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THE UNITED STATES COAST GUARD AND THE FEDERAL MARITIME COMMISSION FY 2007 BUDGET REQUESTS

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HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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THE UNITED STATES COAST GUARD AND THE FEDERAL MARITIME COMMISSION FISCAL YEAR 2007 BUDGET REQUESTS

Wednesday, March 1, 2006,

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION, WASHINGTON, D.C.

The committee met, pursuant to call, at 10:00 a.m., in Room 2167, Rayburn House Office Building, Hon. Frank LoBiondo [chairman of the committee] presiding.

Mr. LOBIONDO. Good morning. The Committee will come to order.

The Subcommittee is meeting this morning to review the Administration's budget request for fiscal year 2007 for the Coast Guard and Federal Maritime Commission and other Federal programs related to the maritime transportation system.

Let me just insert for the moment that obviously the budget for the Coast Guard is extremely important. We had this scheduled and decided to move forward with it on this topic. I am confident that the discussion this morning will move into issues surrounding Dubai. The hearing next week will be totally focused on that. So we will be getting into it this morning, although we hope to be able to talk a lot about the budget.

The President has requested nearly $8.2 billion for the Coast Guard for fiscal year 2007. This amount is approximately 1.6 percent more than the funding levels that were appropriated in fiscal year 2006.

However, this request also includes more than $130 million for costs associated with increased fuel prices, mandatory pay increases, and the Coast Guard's new mission to provide aerial defense for the National Capital Region. I have to tell you that I am very concerned that when these costs are added up the Administration is actually requesting less money for the Coast Guard to carry out its traditional port security missions in this next fiscal year. I just do not see how that is going to happen.

The budget does, however, on the good side, include increases for some of the Coast Guard's most critical programs, including the $934 million for the recapitalization of the Coast Guard vessels and aircraft under our program called Deepwater. I am interested to hear how funding at this level will affect the program's proposed asset mixture and completion time line under the revised implementation plan.

I also hope that the witnesses' testimony will address the efficiencies and cost savings that could be gained by accelerating the completion of the program. This is something that we have talked about from time to time. The Subcommittee has supported and will continue to support an acceleration of Deepwater to bring these new, more capable assets online to bolster the Coast Guard's capabilities to carry out all of its critical missions.

The President's budget also includes approximately $40 million for Rescue 21, which will modernize and eliminate existing gaps in the Coast Guard's search and rescue communications system, but which also has homeland security implications. This system is currently up and running in my home State of New Jersey and has already improved the Coast Guard's ability to conduct search and rescue.

I hope that the witnesses this morning will be able to give us an update on this program and tell us whether the requested level will be sufficient to carry out the plans to expand the program. Under our initial review, it doesn't look like that is a good news story.

The Subcommittee remains concerned by the Administration's rush to relocate the Coast Guard headquarters to the campus of St. Elizabeth's in Anacostia without first providing Congress with a plan on how such a facility will be accessed by Coast Guard personnel and how it will meet Coast Guard requirements. I hope we will receive further information about this proposal this morning.

We all want to recognize once again, because we admire so much the brave and selfless actions of the Coast Guard in response to Hurricanes Katrina and Rita last year. But those thousands of extra man hours and asset hours do have a cost. I am very concerned that the $69 million supplemental request will not cover all emergency operating expenses and provide for sufficient basic housing allowance to meet the service members' needs, or insure damaged and equipment repair. I am really interested to hear whether this request is fully meeting the Coast Guard's needs on the Gulf Coast.

Something that has always concerned us in these supplementals is that the Coast Guard ends up doing such a good job, and in the case of the Gulf Coast, really the only bright light from the Federal Government side we can point to with pride at this stage of time, but the Coast Guard, by doing such a good job, always seems to manage to do more with less. Those days are stretching the Coast Guard very, very thin when we do these things.

The President's budget for the Federal Maritime Commission provides for a nearly 6 percent increase over the 2006 appropriated level. The Federal Maritime Commission regulates international maritime transportation, protects consumers of the system against fraud, and ensures an efficient flow of goods in and out of our ports. I look forward to hearing how the Commission's recent decision to allow non-vessel operating common carriers to enter into the confidential service arrangements with their customers is impacting the industry.

And lastly, I remain deeply concerned about the Administration's proposal to consolidate port security grant funding into a multi-sector program. This is a wrong move, it would always be the wrong time. This is a very wrong move.

When we are looking at such a shortfall in port security grant funding as we see what we have tried to accomplish since September 11th, and where we are heading, I am just having a hard time believing that this proposal is actually being made. This is not the time to divert funding or support from our port authorities' efforts to improve security at our ports. Port security is in the minds of all Americans.

With the recent announcement of the acquisition of P&O Ports by Dubai Ports, we have all expressed serious concern about the matter and overall port security. This situation with Dubai has helped refocus a lot of America and a lot of members of Congress on our challenge of meeting the port security needs. I expect my colleagues will be addressing this situation today as well. And as I mentioned, we are going to be holding a Subcommittee hearing next week specifically on that.

Since the enactment of the Maritime Transportation Security Act in 2002, the Subcommittee has held eight hearings on port security, including a field hearing last month on the significant and inexcusable delay in the launch of the Transportation Worker Identification Credential. It is still hard to believe that this time line has slipped to the degree that it has without any reasonable explanation of why we should be willing to accept this slippage in time.

This is going to be an issue that we are going to continue to press on very hard. We are going to pursue aggressive oversight of port security and try to get this Administration to understand the critical need to provide sufficient funding to protect our ports. Rhetoric does not protect our ports. Funding will help protect our ports. Funding will help the Coast Guard. And we have to get beyond the rhetoric of saying we are doing everything we can, because at this point, we are not.

I would like to take this opportunity to thank our witnesses for appearing before the Subcommittee, and in particular to our two Coast Guard witnesses, who will be retiring this summer, after long and distinguished careers. Both Admiral Cross and Master Chief Petty Officer Welch have provided the Coast Guard with tremendous leadership throughout your years of service to the Country. This Subcommittee wishes to especially thank you for all that you have done for the Coast Guard and for the Nation.

At this time, I will turn to Mr. Filner.

Mr. FILNER. Thank you, Mr. Chairman.

I have a statement for the record I would like to submit. And I just echo your concerns about the port security issues. Clearly, the firestorm that was ignited by the Dubai thing didn't come up just because of that particular situation, but because, certainly since 9/11, you and many of us in the Congress have been talking about the lack of security for our ports. This is the single most vulnerable area after we bolstered our airports and airline security.

So I think the Dubai debacle follows upon other, much more basic security concerns that all of us have had. I happen to represent San Diego, California. It is not a major commercial port, but clearly it is a major port for our Navy and national defense. It is probably the biggest Navy base in the world.

As we talked to Secretary Chertoff from our full Committee a week or so ago, the concerns that we had for ports were not really

answered. Mr. Chairman, I don't know if you were here at that hearing, but I asked the Secretary about a briefing that some of his officials had had with the Congressional delegation from San Diego, where we wondered why San Diego was not considered a high threat, that would need the kind of funding that was being distributed in other parts of the Country. The homeland security briefers said, "The military assets are invisible to us." That is, those assets are the concern of the military, not of homeland security.

I think that is a very shortsighted and a very difficult policy to pursue. It flies in the face of common sense. We have three nuclear carriers sitting in the harbor, which is equivalent to six nuclear reactors, a half dozen nuclear subs, a nuclear generating plant. It seems to me that that is a threat, that is a risk or a threat that a terrorist might look at. In fact, two of the 9/11 terrorists were probably casing San Diego, lived fairly openly in San Diego for six months or more before 9/11.

So I think we have a long way to go on this, as you suggested, Mr. Chairman. We are concerned about it. The Dubai thing just brought it out into the open. But I think you have scheduled a hearing on that for a week from now or so. This is something we have to explore. Frankly, those of us who do represent port areas and understand how limited the security has been fear that this will be the next focal point for attack.

I appreciate your concern with this and your emphasis on studying this further. I will have my full statement on the budget for the record, sir.

Mr. LOBIONDO. Thank you, Mr. Filner. I was there for your part of the hearing last week, and it really is incredible, if you stop and think, with the nuclear capability that Homeland Security can't connect those dots. It is one of the reasons why, the more we focus on this, the more questions we have and the more aggressive we are going to be. I think we are going to take a whole new stance on a lot of these issues from this point on.

Mr. Coble, do you wish to lead off with anything?

Mr. COBLE. Thank you, Mr. Chairman, I will be very brief. I have another hearing, and I may not be here at the conclusion of this hearing.

I just want to reiterate what you said regarding Master Chief Welch and Admiral Cross, 30 and 36 years respectively, of distinguished service to this County and to America's oldest continuous seagoing service, of which I am a very proud supporter, as you know. Both these gentlemen, Mr. Chairman, look too robust to be retiring, although they have the same sort of hairline that I have. They are still awfully young to be stepping aside. I am sure we will see them subsequently.

Admiral, I want to extend best wishes to you and the Master Chief, and thank you for your years of service. And I thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you, Mr. Coble.

Mr. Reichert, do you have anything, any opening statement? Any opening statement, Mr. Mack?

Mr. MACK. Yes, thank you, Mr. Chairman, and thank you for holding this important hearing today.

In light of what has happened recently, I think it once again shines a light on the importance and the need for us to secure our ports and do everything we can to make sure that our ports are secure. Being from Florida and having a relatively intimate knowledge of Port Everglades and the port in Miami, Tampa, Jacksonville, the State of Florida is particularly concerned when it comes to port security because of all the potential threats that exist. I want to say that the Coast Guard has done an exceptional job thus far in protecting our ports and doing it on limited resources in a lot of cases. So I commend you for what you do, and look forward to working with you on ways that we can continue to make our ports even more safe and more secure.

Again, coming from Florida, it seems to me that this is a vulnerable place for us. Mr. Chairman, I would love to work with you. Last year when we had this hearing, I talked about Port Everglades being a unique location with an airport and a seaport and a downtown of a city so close together. I look forward to working with you and the Committee on ways to make our ports more secure and helping the Coast Guard do their job. Thank you.

Mr. LOBIONDO. Thank you, Congressman Mack.

Mr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman. I appreciate your holding this hearing as well.

Vice Admiral Cross and Chief Welch, I just want to say on behalf of Louisiana, my home State, thank you very much for the performance, the tremendous performance of the Coast Guard in the aftermath of Hurricanes Rita and Katrina. We have learned much about response to these types of disasters from the way you operated during the course of this. So again, I thank you.

I also want to express my concerns about what is going to happen with port security and the potential for consolidating funding for port security with some of these other types of measures. This is something we need to very carefully think about as we move forward. I would favor maintaining port security as a separate funding stream and working with you as we go forward.

Also I would be interested in looking at how we can, in addition to learning from the response of the Coast Guard in the aftermath of these hurricanes, look at ways that we might expand the role of the Coast Guard in this type of response effort.

So again, I look forward to your testimony, and thank you very much.

Mr. LOBIONDO. Thank you, Mr. Boustany.

We are going to move to our witnesses for today, and then we will get into questions afterwards. We are very pleased to welcome Vice Admiral Terry Cross, who is the Vice Commandant of the United States Coast Guard; Master Chief Welch, who is the Master Chief Petty Officer for the United States Coast Guard; the Honorable Steven R. Blust, who is the Chairman of the Federal Maritime Commission; and Mr. David L. Winstead, who is the Commissioner of Public Building Service for the United States General Services Administration.

Gentlemen, thank you for being here. Admiral Cross, please proceed.

TESTIMONY OF VICE ADMIRAL TERRY CROSS, VICE COMMANDANT, UNITED STATES COAST GUARD; MASTER CHIEF FRANKLIN A. WELCH, MASTER CHIEF PETTY OFFICER, UNITED STATES COAST GUARD; THE HONORABLE STEVEN R. BLUST, CHAIRMAN, FEDERAL MARITIME COMMISSION; ACCOMPANIED BY: PAUL ANDERSON, COMMISSIONER, HOWARD CREEL, COMMISSIONER, BRUCE DOMBROSWKI, DIRECTOR OF ADMINISTRATION, AUSTIN SCHMIDT, DIRECTOR OF OPERATIONS, AND REBECCA FENNEMAN, ATTORNEY, OFFICE OF GENERAL COUNSEL; DAVID L. WINSTEAD, COMMISSIONER, PUBLIC BUILDING SERVICE, UNITED STATES GENERAL SERVICES ADMINISTRATION

Admiral CROSS. Mr. Chairman, Congressman Filner, distinguished guests, good morning. It is a pleasure for me to be here this morning in front of the Subcommittee.

First of all, I would like to acknowledge your thanks to Master Chief Welch and myself for our service and just note that it has been a pleasure for us to serve. One of the really terrific things about being in the Coast Guard is the opportunity not to just work with people that you like, but to work with people you admire and can be proud of, and the opportunity to go to bed every night feeling good about yourself and the work that you do. So it has been our pleasure, sir.

I know that we have submitted a written statement to your staff, and with your permission, sir,I would like to have that included in the record, and then I would like to offer a short oral statement if I might.

Mr. LOBIONDO. Please proceed.

Since 1915, when the United States Coast Guard was established by law as an armed service, it has been a military, multi-mission maritime service, possessing a unique blend of humanitarian, law enforcement, regulatory, diplomatic and military capabilities. During this past year, Coast Guard men and women have used these capabilities and authorities to accomplish superior operational results.

Sir, I am not entirely objective about this. But from my perspective, America receives a terrific return on its investment from the United States Coast Guard. During Hurricane Katrina, for example, Coast Guard men and women rescued more than 33,000 people in a two week period; responded to 134 minor oil spills and 10 significant oil spills totaling more than 8 million gallons of petroleum products. And to put that into context, the Exxon Valdez oil spill was about 11 million gallons.

We also restored operational capability to more than 80 percent of the aids to navigation that were either lost or destroyed by the storm. Beyond Katrina, the Coast Guard was hard at work securing our maritime borders. In 2005, the Coast Guard, for the second year running, seized a record amount of illegal drugs, including almost 300,000 pounds of cocaine. We stopped illegal migration of almost 10,000 people by sea. We improved the security of our ports and those vessels visiting our ports by continuing to implement the Maritime Transportation Security Act and the ISPS code.

Time and again, the Coast Guard delivered what the American people expect and deserve from their Coast Guard. The President's

2007 budget positions the Coast Guard to continue this record of operational excellence. The 2007 budget requests investments that strengthen maritime preparedness, improves awareness of the maritime domain and enhances capabilities to deal with current and emerging threats. Each investment is critical to equipping the Coast Guard, so that we can remain ready, aware, and capable of being America's first responders at seas.

For example, the 2007 request includes nearly $100 million in operating expense funding to support the operation and maintenance of new assets, as well as addressing critical funding increases needed to close energy and maintenance shortfalls. In addition, $37.8 million are requested to complete final sustainment projects for medium endurance cutters. Each of these components of the request is critical to preserving Coast Guard readiness and preparedness.

The 2007 budget request also includes $89 million to support maritime domain awareness. Key initiatives among them are critical: C4ISR upgrades for our cutter fleet, development of a nationwide AIS infrastructure, and funding to support continued efforts to leverage technologies and partnerships at the port level to improve our awareness of the people, vessels and cargo using our ports and waterways.

Finally, the 2007 budget request once again makes the necessary investment in enhancing Coast Guard capabilities and thereby our ability to respond. Significant line items include: $418 million for the national security cutter, equipped with the right post 9/11 capabilities; funding for one maritime patrol aircraft and the missionization of previously purchased aircraft; support for the modernization and conversion of our helicopter fleet and funding to advance 10 years ahead of the original schedule the fast response cutter.

The 2007 budget provides strong support for the Coast Guard. The budget will strengthen maritime preparedness, significantly improve awareness and security of the maritime border, advance critical modernization and recapitalization of our key systems, and ensure the Coast is able to respond with the right capabilities.

Sir, the Commandant is looking forward to working with Congress to ensure successful budget and operational outcomes for the Coast Guard. I stand ready to respond to any questions you might have.

Mr. LOBIONDO. Thank you, Admiral Cross.

Master Chief Welch.

Master Chief WELCH. Good morning, Mr. Chairman and distinguished members of the Subcommittee. I am very grateful for the opportunity to appear before you for the final time to share my views in support of the Coast Guard's work force that I have been so honored to represent.

Tangible mission results, positive publicity and an intensive internal focus on our work force has culminated in another year of impressive work force statistics, not the least of which was a record high year for the interdiction of maritime drugs and migrants and our unprecedented search and rescue efforts in the aftermath of Hurricane Katrina.

