a multiyear budget growth plan in certain areas to build out the security elements that we talk about here. We talk about increasing a presence in our ports. We talk about building what we call maritime domain awareness, which is intel buildout and sensor system, so I think we have got the major pieces of it.

We can work with GAO and maybe get a clearer idea of what the deployment plan needs to look like.

Clearly, we also have to work within the administration in the context of outyear budgets as well.

Senator SNOWE. I think it is important to have the objectives and the goals and the timetable for this implementation so that you can measure the results. Merging, as we know in the private sector, merging cultures can be very difficult, and sometimes you see a reduction in productivity and output in the immediate aftermath of the merger. I think it is critical to be able to be focused on specific goals and objectives and the time table for accomplishing that.

Admiral COLLINS. Let me consult with our comrades at GAO and my staff, and I will communicate to you by letter what our game plan is and what timetable we will be working for.

Senator SNOWE. I appreciate that, and again I also want to look at this whole timetable for the Deepwater Project, as others have indicated that the more funding that we can provide for this project I think the more it will enhance our homeland security. I think without question that is true.

You have the oldest fleet in the world, and what Senator Breaux was referring to earlier. I think we clearly have to place this on a very accelerated timetable, certainly sooner than the 20 years. Given where we are going on the funding it could be even longer than that, and I do not think that is acceptable, particulary with the missions and responsibilities that we have now vested in the Coast Guard.

Admiral COLLINS. We have a report we owe you, Madam Chair, and it is in preparation, and it will be forwarded here at the end of the month.

Senator SNOWE. I thank you, Admiral Collins, and I thank all the men and women who serve us in the Coast Guard, and their outstanding commitment and dedication to this country, and thank you, Ms. Hecker.

This hearing is adjourned.

[Whereupon, at 4:00 p.m., the Subcommittee adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII

Ms. Chairman, thank you for holding this hearing.

Admiral Collins, thank you for appearing before the Subcommittee. You are leading the United States Coast Guard during a critical time. The Coast Guard is being transferred from the Department of Transportation to the Department of Homeland Security. It is being asked to undertake new responsibilities required by the Marine Transportation Security Act of 2002. It continues the Deepwater recapitalization efforts. And throughout this massive reorganization and revamping of its assets, the Coast Guard must continue to ensure our nation's maritime security.

I voiced concerns over the creation of a Department of Homeland Security while the legislation was being considered, and many of the concerns I and numerous of my colleagues raised were not addressed prior to the final passage of the bill. Now that the legislation has passed, we must all work diligently together to ensure that the transition of 22 existing agencies and programs into the new Department is transparent to all.

Hawaii is dependent on the Coast Guard for many services, from port security to the protection of natural resources, and the message I have been hearing is that your presence and attention have diminished in your non-homeland security traditional missions. We are a maritime nation, and Hawaii is an island state; we depend heavily upon the sea for shipping of goods, food, and recreation. It should not be forgotten that the nation's homeland security effort is also to provide the assurance that our way of life continues in as uninterrupted a manor as can be permitted within the scope of protecting our citizens and country. Part of this assurance is the continuation of traditional Coast Guard services that we have all come to depend on, such as drug interdiction, fisheries enforcement, aids to navigation, safeguarding of life and property, search and rescue, deployment and maintenance of weather buoys, and protection of the marine environment from pollution.

The looming question before the Coast Guard is how it will reconcile its traditional missions, the new homeland security missions, and the implementation of the Maritime Transportation Security Act of 2002 within currently allocated resources. I am particularly concerned about how the traditional missions of the Coast Guard will fair under the new Department. Over the past year and a half we have seen increased funding for these traditional missions, yet they are still generally below the pre-9/11 levels. The President's Fiscal Year 2004 budget requests increased spending, yet a clear plan for allocation of those funds has yet to be released. It was evident after 9/11 that the Coast Guard was stretched thin, but even with an increase in funding, the addition of new missions and mandates places a strain on existing resources. Evidence of this is seen in the November 2002 Coast Guard internal communication to cut back on non-homeland security missions in order "to further compensate for the increased demands of the Coast Guard's Maritime Homeland Security Mission."

I am concerned that the diminished capacity of the Coast Guard to fulfill its non-security missions will eventually impact a wide array of stakeholders, including other federal agencies, state and local governments, industry, and private citizens. It is my hope that in your testimony today you will address the Coast Guard's efforts to continue to fulfill its non-security missions.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. OLYMPIA J. SNOWE TO ADMIRAL THOMAS H. COLLINS

Effect of Stevens' Language

Question. My colleague, Senator Stevens, and I drafted Section 888 of the Homeland Security Bill which ensures the Coast Guard is transferred to the new Department as an intact entity and its non-homeland security missions are protected. In drafting these provisions, we had to strike a balance between ensuring the Coast

Guard's mission flexibility and preserving its non-homeland security. How has this language protected Coast Guard non-homeland security missions? Has this language prevented Coast Guard assets and personnel from being shifted out of the Coast Guard? Has this language proven to be too rigid and is it preventing the Coast Guard from carrying out its missions? If so, how? Is it impeding cooperation with the other agencies in Homeland Security? Do you think modifications to this language will be needed? If so, what types of changes and when do you think recommendations will be submitted to Congress?

Answer. Section 888 of the Homeland Security Bill provides the Coast Guard with the authority to carry out both its homeland security and traditional non-homeland security missions, as well as the flexibility to continue to adjust to respond to mission demands.

The Coast Guard transferred to the Department of Homeland Security intact, as required by the legislation, retaining all traditional missions and responsibilities. As such, the Coast Guard continues to carry out all our missions while balancing resources across many demands. To maintain this balance, the Coast Guard is partnering with each of the Directorates within the Department of Homeland Security as well as other federal, state, and local organizations to develop synergies and leverage capabilities of each entity. At this point, the Department of Homeland Security is in its formative stages, with no decisions on organizational change or mission priorities that would bring conflict with the provisions of Sec. 888.

Department of Homeland Security (DHS) Regions

Question. Each of the agencies being transferred to the Directorate of Border and Transportation Security as well as the Coast Guard bring different organizational and regional structures which could hamper coordination and complicate cooperation with state and local agencies. Additionally each of these agencies operate their own command centers. Obviously this will need to be better synchronized if we are going to improve coordination. What plans are there for establishing common regional boundaries for the various agencies? If so, how will this affect the Coast Guard's organizational structure? Will we see Districts and Groups go away or become new entities? Will there be common command or operation centers? Will they have operational control over other agencies' assets?

Answer. Secretary Ridge, in his testimony before the Senate Judiciary Committee, and in submission of the Department of Homeland Security (DHS) Fiscal Year 2004 Budget In Brief references the creation of a DHS regional structure to bring about unity of purpose and enhance overall accountability and efficiency. However, the constraint of the region, in terms of geographic size and organizational structure, remains under development. Accordingly, we cannot speculate on the final design of the Regions or the potential implications for the Coast Guard. However, given that the Coast Guard remains intact, and as a direct report to the Secretary, it is likely that the Districts and Groups will remain within the future organizational structure of the Department.

Port Vulnerability Assessments

Question. As the Coast Guard begins the process of implementing the Maritime Transportation Security Act of 2002, we must find and rectify our port vulnerabilities. How many Port Vulnerability Assessments have been completed? How many are in progress? And how many remain to be conducted? Can this process be accelerated? What is preventing the Coast Guard from conducting these vulnerabilities sooner rather than later? I understand that some of these assessments have been contracted out. Has the Coast Guard been able to ensure that adequate quality control standards are in place to ensure these assessments are accurate? I understand that in some instances, the Coast Guard has been unable to share the results of port vulnerability assessments with the local ports due to security classification problems. Is this true?

Answer. Port Security Assessments (PSAs) have been carried out on 13 of the 55 militarily and economically strategic ports to date, including five in coordination with the Defense Threat Reduction Agency (DTRA). Four of the 13 reports are complete and all will be complete by May 2003. The Coast Guard plans to conduct four additional PSAs in fiscal year 2003. This leaves 38 ports from the list of 55 remaining to be assessed.

The PSA schedule could be accelerated with additional funding. The President's fiscal year 2004 budget request includes additional funding within the Information Analysis and Infrastructure Protection (IAIP) Directorate of DHS to complete PSAs.

Note: Subsequent to this hearing, the FY03 War Time Supplemental appropriated $38M of additional funds for the Coast Guard to complete the Port Security Assessments in 55 U.S. ports in calendar year 2004.

Several measures are in place to ensure the accuracy and quality of the PSA reports.

- At least 2 Coast Guard Headquarters Port Security staff members accompany each assessment team into the field to liaison with the local Captain of the Port (COTP), supervise the team, and ensure consistent requirements are being met during the assessment.
- The responsible COTP and assessment team liaisons review each PSA draft before the final report is written. The contractor is required to provide a log of corrections made based on CG comments/corrections.
- Initial reports have been distributed to various agencies/offices for review and comment, including the Defense Threat Reduction Agency, the Transportation Security Administration, IAIP, and the Coast Guard Intelligence Coordination Center.

Difficulties in sharing classified information are being addressed by using a "Sensitive Security Information (SSI)" classification. While some portions of the assessments are classified (usually pertaining to military facilities in the port), the vast majority of the report is designated SSI and available to be shared with the appropriate port stakeholders.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TRENT LOTT TO ADMIRAL THOMAS H. COLLINS

Deepwater Funding Levels Using RFP Planning Factor

Question. Admiral Collins, the Deepwater RFP used annual funding for the program of $500 million in FY 1998 dollars. What would the FY 2003 and FY 2004 funding levels be if the RFP planning factor was to be provided for those years?

