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COAST GUARD MISSION NEEDS AND RESOURCES ALLOCATION

(114–44)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

JUNE 14, 2016

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June 10, 2016

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Coast Guard and Maritime Transportation
FROM:	Staff, Subcommittee on Coast Guard and Maritime Transportation
RE:	Hearing on "Coast Guard Mission Needs and Resources Allocation"

PURPOSE

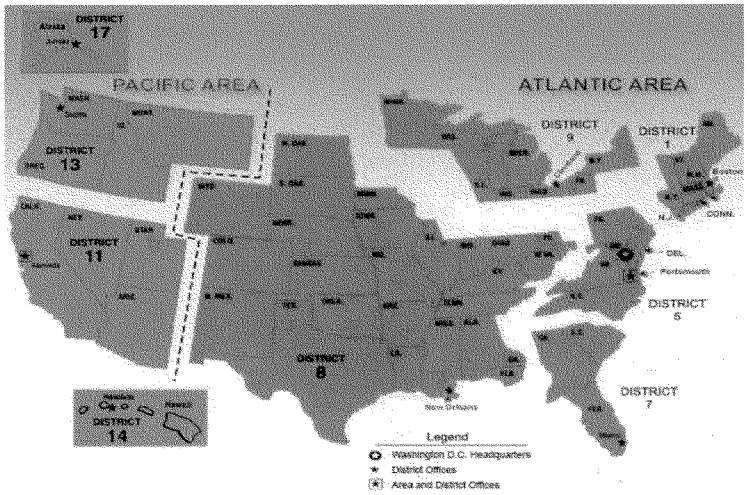
On Tuesday, June 14, 2016, at 10:00 a.m., in 2167 Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Coast Guard Mission Needs and Resources Allocation. The Subcommittee will hear from the U.S. Coast Guard and the U.S. Government Accountability Office.

BACKGROUND

United States Coast Guard

The Coast Guard is a multi-mission, maritime Service responsible for the safety, security, and stewardship of United States' waters. The Service protects and defends more than 100,000 miles of coastline and inland waterways, saves thousands of lives per year, and safeguards 4.5 million square miles of the United States Exclusive Economic Zone. At the end of fiscal year 2015, the Service had 54,425 employees: 39,116 active duty personnel (6,566 officers, 1,728 Chief Warrant Officers, and 30,822 enlisted); 7,109 reservists; and 8,200 civilians.

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



Coast Guard Missions

Section 888 of the Homeland Security Act of 2002 (6 U.S.C. 468) groups the Coast Guard's 11 statutory missions into "Non-Homeland Security" and "Homeland Security" missions and requires the Service to maintain without significant reduction its "authorities, functions, and capabilities" to perform all of its missions. It also prohibits the Secretary of Homeland Security from reducing "substantially or significantly… the missions of the Coast Guard or the Coast Guard's capability to perform those missions."

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

	Mission	Description
Non-Homeland security missions	Marine Safety	Enforce laws which prevent death, injury, and property loss in the marine environment
	Marine Environmental Protection	Enforce laws which deter the introduction of invasive species into the maritime environment, stop unauthorized ocean dumping, and prevent oil and chemical spills
	Search and Rescue	Search for, and provide aid to, people who are in distress or imminent danger
	Aids-to-Navigation	Mitigate the risk to safe navigation by providing and maintaining more than 51,000 buoys, beacons, lights, and other aids to mark channels and denote hazards
	Living Marine Resources	Enforce laws governing the conservation, management, and recovery of living marine resources, marine protected species, and national marine sanctuaries and monuments
	Ice Operations	The Coast Guard is the only federal agency directed to operate and maintain icebreaking resources for the United States. This includes establishing and maintaining tracks for critical waterways, assisting and escorting vessels beset or stranded in ice, and removing navigational hazards created by ice in navigable waterways

	Mission	Description
Homeland security missions	Ports, Waterway, and Coastal Security (PWCS)	Ensure the security of the waters subject to the jurisdiction of the United States and the waterways, ports and intermodal landside connections that comprise the Marine Transportation System (MTS), and protect those who live or work on the water, or who use the maritime environment for recreation
	Drug Interdiction	Stem the flow of illegal drugs into the United States
	Migrant Interdiction	Stem the flow via maritime routes of undocumented alien migration and human smuggling activities
	Defense Readiness	The Coast Guard maintains the training and capability necessary to immediately integrate with Department of Defense forces in both peacetime operations and during times of war. Currently the Service has six cutters conducting port security operations in the Persian Gulf
	Other Law Enforcement	Enforcement of international treaties, including the prevention of illegal fishing in international waters and the dumping of plastics and other marine debris

To fulfill its missions, the Coast Guard operates fleets of diverse assets. Vessels under 65 feet in length are classified as boats and usually operate near shore and on inland waterways. The Coast Guard operates 1,750 of these boats, ranging in size from 64 feet in length down to 12 feet. A "cutter" is any Coast Guard vessel 65 feet in length or greater. The Coast Guard has 245 cutters, including harbor tugs, icebreakers, buoy tenders, construction tenders, patrol cutters, and three polar class icebreakers (two are operational). Additionally, the Coast Guard maintains an inventory of 203 fixed and rotary wing aircraft.

Coast Guard headquarters is responsible for developing national strategies and policies for operations, but does not control direct operational control of assets. Area commanders (Atlantic and Pacific) control the assets and translate headquarter policies into operational objectives through theater plans for Service missions. District commanders are responsible for regional operations and sector commanders for local operations. Each Area, district and sector commander manages its assets to fulfill missions within their area of geographic responsibility. While Coast Guard headquarters does not assert operational control over the assets, each fiscal year it does allocate resource hours to each area, district and sector commands in accordance with Coast Guard and Department of Homeland Security priorities.

In fiscal year 2008, the Coast Guard implemented the Standard Operating Planning Process (SOPP) to develop and communicate annual strategic commitments and allocate resource hours by asset type. Coast Guard headquarters produces an annual *Strategic Planning Direction* (SPD), which determines mission priorities based on risk and helps guide the Service in allocating resources among statutory missions for the next fiscal year. The SPD takes into account historic funding levels, predicted asset availability, planned and potential environmental and geopolitical events, the Service's strategic priorities, as well as DHS priorities laid out in the Quadrennial Homeland Security Review (QHSR). The QHSR sets a strategic framework meant to guide the activities of DHS and identifies mission areas for DHS agencies to focus on. Area and District Commands use the SPD to develop their *Area Operational Planning Document* and a district level *Operational Planning Document*, respectively.

Mission Needs Statement

The Coast Guard's Mission Needs Statements (MNS) provide an overview of its statutory missions and its assets' capabilities and capacities[1] in context with current and emerging threats.

[1] The Coast Guard uses *capability* as a qualitative term, to refer to the kinds of missions that can be performed, and *capacity* as a quantitative term, to refer to how much (i.e., to what scale or volume) a mission can be performed.

The first MNS was released in 1996, with updates in 2000, 2004, and 2015. The 2004 MNS, the second update and full rewrite, aligned the Integrated Deepwater System (IDS)[2] with Department of Homeland Security missions, vision, and strategic goals. The 2004 MNS also included projected gaps between mission demands and assets capacities and capabilities as seen in the following figure.