In addition to these unequaled operational results, we have also benefitted from another remarkable year of recruiting and retention efforts. We slightly exceeded our 2005 active duty recruiting mission and among the total of enlisted accessions, with the second highest percentage of minorities and the third highest percentage of women in the history of the Coast Guard. High quality accessions, our Commandant's commitment to our people, and your work to improve military compensation have all continued to positively influence our retention rates. Current retention rates for our officer enlisted work forces are an unprecedented 93 percent and 88.2 percent respectively. And even at the first term enlisted level, we are retaining nearly 7 of every 10 accessions.

I am exceptionally proud of the progress that we have collectively made during our watch across a broad spectrum of important issues. However, I would be remiss if I did not also share with you the key challenges that our work force continues to face. Our legacy fleet of cutters continues to be the most problematic resource issue that adversely affects our people and our readiness posture. During fiscal year 2005, our legacy cutters operated less than half the time without major equipment casualties, that in spite of a 100 percent increase in per day operational investments made during the last six years.

Last year alone, our legacy fleet lost the equivalent of over four fleet years worth of planned activities such as operational missions, training and crew leave and liberty due to unscheduled maintenance and repairs. All of which—

Mr. LOBIONDO. Excuse me, would you just repeat that last one again, for anybody who may not have been paying attention, what was lost last year, four fleet years?

Master Chief WELCH. Yes, sir. Last year alone, Mr. Chairman, our legacy fleet lost the equivalent of four fleet years, four ship years, in one year, sir, all of which negatively impacts crew morale and performance. The importance of our integrated Deepwater systems recapitalization project cannot be overstated. Our fleet is old, the third oldest of 42 similar fleets throughout the world. And with age comes unreliability, crew safety concerns, outdated technology and a general lack of interoperability that can no longer be tolerated, considering the wide array of maritime threats that potentially face us today.

As with our fleet, our owned housing units are also old and outdated. Averaging 40 years of age and facing multi-year maintenance deferrals and a $211 million backlog of proposed housing maintenance and construction projects, this situation will continue to worsen without intervention.

In short, we simply don't have the fiscal resources to adequately maintain or recapitalize our deteriorating shore infrastructure. Continued inattention to our family and our unaccompanied personnel housing units will soon lead to health and safety concerns that are unacceptable to our work force and their families.

Health care is an issue that extends far beyond the organizational parameters of the Coast Guard. We continue to have difficulty securing participating Tricare providers and we will work closely with DOD to manage those difficulties.

My chief concern is that providers are opting out of Tricare due to low reimbursement rates and cumbersome referral and administrative processes. The reduction of Medicare reimbursement rates stands to further exacerbate this problem, while at the same time, DOD intends to raise Tricare rates for retirees under age 65. The Coast Guard is particularly challenged with health care issues due to inaccessibility by reasons of distance to military treatment facilities.

Child care costs and accessibility is also becoming a major issue facing our families and our single or unaccompanied parents. Being far removed from DOD facilities, Coast Guard families are again forced to rely upon very limited and costly community resources available to them. Less than 3 percent of Coast Guard children are cared for by Coast Guard child care providers.

Recognizing the challenges of child care, we are pursuing partnerships with the General Services Administration and the National Association of Child Care Referral Agencies to reduce the burden that is being placed upon our working military families.

In closing, I want to express my sincere appreciation for the time and the terrific support that this Subcommittee has afforded me and my service during my assignment as the Master Chief of the Coast Guard. Your efforts have directly contributed to the operational performance and the morale and the general well-being of our service members and their families. For that, I will remain forever grateful.

Thank you, and I look forward to answering any questions that you may have, sir.

Mr. LOBIONDO. Thank you very much for your insightful and powerful statement.

Chairman Blust.

Mr. BLUST. Good morning, Mr. Chairman, distinguished members of the Subcommittee. It is my pleasure to appear here before you to present the President's fiscal year budget for 2007 for the Federal Maritime Commission.

With me today are two of our Commissioners, Commissioner Paul Anderson and Commissioner Hal Creel, as well as a number of members of our staff, including Bruce Dombroswki, Director of Administration; Austin Schmidt, Director of Operations; and Rebecca Fenneman, Attorney in our General Counsel's office.

The President's budget for the Commission provides for a $21,474,000 budget for fiscal year 2007. As you mentioned, Mr. Chairman, this represents an increase of 5.8 percent, a little over a million dollars over fiscal year 2006, and is in line with this Subcommittee's authorization numbers of $21.5 million for fiscal year 2007.

I would like to take a moment and highlight for you some of the Commission's significant activities and recent accomplishments. Mr. Chairman, one of the items you asked me to comment on was NSAs, the non-vessel operating common carrier service arrangements that were put into place in January of 2005 to allow non-vessel operators the ability to do confidential service contracts with their shipper customers, to make them in a more competitive arena with the vessel operating common carriers who have been able to do service contracts for a number of years.

In January last year, when we made the NSAs available to the industry, it covered a portion of the business and excluded a part because of pending litigation that was moving through the courts. We did not initially allow NVOs to operate as shippers with other NVOs or shipper associations that had NVO members to participate with another NVO under the NSAs. We had concerns about the outcome of the court case, and when that was resolved, we were able to move along.

And in October of 2005, we expanded the ability for NVOs to operate as shippers in relation to other NVOs and service and shippers associations which had NVOs as members to participate as shippers with other NVOs in the NSA arena. So the only piece that is still outstanding, as we have moved along and embellished the program, is one small piece that is joint offering of service between two NVOs offering common rates, because of our concern of antitrust issues.

There is a court case that is going on right now that may help clarify it. In the meantime, we have asked the industry for comments about what they are looking for for joint service. We have received those in December and our staff is currently evaluating the comments that came in. We should be able to have a position on that very shortly.

So it is moving along quite nicely. There are 207 NSAs that have been filed with us, and more than 10 percent of all NVOs have registered to provide NSA service in the future. We are approaching contracting year for this next year, and I expect we will see an increase in the numbers as we go along. It is a new tool and another opportunity for them to provide competitive service to the shippers.

Another area that we have been actively involved in is our oversight of OTIs. Just recently, we were able to obtain an injunction against nine, well, we did a formal investigation of nine household goods moving companies and received an injunction against four companies and three individuals who were providing service to the shipping community, primarily individuals, who were moving personal effects and household goods overseas, to prevent them from operating outside the lawful arena, outside the statues of the Federal Maritime Commission. We received over 250 complaints, which prompted us to seek the injunction and proceed with the formal investigation. Since that time, we have received more, probably exceeding 300 complaints on these individual companies.

Our concern is that individuals, especially with the baby boomers who are now moving on into retirement and moving overseas, either on a partial or full time basis, become victims to unscrupulous operators out there in the arena. So we are very concerned about it. Through our collaborative efforts within the organization and working with law enforcement agencies, with local and with Federal Government, finding ways to stifle the activities of the unlawful operators and either bring them into compliance or get them out of business. Because it is affecting a number of individuals, and it is an area of concern and focus for us.

Another area that I mentioned last year, sir, was the outreach initiatives that we have been taking at the FMC. We have reached out, providing seminars to the industry, and we have invited the industry to come in and meet with us to brief us on the important

issues. This last year, we had seven organizations visit the FMC and brief the entire staff on key issues that are confronting them. We included vessel operators, non-vessel operator OTIs, shippers, ports, cruise lines, marine terminal operators.

And we should have another briefing later this month on the equipment operators. There is a group called OSEMA that operates equipment, and they are establishing chassis pools to allow freer flow of business and ease of movement. They are going to provide a briefing to us as to their activities. We expect that program to continue on. It has been well received on both sides.

Finally, I would just like to briefly mention security from the FMC's perspective. While we do not have a direct, front line role in security, we continue our efforts in providing support to the Department of Homeland Security, primarily the Coast Guard and Customs and Border Protection, in providing expertise and advice and support to them, and through our licensing and bonding capabilities, make sure that those individuals who have responsibilities under our oversight, that they operate in a proper manner.

With that, Mr. Chairman, I will be happy to answer any questions that you may have. Thank you.

Mr. LOBIONDO. Thank you, Mr. Blust.

Mr. Winstead, please proceed.

Mr. WINSTEAD. Mr. Chairman, members of the Subcommittee, I am David Winstead, Commissioner of the Public Building Service of GSA. I assumed this position in October of last year, and I am pleased to be given this opportunity to appear before you to discuss GSA's development of a new headquarters for the U.S. Coast Guard, our client, at the St. Elizabeth's west campus.

My full statement is submitted to the Subcommittee, which I ask to be made a part of the hearing record. With your permission, I would now like to make a brief statement.

Mr. LOBIONDO. Without objection.

Mr. WINSTEAD. Mr. Chairman, we are very pleased to work with the Coast Guard as our client in meeting both their current and future space needs, and doing so at a best value to them as well as the American taxpayer. The St. Elizabeth's west campus is a national historic landmark, located in southeast Washington. It is a 176 acre site with 61 buildings containing 1.1 million square feet of current space, and it features landmark open space and campus, a historic Civil War cemetery and stunning views of the surrounding National Capital region.

GSA acquired this campus in December of 2004 as a transfer of the U.S. Department of Health and Human Services at no cost to meet the significant future needs for secured Federal office space over the next decade. I would like to address two issues pertaining to this site that you addressed in some opening remarks, and that is occupancy and transportation.

GSA is excited in developing this new headquarters complex for the U.S. Coast Guard. We feel that we can work and are working very closely with them to prepare a master plan and as we begin to do design work on this facility. I also will address other issues and needs, such as the child care, which was mentioned earlier. This new secured campus will combine new construction with the re-use of some historic buildings that will consist of 1.3 million

gross square feet of space, excluding parking and occupancy. Planning for occupancy is to begin in 2010.

Given the size of the campus, we are working with DHS in indicating and identifying other DHS elements that could locate on the site, thus increasing the total amount of occupied space to over about 4.5 million square feet, again exclusive of parking.

Also, I know the Committee has asked questions of the Coast Guard, and we have been addressing those, in terms of transportation. The Committee should be assured that we are developing a detailed plan to manage all transportation issues and to provide road access to the site well before the Coast Guard begins occupancy of the campus.

Presently, the west campus is only accessible from Martin Luther King Avenue. While Interstate 295 and Suitland and South Capitol Street are nearby, none of these provide direct access to the site. However, two Green Line Metro stations serve the campus, Anacostia, which is a quarter mile away, and Congress Heights, which is a half mile away. Currently, we are working with the Coast Guard to prepare a transportation management plan. We have gathered data from Coast Guard employees and will continue that process as we continue to design the site planning.

We will also be gathering data from employees of other DHS elements as they are identified and we are already aware of significant interests amongst Coast Guard employees to find alternatives to driving to work. GSA is actively engaged in meetings with local transportation and transit agencies in the National Capital region. We hope to provide a multi-faceted program to improve transportation access and service to the neighborhood, as well as to the to the St. Elizabeth campus. This plan will be finalized as a part of our campus master plan and is a part of our environmental impact statement, both projected for completion by August of 2010.

There are several transportation improvements underway and planned that are covered in my testimony, but we intend to acquire land and construct access roads at the northwest and southwest corners of the campus. Depending on funding, the D.C. Department of Transportation has scheduled roadway improvements along South Capitol Street and Suitland Parkway to include new interchanges and intersection improvements.

We also hope that D.C. DOT has secured and received funding to replace the 11th Street Bridge and the Frederick Douglass Bridge. Express bus service and park and ride lots from suburban areas will access the campus from the transportation facilities at the Metro stations. We are also working with the Bolling Air Force Base and Anacostia Naval Air station in developing comprehensive transportation solutions for that area.

Mr. Chairman, and members of the Committee, I am very pleased to be here as part of this panel. I know there are many important issues before you today. But we are committed, as GSA, to continue to develop this campus plan and to create a first class, secured headquarters campus for the U.S. Coast Guard. Part of that commitment is to ensure that their employees have safe, convenient and efficient access to and from their jobs. We will continue to explore these options and to share with this Committee our plans in that regard.

Thank you.

Mr. LOBIONDO. Thank you very much, Mr. Winstead.

We are now going to move into some questions. I am going to start off, Admiral Cross, with you. On the topic that has just dominated the media for the last two weeks or so, on Dubai and port security, we have so many questions that seem to remain unanswered. But I know I speak for the Committee and many of my colleagues in the serious concerns that we have.

I would like you to discuss with us the Coast Guard's role in the original review of this proposal, and if possible, can you give us any time line of when you were first asked to look into this and any information surrounding that?

Admiral CROSS. Yes, sir, I think I can provide some information on that.

The Coast Guard's role, first of all, the Coast Guard is not part of the Committee on Foreign Investment in the United States. The Department of Homeland Security is in fact the member of the committee, and then we work to provide information and input into the Department. Those efforts started in early May of 2005 at the staff level within the Coast Guard. Then the meetings continued for some time, both within the Department, and Coast Guard members were also present at certain interagency meetings as well.

Mr. LOBIONDO. So DHS requested the Coast Guard to provide security analysis of the proposal, is that the way it took place?

Admiral CROSS. They were just looking for our input into the proposal, yes, sir.

Mr. LOBIONDO. So you were really not asked specific questions? You were just asked to give your overall opinion?

Admiral CROSS. I'm sure that in the meetings, and I wasn't in the meetings, but I'm certain that in the meetings that those staff officers representing the Coast Guard were asked questions. I don't think any notes were taken at the meetings. So I can't be more specific.

Mr. LOBIONDO. I would hope that at our hearing next week we could be more specific with these particular issues.

The Administration has sort of belatedly implemented the additional, more stringent 45 day review of this proposal, which remains somewhat questionable about what this review means, since the financial end of it looks like it is moving forward this week. I am not sure whether this is a pat on the head to try to get Congress to back off, or whether it is a real postponement for review.

But will the Coast Guard be involved in any more comprehensive second review in this process, to your knowledge?

Admiral CROSS. I don't think the process for the second review has been announced. So I really can't speculate as to what our role might be. My presumption would be, is that we would participate in much the same way that we did before. But I will speculate that perhaps the representatives will be at a more senior level.

Mr. LOBIONDO. Again, possibly by next week we can have someone be asking DHS what involvement they would expect of the Coast Guard in this second review.

Additionally, does the Coast Guard require foreign port terminal operators to implement security measures beyond those that are required by current law?

Admiral CROSS. Do you mean the overseas ports, sir?

Mr. LOBIONDO. Yes. When they are operating the ports in the U.S.

Admiral CROSS. Oh, you mean the foreign operators of terminals in the U.S.

Mr. LOBIONDO. Yes.

Admiral CROSS. No, sir, they are required, as are all the port and terminal operators, they are governed by the requirements of the Maritime Transportation Security Act of 2002.

Mr. LOBIONDO. Let me move for a minute to the port security grant issue. I think that the, and I know that the Coast Guard, the budget is not directly responsible for this. But with the Coast Guard's responsibility for port security, you are very intimately involved. I am just astonished at the Administration proposal in terms of the numbers and in the proposal to consolidate these port security grants with the multi-sector transportation infrastructure program.

Let me just remind everyone, I believe it was the Coast Guard's assessment in a previous hearing, that in order to come close to implementing our port security needs, we would be talking in terms of $7 billion. I think I am pretty close on that number, correct me if I am wrong.

The current proposal, which could be diluted if the Administration gets its way, accounts for about $125 million this year. Now, math wasn't my strong suit, but I think that takes us 60 or 70 years out, not accounting for any additional increases. I don't think we can find anybody in or out of Government that has any degree of expertise that will make any kind of a statement saying that we are anywhere close to where we need to be with these port security grants or our overall effort with port security.

Now, the Coast Guard probably has maximized and stretched our dollars that we have spent just because of your expertise and your excellent service. But can you tell me, does the Coast Guard support this proposal to eliminate dedicated funding to secure our ports and move it into a new area?

Admiral CROSS. Yes, sir. I think this is an effort on the part of the Secretary to address what are seen as the highest risks first. Maybe another comment would also be appropriate. I think that $7 billion figure, that didn't necessarily just apply to Federal funding. I think that was what we estimated was the total cost.

For example, industry has borne much of the cost to implement MTSA in terms of the development of facility plans, the hiring of people to be security officers at facilities, and the same for ships, by the way. Then also the upgrades, security upgrades that were required on ships and port facilities in order to comply with the Act.

Mr. LOBIONDO. Well, I appreciate that. My $7 billion number was at the low end, because I think actually the estimate was between $7 billion and $11 billion. So I am accommodating the industry component of that for the other $4 billion, which still leaves us tremendously short.

I don't want to dominate initially here too much, so I am going to move over to Mr. Filner, and then I will be back with some more questions.