Answer. Industry teams used a notional annual planning funding stream of $300 million in fiscal year 2002 and $500 million from fiscal year 2003 in fiscal year 1998 dollars until project completion. In addition to the Request for Proposal (RFP) notional annual funding level, Deepwater estimates $30 million per year for government program management to administer the program. The adjusted notional annual funding amounts, using OMB/USCG Non-pay Inflation Factors and government program management amounts for fiscal year 2003 and fiscal year 2004, are shown below.

FY	Inflation Factor	RFP	Program Management	Total
2003	1.8%	$540,224,000	$28,000,000	$568,224,000
2004	1.7%	$549,408,000	$34,000,000	$538,408,000

Note: Fiscal Year 99-Fiscal Year 02 Inflation factors are 1.7%, 1.0%, 1.5%, 1.8%

The $500 million plus inflation was only a notional plan to be used for contract bidding. The Integrated Deepwater Systems (IDS) contracting strategy was chosen based on its flexibility. The Acquisition Plan states that the strategy gives the "Coast Guard the flexibility to choose precise quantities identified in the contractor's implementation plan or make adjustments depending on budget variances." Funding below notional annual planning funding levels will impact the time and cost necessary to fully implement the Deepwater solution.

Affect of FY03 Funding on IDS Plans for FY03–05

Question. Admiral Collins, the Deepwater prime contractor, Integrated Deepwater Systems (IDS), developed a system concept and milestone plan based on the RFP planning factor of $500 million in FY 1998 dollars. Under that plan, during FY's 2003–05, IDS planned to (1) begin the conversion of 110' patrol boats to 123' patrol boats (complete 18 of 49); (2) commence construction of the first National Security Cutter; (3) commence acquisition of the maritime patrol aircraft (buy 9 of 35); (4) complete C4ISR Increment 1; and (5) begin the retirement of legacy HU–25 (retire 7 of 27) and HC–130H (retire 1 of 24) aircraft. If Deepwater program funding remains as appropriated for FY03, with $500M in appropriated year dollars provided in each of FY's 2004 and 2005, how will this affect the IDS plan for FY's 2003–05?

Answer. The fiscal year 2003 Omnibus Appropriation provided $478 million for the Integrated Deepwater Systems (IDS). The Integrated Deepwater Systems (IDS) contracting strategy was chosen based on its flexibility. The Acquisition Plan states

that the strategy gives the "Coast Guard the flexibility to choose precise quantities identified in the contractor's implementation plan or make adjustments depending on budget variances." Funding below notional annual planning funding levels will impact the time and cost necessary to fully implement the Deepwater solution.

Time and Cost of IDS at $500 Million per Year

Question. Admiral Collins, IDS estimated that the total Deepwater program cost over its 20-year plan would be $10B in FY1998 dollars. If Deepwater program funding remains at $500M in appropriated year dollars for the life of the program, and the acquisition schedule is stretched out accordingly, what is the Coast Guard's estimate of how many years the Deepwater acquisition would have to be funded to acquire the same assets included in IDS's 20-year plan? How much does the Coast Guard estimate the total program cost would increase (in FY1998 dollars) if program funding remains at $500M in appropriated year dollars for the life of the program?

Answer. With a funding profile of $500 million annually in "appropriated-year dollars" vs. $500 million in fiscal year 1998 dollars adjusted for inflation, a rough order of magnitude estimate of at least 27 years will be needed to acquire the assets included in the Integrated Deepwater Systems (IDS) implementation plan. Although the overall acquisition cost to build out the system is relatively similar in fiscal year 1998 dollars, a longer implementation schedule dictates legacy assets remain in operation for an extended period and well beyond most of their programmed service life. Maintenance and support costs to operate, maintain and support legacy surface and air platforms will continue to escalate as the existing condition of legacy assets continues to deteriorate. Assets, such as the HH–60J medium range search helicopter and 270-foot Medium Endurance cutter, may require major service life extension projects (SLEPs). Others, such as the 110-foot WPB fleet, may require unplanned maintenance in order to maintain readiness and operate safely. As such, more capital improvement funding will be needed to sustain legacy assets and less funding will be available for acquiring new assets, further extending the acquisition time line past 27 years and increasing total costs to fully implement the IDS plan.

Required Changes to Complete IDS by Fiscal Year 2022

Question. Admiral Collins, I am concerned that the Congress may find it difficult to increase the Deepwater program's annual funding to account for inflation, as the RFP planning factor considered. Assuming program funding remains as appropriated for FY03, what amount of level funding (constant appropriated year dollar level) would be required, commencing in FY04, to complete IDS's 20-year plan by FY 2022? I understand that the declining value of constant appropriated year dollars would require an annual figure significantly above $500M and would shift much of the acquisition schedule from later years to earlier years. How would this change the IDS schedule for FY's 2003–2005 described in question #2?

Answer. The President's Fiscal Year 2004 request for the Integrated Deepwater System (IDS) is $500 million and funds critical initiatives such as the acquisition of the Coast Guard's first National Security Cutter, conversion of 110- to 123-foot patrol boats and continued development and initial installation of logistics systems and C4ISR architecture at shore sites.

The IDS contracting strategy was chosen based on its flexibility. The Acquisition Plan provides "Coast Guard the flexibility to choose precise quantities identified in the contractor's implementation plan or make adjustments depending on budget variances." As such, the IDS contract can adjust to accommodate variable funding levels. Consistent with the 20.5 year plan provided in the 7 March 2003 Report to Congress on the Feasibility of Accelerating the IDS, the estimated funding level (constant appropriated year dollar level) required to complete the acquisition of IDS's 20-year plan by fiscal Year 2022 is approximately $830 million. Increased funding to this level would advance the IDS implementation schedule and introduce new assets earlier.

Homeporting at Naval Station Pascagoula

Question. Admiral Collins, the IDS plan envisions a final complement of 8 National Security Cutters (NSC's), 25 Offshore Patrol Cutters (OPC's), and 58 fast response Cutters (FRC's). The increasing importance of homeland security and national security missions for these assets will require improved interoperability with the U.S. Navy. Would the co-location of some of these vessels and U.S. Navy ships at the same homeports, such as Naval Station Pascagoula, MS, provide the potential for improved interoperability? Would the homeporting of NSC's or OPC's at Naval Station Pascagoula, next-door to where they will be built, provide the potential for reduced maintenance costs for these vessels?

Answer. Interoperability with the U.S. Navy is a key component of the Integrated Deepwater System (IDS) and the Coast Guard's efforts to meet the increasing demands of our homeland and national security missions. Networking with the Department of Defense and fellow Department of Homeland Security agencies is vital in defending and securing our country.

Interoperability between Coast Guard and U.S. Navy vessels is linked to compatibility of equipment, command and control systems, weapons management systems, training, and doctrine. Co-location with the U.S. Navy does offer potential for improved interoperability and reduced costs based on common systems and logistics support, e.g., availability of Navy training facilities and technical representatives. Other factors, such as co-location with similar class Coast Guard cutters and a cutter's proximity to its operational area, will also improve interoperability and reduce overall costs. All these factors regarding homeporting and co-location opportunities will be assessed as IDS matures.

Additional Analysis of VTUAV

Question. Admiral Collins, last year, our staffs discussed the decision by the Coast Guard and IDS to proceed with the prototyping and evaluation of the Bell-Textron Eagle Eye VTUAV. At the time, the Coast Guard cited concern that the Navy had not committed to funding the Northrup Grumman Fire Scout VTUAV as one of the reasons that it was proceeding with developing only the Eagle Eye. Recently, the Coast Guard approved the acquisition of three Eagle Eye VTUAV's. The Administration's FY04 budget request includes funding for the Navy to continue its evaluation of the Fire Scout, with particular application to the Navy's Littoral Combat Ship, a vessel similar in size to the new Coast Guard cutters planned by IDS. Will the Coast Guard conduct a more thorough analysis of the respective capabilities and costs of these two VTUAV platforms prior to making a decision to proceed with acquiring production version VTUAV's?

Answer. The Bell Helicopter Textron HV–911 Eagle Eye VTUAV, as proposed by the Coast Guard's System Int egrator, provides the best value and performance to the Coast Guard. As such, the Coast Guard is proceeding with the development of the HV–911 Eagle Eye. The current Delivery and/or Task Order (DTO) schedule does not include an additional analysis of Fire Scout. The Coast Guard is working with the Navy to ensure that our systems are interoperable.

Below is a comparison between the characteristics of the Bell Helicopter and the Fire Scout:

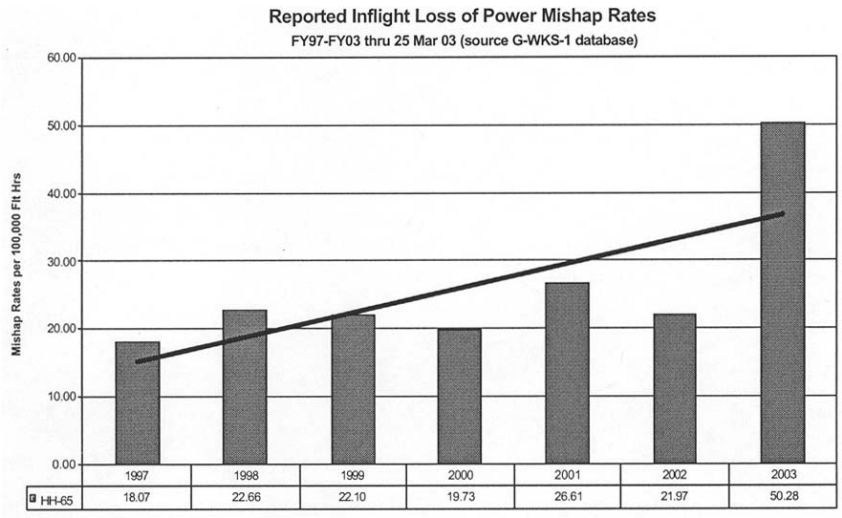
	Bell Helicopter HV–911	Fire Scout
Type (Helicopter or Tilt Roter)	Tilt Rotor	Helicopter
Maximum Continuous Cruise Speed (knots)	220	125
Maximum Endurance (hours)	5.9	7.0
Maximum Range (nautical miles)	832	470
Payload (pounds)	389.3	380.3

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. KAY BAILEY HUTCHISON TO ADMIRAL THOMAS H. COLLINS

HH–65 Safety Concerns

Question. The U.S. Coast Guard has documented more than 60 life-threatening incidents in the past couple of years in which the HH–65 helicopter's Honeywell LTS–101 engine has suddenly lost power during flight. What particular safety concerns does the Coast Guard have with the Honeywell LTS–101 engine and what steps are you taking to remedy those concerns?