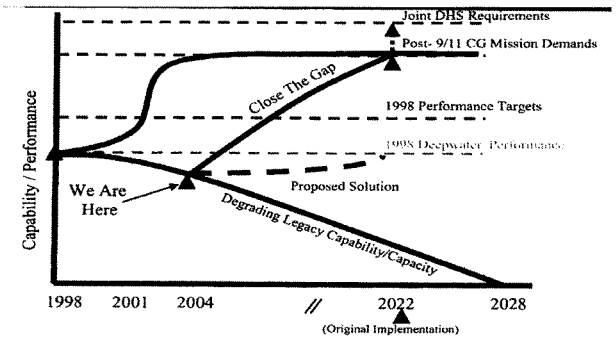


Figure 1 Performance Gap

In 2011, the Service disaggregated the IDS program to redistribute individual project funding into existing subappropriations. The 2015 MNS provides an overview of Coast Guard's missions within the context of current and emerging threats; however, it does not identify asset gaps or a material solution to meet Coast Guard's mission needs. Instead, the Service includes performance measures, either strategic or management,[3] for each of its 11 missions in the 2015 MNS. The Service includes in its Capital Investment Plan (CIP) how new assets would meet mission requirements and address capability gaps.

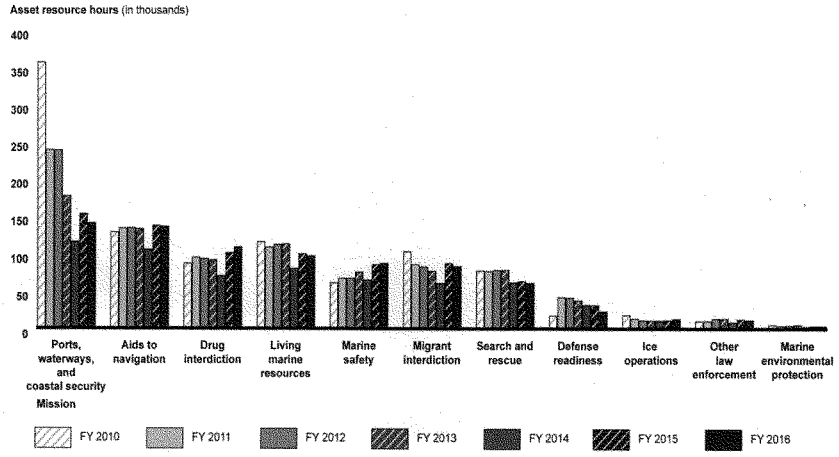
Government Accountability Office Review of Coast Guard Resource Allocation

The Government Accountability Office (GAO) issued in May 2016 a report titled *Coast Guard: Actions Needed to Improve Strategic Allocation of Assets and Determine Workforce Requirements*. GAO reviewed the Coast Guard's resource allocation process and reported on the extent to which the Coast Guard employs an effective process to strategically allocate assets to meet its mission responsibilities and the extent to which the Coast Guard has determined its workforce requirements and addressed identified personnel needs. GAO reviewed Coast Guard workforce requirement documents and asset performance data from fiscal years (FY) 2010 through 2015.

[2] The IDS program is a long-term acquisition. The original IDS was based on 1998 needs, it did not meet Government Performance and Results Act (GPRA) targets or reflect post 9/11 mission demands.
[3] Strategic measures may be released as part of DHS Annual Performance Report. Management measures are reported internally to DHS, OMB and Congress, but may or may not be reported publicly.

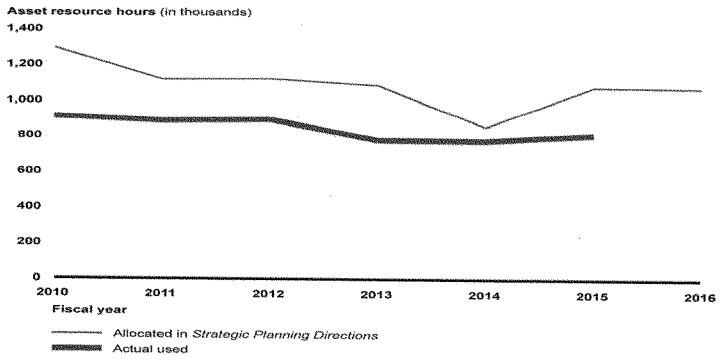
GAO found for the period of their review, that headquarters used an asset's maximum performance capacities when issuing asset resource hours in the SPD, as shown in the following figure.

Coast Guard allocated asset resource hours[4] per mission for fiscal years 2010 through 2016:



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-379

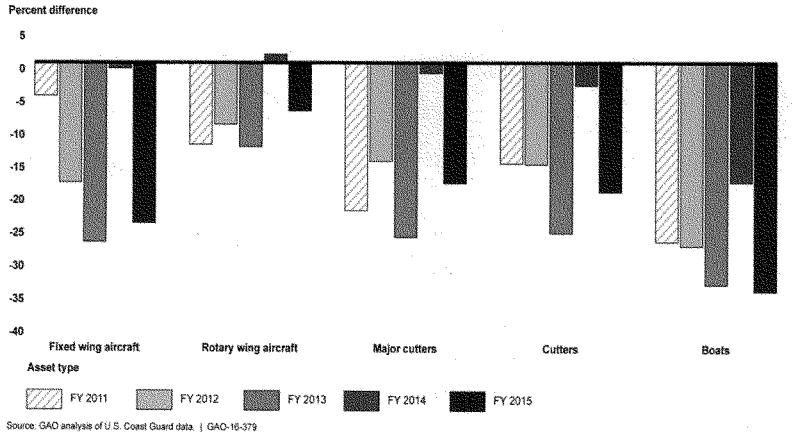
GAO compared allocated to actual asset resource hours in the following figure, showing actual hours have not met allocated hours.



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-379

[4] Resource hours show hours allocated to aircraft, cutters, and boats. It does not include assets with specialized capabilities or assets used exclusively for training purposes.

To track asset usage per mission, field units[5] are required to record the hours an asset is used, by mission, into a data system. GAO found that field units did not uniformly record the data. For instance, six of nine districts record one mission per asset deployment, while the other three districts record hours spent on each mission. The field units recorded asset usage data are incorporated into an *Operational Performance Assessment (OPA) Report*. Headquarters uses the OPA report to inform its next year's SPD. Coast Guard officials reported to GAO that while the report is used to inform the SPD, it does not impact the number of asset resource hours allocated in the SPD. The following GAO figure shows the percentage difference of allocated and actual asset hours.



GAO reported that the Coast Guard has acknowledged the data limitations, but the Service believed the resource hour data were accurate enough for operational planning purposes. However, the Service is taking steps to improve consistency of data collected by having field units provide definitions, policies, and processes for reporting operational activities. The Service has also established a council to coordinate changes among the operational systems used by the different field units.

GAO also noted concerns with the National Marine Security Risk Assessment (NMRA) and Manpower Requirement Analysis (MRA). The Service conducts an NMRA every two years and uses it to inform allocations for seven of the eleven statutory missions. The Service discusses these risks in briefings but does not formally document them; thereby making it difficult to assess how the risk assessments have affected asset allocation decisions across its missions. The MRA turns documented mission requirements into manpower requirements. Field units use the information to compare against actual personnel assigned.[6] According to the Service, it is behind in conducting necessary MRAs due to insufficient resources. Without the MRA data, GAO notes

[5] GAO referred to area, district and sector commands as field units in its report.
[6] A gap between the MRA and actual personnel assigned (i.e. shortages or lack of competencies), Coast Guard describes as a unit risk. A unit or program manager can use the resource reconciliation process to mitigate the risk.

the Service does not have reasonable assurance that its high priority mission activities are fully supported with the appropriate number of staff possessing the right mix of skills and abilities.

GAO made three recommendations in the report. First, the Service should use field unit data from the OPA reports to inform its annual SPD regarding the allocation of asset resource hours. Second, the Service should document how the risk assessments conducted were used to inform and support the allocation of asset resources hours. Lastly, the Service should develop a systematic process that prioritizes manpower requirements analyses for units that are the most critical for achieving mission needs. The Coast Guard responded to the GAO report stating it is taking action to implement the three recommendations.

Additional information on funding per mission, resource hours per mission, and performance measures to track mission goals is included in an attachment.