Mr. FILNER. Thank you, Mr. Chairman.

Admiral, I didn't understand, when you answered the Chairman's first question, you said you were asked in May of 2005? I mean, this stuff didn't start until November.

Admiral CROSS. No, sir, it was November that we were asked, November 7th. If I said May, I misspoke.

Mr. FILNER. I don't know if you saw, if you get the clips on this stuff, in yesterday's San Diego Union Tribune, which is our daily paper in San Diego, the headline said on the paper, on the first page, it said Coast Guard Raise Concerns on Port Deal, sub-headline, Homeland Security Unaware of Warning. The article says, "The Coast Guard warned within the past three months of the proposed takeover of some U.S. port operations by a state owned company raised intelligence gaps and made it difficult to assess the deal's possible threat to national security. The cautions did not trigger a 45 day investigation, which would have been required if a cabinet level agency had raised such a concern."

Later on the article says, "It is unclear when the Coast Guard issued its warning, but Stewart Baker, the DHS Assistant Secretary of Policy, told Senators he never saw the Coast Guard's admonition, because it never circulated outside the Coast Guard." Is that true, to your knowledge, that you just wrote something for your own great reading pleasure and nobody else bothered to read it?

Admiral CROSS. Sir, perhaps if I could add some clarification to this entire issue, it might be useful. From 2000 to 2002, I was the Assistant Commandant for Operations. As part of that assignment, I had oversight for the entire Coast Guard intelligence program, so I have seen a lot of intelligence reports.

We try to follow what I used to call the Colin Powell process for developing intelligence reports.

Mr. FILNER. Did we start in November 2005, or—

Admiral CROSS. No, sir. I will get there. But it is, tell me what you know, tell me what you don't know, and then tell me what you think. So much of that report involved what we know, and that part remains classified. The gaps that were talked about specifically highlighted those things that we didn't know and weren't able to find out within the time frame.

And then the conclusion of the report, which I will quote, "DP World's acquisition of P&O, in and of itself, does not pose a significant threat to U.S. assets in continental United States ports." That's what we think.

Mr. FILNER. I asked you, did this circulate outside the Coast Guard, to your knowledge?

Admiral CROSS. There is a process for intelligence reports. I do know that it was put on a SIPERNET site where other intelligence agencies had access to the report. I think that was in December that we did that.

Mr. FILNER. So Mr. Baker, when he told the Senators, this report never circulated outside the Coast Guard, is untrue?

Admiral CROSS. People outside the Coast Guard had access to the report.

Mr. FILNER. But apparently your cabinet level whatever didn't—do you see reports like this that say people never read your report?

I mean, what is your reaction to that? They say they never saw it. These are your superiors up there.

Admiral CROSS. I don't know if Mr. Baker saw the report or not. My understanding is they were relying on the Coast Guard representatives in the meetings to communicate any concerns we might have.

I should also add that action was taken on those concerns. The assurances that were written into the agreement to allow DPW to take over the P&O operations addressed two of the concerns that we had, and the last concern was subsequently addressed. So we actually have no concerns at this time.

Mr. FILNER. So all those vital concerns were resolved, as far as you are concerned?

Admiral CROSS. Let me be specific. Two of the concerns involved information that we did not have regarding certain backgrounds of certain personnel and employees of DPW, and another about certain elements of their operation that we didn't have information on. In the assurances that were written into the agreement, they have agreed to provide that information. We don't yet have it. But they have agreed to provide it.

Mr. FILNER. And the third? The foreign influence?

Admiral CROSS. Yes, sir, the third issue had to do with foreign influence. And in subsequent discussions with other intelligence organizations in town, within the Government, we have received additional information. We are no longer concerned about that.

Mr. FILNER. I am really confused now. You said that the agreement assured the United States we would have that information, although we don't have it yet, is what you just said. So you might say, you assure us we are getting a budget today, but we haven't seen your numbers, but we are going to get them, so I don't have to worry about anything. Is that what you are saying?

Admiral CROSS. No, what I was saying is, when the agreement is concluded, they have agreed to provide us the information. If they don't provide us the information—

Mr. FILNER. But the problem is, we have problems with the security based on that information. I mean, what you are saying is, as long as they provide the information, no matter what it says, we are happy. That is what you seem to be saying.

Admiral CROSS. Well, once they provide us the information, we would have an opportunity to vett the information. But we—

Mr. FILNER. But the agreement has already been passed. So what if you get the information, of course, it won't be circulated outside the Coast Guard anyway, so what is the difference?

I just don't understand—there were two offers to buy those ports, one by this Dubai Ports World and the other by PSA, owned by the government of Singapore. Did you evaluate that one, too?

Admiral CROSS. I don't know if the offer from anyone other than DPW was evaluated by the Coast Guard.

Mr. FILNER. Of course, back in November, when you said you started, both corporations made offers, and you only did one of them?

Admiral CROSS. My presumption is that the offers would have been made to the current owners, P&O, not to the U.S. Govern-

ment. Then P&O would have decided which offer best served their corporate interests.

Mr. FILNER. Right.

Admiral CROSS. Then after they decided that, the issue would have been passed to SIFIUS.

Mr. FILNER. Pardon me, Mr. Chairman, I know I'm beyond time. But you said you were asked in November. At that time, two offers were on the table. And it was only a few weeks ago really that the offer was increased sufficiently that P&O decided to accept the DPW bid.

I don't understand the process. Number one, what were you asked to do, for which corporations, why nobody outside your agency knew anything about them and why you are so, why these issues were resolved so quickly for you? If you can comment on any of those four things, I would be happy to hear it.

Admiral CROSS. I am not aware that we did any analysis on PSA. If that is in fact the case, we will certainly provide that information to the Committee.

Mr. FILNER. Did you ever ask Mr. Baker why he didn't read your report?

Admiral CROSS. I am not sure that Mr. Baker hasn't read it, but no, I haven't talked with him about the report.

Mr. FILNER. He told the Senate he didn't know about it. I think you should worry whether the people upstairs are reading all this work that you are doing. I may come back to that.

Thank you, Mr. Chairman.

Mr. LOBIONDO. Mr. Coble.

Mr. COBLE. Thank you, Mr. Chairman.

Admiral, when we heard the words search and rescue, we synonymously think Coast Guard. When we hear the words port security, we synonymously think Coast Guard. And after 9/11, I made the statement, along with hundreds of others, I am sure, that when these murderers come back calling again, they likely will come calling by water, port or harbor.

Having said that, Admiral, how do you feel about our port security, security now as opposed to pre-9/11?

Admiral CROSS. Congressman, I do not think there is any question that our ports are far more secure now than they were prior to 9/11. If you will permit me, I have a list of some of the activities and actions that we have taken over the course of the last few years. First of all, we implemented or increased the time for an advance notice of arrival from 24 hours to 96 hours for all crew information, passenger information, cargo and vessel history. This gives us a chance to vett that information across a series of data bases.

We fielded 12 Maritime Safety and Security teams consisting of more than 80 boats and the crews that go with those boats. Those teams also have explosive detection dogs. They have an underwater detection capability and divers to help manage that underwater detection capability.

With the Congress' help, we have purchased and fielded 14 new coastal patrol boats and acquired for use 5 Navy 179 foot patrol boats. We stood up two maritime intelligence infusion centers, one on each coast. We have placed field intelligence support teams in most of our major ports.

Mr. COBLE. Let me reclaim my time, because I want to beat that red light.

Admiral CROSS. Okay, I am sorry, sir.

Mr. COBLE. But the point is, you feel fairly confident, I take it?

Admiral CROSS. I am confident that we have done a great deal and we are far safer than we were. I think much work remains to be done.

Mr. COBLE. I concur on both counts.

Admiral, the President requested $417 million to bring the first three national security cutters to full operational capability and to construct a fourth one. Why did the Coast Guard choose to acquire the national security class prior to other Deepwater cutter classes?

Admiral CROSS. Sir, if you take a look at the age of our fleet, the larger ships that we have are the oldest. You can make the case that they are also, well, they are clearly the most capable. So when we get those new national security cutters online, we are not only going to have new cutters, we are going to have far more capable cutters, especially in the C4ISR realm, which we think is absolutely the key to improving port security.

At the end of the day, preventing terrorist attacks is about having the ability to collect, analyze, synthesize and act on information.

Mr. COBLE. And I think cost savings and operational benefits also likely will accrue, will they not?

Admiral CROSS. What we do know we are going to do is avoid substantial maintenance costs on our current 378 fleet, the high endurance cutters, which are going up every year. And also the operational days that we are losing, that is what Master Chief Welch was talking about, 731 days, I believe was the number last year of scheduled deployment days that were lost to unscheduled maintenance.

Mr. COBLE. Finally, Admiral, let me put a three part question to you. The Administration's budget proposal reclassifies drug interdiction as a non-homeland security mission. My three questions are these, Admiral. Will this designation affect resources and funding that is dedicated to the Coast Guard drug interdictions? B, do you know why the Administration proposed this reclassification? And finally, how did the diversion of personnel and air assets due to the hurricane response efforts affect the Coast Guard's drug interdiction capabilities in calendar year 2005?

Admiral CROSS. Let me see if I can answer those in order. Will it affect the resources? I think over time it could potentially result in smaller budget allocations for the Coast Guard.

The second question is, do I know why. I think that was a standard that was applied across all the agencies in Government, with an effort to increase those parts of the budget that were dedicated to national security.

And the third part of your question had to do with, did the diversion of people and air assets to Katrina affect counter-narcotics. I think in some way that it did. Primarily that way would have been, I think you may know that at one point we have somewhere between 35 and 40 percent of all the aircraft that we own were in New Orleans or Mobile, Alabama. So little question in my mind that we probably did not deploy, some of the ships that deployed

for counter-narcotics that would have had helicopters on board probably did not. But otherwise, I think for the most part, that would have been the impact.

Mr. COBLE. I thank you, Admiral. Good to have all of you with us. Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you, Mr. Coble.

Congresswoman Brown?

Ms. BROWN. Thank you. Later, in a different forum, would you please give me an update on the status of the dormitories in Connecticut? I visited there, I was very impressed with the men and women there, but it needed substantial work. I need to know what is the status of that.

Let us get down to what everybody is concerned with, and that is port security. I want to commend you all because you have taken what is a lemon and made lemonade, you have done the best with what you have had and you have stretched the dollar. Thank you very much. And of course, I fought very hard that you all kept some independence under the Homeland Security.

But as always, the Bush Administration is misleading the public. Everybody gets a comfort level when we think that the Coast Guard is responsible for port security. And they think you are doing a lot more than what you are doing. You list a lot of things that you are doing.

But I come from Florida. I have 14 ports and I know exactly what you are doing as far as port security is concerned. Now, you said earlier when the Chairman asked you a question about combining the grants program after 9/11, if it wasn't for this Committee, the ports would have gotten not a dime from this Administration. We spent $4.4 billion in aviation security, but only $36 million in all surface transportation.

So now, it is misleading the public to say that the Coast Guard is responsible for port security. You play a very important part. I have nothing wrong with you playing an additional part. But you cannot do it when your operational budget has been cut.

Now, I need to know, what role do you all play in port security? And I know you can't tell us what kind of funds you actually need. But it is misleading the public to say that the Coast Guard is responsible for port security when of course the operators that operate the port are responsible. And in Jacksonville, we hire the sheriff's department that is there protecting the port.

Now, you do waterside, some protection based on the amount of dollars that you have.

Admiral CROSS. Yes, ma'am. Maybe I should start by saying, Florida is near and dear to my heart as well. I was born in Broward County General Hospital in Fort Lauderdale.

Ms. BROWN. I live there.

Admiral CROSS. And maybe I should correct one thing. Since 2001, the Coast Guard has grown by about 5,000 people. And we have seen our operating budget increase by a little over 65 percent, and our capital acquisition budget is—

Ms. BROWN. Sir, I agree. But also, your duties and responsibilities have increased. Okay?

Admiral CROSS. Yes, ma'am.

Ms. BROWN. You get a free ride on that one.

Admiral CROSS. No, I do not want a free ride. I wanted to clarify the record.

I do not think we have ever suggested that only the Coast Guard is responsible for port security.

Ms. BROWN. No, sir you have not. But in the television and in the news, it is out there, the Coast Guard is responsible for the port. This is the first I have heard it from you. But I knew it was misleading, lying, however you want to call it.

Admiral CROSS. Well, I think we are the leaders for port security.

Ms. BROWN. Oh, you are.

Admiral CROSS. The captains of the ports head the local port security.

Ms. BROWN. Do you verify the operation? Tell us, please tell us what exactly does the Coast Guard do?

Admiral CROSS. Let me offer some examples. We have implemented the Maritime Transportation Security Act passed by this Committee. So we have now validated the fact and looked at and approved 6,200 ship security plans and 3,200 facility security plans. We also—

Ms. BROWN. Excuse me, that is wonderful. Now, you have okayed what is written on a piece of paper. What kind of oversight? What kind of verification? Where is the budget for that? I can say anything on a piece of paper. But if there is not oversight, if you can't go in there and verify, there is a problem.

Admiral CROSS. Ma'am, we can go in and verify. And to date, since July of 2004, we have detected over 700 violations of which 44 of those were deemed to be major violations. When we say major violation, that oftentimes results in a stoppage of cargo operations or in some cases, we actually closed down facilities until they met the requirements of the Act.

This is not just in U.S. ports. As well, we also inspect ports overseas for compliance with the International Ship and Port Facility Code. So far, we have inspected 44 ports overseas, 37 passed, 7 did not. So those 37 that passed represent about 80 percent of all the goods that are shipped into the United States. The seven that failed are in the process of being notified that ships arriving in U.S. ports from those ports will be subject to additional scrutiny.

Ms. BROWN. Oh. I have a minute left.

Mr. LOBIONDO. You are over by a minute.

Ms. BROWN. Are we going to have a second round, sir?

Mr. LOBIONDO. Yes, we certainly will.

Ms. BROWN. I am ready for it.

[Laughter.]

Mr. LOBIONDO. Mr. Simmons.

Mr. SIMMONS. Thank you, Mr. Chairman. I want to thank Representative Brown on two counts, one for mentioning Chase Hall and the renovations at Chase Hall. We have some very fine young men and women up in the dormitory at the Coast Guard Academy. But that hall needs renovation, just for safety's sake. And I thank her, because she visited the facility a couple of years ago, and saw with her own eyes what we need to do, and I thank her for that.

I also wish to mention, under Coast Guard R&D, on page 6 of our handout, that the R&D facility is very important to Coast Guard. When Coast Guard was passed to Homeland Security, the

idea was it would be passed intact. I think that's what the language of the law said. And yet, in each cycle, since we created the Department of Homeland Security, an effort has been made to take the funding for R&D out of Coast Guard and give it to Homeland Security.

I oppose that, I think other members of the Subcommittee oppose that. I will continue to oppose that.

But the point I want to make now is that the Coast Guard R&D has been in World War II buildings at Avery Point for a long time. They deserve a better spot. Boston GSA has done a wonderful job trying to assist in locating a site at the Fort Trumble property in New London. We have a site available. It is not encumbered by eminent domain in any fashion. It gives line of sight to the water.

I would just hope that, I know GSA is here today to testify on the St. Elizabeth's site, but I would hope that you would give highest priority to providing a suitable building on the Fort Trumble property adjacent to the Coast Guard station, adjacent to Fort Trumble, which is the original Coast Guard facility ashore, adjacent to what we know will be the National Historical Coast Guard Museum. This will become a center of excellence for Coast Guard, and I think this is a very important project. I hope GSA Washington will help GSA Boston with this project.

That being said, I would like to switch to again the subject that was raised by my colleague, Representative Brown of Florida, which is port security. My understanding is under the provisions of the Maritime Transportation Security Act of 2002, requirements were set for the checking of cargo, both looking in cargo containers in facilities and checking the container seals. People that I know that are working the piers and working the docks and working the ports are telling me that only a very small percentage of these checks are being done.

I guess my question is, if the budgets are adequate for this purpose, why are we not checking a higher percentage of containers and seals? There has been a big hoo-ha over DOHA and who should be managing our ports. That is an interesting issue. It is a related issue.

But the bottom line to me is right now, and I have not as many as Ms. Brown, but I have a port in my district, why are we only checking 4, 5, 6 or 7 percent of the containers, if the money is adequate? And what does this Subcommittee and our full Transportation Committee and the Congress need to do to address this important homeland security issue?

Admiral CROSS. Yes, sir. The inspection of containers is, it is not a Coast Guard responsibility. That is primarily managed by Customs and Border Protection. I think it would be wrong for me to try to answer that question. I would prefer that we provide that question for them.