Answer. HH–65 engine safety and reliability are the most critical issues facing Coast Guard Aviation today. Since 1997, there have been 77 documented in-flight power losses/engine failures in the HH–65. The in-flight power loss trend for first half of fiscal year 20Y03 (6 months) is nearly twice the rate of the previous 6 years.



Reported Inflight Loss of Power Mishap Rates FY97–FY03 thru 25 Mar 03 (source G–WKS–1 database)

The LTS–101 engines are controlled with an outdated, inefficient, and increasingly unreliable/maintenance intensive, pneumatic engine control system. This obsolete system's unreliability is the HH–65's most prevalent mission degrader. Further, the HH–65 has a documented 25 percent engine power deficit, partially due to a 17 percent weight growth attributed to mission enhancement installations, since its introduction in 1984.

The Coast Guard continues to work with Honeywell to improve the safety, reliability, and power of the LTS–101 engine while also considering any other alternatives to remedy these critical issues and meet emergent mission requirements.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ERNEST F. HOLLINGS TO ADMIRAL THOMAS H. COLLINS

Sustaining Missions Under DHS

Question. The Coast Guard is in the middle of reinventing itself to take on new responsibilities for homeland security, such as those under MTSA, even as it moves to DHS. Doesn't the move to DHS create additional risks in terms of the ability of the CG to keep all of its missions on track?

Answer. The Coast Guard is not reinventing itself as much as it is demonstrating its value to the nation as a military, multi-mission, maritime service. The Coast Guard is able to adapt to the new Homeland Security environment while maintaining a balanced portfolio of services to meet the maritime mission requirements of the nation. The "new" mission areas of maritime Homeland Security, and additional requirements of Maritime Transportation Security Act of 2002 build upon the Coast Guard's core competency in maritime law enforcement, and maritime port safety and security. These new requirements pose significant challenges in terms of updating and extending new mission capabilities and expanding Coast Guard capacity (i.e. move people, operational assets and new technologies) to meet higher mission expectations. In many ways, transition to the Department of Homeland Security (DHS) will assist in that process as many of our partner agencies reside in the same department where the DHS focus is very strongly on operational mission accomplishment. Providing the additional resources requested in the President's Fiscal Year 2004 Budget Request will enable us to meet these challenges successfully.

Resource Hours

Question. While the FY2004 budget request indicates an increase of resources for search and rescue and fisheries enforcement, there have been indications that resources (on an hourly basis) for these missions are being diverted for port security duties in certain districts if not nationally, and that resources are below pre 9/11 levels. Is this accurate?

Answer. The increase of resources for search and rescue and fisheries enforcement in the fiscal year 2004 budget request is based on the projected usage of Coast Guard assets. The baseline, or resource hour projection for each asset, is used to develop out-year budget estimates for each mission area. The baseline is predicated on historical usage of assets and was adjusted in 2002 for the increased port security operations.

Port security is a current national priority and that is evidenced by the allocation of Coast Guard resources to achieve Maritime Security (MARSEC) level two in critical ports. The baseline does not reflect the resource hours necessary for maintaining MARSEC level two. Although some Coast Guard resources have been diverted to the ongoing conflict overseas, the Coast Guard has received resource assistance from the Navy for the port security mission. Given that there are finite Coast Guard resources, some missions, such as fisheries enforcement, are currently receiving fewer resource hours due to higher national priorities. Coast Guard activity levels dedicated to the fisheries mission are based on ensuring adequate compliance with management measures implemented to recover and sustain healthy fish stocks. Mission emphasis fluctuates as the Coast Guard responds to national priorities, program policies and other external factors.

The Search and Rescue mission remains as the Coast Guard's number one priority alongside protecting America's ports and waterways from a future terrorist attack. The Search and Rescue mission, as a demand-driven mission, will continue to receive full funding and resource hours necessary to meet the demand.

While resource hours for each mission will fluctuate based on current threats, this is only part of the Coast Guard's measure of effectiveness. Performance measures are critical to assessing the success of the Coast Guard in meeting demands in each mission area. For example, the Coast Guard improved performance in the Search and Rescue mission for the second consecutive year in fiscal year 2002 by saving 84.4 percent of mariners in distress, just shy of the national goal of 85 percent. Initiatives like Rescue 21 will help to improve our performance in this area as it is designed to take the search out of Search and Rescue. While resource hours dedicated to fisheries enforcement may be down, I am encouraged by the reduction in maritime fatalities on fishing vessels. This is an indication that our prevention measures are working. I will continue to evaluate Coast Guard mission performance using resource hours as an indication of effort and results as a measure of performance and effectiveness.

Rescue 21 Deployment Schedule

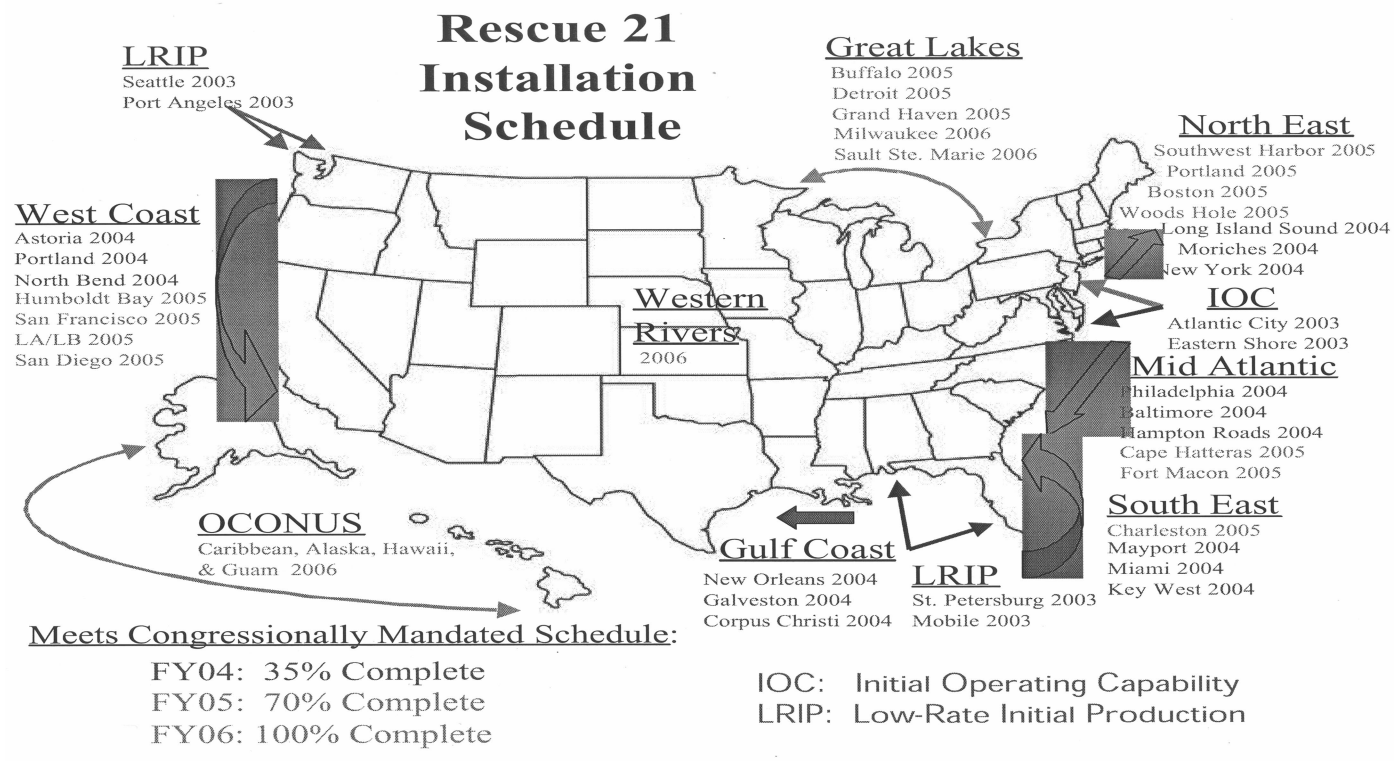
Question. The Coast Guard is in the middle of upgrading its National Distress System, which it has sorely needed to ensure that communication gaps for carrying out rescues of mariners are filled. Will the move to DHS speed up this upgrade, slow it down, or not affect it at all? When will the National Distress System upgrade be done?

Answer. The Coast Guard's transition to the Department of Homeland Security is not expected to alter Rescue 21's rollout schedule. Rescue 21 remains on schedule to meet the Congressionally established deployment goals of Initial Operating Capability in fiscal year 2003, 35 percent of the regions complete in fiscal year 2004, 70 percent complete in fiscal year 2005, and 100 percent complete in fiscal year 2006. Please refer to the attached deployment graphic for specific deployment schedule details.

DIAGRAMS & TABLES

- Rescue 21 Deployment Schedule

RESCUE 21 DEPLOYMENT SCHEDULE



Meets Congressionally Mandated Schedule:

FY04: 35% Complete
FY05: 70% Complete
FY06: 100% Complete

IOC: Initial Operating Capability
LRIP: Low-Rate Initial Production

Coordination Between Border & Transportation Security and the Coast Guard

Question. The law establishing DHS provides that the new Border and Transportation Security Directorate will be responsible for "(2) securing the borders, territorial waters, ports, terminals, waterways, and air, land, and sea transportation systems of the United States". Yet the testimony from the Coast Guard states the Coast Guard "is the lead federal agency for Maritime Homeland Security." How does the Coast Guard intend to resolve this conflict?