WITNESS LIST

Admiral Charles Michel
Vice Commandant
United States Coast Guard

Ms. Jennifer Grover
Director
Homeland Security and Justice Issues
United States Government Accountability Office

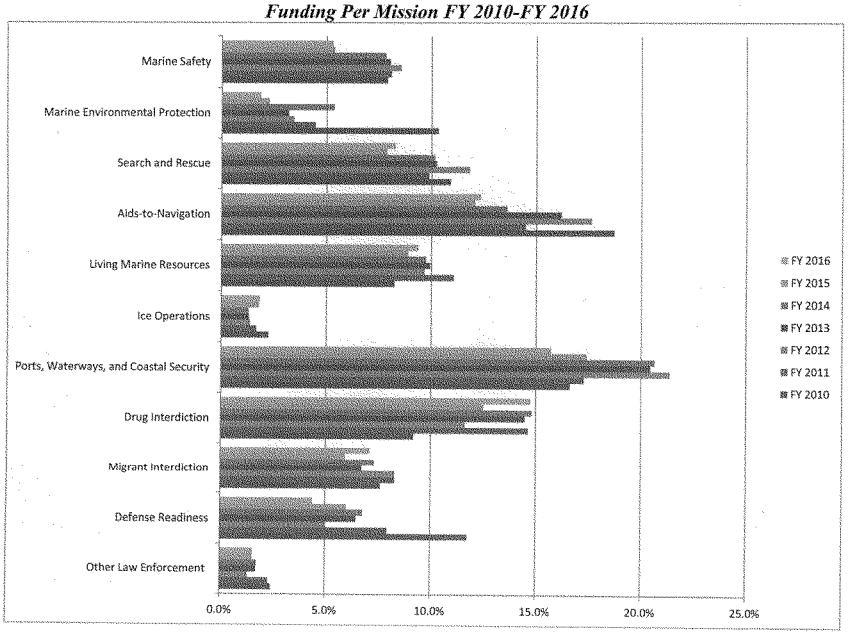
Subcommittee on Coast Guard and Maritime Transportation
June 14, 2016 Hearing on Coast Guard Mission Needs and Resources Allocation

Attachment on Mission Funding and Resource Hours and Performance Measures

Funding Per Mission

The Coast Guard reports funds spent on each of its statutory missions in its annual budget request to Congress. In fiscal year (FY) 2016, the Service spent approximately the same percentage of its funding for non-homeland security missions (49.6 percent) as homeland security missions (50.4 percent). Since FY 2001, the largest percentage of funding has been dedicated to the ports, waterways, and coastal security (PWCS) mission. In FY 2016, 15.7 percent of funds were spent on the PWCS mission.

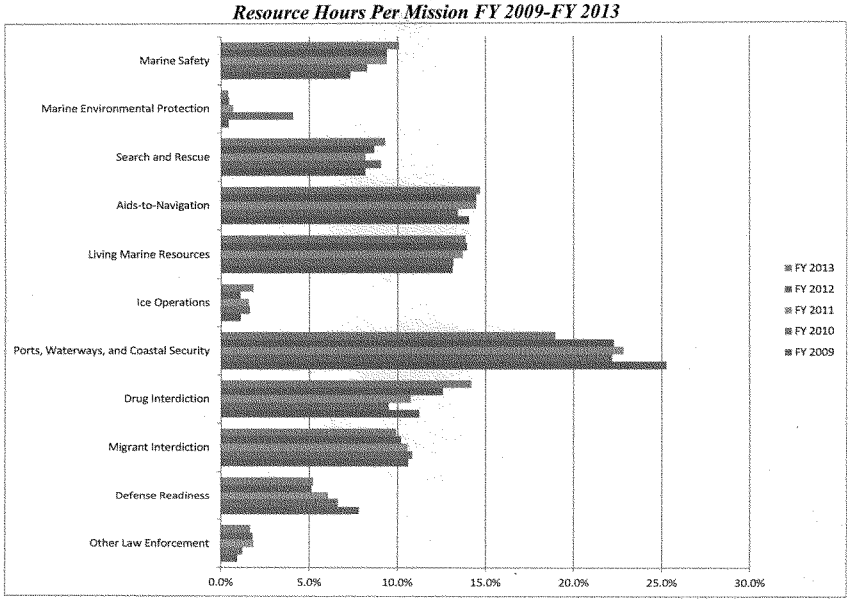
Funding Per Mission FY 2010-FY 2016



Resource Hours Per Mission

Resource hours are the number of flight hours (for aircraft) and underway hours (for boats and cutters) used to carry out a specific mission. Resource hours are tracked internally by the Coast Guard and were reported annually by the DHS Inspector General (IG) in the *Annual Review of the United States Coast Guard's Mission Performance*.[1] In FY 2013, the DHS IG found the Coast Guard almost evenly split its resources hours for non-homeland security missions (285,848 hours) as for homeland security missions (284,496 hours). There was also a reported decline in resource hours, 570,344 hours in FY 2013 compared to 683,594 hours in FY 2011, a decline of about 17 percent. The FY 2013 DHS IG report is available at: https://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-140_Sep14.pdf.

Resource Hours Per Mission FY 2009-FY 2013



[1] Section 888 of the Homeland Security Act of 2002 (6 U.S.C. 468) required the DHS IG to annually assess and report to Congress on the performance by the Coast Guard in the execution of its statutory missions, but the requirement was repealed in the DHS OIG Mandates Revision Act of 2014 (P.L. 113-284). The FY 2013 report is the last report provided by the DHS IG.

Performance Measures

In FY 2013, the Coast Guard used 23 different performance measures to track its success in meeting Strategic Planning Direction mission goals. The Service reported that it met or exceeded 15 of 23 summary performance measures. This included 9 of 12 non-homeland security performance measures and 6 of 11 homeland security performance measures.

Fiscal Year 2013 Performance Measure Summary

Mission	Performance Measure	Met	Not Met
Non-Homeland Security			
Marine Safety	5-Yr Average Number of Commercial and Recreational Boating Deaths and Injuries	X	
	5-Yr Average Number of Commercial Mariner Deaths and Injuries	X	
	5-Yr Average Number of Commercial Passenger Deaths and Injuries		X
	5-Yr Average Number of Recreational Boating Deaths and Injuries	X	
Marine Environmental Protection	Average Number of Chemical Discharge Incidents in the Maritime Environment	X	
	Average Number of Oil Spills in the Maritime Environment	X	
Search and Rescue	Percentage of People in Imminent Danger Saved in the Maritime Environment		X
	Percent of Time Rescue Assets are On-Scene within 2 Hours		X
Aids-to-Navigation	Availability of Maritime Navigation Aids	X	
	Average Number of Navigational Accidents	X	
Living Marine Resources	Fishing Regulation Compliance Rate	X	
Ice Operations	Number of Days Critical Waterways Are Closed to Commerce Due to Ice	X	
Total Non-Homeland Security Performance Measures		9	3
Homeland Security Missions			
Ports, Waterway, and Coastal Security	Percentage Reduction of all Maritime Security Rick Subject to USCG Influence	X	
	Percent Reduction of Maritime Security Risk Resulting from USCG Consequence Management	X	
	Percent Reduction of Maritime Security Risk Resulting from USCG Efforts to Prevent a Terrorist Entering the U.S. via Maritime Means	X	
	Percent Reduction of Maritime Security Risk Resulting From USCG Efforts to Prevent a Weapon of Mass Destruction from Entering the U.S.	X	
	Annual MTSA Facility Compliance Rate with Transportation Worker Identification Credential Regulations	X	
	Security Compliance Rate for High Risk Maritime Facilities		X
Drug Interdiction	Removal Rate for Cocaine from Non-commercial Vessels in Maritime Transit Zone	X	
Migrant Interdiction	Percentage of People in Imminent Danger Saved in the Maritime Environment		X
	Percent of Time Rescue Assets are On-Scene within 2 Hours		X
Defense Readiness	Defense Readiness Assessment of all USCG High-Endurance Cutters, Patrol Boats, and Port Security Units		X
Other Law Enforcement	Number of Detected Incursions of Foreign Fishing Vessels Violating U.S. Waters		X
Total Homeland Security Performance Measures		6	5
Total USCG Performance Measure		15	8

COAST GUARD MISSION NEEDS AND RESOURCES ALLOCATION

TUESDAY, JUNE 14, 2016

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 2167, Rayburn House Office Building, Hon. Duncan Hunter (Chairman of the subcommittee) presiding.