If I could, can I just make a comment on your two other issues?

Mr. SIMMONS. Please.

Admiral CROSS. Two years ago, not only was I Assistant Commandant for Operations, but by virtue of being in that position, I was also on the Coast Guard Academy Board of Trustees. I had an opportunity to visit the barracks on a number of occasions, barracks that I lived in for four years as a cadet. Quite frankly, I was

appalled at the condition of the barracks. So we would seek this Committee's support for helping us to continue to fund the renovation of Chase Hall. It is a very high priority for us. We are started, but we really need full funding of those funds that we have asked for to continue.

With regard to the R&D Center and the location, we agree with you. I think it was actually the Coast Guard that asked GSA to help us take another look at the facility over at Fort Trumble. What we were hoping is that, we walked away from that initially because the price was going to be exorbitant. We think that might have been because the developer we were talking to, they really develop hotels. We think maybe the technical requirements for an R&D center might have caused them to factor a great deal of risk into the price and maybe if we talk to the right people we can get the building modified for a reasonable cost.

Mr. SIMMONS. I appreciate those comments, Mr. Chairman. And again, the building being renovated, Building 2, I agree with you, adopting that to your purpose is probably going to be more expensive than necessary. But there is land available within that complex unencumbered by eminent domain issues, with line of sight where a new building could be constructed, designed specifically to the Coast Guard's needs, probably cheaper than converting the existing building to that purpose. I would urge that GSA work with the Coast Guard on that. Because again, this becomes a center of excellence for the Coast Guard at that location.

Thank you, Mr. Chairman.

Admiral CROSS. I know the Commandant is looking for an opportunity to meet with you to discuss kind of a broad range of issues in New London.

Mr. LOBIONDO. Thank you, Mr. Simmons.

Mr. Reichert.

Mr. REICHERT. Thank you, Mr. Chairman.

Thank you for your service. Most of us on this Committee do not have Coast Guard backgrounds, but there is one gentleman, who just left, who does. Most of us, I come from a law enforcement background and I spoke to the Navy League last week in my district is near Seattle and also to a group of Coast Guard members at a luncheon a couple of weeks ago. I asked them to forgive me, because I am a member of the Air Force in my younger years.

I do not understand everything the Coast Guard does. But I have a good understanding of what you do. I would just for the record ask you to, if you could, describe your mission as it relates to our port security.

Admiral CROSS. Yes, sir. First of all, we love the Air Force.

[Laughter.]

Admiral CROSS. We certainly wouldn't hold that against you, although it would be our pleasure to escort you on a visit to a Coast Guard facility some time, so you can get a better idea about what we do. We have extensive facilities down in the Hampton Roads area where you could do just about everything the Coast Guard does in a fairly short period of time.

Port security, just like everything the Coast Guard does, is multifaceted. It is not just about maritime safety and security teams or boat crews driving boats in order to collect information or just pro-

vide a deterrent capability. It is also about inspections, it is about implementation of the Maritime Transportation Security Act, and the International Ship and Port Facility Code, which we have worked very diligently with the International Maritime Organization part of the United Nations to get passed.

It is about collecting information. A lot of the money, and in some cases, elements of different line items in our budget are requested to help us improve our maritime domain awareness. Once again, that is not just a Coast Guard effort. That is an effort that we are working very, very diligently with Customs and Border Protection, other Federal agencies, importantly with the Department of Defense and NorthCom, so that we will be able to jointly—that's a word you should recognize—

Mr. REICHERT. Yes.

Admiral CROSS. Jointly collect this information, synthesize it and use it and employ the most appropriate asset to go interdict any threats to not just our ports, but to our Country in general, but of course primarily we are worried about ports.

Mr. REICHERT. And you are the lead agency in that effort as far as—

Admiral CROSS. We have been designated the lead agency for maritime homeland security, as opposed to homeland defense, in which case we are supporting role for the Department of Defense. In that role, I think it is appropriate to point out that captains of the port are all Coast Guard officers. They have unique authorities in that regard. For example, they can refuse to allow ships to come into port. They can retain ships in port. They can cause ships to be moved around when they are in port. Coast Guard people have the authority to board and inspect any vessel in a U.S. port, actually U.S. vessels anywhere in the world, and foreign vessels within 12 miles of our shore.

Mr. REICHERT. And I am sure that they work in close concert with the locals, port authorities, as my colleague mentioned, the sheriff's office in Florida at one port. I happen to have been the sheriff of Seattle, did not have that responsibility but worked closely with the port authority. So your captain of the port certainly would be a close partner of any port authority and also any company that might have some authority there for security. Is that not correct?

Admiral CROSS. Yes, sir. The level of cooperation between Federal agencies, State and local agencies and industry is higher than it has ever been. For example, the captain of the port, I think I mentioned earlier, is chairman of the port security committee. But all those entities that you talked about would be represented on that committee.

Oftentimes we do joint boardings. Increasingly we do joint boardings with Customs and Border Protection. I think you are going to see that evolve as standard procedure in the not too distant future.

But also in selected ports, where they have the forces and are interested, we also have local authorities as part of the team. So it is very much a team effort.

Mr. REICHERT. Thank you. I have one quick question, I know I have just a few seconds left. The Healy, as you know, is based in

Seattle. We are happy to have her stay. The funds to support the Coast Guard polar icebreakers have been transferred to NSF. Recently, NSF has spent some of their money to contract with a Russian flagship.

Can you comment on that contract? Is that a benefit to the Coast Guard to have that sort of contract in place? I know that the Russian ship had some mechanical problems and failed to complete its mission. I think the Polar Star had to come to its rescue. Thank you.

Admiral CROSS. Yes, sir, I can tell you how that operation went this year. You are correct. I think in an effort to reduce costs, the National Science Foundation did contract with the Russian icebreaker. They had a problem with one of their props, and as a result of that, they requested that we get the Polar Star underway. I think it was more as an insurance than anything else. Because as it turned out, the Russian icebreaker was able to complete most of the mission, although the Polar Star arrived on scene and did for about four or five days actually groom the channel, as much to help prepare the ice for next year as anything else.

With regard to how the entire transaction has affected us, we have received the funds from the National Science Foundation to do the required maintenance on the Polar Sea, so they will be able to deploy next year. So what has essentially happened in the short term is that the program has remained in limbo. I think we are waiting for a final report from the National Academy of Sciences on just how and who should operate the Nation's icebreakers.

They did issue a preliminary report in which they noted that at the very minimum, the Nation should have one polar icebreaker, one Antarctic icebreaker and one for the Arctic. And that especially the one for the Arctic should address not just scientific concerns but also national security and economic concerns.

So we are anxiously awaiting the final report and working with the Congress to determine a way ahead.

If I might, I am just going to make one more comment. The whole reason for transferring these funds in the first place, and it happened because the Coast Guard actually proposed decommissioning the two polar icebreakers in one of our budgets, and it is because we simply weren't getting the funding we needed to properly maintain the icebreakers. We were year after year having to take funds that were meant to support other ships in order to maintain the icebreakers. So that was the basis for the study and the transaction that took place.

Mr. REICHERT. Thank you. Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you, Mr. Reichert.

Master Chief, you went through a list of challenges that the Coast Guard has, some of them related to operational assets involving Deepwater, which unfortunately we have talked about a lot. But you also listed outside of the Deepwater operational concerns a number of other issues that are challenges in health care and personnel issues with the Coast Guard. It is a difficult question for today.

But if you can, I would like for you to follow up with a written response on what you think the dollar requirements to meet that list that you outlined would be. And if it is not too much trouble,

minimally and optimally. There probably is a bare minimum we need to do that would require X number of dollars beyond where we are, because I think you have highlighted an important aspect of what we are talking about as far as the budget is concerned, where my concerns are raised not only with Operation Deepwater and a lot of the Coast Guard operational responsibilities, but with some of these other issues that if morale is not good, we have bigger problems down the road.

So I would appreciate that. I am assuming you want to get back to me on that.

Master Chief WELCH. Yes, sir. Just to give you a number, Mr. Chairman, so you know the magnitude of what we are talking about, our shore infrastructure that I spoke about, as you know, extends far beyond the world of housing. I was just focusing on housing and the $211 million backlog associated with that.

When you look at our total shore infrastructure, the backlog is significant, in the billions and billions of dollars. But I would be happy to quantify the issues and the amounts that I believe would be required to make incremental progress, sir.

Mr. LOBIONDO. Thank you.

Mr. Boustany, you are up.

Mr. BOUSTANY. Thank you, Mr. Chairman.

Hurricanes Rita and Katrina left a lot of debris in the Gulf of Mexico. Admiral, I would like it if you could provide a status report on the cleanup of that debris. Do you have sufficient funds to deal with it, and do you anticipate more needs possibly with the upcoming supplemental? I know that is probably not a question that can be answered right now, but if you could provide a written response, I would greatly appreciate it.

A question about fuel costs. The President's request has $30 million in additional fuel costs. Is this adequate? Is this going to meet your needs?

Admiral CROSS. Sir, that is our best estimate right now. As anybody who buys gasoline for their car knows, fuel prices have been all over the map lately. But we think within the context of the budget that that is a reasonable estimate for now.

Mr. BOUSTANY. Okay. With regard to the Oil Spill Liability Trust Fund, clearly the hurricanes had an impact on this. Are Stafford Act funds still available and are they still being used? Do you anticipate the need for further funds here? And one last question with regard to that, if payments temporarily go beyond the fund balance, can you borrow?

Admiral CROSS. That is a very interesting question, and a good question. My understanding is that to date, all of our costs have been met through the Stafford Act and we have been reimbursed. What we are concerned about is the potential for claims. We have not received any yet. But we estimate that the potential for claims could run as high as $800 million. If that occurred, then we would have to, it would likely bankrupt the fund and we would have to come back to the Congress. There are provisions for us coming back to the Congress for additional funds.

Now, we do not know that is going to happen. It may not. We are trying to watch it very, very closely.

Mr. BOUSTANY. Okay. And one last question, sort of along the lines that the Chairman just asked. I know that there is $53 million for increased personnel costs. Are you looking at any increase in personnel or is that purely health care and housing and the miscellaneous things that you mentioned earlier?

Admiral CROSS. Yes, I think the majority of that just has to do with cost of living increases and pay raises. This budget does call for a slight increase in the work force, and I apologize, I do not have that number off the top of my head. I should have it.

Mr. BOUSTANY. And I too express the concern that even with this budget request, there is a potential for a decline, or the ability to maintain current services at this 2006 level. It sounds to me as if personnel costs and some of these other things are really going to kind of hit you pretty hard, to the point where you are at current operational levels or possibly even below.

Admiral CROSS. I think we will be at least at current levels of operation. In fact, there are some other up sides. Part of the request for HC130J funding for example, would buy us an extra 2,000 flight hours. So that would be helpful. One of our larger shortfalls is in maritime patrol aircraft, and of course, that is why we are trying to bring the COSIS on as quickly as we can. That 2,000 hours would be very important to us.

Mr. BOUSTANY. Thank you very much.

Mr. LOBIONDO. Mr. Filner.

Mr. FILNER. Thank you, Mr. Chairman.

I am still a little puzzled by your testimony, Admiral. Again, let me just quote from the memo, I don't know who wrote it, but the Coast Guard assessment of the DPW purchase. It says "There are many intelligence gaps concerning the potential for DPW or P&O assets to support terrorist operations that preclude an overall threat assessment of the potential DPW and P&O ports merger." You didn't have enough information. "The breadth of the intelligence gaps also infer potential unknown threats against a large number of potential vulnerabilities. And these gaps include, but are not limited to, operations, personnel and foreign influence."

You said in your testimony, as I understood it, correct me if I am wrong, you said, these questions need to be answered. And DPW has agreed to answer them. But you don't have the answers to those, right? We as a Nation don't have the answers to those. There is something about the information will be provided.

Admiral CROSS. That is correct, yes, sir.

Mr. FILNER. But the deal will already be closed by then. What if we had information that ten of their personnel had been trained in Al Qaeda camps or something? Are you satisfied that whatever information they give us is going to answer these questions?

Admiral CROSS. I think the sequencing is important here, sir. Those assurances are part of the agreement. Therefore, the agreement could not be finalized until they provided the information that they promised us.

Mr. FILNER. But the information—we do not know what that information is, which you so appropriately point out there. There is no way to evaluate the threat unless we have that information. And they still have not provided it. They have assured us that they will provide it. But the deal will already be closed, I think.

So these are important questions. I don't see any answers to them, frankly. In your testimony, you distinguish between the first two and the third concern. Can you just explain what was the difference?

Admiral CROSS. Yes, sir. The first two issues—

Mr. FILNER. You got assurances.

Admiral CROSS. Yes, sir, there were assurances. And the third issue, we have vetted with other organizations, intelligence organizations with the Federal Government who have access to that information that we did not have. We are very comfortable with where we are on that now.

Mr. FILNER. So, you asked a very important question. Is there foreign influence on DPW or P&O operations that affect security and other major decisions; if so, what countries and to what degree? Important questions, which is what the Congress is asking. That information is not available to us, as far as I know, or to the American people. So those are really important questions, I am glad you raised them. I wish they would be more public and we would know what the answers are.

As Ms. Brown pointed out, the Administration says, have no worries, American people, because the operations control has nothing to do with security. I, just as Ms. Brown, I cannot buy that at all. For example, in the Maritime Security Act that you referred to, it says that there shall be background checks on individuals who have access to the secure areas of the marine terminals. That is part of security. But it is also what operations is involved with.

We have not started that process, have we, of checking, of background checks of those who have access to terminals?

Admiral CROSS. No, sir. That is affiliated with the Transportation Worker Identification Card project, which has come very, very near the top of the priority list for the—

Mr. FILNER. But it is several years and we still haven't done it, right?

Admiral CROSS. What we have done is conduct two prototypes, one in Florida and one in Delaware.

Mr. FILNER. You are testing the kind of cards, but you are not actually doing any background checks.

Admiral CROSS. I do not believe, no, sir, the checks have not—

Mr. FILNER. You see, that is where operations and security merge to assure us that there is security done. And as you pointed out several times, you didn't point out, I inferred, I was not for this conglomeration that is under DHS. But the argument was, we are going to have all this coordination.

So in one answer today, you said, well, we are not responsible for the containers, it is Customs, which doesn't exist any more, and Immigration, which doesn't exist any more. So even within the Department, like we had before hand, you are pointing at each other. And now you are saying this is TSA's job and they have not done it.

So I am not convinced that there is any kind of cross checking here. When your own, when the Department's own spokesman says, hey, I never read what the Coast Guard wrote, I mean, there are problems here that this issue is raising. As the Chairman said in his opening statement, every time we have a question, more

questions arise. We don't know what the answer to your very important questions are. We are getting evidence that the various elements of DHS are not even talking to one another, and everybody is pointing to everybody else for doing it.

Frankly, as someone who represents a port which I think has a lot of threats to it, even though your Department sees us as a little sleepy fishing village, I don't have any confidence that we are meeting these security concerns. Do you want to give me any more confidence?

Admiral CROSS. Sir, I would offer, first, the general statement that I did Congressman Coble. I think we are a lot more secure in our ports than we were prior to 9/11. I will not dispute the fact, in fact, I often say that we have, much work remains to be done.

I would point out, though, that the fact that we have Customs and Border Protection responsible for containers and other aspects of the cargo coming into the Country and TSA has other responsibilities, that is not necessarily a whole lot different from the way the Department of Defense operates. You have the Army responsible for some elements of defense, the Navy for other elements. And the level of cooperation between agencies within the Department, once again, I know it is not where we want it to be, but it is dramatically increased and improved over where it used to be.

Mr. FILNER. I wish I could take your word for it. But I don't see any amount of evidence for it. And in answer to Ms. Brown and others, what we seem to be getting is, you are able to verify, paper verification of things, we are looking at systems, we are looking at things, but we are not actually doing the security, we are not doing the background checks. We have assurances that there is a security plan, but there is not a lot of checking. It is 1 or 2 percent of containers are checked. And the technology for doing that is not very sophisticated, as far as I could tell, by looking at San Diego.

So you leave me a lot of insecurity about our security.

Mr. LOBIONDO. Admiral Cross, help me understand how the facility security officer at a port interacts with the port terminal operator in working with the Coast Guard for that individual port security issue, issues that may arise.

Admiral CROSS. In the implementing regulations for MTSA, various standards were set for the level of security in ports. As I think you know, when we implemented those regulations, our effort was not to be descriptive in terms of how the security had to be made. So many of the ports arrive at an acceptable level of security in different ways.