Answer. The roles and responsibilities of the Coast Guard and the Border and Transportation Security Directorate are complementary not contradictory. As the lead federal agency for maritime homeland security and the federal maritime security coordinator, the Coast Guard shares in border and transportation security (BTS) responsibilities. The Coast Guard, the BTS Bureaus of Customs and Border Protection (BCBP), and Bureau of Immigrations and Customs Enforcement (BICE) must work collaboratively with complementary authorities and capabilities to attain the objectives established by the president and the secretary. Senior Coast Guard officials are working in the BTS directorate or actively engaged in work groups chartering our relationships and policies. These members are focused on developing operational and policy doctrine to recognize the unique responsibilities and authorities of the various agencies responsible for securing our borders. Some overlap in authorities is beneficial—provided each agency's responsibilities and roles are completely understood. Our enhanced working relationships with our BTS partners will allow us to mitigate potential conflicts in this area.

Relationship With TSA

Question. Is the Coast Guard actively negotiating a memorandum of understanding with the Transportation Security Administration—which will be housed in the Border directorate—on the authority of each with respect to maritime security? Will legislation be necessary to address these conflicts? What is the status of negotiations of an MOU between the Coast Guard and TSA to clarify the responsibilities of each agency? Wouldn't the transportation security needs of the country be best served by a system where the Coast Guard works in conjunction with TSA to provide a security system that provides consistent results across all modes?

Answer. The Coast Guard and the Transportation Security Administration (TSA) are committed to developing a Memorandum of Understanding (MOU) between the two agencies that will address, among other things, respective roles and responsibilities. Some initial but important work in this regard had already been done during both agencies' tenure in the Department of Transportation, and the parties will continue to work together to jointly agree to the framework on which that MOU will be constructed. Our overarching goal is to define our strategic relationship with an aim towards identifying and leveraging our respective core competencies, capabilities, resources, and authorities to enhance the transportation security of the United States, and to achieve national performance goals for ports, waterways, and coastal security. No new legislation is required.

The agencies enjoy a close partnership, with high level officials of each agency meeting on a biweekly basis to discuss issues and concerns of mutual interest to ensure that national security and public safety are preserved. Staffs also work together on a daily basis. As an example of this partnership, the Coast Guard, together with TSA and other agencies, jointly hosted several public meetings at strategic locations around the country to get public input on our regulatory approach to implementing the requirements of the Maritime Transportation Security Act of 2002. Furthermore, TSA and the Maritime Administration recently detailed employees to the Coast Guard to continue development of those regulations.

Relationships With State and Local Authorities; IMO

Question. The Coast Guard has an intricate network of relationships with state and local authorities, yet the new department will establish a separate office for coordination with state and local authorities. How will potential conflicts be resolved? How will other potential conflicts of authority be resolved, such as between the Coast Guard's role in the International Maritime Organization, and the new international office within DHS?

Answer. The Coast Guard does not see the potential for conflict, rather the opportunity to establish mutually supportive and productive relationships within the Department of Homeland Security (DHS). In many cases, DHS will enhance coordination in a particular area while the Coast Guard remains the Executive Agent, as demonstrated in the recent transfer and sharing of Port Security Assessments (PSA) responsibilities.

All our local operations and relationships contribute directly to the overall safety, security and economic viability of the nation. The transition to DHS allows us to develop interconnected and complementary systems among federal, state and local agencies that are reinforcing rather than duplicative and that ensure essential requirements are met.

In the international arena, through our position as the lead federal agency for Maritime Homeland Security, we will embrace cooperation and unity of effort to represent the concerns of all DHS agencies, as well as our other interagency partners (DOT, DOS, DOJ, etc), at international maritime organizations such as IALA and IMO.

Overseas Conflict

Question. In recent memory, have we ever sent this many Coast Guard vessels to serve in an overseas conflict? What are these vessels doing? When are they coming back? Will we be sending more? If war is declared, and the Coast Guard comes under the authority of the Navy, what happens to the Coast Guard's role in port security, homeland security, and other key functions? With the domestic Terror Alert system on High, how can you defend sending key assets to the Persian Gulf ? What is the Coast Guard's plan for filling the gaps they have left? What is the long-term impact of increased operating tempo on assets left behind?

Answer. Yes, during the Vietnam conflict, the Coast Guard dispatched twenty six 82 foot patrol boats, eight consecutive deployments of 3–5 high endurance cutters totaling 32 ships, and four buoy tenders to Vietnam at Department of Defense (DoD) request (see attachment). Since then, we have continued to support DoD requirements. In Grenada, a high endurance cutter was part of the initial military forces and several patrol boats and a 140' tug were part of the post hostilities stabilization force. In the 1994 military deployment to Haiti, a high endurance cutter, buoy tender, two patrol boats, and port security units were part of the force.

The missions of Coast Guard forces currently dispatched overseas are in support of port security/harbor defense, coastal sea control, maritime interception, force protection, environmental response and port opening operations.

Coast Guard assets will return to the U.S. when the Secretary of Defense determines their mission is complete.

There are no pending requests from the DoD for additional Coast Guard assets to be deployed. The necessity to rotate forces is still under study.

If the Coast Guard is transferred to the Department of the Navy it comes as a complete entity with all of its current statutory authorities and responsibilities. The Coast Guard will continue to execute its role in port security, homeland security, and other key functions here at home.

The Coast Guard has carefully weighed the commitment of forces overseas in support of longstanding agreements with DoD and the force requirements necessary to perform our homeland security requirements. The current overseas commitment represents less than three percent of the Coast Guard's overall capability, yet Coast Guard forces are a critical element of the Combatant Commander's war plan. Coast Guard forces offer complementary, non-redundant capability not readily available in the Navy. Together, the Navy and Coast Guard have built one naval force capable of meeting the spectrum of Combatant Commander requirements.

The Coast Guard has completed in-depth planning to address homeland security requirements and is taking significant steps to enhance our security posture, including; mobilizing thousands of Coast Guard reservists, increasing the operational tempo of cutters, small boats and aircraft, and rebalancing between missions to address heightened security requirements associated with changes in the Homeland Security Advisory System. We also have eleven USN Patrol Craft under the Tactical Control of the Coast Guard for domestic duties. Additionally, the Coast Guard has partnered with federal, state and local agencies and industry stakeholders to enhance security in our nation's ports. We are also working closely with the U.S. Northern Command and the Navy to jointly develop operations plans and identify additional unique DoD capabilities that can support Coast Guard homeland security requirements.

The Coast Guard will continuously assess the impact of increased operating tempo on units and equipment. The duration of operations will greatly influence the overall impact. Extensive operations require increased consumables and acceleration of maintenance tied to usage of equipment. The Coast Guard requested, through the Administration, a fiscal year 2003 supplemental for Operations Iraqi Freedom and Liberty Shield to help address these costs.

EIGHTY-TWO PATROL BOATS ASSIGNED TO COAST GUARD SQUADRON One

DIVISION 11 TURNOVER

USCGC POINT BANKS (WPB 82327) 26 May 1970
USCGC POINT CLEAR (WPB 82315) 15 September 1969
USCGC POINT COMFORT (WPB 82317) 17 November 1969
USCGC POINT GARNET (WPB 82310) 16 May 1969
USCGC POINT GLOVER (WPB 82307) 14 February 1970
USCGC POINT GREY (WPB 82324) 14 July 1970
USCGC POINT MARONE (WPB 82331) 15 August 1970
USCGC POINT MAST (WPB 82316) 16 June 1970
USCGC POINT YOUNG (WPB 82303) 16 March 1970

DIVISION 12

USCOC POINT ARDEN (WPB 82309) 14 February 1970
USCGC POINT CAUTION (WPB 82301) 29 April 1970
USCGC POINT DUME (WPB 82325) 14 February 1970
USCGC POINT ELLIS (WPB 82330) 9 December 1969
USCGC POINT GAMMON (WPB 82328) 11 November 1969
USCGC POINT LOMAS (WPB 82321) 26 May 1970
USCGC POINT ORIENT (WPB 82319) 14 July 1970
USCGC POINT WELCOME (WPB 82329) 29 April 1970

DIVISION 13 TURNOVER DATE

USCGC POINT CYPRESS (WPB 82326) 15 August 1970
USCGC POINT GRACE (WPB 82323) 16 June 1970
USCGC POINT HUDSON (WPB 82322) 11 December 1970
USCGC POINT JEFFERSON (WPB 82306) 21 February 1970
USCGC POINT KENNEDY (WPB 82320) 16 March 1970
USCGC POINT LEAGUE (WPB 82304) 16 May 1969
USCGC POINT PARTRIDGE (WPB 82305) 27 March 1970
USCGC POINT SLOCUM (WPB 82313) 11 December 1969
USCGC POINT WHITE (WPB 82308) 12 January 1970

HIGH ENDURANCE CUTTERS ASSIGNED TO COAST GUARD SQUADRON THREE May 4, 1967 to January 31, 1972

FIRST DEPLOYMENT

USCGC BARATARIA (WHEC 381) 4 May 67–25 Dec 67
USCGC HALF MOON (WHEC 378) 4 May 67–29 Dec 67
USCGC YAKUTAT (WHEC 380) 4 May 67–1 Jan 68
USCGC GRESHAM (WHEC 387) 4 May 67–28 Jan 68
USCGC BERING STRAIT (WHEC 382) 4 May 67–18 Feb 68