Mr. HUNTER. The subcommittee will come to order. The subcommittee is meeting this morning to review the Coast Guard mission needs and report released by the GAO reviewing how the Service allocates its resources. Under section 2, title 14, the Coast Guard is responsible for a wide range of missions, from search and rescue, icebreaking, and marine environmental protection, to port security and drug interdiction. The Coast Guard is using a strategic planning process which determines mission priorities based on risk and helps guide the Service in allocating resources among its statutory missions.

GAO noted in its report that not all of the processes used by the Service to allocate its resources have been transparent. And I actually went through some of the stuff. The MNS and some of the other things that you use in the Coast Guard to determine what gets used where and how many hours are allocated as opposed to how many hours are actually used. And it was very complicated. But I'm not that smart, enough to actually see through it. So we'll talk about that more today, and maybe find a way to dumb it down so that us mere mortals can understand how the resources are allocated and what the top lines are, and so forth. OK, good. Maybe you could translate it to us, please, Ms. Grover.

As the Nation's primary maritime response organization, the Coast Guard often must surge assets and personnel to respond to a hurricane, oil spill or other national or international emergency. As the Service did on April 10th—excuse me, April 2010, it moved over 150 assets and 7,500 personnel to the Gulf Coast to lead response efforts to the *Deepwater Horizon* oil spill. The Coast Guard is also tasked with preventing maritime accidents, keeping our borders secure, and protecting our ports and waterways. In fiscal year 2015, the Service conducted over 12,000 safety, security and environmental inspections of U.S. and foreign-flagged vessels, and interdicted 6,000 undocumented migrants, and 179 metric tons of illegal drugs.

The Coast Guard works hard to meet its missions. And this subcommittee wants to ensure that the Service retains its core competencies and acquires the assets needed for its response missions and day-to-day prevention work. However, it does seem at times that the Service presents a rose-colored glasses view of the capabilities and capacities of its assets. This subcommittee also needs to understand where current assets may be failing to support the Service's ability to meet its mission demands. And how the Service then conducts risk assessment, to move assets around, to cover mission gaps, when it may not be possible to cover those gaps, and what missions are impacted. We'll talk specifically about icebreaking, we'll talk specifically about land, land-based UAVs too, when we get into the hearing.

The GAO report notes that for the most part, Coast Guard assets are not reached in the allocated resource hours the Service includes in its planning documents. And its field units are not uniformly tracking data to show what missions are being supported by the assets when in use. This is another thing we're going to—what I'd like your help on is this is, how do we not bureaucratize the Coast Guard to where everybody's just simply filling out time sheets 24/7, trying to track what their assets and doing are when. So you can actually go out and do your missions. But at the same time, kind of present a real, call a transparent or easily understandable view on what your assets are doing and how they're being allocated.

There are a lot of moving parts to understand how the Coast Guard manages its resources. For those of us trying to support the Service, the various documents, the Mission Needs Statements, Capital Investment Plan and Programs of Record can be less than helpful in revealing how the information they provide flows into the annual budget requests and influence overall decisions on asset use and acquisitions. We here are your supporters. It should not be this difficult to unravel the needs of the Service or to understand how existing assets are performing. The Coast Guard updated its Mission Needs Statement in 2015, and I look forward to discussing how that Mission Needs Statement will be used to establish an achievable asset acquisition plan.

We have been at this, recapitalizing the services assets, since the late 1990s. John and I have been doing this for about, what, 4 years now, specifically here. While the complexities of the world continue to grow, we need to make sure the Coast Guard is at its most capable, now more than ever. I look forward to having a frank discussion with our witnesses, and I thank you all for coming. With that, I yield to the ranking member, Mr. Garamendi.

Mr. GARAMENDI. Thank you, Mr. Chairman, and, for scheduling this meeting to assess the Coast Guard's new Mission Needs Statement, and implications of how the Coast Guard allocates its resources. I'd first like to state my greetings to Vice Commandant of the Coast Guard, Admiral Charles Michel. Welcome. Delighted to see you and have a little conversation before we even started the meeting. And also welcome, Jennifer Glover, from the Government Accountability Office, who can answer all the questions that the chairman just raised. Thank you very much for being here.

Even the most junior boatswain, mate, can tell you before you can accurately chart a course to arrive safely at any destination,

you first need to have a reliable compass to give you an accurate heading. Well, is that what the Mission Needs Statement provides for the Coast Guard? We're going to find out. Is it a reliable compass to guide them forward? We hope so. And we'll hear about it today. But we can all agree that far too much time has elapsed between today and when the Coast Guard's last Mission Statement was developed in 2005.

In many respects, the assumptions embedded in that analysis reflect a much different time and a much different Coast Guard. For example, the mix of assets available to the Coast Guard to meet its mission needs is now, the Coast Guard is now in the midst of the large recapitalization effort in the Service's history, including a whole bunch of new airplanes they didn't even know they'd ever get, like the 27s. Yet this transition is not without irony. For at a time when the Coast Guard is receiving the most modern and most capable assets in its 225-year history, missteps and delays in the acquisition of these assets have forced the Coast Guard to rely on its remaining legacy assets, which have become ever less reliable and ever more expensive to operate each year. So we hope the Coast Guard is prepared to get on with its future, with its new assets, in a timely and appropriate-cost way.

Additionally, a changing global climate has accelerated the opening of the Arctic region. This circumstance has prompted new operational challenges for the Coast Guard, while simultaneously creating a shifting, uncertain geo-political environment for the Coast Guard to operate in. Most regrettably, the spectra and reach of nonstate terrorists or transnational criminal organizations continually place the Coast Guard in ever growing demands to ensure the safety and security of the United States. Our maritime commerce as well as our people. And it's not just here in the Western Hemisphere, but it's globally.

I had the pleasure of seeing some of the Coast Guard ships stationed in Qatar, or excuse me, Bahrain, when I visited there a few months ago. And so the Coast Guard has a new compass, the Mission Statement. We're going to explore that today. We know we must do our work to ensure that the Coast Guard uses this new analysis to best allocate its resources, and for Congress to provide the support necessary to carry it out. So if the Coast Guard is semper paratus, so too must the Congress. Your 11 Statutory Missions are your guideposts. The Mission Statement is how you're going to get there. Mr. Chairman, thank you for scheduling the hearing. I look forward to the discussion.

Mr. HUNTER. I thank the ranking member. Let me introduce the witnesses. They're Vice Commandant Charles Michel. Admiral, congratulations on your recent promotion. And Ms. Jennifer Grover, Director of Homeland Security and Justice for the Government Accountability Office. And with that, Admiral, you're recognized.

TESTIMONY OF ADMIRAL CHARLES D. MICHEL, VICE COMMANDANT, U.S. COAST GUARD; AND JENNIFER A. GROVER, DIRECTOR, HOMELAND SECURITY AND JUSTICE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Admiral MICHEL. Well, thank you, Mr. Chairman, Ranking Member Garamendi, and members of the subcommittee. Thank you for

the opportunity to appear before you today to speak on behalf of the 88,000 men and women of the United States Coast Guard, serving around the globe today. I ask that my written statement be accepted as part of the official record, and I'd be allowed to summarize my remarks.