But the facility security officer is required to be trained, and he is responsible for ensuring that the agreed-upon security standards in any given port or facility are in fact being met. And he is the person that the captain of the port representatives would meet with and tour the facility with when we go back to check and make sure that the facility is in fact doing what they said they would do.

Mr. LOBIONDO. Who does the facility security officer answer to?

Admiral CROSS. Ultimately, he would answer to whoever is running the port. In most instances that is a port authority. And in some cases, there are private entities.

Mr. LOBIONDO. So the facility security officer is hired by the port operator, is paid by the port operator. So ultimately, if there is a

concern that the Coast Guard raises or the port authority raises, the facility security officer, in order to accommodate whatever is required, would have to go to his or her boss, which is the port operator. And what guarantees or assurances do we have that under this Dubai deal or any other deal that those recommendations, those orders or whatever it is, will be carried out the way we want them carried out, according to the best interest of our homeland security?

Admiral CROSS. We actually check to make sure that the facilities are secured in accordance with the requirements. And if they are not, depending on how serious the violation is, if it is a minor violation, we may say something like, okay, you have two weeks to fix this. Then we will come back and ensure that the additional security elements are in place.

If it is a serious violation, and there have been 44 of those since July of 2004, we have gone as far in some cases to actually close down the facility until the fixes were put in place.

Mr. LOBIONDO. I think there is reason to believe that in a rapidly unfolding situation at a particular port, with intelligence leads or some other agencies coming together to say, there is something very specific that is really worrisome, that is a big threat here, that this facility security officer would have access to sort of the highest level intelligence on that particular incident at that port, is that correct?

Admiral CROSS. Yes.

Mr. LOBIONDO. So it would be safe to assume that that facility security officer would be sharing that information with his or her boss?

Admiral CROSS. Potentially. I mentioned earlier in response to a question from Congressman Filner that we were not doing background checks as yet, or TSA is not doing background checks as yet. When I said that, I was referring to just typical employees at the port. We are in the process, in fact, of doing background checks on people with security responsibilities. Not all of those have been completed, but we are in the process of doing that.

Mr. LOBIONDO. But in this particular situation, with a very rapidly unfolding security threat for a terrorism incident at one of our ports, which is not that far out of the realm of reality, the facility security officer, interacting with the Coast Guard or other Federal agencies that could be involved with DHS on this particular issue, probably would be sharing with the port operator whatever that information is, however sensitive it may be.

The point I am getting to that raises particular concern for me is that in the most recent incident we are concerned about is that in essence we would be sharing potentially some very sensitive intelligence information with United Arab Emirates, because they actually own the corporation. Unfortunately, that is what I thought.

I have another round of questions, but I am going to move to Ms. Brown again.

Ms. BROWN. Thank you, Mr. Chairman.

Let me just say that you all are the only bright spot in the Administration. Basically, after 9/11, you had a program, you were out protecting our bridges within five minutes after 9/11. So thank you.

When Katrina took place, FEMA was a disaster. Everybody in this Country knows it was a disaster. The only bright spot was the Coast Guard, the only bright spot. It was like our Government was not present. They get an F.

So my question to you is, given your expanded role and your initial roles that you have as far as drugs and all of this, most people feel that, coming from Florida, with 14 ports, I have visited all my ports in Florida, but I have visited ports around the world on my Transportation Committee. And you say you have inspected 44 foreign ports, 7 didn't meet the standards.

But when you say inspection, tell me, what are you talking about? Because I have talked to some of these operators. And I am not convinced that the kind of security we think is taking place is taking place. Let me just give you my quick questions and then you can answer all of them. Most people feel, when I talk to my port operators, the only funds available is this port security money. I had to go back in there and make sure that there was special provision given for these ports that have military bases there and military equipment going to our men and women.

So now, if we do not have this grants program and it is balled into one and ports is as the bottom and all other security, we put $4.4 billion for aviation and just $36 million for all of security, not just talking about ports, we are talking about ports, rail, transit.

So I want to know when is this Administration going to stand up for the American people. When? When are we going to stand up? When is this Congress going to stand up?

We talk a great talk. But we do not put the funds where they need to be. What improvement do you feel is necessary to protect the U.S. ports? I live in Jacksonville. We have a football stadium right there on the water. The terrorists don't have to be there. We have all the cargo, all these cars coming through there. Put something in one of those cars. Blow it up and I'm halfway around the world.

What are you all doing to make sure that does not happen? We are not doing our duties as members of Congress to have some illusion out there that the U.S. Coast Guard is taking care of us. You are doing the best you can based on what meager funds you get. And you are the only bright spot in this Administration. FEMA is a disaster. The only bright spot during Katrina, you rescued how many people, while the rest of the Government was missing in action.

I know you cannot tell us the truth. We need somebody else here, but it is not you all. You are doing the best you can. We have a lot of frustration here. We have an Administration that does not, does not respect the Congress. Does not respect the Congress. One hundred twenty-nine years, I am the first African American. I care about all the people of Florida. And it is a disgrace that we talk about terrorism and protecting other people and we are not doing it here.

One thing this port discussion has done is to shine the light on the fact that we are not adequately funding the infrastructure security in the United States of America. So maybe you can answer some of my questions in writing or say something, whatever they told you you could say.

Admiral CROSS. I am glad you clarified early on when you were talking about the bright spots, Congresswoman.

Ms. BROWN. You are.

Admiral CROSS. I thought you might be talking about Chief Welch's and my haircuts here.

[Laughter.]

Admiral CROSS. Let me just offer a couple of comments if I could. Early on you asked about what we were doing in the overseas ports. I think it might be useful to clarify that we actually have teams of Coast Guard people who travel overseas and visit these ports. Typically, it is more than one visit, especially a lot of ports that are not major ports. Because early on, we found a fairly large number of discrepancies. Then we work with the ports, explaining to them what they have to do, then we go back and recheck. That is to the point now of the 44 that we have checked.

Ms. BROWN. When you say rechecked, you don't actually check the cargo, you are checking the papers.

Admiral CROSS. No, ma'am, this is not about cargo at all. This is about port security, facilities within the port.

Ms. BROWN. Who checks the cargo?

Admiral CROSS. Customs and Border Protection would be checking cargo. And in some cases, they are doing a great deal of that overseas as well.

Ms. BROWN. How do they check it? When you say they check it, what do you mean?

Admiral CROSS. I do not want to speak for them, so let me just speak generally. First of all, they have partnerships with various shippers. And they get manifests in advance. And if they see, then they run the manifest through a risk based model, very sophisticated computer model.

Ms. BROWN. It sounds good.

Admiral CROSS. They use that to decide which ones they open and inspect. Others are scanned using sophisticated sensor devices. I don't think I want to go beyond that. I think that is a question that is best answered by Customs and Border Protection.

Ms. BROWN. But I mean, I know as a lay person that the system is flawed. I am sure that the terrorists know it, too. What can we do to help you with your additional roles? And answer the question, if we don't have the port grant program, what will they do? What will they do?

Admiral CROSS. I think maybe that is a question we should try to help answer. Because I think a lot of the funding we were talking about was supposed to go through other entities than the port grant program. For example, part of this would be increases to the Coast Guard's budget and CBP's budget. And then of course, as I mentioned earlier, those costs borne by industry.

I am not trying to tell you that that is going to get anywhere near the $7 billion to $9 billion that the Chairman talked about. I am not sure we are measuring apples and apples here.

Ms. BROWN. So we are talking about reducing, really, security to our ports. That is what we are talking about. That is what this Administration is talking about. That is what they are telling this Congress to do, based on the budget that they sent over.

Admiral CROSS. Well, I guess I would disagree with that. I think we have made steady progress toward improving the security in the ports.

Ms. BROWN. And I think you have, on paper.

Admiral CROSS. I know you visited, as you mentioned, a number of ports.

Ms. BROWN. And talked with the operators of the ports, talked to the foreign government and just in some instances felt like they didn't feel they had a clue as to security of the ports, making sure that the fences were properly taken care of, that the cargo is inspected. In some areas, we have a large shipment, we know who is ordering it, if we are talking about Wal-Mart or whatever.

But in other instances, it is dangerous. As I said, when we have those cars coming in at a football game, and someone can blow up 100,000 people just like that at one of those ports.

Admiral CROSS. You may have already done this, but if you have not, I would offer a visit to you to the port of your choice. I think we could arrange to have a joint team of Coast Guard people and Customs and Border Protection people and perhaps some of the port industry people to give you a complete tour of a facility. You pick the facility. I think that would give you a better idea of what is being done and perhaps of what is not being done. That might be useful.

Ms. BROWN. Sir, you can rest assured that I have done that, and I will do it again. I think every member on this Committee has done that. And we talk to the teams. And the talk is wonderful. But I need to know, where is the beef?

I think the system, even though on paper it looks good, but the cargo is what I am concerned with, I am really concerned with. The fact is the amount of tonnage and cargo that is coming into this Country that we are not inspecting. And even some of this going out, that comes into the port. Everybody on this Committee, they have visited the ports, they know what is going on.

What concerns me more than anything else is the Bush Administration misleading the public that the Coast Guard, which you are doing the best you can with the dollars that you get, is out there protecting the ports. And you do not have complete responsibility, because you just explained to us, it is a team effort, and I do know that there are some problems with part of your team.

What about your communications system? Have we beefed that up? Can you all talk to each other?

Admiral CROSS. Yes, ma'am, we can. And as elements of our Deepwater program and Rescue 21 program, we are going to be much improving our ability to talk to each other.

Ms. BROWN. Can you talk to the other agencies? We saw what happened on 9/11, and we saw what happened with Katrina. One of the major problems was communication. Is the system online?

Admiral CROSS. The new Rescue 21 project that is ongoing is going to give us the ability to do that much better than we can do it now. In fact, a really bright spot in that particular project was the fact that we deployed a number of mobile communication sites into Louisiana and Mississippi and other locations. We were very, very pleased at how well those mobile sites worked for us.

Ms. BROWN. Thank you, Mr. Chairman. I want to say again that you are the only bright spot in this Administration.

Mr. LOBIONDO. I want to get back on the Transportation Worker Identification Card for a moment. We recently had a Subcommittee hearing focusing in on this. I still can't understand the reason for the delays. Admiral Cross, you stated that you believe this is one of the highest priorities, did I understand you right?

I don't know if you can give any insight. I know that you are not directly responsible for this in the Coast Guard. But once this is implemented, you would be the enforcing agency, if there is a violation at a port?

Admiral CROSS. I don't know that, sir. I will be happy to answer that for the record.

Mr. LOBIONDO. You, you meaning the Coast Guard, how involved are you or were you with the implementation of the pilot projects in setting up this TWIC card?

Admiral CROSS. Sir, I don't know how involved we were. I am not sure we were or not.

Mr. LOBIONDO. So you are not aware of the reasons for the major delays in the implementation of this?

Admiral CROSS. No, sir, I am not.

Mr. LOBIONDO. If there is anything you can get back to us on from a Coast Guard perspective with Coast Guard input to TSA over this whole issue, because I respectfully disagree with you that is their highest priority. If it were their highest priority, we would not have been delayed up to this point. If it were their highest priority, they would have funded it in the budget and not just asked for funding for writing of the rules and regulations. There is no funding in place.

This is a fundamental, I think, pretty simple and fundamental requirement for port security that right now, if I understand you correctly, while you have been doing some background checks, folks who are coming into our ports, what identification are they showing? Does Coast Guard have any responsibility in checking anything in that respect?

Admiral CROSS. The identification in most ports is simply a picture i.d. from a State or Federal agency. I think that is what we are using in most ports.

Mr. LOBIONDO. That is not very comforting.

Chairman Blust, in light of the discussions we have had concerning homeland security and how you all fit into this, did the Federal Maritime Commission participate in any way or comment on the highly publicized sale of these port operations that we are discussing, to your knowledge?

Mr. BLUST. Mr. Chairman, as far as the SIFIUS side of it, no, we did not. That was handled by the lead administrative groups. I do not recall that any requests were made to us for additional information. We, in our normal monitoring of the industry, watched the bidding process and the conclusion of the agreement to purchase. I can tell you that P&O ports, the existing company in the U.S., has been most cooperative in working with us and information that we have asked, they have been willing to provide.

Mr. LOBIONDO. Mr. Filner, do you have anything additional at this point?

Mr. FILNER. No, thank you, Mr. Chairman.

Mr. LOBIONDO. Commissioner Winstead, your testimony stated that the GSA is planning for the Coast Guard to occupy the new facility at St. Elizabeth's by 2010. And yet also states, at the same time, GSA plans to acquire land to construct access to the facility only in 2010 to get through 2015.

Have the agencies, you talked about the planning, but I am still unclear, have the agencies developed plans to provide reliable and efficient transportation access to the new facility? That is of great concern to this Committee.

Mr. WINSTEAD. Sure, Mr. Chairman. Let me just mention, being a part of this hearing and obviously hearing the critical role the Coast Guard has, knowing of it, we are here obviously to provide and move forward on this planned new headquarters in a very cost effective manner, to do so to provide both a new facility and to do so with as little burden as we can to the Coast Guard budget.

In regard to the site itself, we do, as you mentioned, we have had approved both fiscal year 2006 funding for two activities, about $24 million to begin design for the 1.3 million square foot headquarters and also about $13 million to begin repairing and upgrading infrastructure on the site. In my testimony, I mentioned the substantial effort being put to coordinate with D.C. DOT, WMATA Metro, Maryland as well and other road authorities, to look at and actual improvements going into place to meet those new access.

There are basically four that I would mention, some of which are funded, fully funded, some of which we are getting funding for. One is the 11th Street Bridge and replacement. That is fully funded at a quarter of a million dollars, completion by the year 1011. South Capitol Bridge replacement and roadway improvement, which is partially funded, there is $148 million that has been appropriated, and a total cost of about $365 million. Those projects, the draft EISs are expected this summer, summer of 2006, and completing those projects by 2015.

Also access to Martin Luther King, negotiating currently with the National Park Service, and access to the Firth Sterling, which we anticipate we will be requesting $5 million for land acquisition and road construction for that portion. So we are going to be requesting that in fiscal year 2008, to meet those improvements, to have them in place before we would open the campus.

Mr. LOBIONDO. Thank you.

Master Chief, can you tell us a little bit about what you believe the Coast Guard's personnel priorities are at this point?

Master Chief WELCH. Yes, sir, I can, Mr. Chairman. Our primary responsibility to our work force is to ensure that they are of the right size and that they are properly equipped to perform their mission safely and efficiently and repetitively. We have made great progress on those two fronts with the support of this Subcommittee.

Aside from the right size of the work force and the right equipping of our work force, we have several quality of life initiatives that are very important for us to pursue. I mentioned the major ones in my verbal statement. Housing is a very large issue. Our housing authorities are going to expire next year. Without those authorities, or authorities commensurate to what DOD has, we are

not going to be able to make progress in our pursuit to privatize our housing, for example.

Child care is problematic. That is not just a Coast Guard issue, that is a nationwide issue that is going to require some tough decisions within the base if we are ever going to have any hopes of providing some relief to our people with children. And we will do that.

But those are clearly the top of the top, Mr. Chairman.

Mr. LOBIONDO. Thank you.

I guess we are coming to a conclusion with this. In closing, let me say that we have a great deal of frustration, not so much with the Coast Guard, but with the overall implementation of our port security measures, because it is a conglomeration of agencies that are involved.

The emphasis that has been put on aviation security, maybe rightfully so, but if we total everything up, we are probably at the $20 billion, $25 billion range altogether. We are less than $1 billion with port security grants. I am very disappointed that the Administration has not forced TSA to fully fund the TWIC implementation, that we are not recognizing the port security grant needs and those things that are necessary for the Coast Guard to fully implement the challenges that we have laid out for you.

I want to reiterate that you have done a magnificent job with the resources you have been given. But some of these issues where we just can't seem to get answers, I am hopeful that this renewed focus on port security and maritime anti-terrorism in light of the proposed sale to Dubai will help focus other members of Congress on the overall needs of the Coast Guard and our need to demand some answers and some action on some very important issues.

Admiral Cross and Master Chief, I am sure you will miss sessions like this after you are gone. We will certainly miss you. But we will, the Subcommittee will pick up next week on further questioning on the Dubai situation and the Committee stands adjourned.

[Whereupon, at 12:12 p.m., the subcommittee was adjourned.]

STATEMENT OF
THE HONORABLE STEVEN R. BLUST
CHAIRMAN, FEDERAL MARITIME COMMISSION
800 NORTH CAPITOL ST., N.W.
WASHINGTON, D.C. 20573
(202) 523-5911
BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND
MARITIME TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 1, 2006

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you today to present the President's fiscal year 2007 budget for the Federal Maritime Commission. With me today are Bruce Dombrowski, Director of the Office of Operations and Rebecca Fenneman, an Attorney in the Office of the General Counsel.