SECOND DEPLOYMENT

USCGC ANDROSCOGGIN (WHEC 68) 4 Dec 67–4 Aug 68
USCGC DUANE (WHEC 33) 4 Dec 67–28 Jul 68
USCGC CAMPBELL (WHEC 32) 14 Dec 67–12 Aug 68
USCGC MINNETONKA (WHEC 67) 5 Jan 68–29 Sep 68
USCGC WINONA (WHEC 65) 25 Jan 68–17 Oct 68

THIRD DEPLOYMENT

USCGC BIBB (WHEC 31) 4 Jul 68–28 Feb 69
USCGC INGHAM (WHEC 35) 16 Jul 68–3 Apr 69
USCGC OWASCO (WHEC 39) 23 Jul 68–21 Mar 69
USCGC WACHUSETT (WHEC 44) 10 Sep–1 Jun 69
USCGC WINNEBAGO (WHEC 40) 20 Sep 68–19 Jul 69

FOURTH DEPLOYMENT

USCGC SPENCER (WHEC 36) 11 Feb 69–30 Sep 69
USCGC MENDOTA (WHEC 69) 28 Feb 69–3 Nov 69
USCGC SEBAGO (WHEC 42) 2 Mar 69–16 Nov 69
USCGC TANEY (WHEC 37) 14 May 69–31 Jan 70
USCGC KLAMATH (WHEC 66) 7 Jul 69–3 Apr 70

FIFTH DEPLOYMENT

USCGC HAMILTON (WHEC 715) 1 Nov 69–25 May 70
USCGC DALLAS (WHEC 716) 3 Nov 69–19 Jun 70
USCGC CHASE (WHEC 718) 6 Dec 69–28 May 70
USCGC MELLON (WHEC 717) 31 Mar 70–2 Jul 70

USCGC PONTCHARTRAIN (WHEC 70) 2 Apr 1970–25 Oct 1970

SIXTH DEPLOYMENT

USCGC SHERMAN (WHEC 720) 22 Apr 70–25 Dec 70
USCGC BERING STRAIT (WHEC 382) 17 May 70–31 Dec 70* **
USCGC YAKUTAT (WHEC 380) 17 May 70–31 Dec 70*

SEVENTH DEPLOYMENT

USCGC RUSH (WHEC 723) 28 Oct 70–15 Jul 71
USCGC MORGENTHAU (WHEC 722) 6 Dec 70–31 Jul 71

EIGHTH DEPLOYMENT

USCGC CASTLE ROCK (WHEC 383) 9 Jul 71–21 Dec 71*
USCGC COOK INLET (WHEC 384) 2 Jul 71–21 Dec 71*

*Turned over to the Government of South Vietnam
**Second deployment

OTHER COAST GUARD CUTTERS IN SOUTH VIETNAM

BUOY TENDERS

USCGC BASSWOOD (WLB 388)
USCGC BLACKHAW (WLB 390)
USCGC IRONWOOD (WLB 297)
USCGC PLANETREE (WLB 307)

Coast Guard's Relationship With DOT

Question. I understand that the Coast Guard has been working on some 80 different memoranda of understanding with DOT to address the various program areas where each will continue to have a role. Can you describe some of the more important areas of cooperation? Will all of these MOUs been finalized by March 1? The Coast Guard has identified approximately 180 different relationships and service with DOT. What types of services formerly provided by DOT will Coast Guard absorb? What are the resource impacts of this shift?

Answer. There were approximately 170 "relationships" between the Coast Guard and the Department of Transportation (DOT). These were generally categorized as maritime, legal, administration, finance, logistics, or personnel issues. Of these, 29 new or revised Memoranda of Agreement (MOA) or Reimbursable Agreements were signed and dated February 28, 2003 or earlier, to ensure continuity of services between Coast Guard and DOT. Of the 29, one agreement addressed the continuation of approximately 40 different support services.

These agreements essentially formalized the enduring relationship between the Coast Guard and DOT following the transfer of the Coast Guard to the new Department of Homeland Security (DHS) on March 1, 2003. Many other relationships will continue based on existing agreements which remained in place after the Coast Guard transferred.

Examples of these agreements include:

- Reimbursable Agreement for services already provided by the DOT's Working Capital Fund to the USCG; for example, parking management, motor pool, mail and library services, and building security.
- MOA between the Coast Guard and the U.S. Maritime Administration for the USCG to continue to provide data required by the Merchant Marine Licensing and Documentation System (MMLD).
- MOA between the Coast Guard and DOT for the USCG to continue to provide expertise to assist in development of accessibility standards for passenger vessels.

To the extent that DOT and the Coast Guard entered into agreements for continuation of particular services, those agreements govern the scope, duration, and reimbursement.

Because of the enduring nature of the various Coast Guard—DOT "relationships", the transfers and realignments were accomplished at minimal resource costs or savings to the Coast Guard and DOT. The long term future costs or savings that may or may not result as DHS becomes the service provider are unknown.

Priority of Coast Guard Security Missions

Question. Admiral Collins, your only reference to the traditional missions of the Coast Guard in your written statement casts them as important for security. That already is a warning sign to me that Coast Guard missions must be linked to "secu-

rity" to have any priority in DHS. Can you comment on that? If a major domestic security incident occurs, will Coast Guard resources be diverted away from other missions? If this is a sustained shift in resources, how can the Coast Guard realistically carry out its non-homeland security missions in an adequate manner?

Answer. Secretary Ridge has affirmed many times that all Coast Guard missions—both homeland security and non-homeland security, will remain among the mission priorities. The continual emphasis upon search and rescue and other non-homeland security missions are evident in the budgetary requests for initiatives within fiscal year 2003 and the fiscal year 2004 budgets.

The Coast Guard's maritime, military, and multi-mission nature provides us with the flexibility to respond to the full range of Coast Guard missions. In times of crisis, the Commandant along with the Area Commanders will divert resources to the very most critical tasks for preserving the safety and security of the Nation's maritime.

Non-HLS Missions: Stakeholder Support

Question. The Coast Guard has a wide variety of stakeholders that rely on the Coast Guard, including other federal agencies such as NOAA, state and local governments, industry, and private citizens. If the Coast Guard can't carry out its missions, should we be looking to these other entities to take on those duties? Didn't the recent communication to the North Atlantic commands in fact call on them to do just that?

Answer. All Coast Guard missions will remain a priority in the new Department of Homeland Security (DHS). The Coast Guard's historic ability to quickly adapt to the dynamic demand for services will allow it to balance maritime homeland security and non-homeland security requirements to accomplish all missions and maintain operational excellence. This will be done through: maintenance of a flexible, multi-mission force structure; application of new and developing technologies; enhancement of working relationships with fellow DHS agencies, as well as state and local governments; and continued recruiting and retention of quality Coast Guard personnel

Recent communications in the field regarding the re-prioritization of some missions represented a short-term workload reduction adjustment to compensate for the increased demands of an elevated homeland security threat. However, the fiscal year 2003 and the fiscal year 2004 budget request provide additional capabilities (i.e. MSSTs) and increased capacity (i.e. additional small boats and crews) to perform maritime homeland security missions and restore non-homeland security missions.

Coast Guard Integration Into the Department of Homeland Security

Question. Is statutory language in the DHS law that protects traditional missions affecting the Coast Guard's ability to integrate into DHS? How? Does the Coast Guard have concerns with this language? What exactly are the concerns? What would be the alternative to assure that traditional missions are not sacrificed?

Answer. The statutory language in the Homeland Security Act of 2002 is not affecting the Coast Guard's ability to integrate into the Department of Homeland Security (DHS). The Coast Guard is in the process of fully integrating with the DHS in accordance with the Homeland Security Bill. The legislation provides the Coast Guard with the authority to carry out both its homeland security and non-homeland security missions, as well as the flexibility to continue to adjust to respond to mission demands.

DHS Procurement Policy Impacts on Deepwater

Question. The new DHS is adopting department-wide administrative policies that will alter how the Coast Guard has done business in the past. For example, I understand that a DHS policy on procurement is in progress. How will such a policy impact one of Coast Guard's major initiatives—its $17 billion Deepwater acquisition project? A recent GAO report on the Deepwater Program identified serious concerns regarding the Coast Guard's ability to (1) keep costs down through ample competition opportunities and (2) conduct appropriate oversight of this largest, complex acquisition in Coast Guard's history. Please respond to these concerns. Could the new DHS policy have any impacts on the method being used for the Deepwater Procurement—which uses a single "Systems Integrator" for subcontracting rather than having the Coast Guard compete out contracts over the expected 30 year life of the program?

Answer. New Department of Homeland Security (DHS) polices are not anticipated to impact the Integrated Deepwater Systems (IDS) procurement. The IDS acquisition strategy revolves around the overarching objectives of maximizing operational

effectiveness while minimizing total ownership cost and has flexibility to adapt to changes.

In the General Accounting Offices' (GAO) May of 2001 report, GAO expressed concern over the Coast Guard's ability to maintain competition and effectively conduct oversight of the IDS program. This report was completed prior to releasing the IDS Request for Proposal (RFP). In response to this report, the Coast Guard worked with GAO to incorporate improvements into the RFP to address and mitigate these concerns.

Competition and competitive pricing are vital to controlling costs. The IDS contract includes annual and award term incentives for the Systems Integrator that reward these principles. The annual incentives include an Incentive Subcontracting Program and the Annual Award Fee. The annual Award Fee is based on the accomplishments of the Small Business Subcontracting Plan.

The Award Term Incentive is an additional award term of up to five years based on the contractor's performance in meeting the overarching objectives of maximizing operational effectiveness and minimizing total ownership cost. Integral to achieving these objectives is obtaining competition and competitive pricing.

Additionally, the Integrated Coast Guard Systems (ICGS), Deepwater's system integrator, has adopted the proprietary Lockheed Martin Open Business Model to obtain competition and competitive pricing. The Open Business Model discourages upfront agreements with subcontractors that guarantee certain percentages of future work. The Open Business Model promotes continual reevaluation of proposed requirement solutions to provide state of the market technology at a competitive price.