This subcommittee has significantly advanced our long-term acquisition strategy and provided critical support for our Coast Guard men and women. Thank you for helping us build a 21st-century Coast Guard, capable of achieving national objectives, wherever American maritime interests may lie. We are operating in both polar regions, where human activity is increasing dramatically, particularly in the Arctic. We are managing emerging cyber challenges in our maritime industry. We are combatting transnational organized crime throughout our own hemisphere. And we are keeping pace with changes in the commercial maritime industry to ensure that we facilitate and not impede the vitally important industry that we regulate.

Notably, our increased efforts, along with those of our interagency and international partners are contributing to significant disruptions against organized criminal networks, to include the detention of over 700 smugglers and over 190 metric tons of cocaine bound for the United States in 2015. And I just got the latest figures here. This year, we and our partners are on a record pace, having already disrupted over 245 metric tons and detained 391 more narco-traffickers. And they told me the projections would be that we're likely to see a 400-plus metric ton disruption year. And we can talk about the reasons for that. I just got those figures this morning, sir, from my intel folks.

In very real terms, we are taking billions of dollars from the hands of illicit cartels. And each interdiction contains a treasure-trove of intelligence that we can use to exploit the gaps and seams in criminal networks that lead to even more seizures and arrests. Intelligence drive operations like they never had before. And we can talk a little bit about that, sir. And these successful interdictions do far more than just remove drugs from the stream of commerce. Dismantling criminal networks reinstates the rule of law, curtails violence, and brings needed stability to Central America.

The widespread violence in our own hemisphere is directly related to illegal migration on our southern border, as we saw in 2014, when over 68,000 unaccompanied minors arrived in the United States. To be sure, our own national security is challenged by cartel syndicates operating well inside our homeland, from Texas to New England and everywhere in between. Removing cocaine at sea strikes directly at their financial supply lines, and it remains vitally important that we continue to fight this fight.

The appropriation you provided in 2016 and the President's budget requested in 2017 will allow us to move forward with the recapitalization of our over 50-year-old Medium Endurance Cutters, with the Offshore Patrol Cutter. We are confident that we will down-select to a single ship builder and award OPC detailed design by this end of this fiscal year. Turning to the far north, cutter *Healy* began a deployment just last week to the Arctic, where she will further United States sovereignty interests by collecting seabed data that will directly support any U.S. extended continental

shelf claim. This is an area potentially twice the size of the State of California.

We're tremendously grateful for the President's commitment to building new, heavy icebreakers, and for your support to get us through the critical design phase we are now undertaking. We look forward to continuing to work with you to accelerate heavy icebreaker acquisition. We've provided a Coast Guard Mission Needs Statement, and we are undertaking an updated Fleet Mix Analysis that will take into account operational data, technological advancements, and new assets, like the C–27J that Representative Garamendi mentioned, and a ninth National Security Cutter, that were not available during our last analysis. I took forward to sharing those results with you as we work forward, to determining the composition of our surface and air fleets.

As important as these new platforms may be, investing in a 21st-century Coast Guard is as much about people as it is about ships, boats and aircraft. Our 2017 budget request recognizes the critical importance of building the workforce of the future. This is not without challenges. Though we have the best workforce in Coast Guard history, we are seeing the impact of decreased retention and slowed accessions. Our increasingly uncertain and complex world requires high-end skill sets from an in-demand talent pool. Cyber intelligence, marine inspection, and other technically trained professionals have many options today, and we strive to be their employer of choice. I look forward to this committee's continued support of our Coast Guard. Again, I thank you and look forward to your questions.

Mr. HUNTER. Thanks, Admiral. Same here.

Ms. Grover, you're recognized.

Ms. GROVER. Thank you. Good morning, Chairman Hunter, Ranking Member Garamendi, other members and staff. As the admiral noted, the Coast Guard, like other organizations, is only as good as its people and assets. During our work, we find the servicemembers of the Coast Guard to be consistently hard working and talented. But one of the challenges facing the Coast Guard is making sure that it has the right mix of assets deployed to the right missions at the right times, to best equip its people to carry out those missions.

My statement today will focus on two points. First, a call for the Coast Guard to make tough decisions about the mix of assets that it needs and can afford in today's budget environment. And second, recognition that the Coast Guard is taking steps to enhance the effectiveness of its strategic asset allocation process, which will help ensure that its limited assets are deployed effectively and as intended.

First, regarding those tough decisions about an effective, realistic mix of assets for today. The 2007 baseline stands as the official record of the Coast Guard's plan for its intended asset mix. Yet it does not reflect the mix of assets that the Coast Guard has acquired since then. Since the baseline was developed, the Coast Guard has received additional assets beyond those planned, such as the C–27Js, and the ninth NSC. And some planned assets have been delayed or reconsidered, such as the unmanned aerial vehicles and the full component of the HC–144 aircraft.

Also, the Coast Guard's understanding of its asset capabilities has evolved. In several cases, planned capabilities have been revised downward to reflect more realistic operational targets. For example, the fast response cutters are now expected to operate at 2,500 hours per year, not 3,000. As a result of the delays in acquisitions and reduced operational capacities, the actual resource hours that were used during FY 15 fell short of what was originally planned for every asset type.

For example, in 2015, a mix of legacy and new patrol cutters used 48 percent of the resource hours that were specified in the baseline. In addition, the cost of the acquisition portfolio has grown far beyond original expectations, which in part reflects optimistic funding assumptions. As a result, the Coast Guard has been shaping its asset acquisitions in a reactive mode, through the annual budget process. These short-term budget decisions may not lead to good long-term investments. A long-term Fleet Modernization Plan, that is affordable, would help the Coast Guard to ensure that they end up with the fleet that they need to optimize performance going forward.

My second point, based on a new GAO report completed at the request of this subcommittee and being released to the public today, is about improvements that the Coast Guard is making to its strategic deployment of assets. The Coast Guard has taken several steps to improve its asset deployment, including collecting better data on asset hours used by mission, tracking how increased strategic commitments are affecting the hours available to field unit commanders, and incorporating more realistic information about asset capacities into strategic planning documents.

On this last point, we found that in FY 15, Coast Guard units used only three-fourths of the asset resource hours that were allocated by headquarters through the strategic planning process. This is not a failure of Coast Guard personnel to make full use of their assets. Rather, the shortfall reflects an unrealistic statement of asset capacities, based on manufacturer maximums that are not adjusted for asset age or condition. Incorporating more realistic information from the field units will allow the Coast Guard headquarters to have greater strategic influence on how asset hours are used.

In conclusion, the Coast Guard is taking positive steps to improve the accuracy of its asset allocation process. This will help ensure that its limited assets are used as effectively as possible. Yet more work remains for the Coast Guard to identify the costs, capabilities and quantities of the assets it needs for its modern fleet mix, as well as the tradeoffs necessary, given fiscal constraints. Chairman Hunter, Ranking Member Garamendi, this concludes my statement. I look forward to your questions.

Mr. HUNTER. Thanks, Ms. Grover. Thank you both. We'll start taking questions now. I recognize myself. I guess the first thing is, let's just touch on what you just talked about. It's not that the Coast Guard, it's not that they put the bar where it's supposed to be, then they can't reach the bar. The bar needs to be lower. Meaning, meaning, the bar needs to be lower in terms of what their assets can actually do. And that would make them actually look like they're doing their job better, and in allocating resources correctly?

Ms. GROVER. In terms of the asset allocation process, that's right. They're using assumptions about asset capabilities that aren't realistic with what the assets can actually do.

Mr. HUNTER. So, Admiral, why, why would you set the bar unrealistically high, then say, every year, we can't meet the bar?

Admiral MICHEL. This is, it's a complicated issue.

Mr. HUNTER. And we talked about this, by the way. When I first got this job at some point 3 or 4 years ago, I said, you guys aren't, by your own admission, reaching your full capacity. And it was—but you are, really. You are reaching your full capacity, it's just that the bar is set too high in whatever formula you used to say what your capacity should be.