The President's budget for the Commission provides for $21,474,000 for fiscal year 2007. This represents an increase of 5.8%, or $1,180,000, over our fiscal year 2006 appropriation. This budget provides for 132 workyears of employment.

Our fiscal year 2007 budget request contains $15,691,000 for salaries and benefits to support the Commission's programs. This is an increase of $1,178,000 over our fiscal year 2006 appropriation. This includes all salaries, including those for employees hired in fiscal year 2006, promotions, within-grade increases, and an anticipated cost of living adjustment. The funding includes annualization of the fiscal year 2006 cost of living adjustment increase, and an anticipated 2.2 percent fiscal year 2007 cost of living adjustment. Further, it includes funds to hire two critical staff: a Commissioner's Counsel and an attorney for our Office of Consumer Affairs and Dispute Resolution Services.

Official travel has been straight-lined at our fiscal year 2006 level. Travel remains an essential aspect of our effort to provide better service to the ocean transportation industry and to accomplish our oversight duties more effectively.

Administrative expenses will have increased $2,000 net over fiscal year 2006. The Commission is planning for a small increase in rent to accommodate GSA rental rate increases, as well as an increase to fund Homeland Security charges. Other administrative expenses will be incurred in fiscal year 2007 to support increases in our customary business expenses, such as maintaining government and commercial contracts, and for items such as telephones, postage, and supplies.

Just like in previous years, the Commission's budget contains primarily non-discretionary spending. These items represent the basic expenses any organization faces in order to conduct its day-to-day operations, and are crucial to allow us to meet the responsibilities Congress has entrusted to the agency.

As you know, Mr. Chairman, the Commission is responsible for the regulation of oceanborne transportation in the foreign commerce of the United States. Since 1916, the Commission and its predecessor agencies have effectively administered Congress' directives for the ocean transportation industry, and its long-standing expertise and experience have been recognized by Congress, as well as by the industry the Commission oversees, courts, and other Nations. Working with the industry, we have developed a regulatory system that allows for necessary oversight with minimal disruption to the efficient flow of U.S. imports and exports. I would like to highlight for you some of the significant activities in which the Commission is involved.

Last year I told you about the Commission's rulemaking proceeding to allow non-vessel-operating common carriers to enter into confidential service arrangements with their shipper-customers. As you will recall, NVOCCs otherwise in compliance with the licensing, financial responsibility, and tariff publication requirements of the Shipping Act are now permitted to enter into confidential NVOCC Service Arrangements, or NSAs, with their shipper customers in lieu of publishing their rates in a publicly-available tariff, provided that the NSA is filed confidentially with the Commission and the essential terms are published in the NVOCC's tariff. This new regulatory scheme is consistent with the regulations governing service contracts between ocean common carriers and their shipper customers, and we anticipate that it will result in greater competition in the shipping industry.

Originally the exemption rule did not allow NVOCCs or shippers associations with NVOCC members to participate in NSAs as shippers. We were concerned about the potential antitrust implications of such arrangements. Some of those concerns were ameliorated after issuance of a judicial decision last fall, and the Commission determined that it could remove these limitations. Two or more NVOCCs are still prohibited from jointly offering a single NSA, as we believe this might run counter to recent judicial interpretations which construe the antitrust provisions of the Shipping Act in a manner we believe to be much broader than what was envisioned by Congress, this Commission, and indeed even the industry. I indicated last year that we would continue to work with the industry to address this issue. In fulfillment of this obligation, the Commission requested the comments of industry participants on potential ways to authorize joint NSAs by multiple NVOCCs. The Commission received numerous comments in late 2005, and is presently evaluating them.

As of January of this year, 207 original NSAs and 122 NSA amendments had been filed. A total of 330 NVOCCs have registered to file NSAs. We are encouraged by these numbers, and are certain they will continue to rise as the industry becomes more familiar with these agreements.

As part of the Commission's enforcement and ocean transportation intermediary ("OTI") oversight functions, as well as the ombudsman services provided by the Office of Consumer Affairs and Dispute Resolution Services, the Commission recently commenced a formal investigation against nine household goods moving companies operating in violation of the Shipping Act. The Commission's preliminary investigation indicated that these companies were unlawfully doing business as unlicensed NVOCCs without proof of financial responsibility or published tariffs, and were engaging in conduct that created risks of significant financial harm to the public. On January 17, 2006, the U.S. District Court for the Southern District of Florida granted the Commission's motion for a preliminary injunction against four of the companies and three of the individuals named as respondents in the proceeding. The injunction, which prohibits these respondents from operating in violation of the Shipping Act, will remain in effect pending the completion of the Commission's investigation.

The Court injunction and the Commission's formal

investigation are based on more than 250 consumer complaints. Some examples of those complaints include failure to deliver cargo and refusal to return the pre-paid ocean freight; loss of the shipper's cargo; charging the shipper for marine insurance never obtained; withholding cargo until the shipper pays a higher rate than the one originally quoted; misleading the shipper as to the cargo's whereabouts; and finally, making the release of cargo dependent upon the shipper paying a second carrier or warehouse for transportation and warehousing already pre-paid to respondents. As most of the injuries of which we are aware involve shippers' personal household possessions, the Commission considers it especially important that every effort be made to prevent the respondents from injuring anyone else. At the moment, the proceeding is before the Commission's administrative law judge and we will seek additional injunctions as warranted.

Last year I advised you about the agency's public outreach initiative involving a series of informational seminars hosted by the Commission's Area Representatives and other Commission personnel at various locations around the country. These seminars continue to be successful in creating a forum for enhanced dialogue between the industry and the Commission. As you may recall, we also started a program where we have invited representatives from various segments of the industry to brief our staff on current issues and concerns affecting the ocean transportation industry. Thus far, we have met with representatives from the ocean transportation intermediary, passenger vessel and vessel operator communities, as well as shippers, marine terminal operators, and port authorities. We are in the process of planning more informational briefings for 2007 with other segments of the maritime industry, including federal agencies. I am confident that these briefings will provide the Commission and its staff with a greater awareness and understanding of the most current issues facing the maritime community.

The Commission continues to address restrictive or unfair foreign shipping practices under section 19 of the Merchant Marine Act, 1920 ("Section 19"); the Foreign Shipping Practices Act of 1988 ("FSPA"); and the Controlled Carrier Act of 1978. Section 19 empowers the Commission to make rules and regulations to address conditions unfavorable to shipping in our foreign trades; FSPA allows the Commission to address adverse conditions affecting U.S. carriers in our foreign trades that do not exist

for foreign carriers in the United States. Under the Controlled Carrier Act, the Commission can review the rates of government-controlled carriers to ensure that they are not below a level that is just and reasonable.

When I was here last, I advised you of several pending proceedings related to shipping conditions in China. In particular, the Commission was investigating whether Chinese laws and regulations might discriminate against and disadvantage U.S. vessel operators and NVOCCs with regard to a variety of maritime-related services. As you know, in December of 2003, the United States, through the Secretary of Transportation, and his Chinese counterpart, the Minister of Communications, signed a bilateral maritime agreement which appeared to address many of the concerns raised by the Commission, including issues affecting vessel operators, NVOCCs, and other industry interests. That agreement became effective with the exchange of diplomatic notes in April of 2004.

Subsequently, the Commission requested comment from the industry on whether the commitments made in the bilateral agreement, which would have relieved the impediments to U.S. companies identified by the FMC, were being honored.

I am pleased to report to you that the issues we raised have been adequately addressed, and the Commission terminated the formal proceeding investigating these Chinese practices on April 21, 2005. Informally, we continue to receive positive feedback from the U.S. industry in this regard. I note that since I last addressed you, another U.S.-flag carrier has entered the U.S.-China trade and has opened offices in two cities in China. Matson's first vessel in the Ningbo-Shanghai-Long Beach express service called in Ningbo on February 21, 2006.

We will continue to monitor practices in China and elsewhere to determine whether formal action is warranted.

Lastly, the Commission recognizes that its oversight of ocean common carriers, ocean transportation intermediaries, including ocean freight forwarders and NVOCCs, and marine terminal operators, is an important element in the effort to protect our Nation's seaports. We are continuing our efforts to combat unlawful participation in the U.S. ocean transportation system by ensuring that all entities engaged in the U.S. foreign

commerce are in compliance with the requirements of the statutes we administer. The Commission has met with the Office of Naval Intelligence, the Department of Homeland Security and the Department of Transportation to discuss information sharing and other possible FMC contributions to maintaining a safe and efficient maritime transportation system. The Commission regulates the commercial practices of the operators of U.S. marine terminals. This oversight ensures that marine terminal operators follow just and reasonable practices, and that they do not unreasonably prefer or prejudice any person or unreasonably discriminate against carriers using their facilities. While our oversight is limited to the regulation of such commercial practices, we make every effort to work closely with other agencies to share information in this area. Moreover, the Commission is a member of the Committee on the Marine Transportation System, the inter-agency group created by the Bush Administration to carry out a joint strategic plan that ensures that the U.S. marine transportation system achieves the expansion goals necessary to support the level of traffic anticipated in the 21st Century in a secure, environmentally sound and coordinated manner for all stakeholders. We also continue to exchange information with the U.S. Customs Service through a Memorandum of Understanding. As the Commission continues to refine its role in the safeguarding of our national security, we stand ready to provide our technical expertise and assistance to all groups that are on the front lines of securing our ports and vessels.

Mr. Chairman, I hope that my comments have served to give you a clear indication of the important work to be accomplished by the Federal Maritime Commission. I respectfully request favorable consideration of the President's budget for the Commission so that we may continue to perform our vital statutory functions in fiscal year 2007.

U. S. Department of Homeland Security

United States Coast Guard

Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: G-ICA
Phone: (202) 366-4280
FAX: (202) 366-7124

DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

VADM TERRY CROSS
VICE COMMANDANT

ON THE

FISCAL YEAR 2007 BUDGET AUTHORIZATION

BEFORE THE

SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

MARCH 1, 2006

Introduction

Good morning Mr. Chairman and distinguished members of the committee. It is a pleasure to be here today to discuss the Coast Guard's FY 2007 budget request.

The Coast Guard is one of the Nation's five Armed Services. Its mission is to protect the public, the environment and U.S. economic interests – in the Nation's ports and waterways, along the coast, on international waters and in any maritime region required to support national security. The Coast Guard is the lead Federal agency for maritime homeland security; a role supported by its unique complement of authorities, maritime capabilities, proven competencies, and longstanding domestic and international partnerships. Executing this role requires a Coast Guard that is ready to act, enabled by awareness, as well as equipped to sustain an effective presence and mount an effective response to maritime threats.

Coast Guard forces are flexible, rapidly employable and able to respond to crises with a full range of capabilities. It is a military, multimission and maritime service that has adapted to growing mission demands to enhance maritime security while continuing to meet other mission requirements. For example, in 2005, the Coast Guard:

- *Secured the maritime border:*
  - Completed verification of security plans, required by the Maritime Transportation Security Act (MTSA), for U. S. port and facilities and vessels operating in U. S. waters;
  - Completed 31 foreign port security assessments in order to improve our awareness of foreign port compliance with international requirements;
  - Prevented more than 338,000 pounds of cocaine (an all-time maritime record) and over 10,000 pounds marijuana from reaching the United States;
  - Interdicted nearly 9,500 undocumented migrants attempting to enter the country illegally by sea, the second highest number of any average year in the past 20 years;
- *Enhanced national maritime preparedness:*
  - Began comprehensive security reviews of waterside nuclear power plants;
  - Created formal processes for addressing security concerns and requirements involving the siting of new shore-side Liquefied Natural Gas facilities;
  - Established a new Area Maritime Security Exercise program requiring annual local exercises, and is designed to assess the effectiveness of the Area Maritime Security Plans and the port community's preparedness to respond to security threats and incidents. Funding appropriated for FY 2006 will bolster this effort significantly.
- *Strengthened partnerships:*
  - Established a National Maritime Security Advisory Committee in order to provide a strategic public-private forum on critical maritime security topics;
  - Launched *America's Waterways Watch*, a citizen involvement program that leverages the Coast Guard's relationship with the maritime public;

- Deployed the *Homeport* information sharing web portal, which allows for collaboration and communication in a controlled security environment (for sensitive but unclassified material) among Area Maritime Security Committee members and port stakeholders at large;
- Conducted more than 268,000 port security patrols, 5,800 air patrols and 26,000 security boardings; and
- Provided security escorts to over 10,000 vessels.

- *Saved lives and property:*
  - Saved over 33,000 lives in the wake of Hurricanes Katrina and Rita, one of the largest search and rescue operations in United States history;
  - In addition to hurricane response, responded to more than 32,000 calls for maritime rescue assistance;
  - Saved the lives of over 5,600 mariners in distress;

- *Protected the environment:*
  - Boarded more than 6,000 fishing vessels to enforce safety and fisheries management regulations, a 30 percent increase over 2004;
  - Conducted more than 3,000 inspections aboard mobile offshore drilling units, outer continental shelf facilities and offshore supply vessels;
  - Responded to 23,904 reports of water pollution or hazardous material releases from the National Response Center, resulting in 4,015 response cases;

- *Facilitated maritime commerce:*
  - Kept shipping channels and harbors open to navigation during the Great Lakes and New England winter shipping season;
  - Ensured more than 1 million safe passages of commercial vessels through congested harbors, with Vessel Traffic Services;
  - Maintained more than 50,000 federal aids to navigation along 25,000 miles navigation channels;

- *Supported national defense*
  - Safely escorted more than 169 military sealift movements at 13 different major U.S. seaports, carrying more than 20 million square feet of cargo;
  - Maintained an active patrol presence in the Arabian Gulf in support of the U.S. Navy and allied naval units.

More than singular statistics or accomplishments, the above list, in total, demonstrates the winning formula of a military, multimission service founded on core operational principles such as flexibility, on-scene initiative and unity of effort. It is this time-tested operational model that allows the Coast Guard to meld its safety and security roles into a seamless set of maritime strategies designed to guarantee the safety and security of the U.S. maritime domain.

The FY 2007 budget request supports critical initiatives needed to preserve the Coast Guard's ability to respond to current mission demands, while enhancing capabilities to counter emerging threats and strengthen its preparedness across a broad range of missions.

2007 Budget

The above accomplishments are only possible with a Coast Guard that is Ready, Aware and Responsive. The President, Congress and public expect nothing less: **Ready** to prevent and respond to a broad range of maritime safety and security requirements; **Aware** of what is going on in our ports, along our coasts and on the high seas; and most of all, **Responsive** whenever and wherever there is a need for the Coast Guard to save lives, secure maritime borders, protect natural resources, facilitate maritime commerce or contribute to national defense. The fiscal year 2007 request delivers on these expectations through its focus on three key investment priorities:

- Strengthen Preparedness [READY],
- Maximize Awareness [AWARE], and
- Enhance Capability [RESPONSIVE]

The Integrated Deepwater System (IDS) acquisition program remains the centerpiece of a more ready, aware and responsive 21st-century Coast Guard. The 2007 Budget provides a Deepwater investment plan that provides funding for:

- Constructing the fourth National Security Cutter;
- Producing the first Fast Response Cutter;
- Acquiring the sixth Maritime Patrol Aircraft;
- Bolstering the network of command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) technology;
- Completing the HH-65 re-engining; and
- Initiating several essential legacy conversion projects, including installation of airborne use of force equipment aboard 36 helicopters.

While the Deepwater program necessarily invests in capabilities adequate to operate in the often unforgiving offshore environment, it is these same capabilities that are instrumental to effective response operations in port and coastal areas as well. For example, assets scheduled for modernization under the Deepwater program include every Coast Guard aircraft type. These aircraft, rotary-wing in particular, are critical parts of our port and coastal response infrastructure as well as extended offshore operations. The Deepwater program's conversion and/or enhancement of legacy aircraft and cutters are making an impact *now*. The operational benefits were apparent during the Coast Guard's response to Hurricane Katrina. As an example, three more powerful re-engined HH-65C helicopters flew 85 sorties to save 305 lives. The converted aircraft can hoist 280 more pounds and stay on-scene longer than its predecessor. Similarly, the C4ISR improvements to high and medium endurance cutters enabled more effective on-scene coordination of rescue operations in New Orleans, LA, and Gulfport, MS, with local first responders and other Federal agencies.