Contract incentives coupled with the Open Bus iness Model will promote competition and competitive pricing in order to control costs at acceptable levels. Additionally, the Coast Guard will carefully monitor these concerns.

GAO's concerns regarding the appropriate oversight of the IDS program were addressed by establishing the Department Of Transportation (DOT) IDS Governance Council to provide additional governance. The Department of Homeland Security (DHS) has indicated Departmental oversight of IDS will continue. Additionally, the IDS program has established a peer group with the Internal Revenue Service and the U.S. Customs to review large capital programs in the Federal Government outside of the Department of Defense (DoD). Further, the IDS program continues to complete self-assessments and exchange staff members with DoD to provide insights on other organizations management of large, complex acquisitions such as the Navy's Littoral Combat Ship Program.

In recent testimony before the Subcommittee on Oceans, Atmosphere, and Fisheries, Committee on Commerce, Science, and Transportation, U.S. Senate, GAO commented the Coast Guard's management of IDS during the planning phase was among the best of the federal agencies evaluated, providing a solid foundation for the project.

Security Plan Implications

Question. Admiral Collins, I am very concerned about implementation of the port security bill. Last year, we passed the most significant legislation ever directed at coordinating security policy at our seaports. I had attempted to secure a dedicated source of revenue to help our ports and state and local municipalities comply with the new federal security mandate. I was dismayed when the Presidents' Budget indicated that there were no major funds to address grants to help comply with the requirements of security plans.

- When we get security plans up and running will it lessen some of the responsibility that faces the Coast Guard with respect to security?
- Is the Coast Guard going to be prepared to close down certain ports or waterfront facilities, that do not have adequate security plans?
- It is my understanding that the Coast Guard has done some preliminary estimates on the costs of complying with the planning requirements. What are those estimates—including for Coast Guard resources? If we do not have a federal source to help reimburse facilities, do you think that you will be able to mandate compliance with the highest levels of security?

Answer. The Maritime Transportation Security Act of 2002 (MTSA) and the required security plans do not decrease the Coast Guard's responsibilities with respect to security, in fact, MTSA increases it. However, when the plans are implemented, it will provide a substantial and consistent security regime across the waterfront.

The Coast Guard is actively engaging stakeholders to ensure they develop and implement adequate security plans for vessels, facilities, and ports in a timely fashion as required under the MTSA and recent SOLAS amendments. However, we will be

prepared to limit or possibly prohibit operations that would place vessels or facilities at risk, particularly at heightened threat levels or MARSEC conditions, if those vessel or facilities are not implementing adequate security measures in accordance with the MTSA.

The Coast Guard conducted a preliminary estimate of industry costs to implement the Maritime Transportation Security Act of 2002 (MTSA) and the amendments to the International Convention for the Safety of Life at Sea (SOLAS), which were published in the December 30, 2002 Federal Register for public comment. The estimated cost to industry is $1.4 billion in the first year and $6.0 billion over the next ten years (2003–2012). The cost estimates are being refined based on input received and new estimates will be published during the summer of 2003 in conjunction with the Interim Final Rules (IFR).

These measures will be mandatory for vessels and facilities in international trade under SOLAS. The Coast Guard will issue the IFR requiring these measures, as well as those that we believe are prudent and necessary for vessels and facilities in domestic trade for each of the respective Maritime Security Threat Levels, this summer as mandated by the MTSA. This rulemaking process is expected to mandate the highest level of security required under different levels of threat.

The Coast Guard diverted resources in fiscal year 2003 to ensure the regulatory process for MTSA remains on course. We are developing alternatives for plan review and approval after the IFR is published in July 2003 per the MTSA requirements.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO ADMIRAL THOMAS H. COLLINS

MHLS Strategy Implementation Plan

Question. Admiral Collins, you testified before the Commerce Committee previously that the Coast Guard is implementing a three-year plan to return to a "new normalcy." When can we expect to see this plan, and will it detail the differences between pre- and post-9/11 normalcy?

Answer. The Coast Guard has focused on a Strategic Deployment Plan (SDP) for implementing the Maritime Strategy for Homeland Security. Base lining Maritime Strategy for Homeland Security requirements will help balance our other missions. Various components of our Maritime Security Strategy Deployment Plan are under development, with the first component to be completed in April/May of 2003, and the full plan by the end of fiscal year 2003.

These Maritime Strategy for Homeland Security requirements will roll into a comprehensive blueprint to achieve overall mission balance. Our existing strategic planning process and performance plans will serve as the cornerstone of an integrated approach emphasizing three general areas of effort: Preserving Non-HLS missions, Conducting HLS missions, and maintaining military readiness to conduct Defense Operations when tasked. The planning process provides the ability to detail the difference between pre and post-9/11 levels of effort and performance in missions.

HLS & Non-HLS Mission Balance

Question. As of March 1st, the Coast Guard will begin operating under the new umbrella of the Department of Homeland Security. How will the Coast Guard internally monitor and the General Accounting Office externally monitor the already belabored Coast Guard non-homeland security missions, such as fisheries enforcement and oil spill response effort, to ensure that they progress?

Answer. The Coast Guard continues to monitor mission levels on a quarterly basis through the Abstract of Operations (AOPS) database. This information is reviewed throughout the Coast Guard chain of command and information will also be provided to Congress as part of a newly required quarterly report. The first of these quarterly reports was delivered to Congress on 14 April 2003.

The Coast Guard continues to monitor resource hour levels in all missions, conduct risk-based assessments, and allocate resources accordingly to meet the highest threats. The Coast Guard is committed to balancing missions in all areas; Homeland Security, and non-Homeland Security.

Cost of MTSA

Question. Recommendations to fund the security requirements of the MTSA are due within six months of enactment, how are those plans coming?

Answer. The Coast Guard will provide input to the initial Report of Security Funding and Compliance required of the Secretary of Transportation by the Maritime Transportation Security Act of 2002 (MTSA). The Coast Guard has conducted an initial assessment of the ports to determine those vessels and facilities posing

a high risk of being involved in a transportation security incident. In addition, the Coast Guard continues to conduct Port Security Assessments for the 55 strategic ports.

One way the Coast Guard is working on closing some of the vulnerabilities is with a Rulemaking implementing MTSA. The Federal Register notice of public meetings published cost estimates to the private sector of $1.3 billion in the first year and $6.0 billion over 10 years for industry. These estimates will be refined as part of the rulemaking process and updated with the announcement of the Interim Final Rules in June.

Port Security Committees

Question. Have all the local security committees been established? What problems, if any, have arisen in the establishment of these committees?

Answer. Security committees have been established for all Captain of the Port (COTP) zones. This covers all U.S. ports.

One of the challenges will be continuing to motivate and coordinate participation of key industry representatives on the Port Security Committee. The success of the multi-lateral planning effort is tied directly to the participation of individual industry representatives.

VMS System for Fisheries

Question. The Coast Guard has touted the Vessel Monitoring System (VMS) program for fisheries enforcement to offset the reduction of on the water patrol. Yet, according to some, it is a tool to supplement existing enforcement efforts that will not replace the need for ship and aircraft patrols. How will the Coast Guard reconcile these differences?

Answer. The Coast Guard agrees that the Vessel Monitoring System (VMS) will not replace the need for at-sea surface and air patrols. However, VMS will allow the Coast Guard to more effectively employ its cutters, aircraft and boats in the enforcement of fisheries regulations as VMS reduces the requirement to use cutters and aircraft to detect incursions of closed areas. The Coast Guard still needs its resources to respond to the incursions of closed areas detected by VMS and to take appropriate enforcement action. Furthermore, VMS does not detect safety, gear, species, or catch violations.

The capability VMS provides to monitor and track fishing vessels will enable the Coast Guard to allocate enforcement resources more efficiently to ensure adequate compliance with management measures implemented to recover and maintain healthy fish stocks.

Oil Spill Response

Question. The Coast Guard is the federal on-scene coordinator for oil spill response in cooperation with state response agencies, scientific and technical assistance from NOAA, and the responsible party. How many spills of national significance exercises have you had since 9/11? How have these oil spill drills been impacted by 9/11? How many were planned or ordinarily would have occurred since then? Can such exercises be valuable in the national response to a terrorist attack on a tanker as to a marine accident?

Answer. There has been one Spills of National Significance (SONS) exercise since 9/11 (SONS 2002 conducted in the Gulf of Mexico, April 2). This exercise was impacted by the attacks of 9/11 because it was originally scheduled for September 2001. It was postponed and executed in April 2 on a smaller scale. SONS exercises are usually held biennially so no other exercises have been impacted. The Coast Guard is currently planning the fourth SONS exercise scheduled for Spring 2004 in Southern California. Since participants in SONS 2004 include the same agencies that would respond to a large-scale release resulting from a terrorist attack, part of this exercise will explore issues related to intentional/terrorist attacks on tankers.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK LAUTENBERG TO ADMIRAL THOMAS H. COLLINS

Cutbacks in Non-HLS Security Missions in the Northeast

Question. Cutbacks in Fisheries and Other Non-Homeland Security Missions in the Northeast—Admiral Collins, I was disturbed to learn that it appears there have been significant reductions of critical non-homeland security missions in the Northeast. According to the GAO, of late patrol boats used for fisheries patrols in the Northeast have been reassigned to security patrols, and as a result fisheries patrols have been 40–50 percent lower than in previous years. Moreover, a November 2002

Coast Guard internal communication directed the Coast Guard groups in the Atlantic Area to cut back on marine safety, enforcing environmental pollution requirements, and other non-homeland security missions in order "to further compensate for the increased demands of the Coast Guard's Maritime Homeland Safety Mission." These are worrisome developments. Could you please provide more details in changes and reductions in non-homeland security missions in the Northeast. What plans do you have to restore the previous levels of operations?