Admiral MICHEL. Yeah. I mean, this, it's a complicated issue, Chairman. It has to do with accounting. So when we, when we do our budget models and we figure out how many spare parts and our dry dock schedule and things like that, they're based on baseline uses for that particular asset. And some assets, like our rotary wing fleet we operate within just a few percentages of what we allocate. And there are reasons for that.

The vast majority of the operating hours that we have are down at our small boat stations. And there are very good reasons why our small boat stations don't operate at 100 percent capacity. Part of it is our small boat stations need surge capacity for things like hurricanes. So they're not supposed to exceed their—when they start exceeding their hours, then they're burning the candle at both ends, and they're taxing the logistic systems, they're taxing our platforms. They're ending the service lives of those platforms, because they're operating above platform maximums. But they've got to plan all the way to the end of the fiscal year. I know you mentioned about surging 150 assets down to Hurricane Katrina. If you don't have that capacity in the system to surge, then you're going to exceed your——

Mr. HUNTER. But Ms. Grover is saying that you are operating at just about full capacity. It's simply not reflected in where you have the bar. Meaning that gap doesn't really exist.

Admiral MICHEL. Well, if I lowered the bar artificially, I'd still have to take into account the maintenance schedules and budgeting and crew training and crew manning that come with that particular asset hour. And then what the guys at the small boat station will do, they'll take another cut even below that, so they make sure they have enough surge capacity to come along at the end of the fiscal year. And regrettably, the end of the fiscal year is July, August and September, which is the height of hurricane season. And you've got to have some surge capacity. You can't budget every single hour up to the maximum allotted, or you're not going to have any surge capacity left. Or you're going to exceed the operating hours on the platforms. And that has its own baggage, when you go beyond the operating hours.

I'll give you another example. For Great Lakes icebreaking, you can't predict what type of an ice year you're going to get up on the Great Lakes. A couple of years ago, we had so much ice up there, we had to rely on the Canadians and others to help us out, or we would have been in a real world of hurt. But last year we had hardly any ice at all. So how do you assign the operating hours for

those platforms with any degree of certainty? And that's just one example. That goes across the entire enterprise.

So it's an accounting measure in some perspective. And I could lower the bar. The problem is, it's going to end up lowering the bar again. So I would prefer to stay with the maximum operating hours. That allows us to budget so that we can determine the service lives for these platforms and allow our operational commanders to manage that surge gap. But I do agree with, and we did provide, back to GAO's recommendation, that we would include better field input in trying to come up with realistic measures on this. And we agreed to do that. And I think we can close the gap to a certain degree. But I don't want to give you the illusion we're going to budget down to the last hour here.

Mr. HUNTER. OK.

Admiral MICHEL. It's just not possible. And not actually even desirable, Chairman, to do that.

Mr. HUNTER. OK. So let's talk icebreaking then, since you brought it up, Admiral. The Senate just appropriated or is going to appropriate $1 billion for an icebreaker. Do we all know that now? It hasn't been passed yet, but they're going to do it. That's a pretty big leap. That's, that's great that they are going to do it. So here, here's my question. We're going to give you—you're now going to have the authority to buy lead materials. You're going to have the authority to do block buys, multiyear procurement. You'll have the ability to buy two or three icebreakers if you wanted to at one time.

So let's say that they do $1 billion—was sitting here and testified that if you build two, you can save $100 million. We're going to need more than one. Would the, would you say, would you agree with that, we're going to need more than one icebreaker in the next 25 years? And this is all considering the fact that it's going to take 10 years to get this done probably.

Admiral MICHEL. Well, first of all, when we talk about icebreaking, I talked about domestic icebreaking, which is in the Great Lakes, rivers and things like that.

Mr. HUNTER. But I mean——

Admiral MICHEL. That's its own, that's its own world.

Mr. HUNTER. Arctic icebreaking.

Admiral MICHEL. So we're talking about polar icebreaking.

Mr. HUNTER. Yes.

Admiral MICHEL. And we're talking specifically about heavy polar icebreaking.

Mr. HUNTER. Medium to heavy, right.

Admiral MICHEL. Well, we need to talk about that, sir, because there's different capabilities and different things that come along with medium and heavies. The Senate marked us for a heavy icebreaker. The President's budget request isfor——

Mr. HUNTER. One.

Admiral MICHEL. A heavy icebreaker, yes, sir. And the President, in his statement at the Glacier Conference, said, "We will begin construction activities on a heavy polar icebreaker, begin construction activities in 2020 and plan for additional icebreakers." Our Commandant—heavy icebreakers. Our Commandant has also testified that we need self-rescue capability for our heavy icebreaker. And that includes the existing *Polar Star* that we have out there

now. So that means at least two. The high latitude study says three heavy polar icebreakers is what the Coast Guard's requirement is. So that's kind of what we're talking about for heavy icebreakers.

Mr. HUNTER. OK, so, right. So my question was, though, is the Coast Guard going to need more than one heavy icebreaker going forward in the next 25 years?

Admiral MICHEL. Yes.

Mr. HUNTER. OK. Then why don't we work with the Senate right now to work on saving $100 million and trying to build two. Or at least getting the lead materials and the designs for two instead of one. I would guess once you design one, you're going to find flaws in that. Kind of like the NSC and some other, other ships that we have built. You're going to find flaws in the first one. It's going to cost money to fix those flaws in the first one. But that will set you up for success on your second one and follow on ships, right?

Admiral MICHEL. Yes, sir. And I have staff looking at potential block buys of vessels of that, that are actively looking at that. Right now the President's budget request is $150 million for the construction of a heavy polar icebreaker and I support that request. We need that request, and we need that on the schedule that it is. I understand the Senate also included in the Navy shipbuilding budget $1 billion for a heavy polar icebreaker. Obviously that's beyond the President's budget request. But I think it is a signal of at least on the Senate's side, of interest in constructing a heavy polar icebreaker. And that, my understanding of that language, that is a single vessel.

Mr. HUNTER. OK. What would be the delivery time, if everything was on schedule? What would be the delivery time for the, a heavy icebreaker?

Admiral MICHEL. So if the Congress were to approve the President's budget request for $150 million—I think it's $147 million, but I'll just use the $150 million request—that is designed, sir, that figure is designed to meet the President's statement that he made at the Glacier Conference. So that would begin construction activities in 2020. And the estimated completion time to get that vessel online would be 2024 to 2025 is the best estimate that I have, having talked with my shipbuilding experts, and also having sort of traveled around the world to a certain degree, talking with icebreaker experts as well as domestic shipyard people. 2024 to 2025 is my best estimate for getting that ship online.

Mr. HUNTER. OK. So let's just for argument's sake, for this hearing, so let's say it's say 2026. So let's say it's 10 years out from now. What is your plan to address the capability gap in the next 10 years?

Admiral MICHEL. Well, and once again, we're talking about heavy polar icebreaking. This goes to a discussion Ranking Member Garamendi and I just recently had right here before the hearing. Right now we have the *Polar Star* operating. It's got about another 5 to 7 years left of projected life, unless we want to take another recapitalization, like a rolling recapitalization of that vessel. And we have not made a decision to do that. We just had *Polar Sea*, which is inoperable currently, out of the water, at Vigor Shipyard. And an assessment is due to the committee on July the 24th, as

promised by the Commandant, a material assessment of that particular vessel. And we are on schedule to deliver that to you.

But all those decisions on a rolling recapitalization for *Polar Star*, or what we want to do with *Polar Sea*, need to be judged in context. And I have underway an alternatives analysis that will take a look at how we want to bridge out to that new icebreaker. And that's what I'd like to do is bridge out to that new construction icebreaker that I request the Congress' support and assistance in the President's budget request.

Mr. HUNTER. So how do you plan to fill the capability gap over the next 10 years? So let's say that oil goes up to 120 bucks a barrel tomorrow and then you get Shell and everybody else goes to the Arctic, they start trying to find oil there. It becomes very busy. What do you do? How do you fill the capability gap over the next 10 years?