Strengthen Preparedness. Coast Guard readiness is a cornerstone of national maritime preparedness. Strengthening preparedness within the U.S. maritime domain is a core competency and responsibility of the Coast Guard. It depends directly on the readiness of Coast Guard cutters and aircraft, infrastructure and personnel. The FY 2007 requests funding to preserve and strengthen Coast Guard readiness. Relevant budget initiatives include:

- Depot level maintenance and energy account: **$51.3 million** to close inflationary cost growth gaps. These are bills that must be paid; without increased funding, Coast Guard readiness will be eroded.

- Medium endurance cutter mission effectiveness project: **$37.8 million** to support the Mission Effectiveness Project (MEP) for 270-foot and 210-foot Medium Endurance Cutters (WMEC). Our 210-foot and 270-foot cutters are currently operating with obsolete equipment and subsystems that must be replaced. The project includes replacing major sub-systems such as small boat davits, oily water separators, air conditioning and refrigeration plants, and evaporators. The main propulsion control and monitoring systems will also be upgraded. This effort is vital to sustain our legacy fleet of medium endurance cutters until they are recapitalized.

- Operations and Maintenance for new assets: **$30.5 million** to fund operations and personnel for the airborne use of force program, the first national security cutter, new maritime patrol aircraft and secure communications systems; **$42.3 million** for Deepwater logistics support.

- Personnel protective equipment: **$7.2 million** to replace obsolete oxygen breathing apparatus aboard ships and training centers with safer self-contained breathing apparatus (SCBA). Over the past 30 years, all shore-based Federal and DOD fire fighters, the Military Sealift Command, all western navies, all merchant ships, the U.S. Air Force and all U. S. Navy flight deck personnel have adopted and use exclusively the open circuit SCBA. The Navy is currently replacing all their OBAs with SCBAs. This leaves the Coast Guard as the only fire fighting organization without SCBA for its personnel. In order to ensure the personal protection of Coast Guard personnel while serving aboard Coast Guard cutters, the transition from using the obsolete OBA to the SCBA is essential.

- Shore infrastructure and aids-to-navigation: **$25.9 million** to recapitalize aids-to-navigation nationwide and rebuild or improve aged shore facilities in Cordova, Alaska (housing), Integrated Support Command Seattle and Base Galveston. Facing a $1.4 billion shore maintenance backlog, funds are necessary to improve critical shore infrastructure essential to supporting Coast Guard personnel as they execute missions and operational requirements.

Maximize Awareness. Securing our vast maritime borders depends upon our ability to enhance maritime domain awareness (MDA). Effectively addressing maritime vulnerabilities requires maritime strategies that not only "harden" targets but detect and defeat threats as far from U.S. shores as possible. Identifying threats as far from U.S. shores as possible requires improved awareness of the people, vessels and cargo approaching and moving throughout U.S. ports, coasts and inland waterways. Relevant budget initiatives include:

- Nationwide Automatic Identification System: **$11.2 million** to continue procurement plans and analysis for deployment of a nationwide system to identify, track and exchange information with vessels in the maritime domain.

- Maritime Domain Awareness: **$17 million** to support follow-on and new initiatives, including a new Coast Guard counterintelligence program, prototype Sector and Joint Harbor Operation Center support, and expanded secure communications system infrastructure.

- Deepwater C4ISR: **$60.8 million** to develop and install systems and subsystems that are part of the Deepwater Command, Control, Communications, Computer, Intelligence, Surveillance and Reconnaissance (C4ISR) system. This system is designed to support designated Coast Guard commanders in the exercise of authority while directing all assigned forces and first responders across the full range of Coast Guard operations. This system of "eyes and ears" allows us to see, hear and communicate activity occurring within the maritime domain, which is critical to deterring and defeating threats before reaching our shores.

Enhance Capability. Just as important to being ready and aware is equipping and training Coast Guard personnel with the *capabilities* and competencies to respond effectively. For example, the advance information required of vessels arriving to the United States is critical to understanding who and what is arriving in order to identify potential threats. However, if Coast Guard cutters and aircraft do not have the capabilities necessary to deal with identified threats early and effectively, an opportunity to mitigate risk is lost. Relevant budget initiatives include:

- Deepwater: **$934.4 million** (total). The FY 2007 request for the Deepwater program reflects the Administration's continued commitment to the recapitalization of the Coast Guard's aircraft and ships and the network that links them together into an integrated system. More capable and reliable cutters, boats, aircraft and associated systems will enhance safety and security in U. S. ports by improving the Coast Guard's ability to perform all its missions. Specifically, the FY 2007 request provides funding for: the fourth National Security Cutter, the first Fast Response Cutter, HH-65 and HH-60J conversions, new maritime patrol aircraft, HC-130J operations, sustaining the HC-130H, arming two HH-60's and 34 HH-65's at seven Air Stations, and development of shipboard and land-based vertical unmanned aerial vehicle systems.

- Rescue 21: **$39.6 million** to continue system design (two locations), preparation (four locations) and installation (seven locations). The Rescue-21 project represents a quantum leap in maritime communications technology, enhancing effectiveness across all coastal missions.

- National Capital Region air defense: **$62.4 million** to establish infrastructure, acquire additional aircraft and fund operations for this newly assigned homeland security mission in the Nation's capital. The Air Defense mission in the National Capital Region rests with the Department of Defense (DOD) under the construct of OPERATION NOBLE EAGLE. Through a Memorandum of Understanding, DOD has assigned this requirement to the Department of Homeland Security (DHS). The Coast Guard has been directed to execute this requirement on behalf of DHS. Requested funding is critical to stand-up this new capability and avoid negative impacts to other Coast Guard mission-programs.

- Response Boat – Medium: **$24.8 million** to begin low-rate initial production to replace 41-foot utility boats and non-standard boats.

- Maritime Security Response Team (MSRT): **$4.7 million** to provide additional personnel and transform the prototype Enhanced Maritime Safety and Security Team in Chesapeake, Va. into an MSRT, providing on-call maritime counter-terrorism response capacity. This request will also enhance maritime counter-terrorism training facilities at the Coast Guard Special Missions Training Center at Camp Lejeune, N.C.

Conclusion

During the response to Hurricane Katrina, the Nation saw the value of a ready, aware and responsive Coast Guard. Rescuing more than 33,000 people in a two-week period, Coast Guard men and women from around the Nation contributed to this historic operation. Of course, that was only the most visible Coast Guard achievement in 2005. From record-breaking drug interdictions to continued implementation of the Maritime Transportation Security Act, the Coast Guard again delivered tremendous results for the American people. Full support of the 2007 budget request is vital to ensuring we sustain these results.

No one can predict the timing of the next catastrophic event akin to Katrina, or whether it will be natural or man-made. Nonetheless, history tells us it will come. When it does, it will be vital that we have done all we can to build a Coast Guard that is prepared to answer the call, supremely aware of the maritime environment and poised for dependable response. The Nation saw in 2005 what I have known for decades – if we give Coast Guard men and women the training and equipment to do the job, they won't let us down.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Mr Filner's Opening Statement

THE HONORABLE BOB FILNER
RANKING DEMOCRAT
SUBCOMMITTEE ON COAST GUARD AND
MARITIME TRANSPORTATION
ON
OVERSIGHT HEARING ON
PROPOSED BUDGET FOR THE COAST GUARD AND
FEDERAL MARITIME COMMISSION
March 1, 2006

Thank you Mr. Chairman for scheduling this hearing on the President's proposed budgets for the Coast Guard and the Federal Maritime Commission for Fiscal Year 2007.

In the past year the Coast Guard has shown its' leadership in responding to Hurricanes Katrina and Rita – saving lives and property and cleaning up thousands of oil spills.

The President's budget once again shows how he wants to take resources from non-homeland security missions to fund homeland security missions. The President's budget proposes a cut of $60 million in search and rescue operations and a $49 million cut in marine safety programs. This will only put the lives of more Americans at risk.

Once again, the question is: Does the Coast Guard have the resources necessary to perform all of its missions at an optimum level.

Even when it comes to homeland security missions the Coast Guard has inadequate resources. Last year the Coast Guard testified that they only interdict 15% of the drugs that are smuggled into the United States by water

each year. That rate is unacceptably low. How can we protect our maritime borders from someone smuggling in a weapon of mass destruction when we can't even stop 85% of the drugs that come here by water.

I appreciate the Chairman's work with me last year to include authorization for funding a west coast HITRON squadron in last year's Coast Guard Authorization bill. I look forward to working with you to provide this funding for Fiscal Year 2006.

As a supporter of the Deepwater Program, I think it is important that we keep this project on schedule. The Coast Guard's aging fleet of cutters are continually being repaired and it is time for them to be replaced. I do believe that it is time to begin building the Offshore Patrol Cutters that will be the backbone of the new fleet of cutter operations.

However, it is equally important that their shoreside infrastructure be maintained. Housing for enlisted personnel must be repaired and roofs on buildings must be replaced. If we divert money from one capital program to another – it will only cost us more in the future. I am committed to ensuring that all of the Coast Guard's capital needs are met.

Today, we will also hear from the Chairman of the Federal Maritime Commission on their proposed budget for Fiscal Year 2005. The Federal Maritime Commission is one of those agencies that few people outside of Washington probably know about. Yet they perform an important function in the movement of those millions of containers that move in and out of U.S. ports every year. In addition, they investigate and can levy sanctions when

foreign governments impose measures that are injurious to shipping in the U.S. foreign trades.

I look forward to working with you Mr. Chairman and the other members of the Subcommittee in overseeing the Coast Guard and the Federal Maritime Commission and helping ensure that they receive the direction and resources they need to continue their support for the American people.

Thank you.

STATEMENT OF THE HONORABLE FRANK A. LoBIONDO, CHAIRMAN – SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION UNITED STATES COAST GUARD AND THE FEDERAL MARITIME COMMISSION FY '07 BUDGET REQUESTS March 1, 2006

The Subcommittee is meeting this morning to review the Administration's budget request for fiscal year 2007 for the Coast Guard, the Federal Maritime Commission and other Federal programs related to the Maritime Transportation System.

The President has requested nearly $8.2 billion for the Coast Guard for fiscal year 2007. This amount is approximately 1.6 percent more than the funding levels that were appropriated for fiscal year 2006; however this request also includes more than $130 million for costs associated with increased fuel prices, mandatory pay increases and the Coast Guard's new mission to provide aerial defense in the National Capital Region. I am concerned that when these costs are added up, the administration is actually requesting less money for the Coast Guard to carry out its traditional and port security missions in the next fiscal year.

This budget does, however, include increases for some of the Coast Guard's most critical programs including $934 million for the recapitalization of Coast Guard vessels and aircraft under the Deepwater program. I am interested to hear how funding at this level will affect the program's proposed asset mixture and completion time under the Revised Implementation Plan. I also hope that the witnesses' testimony will address the efficiencies and cost savings that could be gained by accelerating the completion of the program. The Subcommittee has supported, and will continue to support, an acceleration of Deepwater to bring these new, more capable assets online to bolster the Coast Guard's capabilities to carry out all of its critical missions.

The President's budget also includes approximately $40 million for the Rescue 21 program which will modernize and eliminate existing gaps in the Coast Guard's search and rescue communications system. The system is currently up and running in my home state of New Jersey and has already improved the Coast Guard's ability to conduct search and rescue. I hope that the witnesses will be able to give us an update on this program and tell us whether the requested level will be sufficient to carryout the plans to expand the program.

The Subcommittee remains concerned by the Administration's rush to relocate Coast Guard Headquarters to the campus of St. Elizabeth's in Anacostia, without first providing Congress with a plan on how such a facility will be accessed by Coast Guard personnel, and how it will meet Coast Guard requirements. I hope we will receive further information about this proposal this morning.

We all admired the brave and selfless actions of the Coast Guard in response to Hurricanes Katrina and Rita last year, but those thousands of extra man-hours and asset-hours do have a cost. I am very concerned the current $69 million supplemental request will not cover all emergency operating expenses, provide for a sufficient basic housing allowance to meet service

member needs, or ensure damaged facilities and equipment are repaired. I am interested to hear more on whether this request is fully meeting the Coast Guard's needs in the Gulf Coast.

The President's budget for the Federal Maritime Commission provides for a nearly 6 percent increase over the FY2006 appropriated level. The FMC regulates international maritime transportation, protects consumers of the system against fraud, and ensures an efficient flow of goods in and out of our ports. I look forward to hearing how the Commission's recent decision to allow non-vessel operating common carriers to enter into confidential service arrangements with their customers is impacting industry.

Lastly, I remain deeply concerned by the Administration's proposal to consolidate port security grant funding into a multi-sector program. This is not the time to divert funding or support from our port authorities' efforts to improve security at our ports. Port security is in the minds of all Americans with the recent announcement of the acquisition of P&O Ports by Dubai Ports, a United Arab Emirates controlled firm. I have expressed my serious concerns about the matter and I expect my colleagues may address the situation today as well. I would note that the Subcommittee plans to hold our own hearing on the issue next week.

Since enactment of the Maritime Transportation Security Act in November 2002, this Subcommittee has held eight hearings on port security, including a field hearing last month on the significant and inexcusable delay in the delivery of a National Maritime Transportation Security Plan and the launch of the Transportation Worker Identification Credential. This Subcommittee will continue to pursue aggressive oversight of port security and try to get this administration to understand the critical need to provide sufficient funding to ensure our ports are protected.

I would like to take this opportunity to thank our witnesses for appearing before the Subcommittee and, in particular, to our two Coast Guard witnesses who will be retiring this summer. Both Admiral Cross and Master Chief Petty Officer Welch have provided the Coast Guard with tremendous leadership throughout their careers. The Subcommittee thanks you for your years of service to the Coast Guard and the Nation.

U. S. Department of Homeland Security
United States Coast Guard

Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: G-ICA
Phone: (202) 366-4280
FAX: (202) 366-7124

DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF THE

MASTER CHIEF PETTY OFFICER OF THE COAST GUARD

FRANKLIN A. WELCH

ON THE

FISCAL YEAR 2007 BUDGET AUTHORIZATION

BEFORE THE

SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

MARCH 1, 2006

Good morning, Mr. Chairman and distinguished members of the subcommittee. I am honored to appear before you to discuss my views regarding the Coast Guard's fiscal year 2007 budget request and to provide you with my assessment of the current state of the Coast Guard workforce. This is my last scheduled appearance before this subcommittee as Master Chief Petty Officer of the Coast Guard, as I plan to retire this summer. Therefore, I feel it important to present you with information that will be useful for assessing the morale and general well-being of our service members and their families, along with my views regarding the challenges that they face.

As this subcommittee is aware, 2005 was an exceptional year in terms of mission performance for the Coast Guard. The personnel performing our Coast Guard missions did so in demanding conditions beyond precedent. The selfless dedication of the Coast Guard workforce resulted in a record-high year for seizure rates of illegal drugs and migrants, seizing over 338,000 pounds of cocaine and interdicting nearly 9,500 migrants. Nearly 4,000 Coast Guard personnel responded to the dire needs of Gulf Coast communities in the aftermath of Hurricanes Katrina and Rita, directly rescuing 24,273 people and assisting in the multi-agency evacuation of 9,462 more. While the aforementioned results gained national praise and publicity, the unsung efforts of our pollution response teams, aids to navigation units and personnel support staffs were equally Herculean in the wake of the largest natural disaster in American history.

Petty Officer (PO) Jessica Guidroz of Station New Orleans said it best regarding the sentiments of our workforce during the Coast Guard's unprecedented Hurricane Katrina response efforts. After seeing a lady and her baby that PO Guidroz had previously assisted appear on the evening news, Guidroz said:

"There she was – the lady with the baby. She was in Houston now, and she looked like she'd showered and her kid had on clean clothes. That moment is when it clicked. Here was someone we had actually helped, and it fell into place that we were doing something that really mattered, something really good."

Prior to Hurricane Katrina, the Commandant led an intense internal organizational focus for our people, which in turn led to the tangible mission results and positive publicity garnered from Katrina. I am confident that with the continued legislative and budgetary support of this subcommittee that the U.S. Coast Guard will continue to perform in ways that surpass every American taxpayer's expectation, including my own.

RECRUITING

Successful mission accomplishment begins at our service's recruiting offices. We have 372 of the finest representatives of our service and our core values serving in 100 such offices throughout the country. Fiscal year 2005 was also an impressive year for not only meeting our active duty recruiting targets with highly qualified recruits, but we continued to excel at diversifying our workforce. As a result of our Strategic Metropolitan Area and Recruiting Territory (SMART) national recruiting initiative, community outreach and the personal commitment of our recruiters, the Coast Guard achieved the second highest percentage of active duty minority accessions (35.4 percent) and the third highest percentage of female active duty accessions (15.5 percent) in the history of the Coast Guard.