Answer. In fiscal year 2002, the Coast Guard saw a 40 percent drop in resource hours dedicated to fisheries enforcement in the Northeast. This was primarily due to Maritime Homeland Security surge activities during the first quarter (October, November, December) of fiscal year.

Coast Guard activity levels dedicated to the fisheries mission are based on ensuring adequate compliance with management measures implemented to recover and sustain healthy fish stocks. Being a multi-mission service allows Coast Guard units involved in dedicated homeland security patrols to conduct fisheries enforcement boardings. Additionally, the Coast Guard enjoys an excellent working relationship with NOAA Fisheries and many States' departments of natural resources. Through these relationships the Coast Guard has been able to maintain fisheries enforcement presence through joint operations and enforcement agreements with the States and through better utilization of NOAA Fisheries' Vessel Monitoring System (VMS) data. By allocating resources in this way, we have maintained surveillance without dedicating more Coast Guard assets, keeping them available to perform other vital Coast Guard missions. By using outcome measures, the Coast Guard can effectively measure the appropriate level of enforcement effort. Using such tools as joint State operations and VMS, the Coast Guard can allocate enforcement resources more efficiently across all missions to ensure adequate compliance and effective Coast Guard boardings.

The Coast Guard also took advantage of partnerships it has developed with the States over the past 30 years in the boating safety program and made some changes in roles to fulfill our missions. The Coast Guard asked its State marine patrol partners, such as the Maine Department of Marine Resources and the Massachusetts Department of Fisheries, Wildlife & Environmental Law Enforcement, to assist in meeting our many mission requirements. Their response was outstanding and the States have been a tremendous help in enabling the Coast Guard to meet the demands of all Homeland and Non- Homeland Security missions.

Coast Guard innovative enforcement and partnering with NOAA and the States is meant as a short-term strategy to ensure adequate fisheries enforcement. The long-term strategy remains increased capacity and capability for the Coast Guard to meet, and balance, all our mission needs. Administration and Congressional support of our fiscal year 2003 appropriation, and Congressional support of the President's fiscal year 2004 Coast Guard budget request, will ensure we acquire the added resources we need.

Resources to Conduct Extensive Assessments

Question. The Maritime Transportation Security Act and the Coast Guard—Admiral Collins, the Maritime Transportation Security Act says the Coast Guard should take the lead on developing "vulnerability assessments" of not only ports and vessels, but also "facilities on or adjacent to," U.S. waters. This broad mandate includes bridges, tunnels, and industrial facilities and nuclear power plants near the water. What resources will the Coast Guard use to conduct these extensive assessments? What assurances are there that the commitment of personnel and financial assets to this mission will not adversely affect the Coast Guard's non-homeland security missions?

Answer. The Coast Guard is taking the lead on a multi-layered approach to addressing this broad mandate. Each layer addresses a portion of the Maritime Transportation Security Act of 2002 (MTSA) requirement and relies upon a different resource pool.

Captains of the Port (COTPs) used the Port Security Risk Assessment Tool (PSRAT) to conduct an initial assessment of assets in their AORs.

- The PSRAT captures COTPs assessment of consequence, threat, and vulnerabilities of specific attack scenarios against assets/infrastructures.
- PSRAT results include assets/infrastructure not regulated by the Coast Guard.
- COTP personnel carried out the original analysis, and continue to update the results.

Regulated facilities and vessels that may be involved in a transportation security incident will be required to conduct internal detailed vulnerability assessments under planned regulations.

- The MTSA permits the Secretary to "accept an alternative assessment conducted by or on behalf of an owner or operator of the facility or vessel."
- The Coast Guard is constructing regulations placing the responsibility on the individual facility and vessel owner/operators to complete the detailed assessment.
- This approach is consistent with the international security measures being developed by the International Maritime Organization.
- The Coast Guard intends to provide guidance in the form of checklists to assist the owner/operators in conducting these assessments; however, the resources used to complete these assessments will be provided by the owner/operators.

Broader scope Port Security Assessments (PSAs) will be conducted at the nation's 55 military and economically strategic ports. These PSAs address elements pertaining to the security of the port as a whole; shared infrastructure, intermodal systems that impact the port, etc. They are designed to build upon local PSRAT results, TSA grant funded assessments, owner/operator assessments, and any other assessments carried out in the port.

These assessments will be carried out in conjunction with the Coast Guard's non-Homeland Security missions. The Coast Guard will continue to balance all of its responsibilities to ensure it attends to non-Homeland Security Missions.

Intelligence Cooperation Between USCG and USCS

Question. Intelligence Coordination—Admiral Collins, there has been a large debate over intelligence sharing between the Homeland Security Department and other members of the intelligence community such as the CIA and FBI. It is frequently overlooked, however, that the Coast Guard and Customs Service have intelligence operations themselves. They have had some operational experience working together on the war on drugs. Are there plans to integrate these two "intelligence agencies" that will be internal to the Homeland Security? Was their cooperation in counter-drug operations generally deemed successful?

Answer. The Coast Guard will maintain an organic intelligence program to support all missions. Particularly as an Armed Force, the Coast Guard requires specialized intelligence capabilities to integrate with the other Armed Services' operations. Additionally, since the Coast Guard is a member of the National Intelligence Community, an organic capability is appropriate.

The Coast Guard's broad array of intelligence capabilities supports all of the Coast Guard's missions; Homeland Security and non-Homeland Security. The Coast Guard continues to build these capabilities. Currently, two Maritime Intelligence Fusion Centers are being commissioned to support field commanders' intelligence requirements. Field Intelligence Support Teams are being established in key ports to collect and review port level intelligence. Additional analytical capability has been added to the Intelligence Coordination Center to support strategic production.

The Coast Guard intelligence program will continue to work with Custom Service's intelligence program on counterdrug and other home land security threats, continuing our successful parntership. The Coast Guard works directly with Customs in High Intensity Drug Trafficking Areas, as partners in the regional combined law enforcement intelligence and investigative groups. Both the Coast Guard and Customs are Principal members of the El Paso Intelligence Center, sharing law enforcement intelligence on suspected drug trafficking and alien smuggling events. More recently, the partnership includes Custom's support to the Coast Guard's COASTWATCH program, seeking out threats to the homeland from those attempting to leverage international merchant shipping for terrorist or other criminal activity.

Note: References to Customs Service need to be changed to BICE or BCBP of DHS.

Deepwater Acceleration

Question. The Deepwater program—Admiral Collins, the deepwater program is important to the Coast Guard's future. It will buy dozens of new ships and aircraft and modernize existing assets, allowing the Coast Guard to fulfill its full spectrum of missions. The Administration is providing substantial support to the program in the FY04 budget, some $500 million. Even so, the program, originally scheduled to be implemented over 20 years, may now be stretched out. Given its importance, is

it possible to accelerate the program? What levels of funding would be needed to complete it over 12–15 years?

Answer. Yes, it is possible to accelerate the program. While we do not have specific figures on a 12–15 year acceleration, on 7 March 2003, the Coast Guard, in response to the 2002 Homeland Security Act, released a Report to Congress on the Feasibility of Accelerating the Integrated Deepwater System (IDS) to 10 years. The report analyzes and addresses issues associated with accelerating IDS from an approximate 20-year to a 10-year implementation schedule. This report provides the best estimate of funding levels to accelerate IDS.

The report provides the following conclusions:

- A 10-year IDS implementation is feasible.
- Acceleration expedites improvements in capabilities and multi-mission readiness.
- Acceleration increases the Coast Guard's Homeland Security readiness through a layered maritime homeland defense strategy and improved interoperability with Department of Defense and other Department of Homeland Security agencies.
- Acceleration provides over 900,000 additional mission hours over the 20-year plan for direct support of maritime homeland security and other non-maritime Coast Guard missions (e.g., search and rescue, fisheries enforcement).
- Executing the acceleration plan would come at significant increased cost in initial procurement years.

The IDS contracting strategy was chosen based on its flexibility and the contract can accommodate variable funding levels to advance the implementation plan from approximately 20 to 10 years. Below are the estimated capital acquisition funding levels needed to "build out" IDS in 10 years. These figures reflect "then-year dollars".

FY	10-Year ($M)
02	320
03	478
04	500
05	1,892
06	1,663
07	1,506
08	1,472
09	1,428
10	1,226
11	988

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO ADMIRAL THOMAS H. COLLINS

Search and Rescue Funding

Question. Search and Rescue—Admiral, as I (Senator Cantwell) understand, the Pacific Northwest region is one of the busiest regions in the country for the Coast Guard. We are a region of ocean enthusiasts—and we enjoy recreational boating in vessels and water craft of all shapes and sizes. With the upcoming transition to the Department of Homeland Security, are you willing to commit today to increase operational funding for search and rescue missions in District 13 to get us closer to the pre-9/11 levels?

Answer. The Coast Guard will not sacrifice the Search and Rescue mission in any area or region of the country. The Search and Rescue mission and saving lives remains as the Coast Guard's number one priority alongside protecting America's ports and waterways from a future terrorist attack. The Search and Rescue mission will continue to receive full funding and resource hours necessary to meet mission demand. Continuing our strong SAR performance is anticipated from fiscal year 2003 and fiscal year 2004 budget initiatives including Rescue 21, Deepwater, and the Response Boat Small and Medium acquisition projects. From an exclusively Search and Rescue perspective, District 13 is already at pre-9/11 capabilities.

Sustained Emphasis on Vessel Safety Programs

Question. Marine Safety—The Coast Guard has an important statutory mission to inspect vessels to ensure compliance with federal and international vessel safety standards. For example, the Coast Guard inspects ferry vessels on a regular basis. The Coast Guard also inspects commercial vessels in order to improve marine safety. Can you ensure that there will be no reductions in Coast Guard vessel safety programs in Region 13 this year?