Admirable MICHEL. Well, that's a broader question said, sir. And when you're talking about working in the type of work that Shell does, you're not necessarily talking about heavy icebreaking capability. Heavy icebreaking capability is a sort of sui generis. It's a world of its own. It provides you with 7 by 24 by 365 access to ice covered regions. That's what heavy icebreaking capability does for you. Lesser types of vessels may be used, useful in seasonal areas or in less demanding ice environments than currently exist in Antarctica or certain types of conditions that they get up in the Arctic, with ridging. And during certain parts of the year.

We also have the vessel *Healy*, which is a medium icebreaker, that is available. We're going to have to take a look on, and we already have a group underway on serving and design work for a midlife program, or a service life extension program for the *Healy*. That vessel is usable for that type of work that Shell does, but it's not usable in the heavy icebreaking environments.

So for example, we took the *Healy* down in the early 2000s with *Polar Sea* and *Polar Star*. I can't remember which one it was actually with. We took it down to Antarctica to see whether it could operate down there, during the summer in Antarctica, and it got stuck in the ice. And we had, we were lucky we had *Polar Sea* or *Polar Star* in there and break that thing out. So there are ice environments that are not——

Mr. HUNTER. Conducive?

Admiral MICHEL. You can't use medium icebreaking capability there. It ends up getting stuck. Like the *Xue Long*, if you remember the Chinese medium icebreaker got stuck, and the *Akademik Shokalskiy* got stuck. We cannot afford to get ships stuck. Right now where we are is we have the *Polar Star* operating, the Nation's only heavy icebreaking capability, and there is no back up for it.

Mr. HUNTER. I'll pass this on to Mr. Garamendi. How do you plan on filling the capability gap until you get a heavy icebreaker, which is 10 years at the least, based on the best projections of Congress and everybody working together? You still haven't answered that one.

Admiral MICHEL. Well, right—the alternatives analysis will provide the answer to that, and it's probably going to be either a rolling recapitalization of the *Polar Star* or to try to bring, let *Polar*

Star taper off and then try to bring *Polar Sea* back on and bridge out to the new icebreaker. I do not know which one at this point, which path we would want to take. I'm not aware of any other—we've looked out there for vessels to lease for heavy icebreaking capability. There's nothing out there on planet Earth that you can lease in the heavy icebreaking area. So that's kind of where we are, sir.

Mr. HUNTER. Was it the Fins that just came into my office? I can't remember whether we had the Norwegians or the Fins. I mean—have you—you've all looked at that, right?

Admiral MICHEL. Yes. As a matter of fact, I traveled to Sweden and Finland.

Mr. HUNTER. Yeah.

Admiral MICHEL. And talked to them. And they do not have heavy icebreaking capability that will meet the needs as in the Fed Biz Ops. As a matter of fact, what I'm talking, Fed Biz Ops, there's a technical package that Coast Guard put out for our heavy icebreaker. It kind of lays out our basic requirements, including the long pole in the tent, which is the icebreaking requirement. Which is 6-foot minimum at 3 knots, desirable 8-foot minimum at 3 knots, and then 21 feet backing and ramming.

When I talked to the shipbuilders over there, they said there is not a vessel like that that currently exists that will meet those requirements in the Fed Biz Ops technical package. So you'd have to build a vessel like that. And that's the type of vessel that we're looking for.

Mr. HUNTER. So the Fins, they have to break themselves out of their own sea every year. But that's, that's not the same type of ice that's in the Arctic?

Admiral MICHEL. Well, it's not as thick. It, medium icebreaking capability works in places like the Gulf of Bothnia, because the ice is only—I forget the, down there. But when you go down to Antarctica, for example, like first year sea ice is 6 to 8 feet thick. Multiple year sea ice is many times that. That's why the *Healy* got stuck down there.

Mr. HUNTER. So it's good to—so the options that you're telling us, you either take the *Polar Star* as it either tapers off, you recapitalize the *Polar Sea* and make it work again. Or you recapitalize the *Polar Star* and keep it going so it doesn't taper off as it's end of life. And those are your, those are your two options?

Admiral MICHEL. Those are—those are——

Mr. HUNTER. And you're also saying, and you're also saying that zero capability is better than medium or heavy capability? Because you have medium-heavy icebreakers out there that are available for lease, but you want heavy only. And you're saying that you'd rather have zero capability than 80 percent capability?

Admiral MICHEL. Sir, I think you're—I don't think that's a fair characterization. And that's why it's very important to hear on——

Mr. HUNTER. You actually spent 2 or 3 minutes saying how you don't want medium icebreakers at all.

Admiral MICHEL. I didn't.

Mr. HUNTER. How they do no—don't do very well.

Admiral MICHEL. Sir, you——

Mr. HUNTER. They get stuck. You gave a Chinese example. But so the question is then, to, to fill the capability gap over the next 10 years or 20 years or however long it is, your only answer is the *Polar Star* or the *Polar Sea*. Leasing a vessel doesn't, there is no vessel that exists in the world that could be leased by the Coast Guard to fulfill 75 percent of what you needed to right now. Is that what you're saying? And you would rather not have those?

Admiral MICHEL. Sir, what I said was, my options for heavy icebreaking capability, which is the only ensured global access to ice-covered regions, regardless of seasonality and otherwise—the only things on the table that I'm dealing with right now are *Polar Star*, *Polar Sea*, and a new icebreaker that we need to begin construction activities on. If you want to have a broader discussion about other icebreaking functions, then we can talk about that, sir. But that's a different area, because that is not global ensured, 7 by 24 by 365 access to ice-covered regions.

Mr. HUNTER. It's not a 100-percent solution.

Admiral MICHEL. As one of our—it's not a 100-percent solution. And in certain scenarios like down in Antarctica, it's not only not a solution, it can potentially get you into real hot water. That's a broader discussion, because that's a different mission set. That's why I used those words, heavy polar icebreaking. Because it is a world on its own. And we need to talk about that, because that is a national capability. That is a national sovereignty capability. A national defense function, to provide global ensured access to ice-covered regions 7 by 24 by 365. And that only gets done by heavy icebreaking capability.

Mr. HUNTER. OK. So here's my last question. Could you explain to everybody why it's important to break ice? And then tell me this. If we're looking for 7/24/365, what are we operating at now?

Admiral MICHEL. So icebreaking in and of itself, there are times that you really do need to break ice, for flood control reasons or to escort vessels in and out.

Mr. HUNTER. And tell us this. So let's narrow this down. Why is it a national security strategic priority to break ice? On the national security side. I don't care about, you know, some ship getting stuck who's doing science stuff. Why is it a national security priority?

Admiral MICHEL. Sir, if you cannot provide presence to an area, you cannot assert national sovereignty.

Mr. HUNTER. Then what are we doing right now?

Admiral MICHEL. The Nation's only operating heavy icebreaking capability is the *Polar Star*. And that ship is current——

Mr. HUNTER. That operates 24——

Admiral MICHEL. That ship is currently operational. It requires a significant amount of maintenance just to keep the thing running. It has no self-rescue capability, unless we happen to call in some other country that happens to have a heavy——

Mr. HUNTER. That's what I'm trying to get to. So what is our capability now, then? Right, right now?

Admiral MICHEL. The *Polar Star*, sir.

Mr. HUNTER. OK. And is it 7/24/365?

Admiral MICHEL. It has the capability, but it has such a maintenance schedule that it gets pulled out of the water regularly. And

you're going to have to button the ship back up in order to get anywhere. That's the problem with having only one, sir.

Mr. HUNTER. So we don't have—so what you're saying is right now—how would you measure the capability gap that we have right now, that exists right now today?

Admiral MICHEL. Well, we have one, one heavy polar icebreaker.