RETENTION

Not only are we recruiting a quality workforce, but we're also retaining a quality workforce at historical levels. The current retention rates within our officer and enlisted communities are 93 percent and 88.2 percent, respectively. Even at the first-term enlisted level, we are retaining nearly 70 percent of every enlisted accession that our recruiting offices are providing us. These statistical facts verify that our recruiters are seeking and securing high quality people and that our service is rapidly becoming a "service of choice" for young America. Recent career intentions surveys indicate that our workforce is more satisfied with the Coast Guard and more committed to missions than ever before in the history of the survey.

Considering the current hectic pace of operations and every expectation that the pace will continue, I view the Coast Guard's sustained retention success as a key metric of our Commandant's people-based initiatives. We have made significant investments towards enhancing the personal and professional development of our entire workforce. I am certain that we are now enjoying a return on those investments by way of securing a more positive, professional and stable workforce that is as committed to the Coast Guard as the Coast Guard is committed to them.

LEADERSHIP AND TRAINING

Every Coast Guard success is the direct result of leadership, training and empowerment intermixed with the creative genius for which we are well-known. Central to that theme is training; the Coast Guard has placed a renewed emphasis on training our service members to better prepare them for success, particularly in the key leadership arena.

I mentioned last year that we established a senior enlisted Command Master Chief course to better inform and prepare our top enlisted performers to serve in these critical leadership positions. As a result of that course, I currently have over 30 applications to fill half that many vacancies in the summer of 2006, which is a 300 percent increase in qualified applicants. We have also partnered with the Department of Defense to expand our leadership development opportunities beyond the confines of the Coast Guard training system and vice versa. As the Armed Services become more joint in our operations, shared resources and total force understanding becomes an imperative that must begin in our training facilities. I am proud of the relationships that we have forged with the other services and I am enthusiastic regarding the potential to expand those relationships in the future.

I also informed the subcommittee, at last year's hearing, that the Coast Guard had invested in a total redesign of our Enlisted Professional Military Education (EPME) program and expanded our Leadership and Management School (LAMS) opportunities for our mid-grade petty officers and our junior officers. Successful completion of the EPME program is now a pay grade based requirement for advancement eligibility within the enlisted workforce and LAMS expansion will continue this year. LAMS expansion is absolutely key to the training and professional development of our workforce.

In addition to improving our formal and informal training processes, we have identified 28 core leadership competencies for our entire workforce to target. To ensure alignment with and to set clear measurements of individual performance standards, we have also revised and aligned our officer and enlisted evaluation processes in recognition of the need to evaluate our workforce based on leadership.

We pay very close attention to our bi-annual organizational assessment surveys and work hard to minimize any shortfalls that are identified. One such shortfall that impacts retention is dissatisfaction with front-line supervisors. As a result, we have mandated the use of individual development plans that require the front-line supervisor to become more actively involved with the personal and professional development of their subordinates. We are also chartering a petty officer needs assessment to identify the training needs of our future junior petty officers (E-4) and to standardize training requirements for non-petty officers (E2-E4) so that they are more effective in their leadership roles as future petty officers.

The Coast Guard's progress in developing a meaningful leadership training continuum has never been more prevalent than it is today. I am proud of our efforts and remain confident that everything that can be done *is being done* to better prepare our workforce for exceptional service in the future of our nation's Coast Guard.

DEEPWATER

I believe that we are adequately staffed to fulfill our military, multi-mission, maritime responsibilities to the best of anyone's human ability. We demonstrate our abilities to the American and International public day-after-day. In the wake of renewed emphasis on homeland security missions following September 11, 2001, we have grown the workforce in the most methodical of ways possible and we have conducted a thorough review of the requisite skill sets of the Coast Guard workforce of the future. We have adjusted our force structure and related training requirements to ensure that our people have the ability to operate the equipment associated with our fleet of cutters and aircraft that are being acquired through our Deepwater recapitalization initiative. However, there is more to the effective safeguarding of our homeland than just increasing the size of the workforce and our people are facing challenges every single day.

The principal difficulty for our afloat workforce today is that they are trained to serve aboard modern, well-equipped and interoperable assets but in actuality, they are serving aboard the third oldest fleet of ships of 42 similar fleets throughout the world. That fact, in and of itself, is testament to the dedication and resourcefulness of our people who can conquer just about anything, but it doesn't lessen the impact of our current fleet readiness predicament to them or our organizational mission set. In order to maintain our fleet in an acceptable operating status, our people are simply working harder. Patrols at sea are more often than not followed by extensive in-port maintenance. We are working hard to overcome this arduous cycle, and see the Deepwater investments made to date and requested in the 2007 budget as key to solving this problem.

Fiscal year 2005 presented major challenges to the crews assigned to our fleet of legacy cutters. These ships operated less than 50 percent of the time without major equipment casualties, even though our investment per operational day has doubled during the last six years. As quantified in our abstract of operations data base, our legacy fleet sustained a total of 774 unscheduled maintenance and repair days in 2005. This is the equivalent of forfeiting over two years worth (in one year) of scheduled activities, thereby negatively impacting planned operational missions, training, and crew leave and liberty. These are all key factors that govern crew morale and performance. Our people deserve operational assets that are equipped to twenty-first century standards in order to protect our country from its current array of maritime threats. Our Integrated Deepwater System (IDS) recapitalization initiative remains our service's rightful highest priority and we are appreciative of the historical support afforded by this subcommittee.

FAMILY AND UNACCOMPANIED PERSONNEL HOUSING

As I have testified before, as our shore infrastructure continues to age, it requires greater investment in maintenance and improvements. While this statement holds true for many of our shore capital assets, my primary focus today is on the state of our Coast Guard owned family and unaccompanied personnel housing units. Inattention to our family and unaccompanied housing units will ultimately lead to health, safety and morale concerns that are unacceptable to our service members and their families. The Coast Guard's housing units are on average 40 years old, and require significant improvement. This is clearly a situation that will worsen without continued investment and development of alternative programs to ensure acceptable housing for the men and women of the Coast Guard.

We applaud your support of annual basic allowance for housing (BAH) increases that have positively impacted the vast majority of our workforce. The recent adjustment of BAH II to BAH for our reservists on active duty for 30 days was also a moral and financial victory for our critical reserve forces. Adequate housing allowances permit our members to pursue housing that is available within the local economy and reduces the need for owned housing. Of course, this only benefits those people who are assigned to geographical areas that can support the Coast Guard demand for housing. In areas that cannot support our demand, the situation remains more problematic. In those instances, we have expanded Coast Guard leased housing opportunities and utilized inter-service support agreements with the Department of Defense (DoD) to gain access to available DoD housing units. In cases where there is no possibility of market-supplied housing or inter-service support, such as the Cordova, Alaska facility, we have requested FY 2007 funds to recapitalize government-owned housing.

HEALTHCARE

Healthcare is a significant incentive afforded to members of the Armed Services. From an active duty standpoint, the military health care system is one of the most highly respected and easy to navigate healthcare programs in the world. The nearby National Naval Medical Center and Walter Reed Army Medical Facility are exceptional facilities, staffed by professionals that have clearly demonstrated their commitment to providing quality healthcare for our service members and their families.

The Coast Guard workforce's geographic distribution is such that a good number of them are not located near military treatment facilities. However, that does not prevent them from getting access to high-quality health care. These members and their families rely upon the TRICARE provider network that maintains the same access standards as government-operated health facilities. The Department of Defense (DoD) TRICARE managers continue to grow the provider network, strengthening the value and quality of this benefit. As with any large health care system, local concerns are occasionally raised by members and some providers. When these issues arise, DoD and TRICARE contractors work with us to address them. We have made significant progress with TRICARE during the last three years and we request your continued support to ensure that this positive trend continues.

CHILD CARE

Our workforce with children continues to face significant challenges associated with securing affordable, available and accessible child care. Unlike the DoD armed services, the Coast Guard child care system supports less than 3 percent of all Coast Guard children. As I have testified

before, the principal obstacle that prevents our pursuit of traditional child care alternatives for our people is the lack of shore infrastructure in and around our assignment areas that are typically void of DoD resources. Recognizing the needs of our workforce, we chartered a child care needs assessment to evaluate gaps within our child care system. The assessment was completed since my last appearance before you and it indicated a need for the Coast Guard to pursue non-traditional approaches to providing child care. As a result, we are seeking to provide child care services and subsidy in concert with the General Services Administration and the National Association of Child Care Resource and Referral Agencies, while continuing our cost-share utilization of DoD resources where available.

Child care is an issue that is challenging our entire workforce, including those contemplating having children. However, our people who are impacted the most are our single and dual-military members, female active duty members, junior members in high cost areas, parents with younger children, shift workers and recently relocated members. Of those, our single female parents are the most significantly challenged, often resulting in absenteeism and restricted work hours. I view the child care issue as an obstacle that will continue to hamper the retention of women throughout the Armed Forces, particularly those in mid-grade officer and enlisted positions. We will continue our best efforts to minimize the impact that child care requirements have upon our people.

CONCLUSION

Mr. Chairman, the U.S. Coast Guard has a long-standing reputation of using creativity and extreme resourcefulness to overcome the many challenges presented to our workforce; some of which I have shared with you today. With your continued support and that of this important subcommittee, we will sustain our current period of critical transformation to better equip our service members so they more safely and efficiently serve the needs and interests of the United States.

I am honored to have had the privilege to represent our workforce before you during the last four years, and I am grateful for the time and attention that this subcommittee continues to afford the U.S. Coast Guard. Your support and understanding have positively influenced the lives and careers of the Coast Guard's greatest asset – our people.

Thank you. I look forward to answering any questions that you may have.

STATEMENT OF

DAVID L. WINSTEAD
COMMISSIONER

PUBLIC BUILDINGS SERVICE

U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE SUBCOMMITTEE ON
COAST GUARD & MARITIME TRANSPORTATION

COMMITTEE ON TRANSPORTATION &
INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

MARCH 1, 2006

Mr. Chairman, Members of the Subcommittee, my name is David L. Winstead. I am Commissioner of the General Services Administration's (GSA's) Public Buildings Service. I am pleased to have this opportunity to appear before you today to discuss GSA's efforts to develop an outstanding new headquarters for the United States Coast Guard on the St. Elizabeths Hospital West Campus.

The St. Elizabeths West Campus is a 176-acre site located in the Anacostia neighborhood of Southeast Washington, DC. It is a National Historic Landmark. The campus is comprised of 61 buildings containing 1.1 million gross square feet of space, abundant landscaped open space, a Civil War cemetery for veterans from both sides of that conflict, and stunning views of the surrounding area. It is located proximate to Capitol Hill.

GSA acquired St. Elizabeths West Campus in December 2004 from the U.S. Department of Health & Human Services, which no longer needed the site. We took this action because we have identified a substantial need over the next decade for secure Federal office space in the National Capital Region.

Given the density of development in Washington, DC, acquiring a large, contiguous area where a secure campus could be created to meet a portion of this need is a difficult feat, yet GSA will be able to do this at St. Elizabeths.

In February 2005, President George W. Bush's budget requested funds for GSA to start planning for a new U.S. Coast Guard headquarters facility at St. Elizabeths. Congress agreed to appropriate $24.9 million in FY 06 for the design of this new complex, along with $13.1 million for site infrastructure. Last month, the President asked that $306 million be appropriated to GSA in FY 07 to begin construction. We are planning for occupancy of the new facility to begin in 2010.

GSA is excited to have this opportunity to develop a new headquarters complex for one of the key components of the Department of Homeland Security (DHS). The Coast Guard has a long and noble tradition of service to our country, both during peace and during war. Their new headquarters, consisting of 1.3 million gross square feet, excluding parking, will give them the setting, the architecture, and the world class workspace that they deserve.

We are now working closely with the Coast Guard as we prepare a master plan for the development of the campus, and we are preparing to begin design on their new headquarters.

Given the size of the St. Elizabeths campus, we are also studying the possibility of locating other DHS elements on site along with the Coast Guard, to bring development up to a potential total of 4.5 million gross square feet, exclusive of parking. The secure campus would combine new construction with the reuse of some of the historic buildings on site.

You have specifically asked GSA to respond to the transportation issues posed by the development of this campus. The Committee should be assured that GSA is developing a detailed plan to manage all transportation issues and to provide road access to the site well before Coast Guard begins occupancy of the campus. Accordingly, I will devote the balance of my statement to that subject.

At present, St. Elizabeths West Campus is only accessible from Martin Luther King, Jr. Avenue. While Interstate 295 forms the western border for the site, and Suitland Parkway and South Capitol Street are nearby, none of

these routes provides direct access to the site. There are two Washington Metro stations that serve the site, Anacostia, which is a quarter-mile away, and Congress Heights, a half-mile away, both on the Green Line.

We are gathering important data to inform the site planning effort – for example, there is significant interest among Coast Guard employees in finding alternatives to driving to work alone. We also know that 93 percent of their employees are evenly split between living in Virginia and Maryland, while the remaining 7 percent live in the District. The employee transportation survey work will be expanded to include employees of the other DHS elements who will be moving to the site once they are identified.

The National Capital Planning Commission (NCPC) has a goal for Federal facilities in DC of one parking place for every four employees. Assuming that 14,000 employees will be located on the campus at full build-out, this would allow for a total of 3,500 spaces. The Coast Guard has indicated on a preliminary basis that it believes for a variety of reasons that a 1:3 parking

ratio is more appropriate. We are working with the Coast Guard to prepare a Transportation Management Plan that makes the case for a specific number of parking spaces. That Plan will be part of the NCPC master plan review process.

Obviously, providing adequate transportation access is crucial for a campus that could house up to 14,000 people. GSA is actively and regularly engaged in meetings with the DC Department of Transportation (DDOT), the Washington Metropolitan Area Transit Authority, the Maryland Department of Transportation, and the Federal Highway Administration. We are also conferring on a regular basis with the Virginia Department of Transportation. I want to recognize DDOT for their leadership in recognizing the transportation issues that are posed by development east of the Anacostia River and their efforts to find workable and timely solutions.

The purpose of these meetings is to provide a multi-faceted program to improve transportation access and services to the neighborhood as well as to St. Elizabeths. The program we are developing will be finalized as part of our campus master plan and Environmental Impact Statement, projected to be complete in August of 2007.

There are several transportation improvements currently underway or planned for the area including:

- By 2010, GSA intends to acquire land and construct a new access road to the northwestern corner of the campus from Firth Sterling Avenue. Firth Sterling has immediate access to South Capitol Street and Suitland Parkway, both of which connect to Interstate 295.

- By 2014, GSA intends to acquire land from the National Park Service and construct another access road connecting the southwestern corner of the campus to Malcolm X Avenue, which immediately connects to Interstate 295.

- DDOT has received a portion of the funding needed to construct roadway improvements along South Capitol Street and Suitland Parkway. The roadway improvements beneficial to the St. Elizabeths West Campus include a new interchange at Suitland Parkway and Martin Luther King Jr. Avenue and intersection improvements at Suitland Parkway and Firth Sterling. However, DDOT still needs additional funding to construct the new interchange at South Capitol Street/Suitland Parkway/Interstate 295. All of these improvements are scheduled to be complete by 2015, assuming funding is available.

- To improve the flow of traffic across the Anacostia River, DDOT has secured funding to replace the 11th Street Bridges, with a design that will separate local and regional traffic. This is scheduled for completion in 2011.

- DDOT has also received funding to replace and realign the Frederick Douglass Bridge, which carries South Capitol Street across the Anacostia River. This is scheduled for completion in 2012.

- GSA is exploring the possibility of express bus service from park-and-ride lots in suburban areas with the Washington Metropolitan Area Transit Authority and the Maryland and Virginia transit agencies, as demand warrants.

- We are working with the Coast Guard to explore establishing a shuttle bus service connecting the two nearby Metro stations to St. Elizabeths. This is now possible because of Congress's passage last August of Public Law 109-59, The Safe, Accountable, Flexible, Efficient Transportation Equity Act, which authorized Federal agencies to provide transit service between a place of Federal employment and a mass transit station.

- We are also working with Bolling Air Force Base and the Anacostia Naval Station on developing joint transportation solutions that will benefit the Coast Guard, Air Force, Navy, and Defense Intelligence Agency employees.

Mr. Chairman and Members of the Subcommittee, GSA is committed to developing St. Elizabeths West Campus as a first class facility to house several of the agencies helping to protect our country from terrorist attack. Part of that commitment is to ensure that the employees working on campus have safe, convenient and efficient transportation access to and from their jobs. GSA will continue to explore additional options, both as part of our master planning process, and subsequently as we build out the campus.

Thank you for providing this opportunity for GSA to appear before you. I will be happy to answer any questions you may have.

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