Answer. The Coast Guard, including the Thirteenth Coast Guard District, remains committed to performing all regulatory vessel safety inspections. There has been no change in Thirteenth District policy regarding regulatory vessel safety programs and there are no plans to change the scope of any vessel safety program there. This is demonstrated by the fact that the number of Thirteenth District inspections conducted in the first week of March 2003 (the first week since the transition to the Department of Homeland Security) is consistent with the number of inspections conducted during the same time frame for the previous three years.

Oil Spill Prevention in the Straits of Juan de Fuca

Question. Oil Spill Prevention—The Strait of Juan de Fuca is a major transit corridor for tanker vessels containing petroleum products and other liquid cargo. Following the 1989 Exxon Valdez disaster, many in Washington State have expressed concern about the possibility of a major oil spill. With the loss of the Tanker Vessel Prestige off of the coast of Spain and the aging of the tanker vessel fleet, these concerns have grown. As you know, the State of Washington has taken a leading role among the states in working to avoid oil spills. In May 2001, Governor Locke entered into a memorandum of agreement with the Coast Guard to expand state and federal efforts in the areas of prevention and response. With the planned transfer to DHS, do you anticipate any delays or budget related slowdowns in efforts to move forward with oil spill prevention and response?

Answer. No, the Coast Guard does not anticipate our transition into the Department of Homeland Security (DHS) to cause any delay in our efforts to improve pollution prevention within Puget Sound. As an aside, the fiscal year 2003 appropriation specifically provided $1.6 million targeted for Puget Sound pollution prevention. The Captain of the Port (COPT) of Puget Sound has submitted recommendations that are still being cleared internally within the Coast Guard. Once final decisions are made regarding the most effective use of these funds, the Coast Guard will move quickly to execute the plan and provide the detailed spend plan to Congress.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ERNEST F. HOLLINGS TO JAYETTA Z. HECKER

Question 1. The Coast Guard is in the middle of reinventing itself to take on new responsibilities for homeland security—such as those under the new Maritime Transportation Security Act—even as it moves to DHS. Doesn't the move to DHS create additional risks in terms of the ability of the Coast Guard to keep all of its missions intact?

Answer. Many of the 22 agencies transferred to DHS, including the Coast Guard, have missions that are directly related to homeland security and other missions that are not at all related to homeland security. For example, the Coast Guard's missions of protecting the marine environment and our domestic fishing grounds are not homeland security missions—although they are vitally important to the nation. The Congress has made it quite clear that it values all of the Coast Guard's missions and expects the Secretary of DHS to maintain these missions even as the department focuses on its primary mission of homeland security. However, there is always a risk that the Coast Guard's non-security missions may not receive adequate funding, attention, visibility, and support in a department that is under tremendous pressure to succeed in its primary mission. To mitigate this risk, the Congress may wish to take steps to better ensure that DHS dedicate sufficient management capacity and accountability to execute the Coast Guard's non-security missions. We have recommended that the Coast Guard adopt a comprehensive reporting framework that will allow the Congress to better oversee the execution of the agency's missions and provide a basis for sound budget and policy decisions.

Question 2. While the FY 2004 budget request indicates an increase of the resources for search and rescue and fisheries enforcement, there have been indications that resources (on an hourly basis) for these missions are being diverted for port security duties in certain districts if not nationally, and that resources are below pre-9/11 levels. Is this accurate?

Answer. Activity levels (as of the quarter ending 12/31/02) for the search and rescue (SAR) mission were consistent with pre-9/11 levels. While some SAR personnel and boats were diverted to homeland security functions immediately after 9/11, they were returned to SAR activities within a few months. There was no discernable impact on search and rescue performance measures, since the terrorist attacks occurred after the recreational boating season had ended; thus, SAR activity was relatively low. The activity level for fisheries enforcement is down about one-third from its pre-9/11 levels. Part of this reason for this can be attributed to the diversion of Coast Guard cutters and aircraft being diverted to other activities related to homeland security. Also, the Coast Guard attributes past budget constraints to this decline as evidenced by the necessity to retire several cutters and aircraft in 2001 and 2002.

Question 3. The Coast Guard is in the middle of upgrading its National Distress System—which it has sorely needed to ensure that communication gaps for carrying out rescues of mariners are filled. Will the move to DHS speed up this upgrade, slow it down, or not affect it at all? When will the National Distress system upgrade be done?

Answer. The Coast Guard plans to complete this project by the end of FY 2007 and is currently on track to do so. The future course of this procurement under DHS is unknown.

Question 4. What is the Coast Guard's plan for filling the gaps left by sending assets to the Persian Gulf? What is the long-term impact of increased operating tempo on assets left behind?

Answer. GAO has not seen the Coast Guard's plan, if one exists, for filling the mission gaps left by sending some of its assets to the Persian Gulf. We have recommended, most recently in a March 12, 2003 testimony, that the Coast Guard, as part of developing a more comprehensive blueprint for managing and balancing its missions, develop contingency plans for accomplishing its ongoing mission responsibilities in the event that military or homeland security functions take precedence for a period of time. We pointed out in our November 12, 2002 report that the Coast Guard should devote more effort to establishing public and private partnerships as away of effectively and efficiently meeting its mission responsibilities.

Question 5. The only reference in the Coast Guard's written testimony to the traditional missions of the Coast Guard casts them as important for security. That already is a warning sign to me that Coast Guard missions must be linked to "security" to have any priority in DHS. Can you comment on that?

Answer. As we have said in numerous testimonies on this matter, there is always a risk that the Coast Guard's non-security missions may not receive adequate funding, attention, visibility, and support in a department that is under tremendous pressure to succeed in its primary mission. Again, to mitigate this risk, the Congress may wish to take steps to better ensure that DHS dedicate sufficient management capacity and accountability to execute the Coast Guard's non-security missions. We have recommended that the Coast Guard adopt a comprehensive reporting framework that will allow the Congress to better oversee the execution of the agency's missions and provide a basis for sound budget and policy decisions.

Question 6. If a major domestic security incident occurs, will the Coast Guard resources be diverted away from other missions? If this is a sustained shift of resources, how can the Coast Guard realistically carry out its non-homeland security missions in an adequate manner?

Answer. The degree to which Coast Guard assets would be diverted after a terrorist incident depends on the severity and nature of the incident. If it is severe and presents a threat to the ports throughout the country, as it was after the 9/11 attacks, there is little doubt that Coast Guard resources would be diverted, much like they were immediately after 9/11. If Coast Guard resources are diverted for homeland security functions for an extended time, this will, by definition, impact substantially on the Coast Guard's ability to carry out its responsibilities for non-security missions. The Coast Guard has only a finite set of deepwater resources, for example, and if its cutters and aircraft are performing homeland security functions, they cannot be also fulfilling their normal missions. Missions that would likely be most affected, if resources are diverted, are its law enforcement missions—drug and migrant interdiction and fisheries enforcement. Deepwater assets are used extensively for these missions. Through increased partnering efforts with other maritime stakeholders, the Coast Guard can mitigate the diminution of its non-security missions, but partnering alone may not be an enduring solution.

Question 7. The Coast Guard has a wide variety of stakeholders that rely on the Coast Guard, including other federal agencies such as NOAA, state and local governments, industry, and private citizens. If the Coast Guard can't carry out its mis-

sions, should we be looking to these other entities to take on those duties? Didn't the recent communication to the North Atlantic commands in fact call on them to do just that?

Answer. We and others have suggested that the Coast Guard devote more effort to partnering with the public and private sectors to accomplish its mission responsibilities. In a 1997 report to the Congress, for example, we recommended that the Coast Guard look at numerous options to more effectively and efficiently carry out its responsibilities, including privatizing some of its functions. To date, the Coast Guard has not actively pursued these recommendations, even though the recommendations are perhaps more relevant now than they were in 1997. As we testified in April 2003, the Coast Guard is operating in a new environment, and a candid acknowledgement—that it cannot be "all things to all people"—is a necessary first step in the process of partnering in earnest to share its responsibilities with other port stakeholders.

Question 8. The new DHS is adopting department-wide administrative policies that will alter how the Coast Guard has done business in the past. For example, I understand that a DHS policy on procurement is in progress. How will such a policy impact one of the Coast Guard's major initiatives—its $17 billion Deepwater acquisition project?

Answer. Because such a procurement policy is still being developed, it is not possible to know its potential effect on the Deepwater project. However, The National Strategy for Homeland Security recognizes the important role that the Coast Guard plays in protecting our nation's maritime borders and cites as one of the department's top priorities the continued support for Deepwater Project .

Question 9. A recent GAO report on the Deepwater Program identified serious concerns regarding the Coast Guard's ability to (1) keep costs down through ample competition opportunities and (2) conduct appropriate oversight of this, the largest and most complex acquisition in Coast Guard's history. Please respond to these concerns.

Answer. In a 2001 report and subsequent testimonies on the Deepwater project, GAO discussed a number of concerns with the project, namely the agency's ability to (1) control costs, especially using an untried and unique contracting approach never before used for a procurement of this type, (2) obtain a steady funding stream of $500 million in 1998 dollars for the next 2 decades, (3) manage and oversee the contract, including ensuring that the government get the best value for its investment, and (4) ensure that proven technologies are incorporated into assets procured in the later years of the project. The Coast Guard has taken several key steps to address our concerns, and as the project proceeds, we will evaluate the project to see if all of our concerns have been satisfied.

Question 10. Could the new DHS policy have any impacts on the method being used for the Deepwater Procurement—which uses a single "Systems Integrator" for subcontracting rather than having the Coast Guard compete out contracts over the expected 30-year life of the program?

Answer. The Deepwater contract with the systems integrator was signed last year for a period of 30 years. While the contract does contain provisions for terminating the contract under certain circumstances, such as non-performance, the Coast Guard does not anticipate that this will happen or that DHS acquisition policy would require changing the contract agreement or approach.

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