Mr. HUNTER. That operates how many days——

Admiral MICHEL. That ship does——

Mr. HUNTER [continuing]. Out of the year?

Admiral MICHEL. Well, that, that ship has the capability of accessing anywhere in the ice-covered regions, 7 by 24 by 365. It has that capability. Except for very shallow areas, where you may have——

Mr. HUNTER. Yeah, I understand the capability of it. How often does it do that, or how often can it?

Admiral MICHEL. Well, this is what the maintenance schedule—last year, that ship, that ship's crew spent 305 days away from their families, either down in Antarctica or at the shipyards, which was away from their homeport, getting that ship prepared. So you can operate.

Mr. HUNTER. So beyond getting it fixed, what is our capability right now in heavy ice? What is the capability right not today? If that—is it operational right now?

Admiral MICHEL. The *Polar Star* is an operational vessel. Yes, sir.

Mr. HUNTER. OK. And what, so what is our capability like this year, for instance?

Admiral MICHEL. Well, we typically have that ship programed to operate 185 days away from home port. But it's got such a significant maintenance load, it basically goes from the shipyard, and then it does its work down in Antarctica, then it goes back to the shipyard. And it gets refurbished, and we send it back down to Antarctica again.

Mr. HUNTER. So here's, so this is it. I've taken way too long. If it's so important that the President has asked for this, that OMB has put it in, we don't have the capability right now. So how can it be that big of a priority? If you don't have the ability to do what we need to do now to match what the President is requesting, is it really that big of a priority? Do we really need an ice, two icebreakers, two heavy icebreakers?

Admiral MICHEL. Absolutely, sir. And we've had that.

Mr. HUNTER. If it's so important, why don't we have them now?

Admiral MICHEL. That's a very sad and long tale, sir, as to why it has taken so long to recapitalize this category of vessels. I don't know how much time you want to take on that. But this, I used to be a Commander, and I used to work——

Mr. HUNTER. Zero. I'm going to—I'm hearing her talking in my ear. I'm going to yield to the ranking member here.

Admiral MICHEL. I worked on this issue 15 years ago myself, sir.

Mr. HUNTER. We're going to beat this horse more.

Mr. GARAMENDI. Thank you, Mr. Chairman. I'm not sure we broke through the ice yet. But we know that we do have a hearing coming up on the 12th, and I think Admiral Michel has a pretty good idea of the kind of questions that's going to be coming at him

on the 12th of June—July. And it'll be a very, very important meeting. I did note in your testimony you said that you really need three heavy icebreakers to do the job that the chairman was trying to get to. That's the Arctic and the Antarctic, in the most extreme environment. So the question for the 12th will be how do we get those three icebreakers, over what period of time. What is the schedule for them. And also the role of the *Polar Star* and the *Polar Sea* in the interim. So we'll go at that in detail. In between now and the 12th, I'm sure that we'll have some additional questions to ask.

A 10th National Security cutter is in the works, at least the legislative works. That is two beyond the original call of eight. When those, when the ninth is added, which is not so far off, and then perhaps a 10th, that changes your force structure, your person power and your budgeting. Should we go there at all? Should we simply say that nine is quite enough? The 10th is a ship too far, too much? And that we should spend the time and the energy and money on the Offshore Patrol Cutter? Admiral Michel?

Admiral MICHEL. Well, sir, NSC 9, and if there is an NSC 10, none of those are in the President's budget request. Those are beyond the program of record. I've testified on that before. Obviously, you know, if the Congress provides us with National Security Cutters, we'll do our best to put them to good use. They're a great ship. They're delivering incredible results out there. But those are beyond the program of record.

And right now my number one recapitalization priority, despite my urgency on the heavy icebreakers, which is you know another one of the burning fires I have to deal with, is the Offshore Patrol Cutter. And that is our number one recapitalization priority. And we need assistance from the Congress on the $100 million in long lead time materials in FY 17 for the Offshore Patrol Cutter. That's where my focus is right now. Again, if, Congress gives us the National Security Cutters, we will try to make them work. They're beyond our program of record. They're much more expensive to operate than the Offshore Patrol Cutter is going to be.

Mr. GARAMENDI. Admiral, we're going to have to be much more specific. I know you will do what Congress tells you to do, if you have the money to do it. But we're going to have to make some decisions here. Do we do a 10th NSC or do we not? If we do then obviously there's the capital cost of the ship and then there's the ongoing operational costs, that have to come out of some other program. The other programs may be the OPC, maybe we're going to delay the acquisition of the second or third heavy icebreaker, or maybe we're not going to be able to use UAVs or whatever.

So we need your help, very specifically. And the Mission Statement that came out in January of this year will help advise us on this. But somebody wants a 10th National Security Cutter. Do we do it or not? That's going to be a decision we're going to have to make in the next couple of months. If we make that decision, then something else isn't going to happen. What isn't going to happen? Perhaps it is the icebreaker. I want to really hone in on that. It's something we must deal with here, without our two houses.

The other questions really go to, we'll come back to the icebreaker on the 12th, I'm sure. UAVs we talked about forever, but

not yet in place. What do we need to—is it important? Is it a critical mission asset that the Coast Guard needs? If so, how do we get it? What's the cost? Where does it fit into the mission statement, UAVs?

Admiral MICHEL. So another broad category of things. So on the small UAV front, I think you know, we've already deployed ScanEagle. A number of platforms are going to have ScanEagle, or the small UAS deployed on the NSC permanently here for the first time. So in that small category, I think we're OK. We're also in a partnership with CBP on their Predator—it's essentially Predator B. They call it Guardian. As a matter of fact, it's flying down in the transit zone today or it's at least deployed down in the transit zone today. So we work with them on, on that mission set. The broader piece on the UASs, actually one of the pieces here from the 2005 mems, that Jenny identified that we're going to have to take a round turn on what our view is on these large UASs, land-based UAS or ship-based.

We also have worked closely with the Navy on the Fire Scout, which isn't really the right sort of platform for us, but I don't know what the right answer to that is. I think the, both the land-based and the ship-based UASs or UAVs, the larger systems, are something I'm intensely interested in. When I was JIATF South Director, we would use platforms like this to provide wide-area surveillance capability. And that makes your assets a lot more effective. And the Coast Guard could definitely benefit from that.

So we have an eye on working on all those programs. We've got some unique connections with DOD and also with DHS and CBP. So I think we've got the connections. We're going to have to make some decisions right now. Our priority, our organizational recapitalization priorities are as laid out in the FY 17 and as in the FY 17 to 2021 SIP, that I know you have a copy of. Those are our organizational priorities. And right now those larger UASs are not built in there.

I can tell you as the Vice Commandant as the Coast Guard, same thing when I was a Deputy Commandant for Operations. I'm intensely interested in that area, because the technology gets better and better. At all times, get better and better. The sensors get better and better and smaller and smaller. And the back end processing pieces get better and better, and those can make our assets so much more effective. When I was JIATF's South Director, those were great things and I loved having them down there. And I'd like to see the Coast Guard get into that game. But you know, we got, there's only so much money out there, and our organizational priorities are currently as set forth in the President's budget and SIP that we provided to you.

Mr. GARAMENDI. I appreciate your intense interest in this. Our task is to make choices. And we have one choice that's coming down on us right now. A 10th National Security Cutter. Which is over half a billion dollars, not including the operational cost. And so the question for the Coast Guard, and we need an answer here. Do we do that, or do we spend that money on UAVs, UASs, and the like? That's the question. What is your answer?

Admiral MICHEL. Well, sir, I mean, that's a very easy question from the Coast Guard. Our organizational recapitalization prior-

ities are as set forth in the President's FY 17 budget request, and then the SIP that we provided to you. If they're not included in there, it doesn't mean they're not things of value. But our organizational priorities are as we provided them to you. And that's our best judgement as operators and as stewards of the enterprise.

Mr. GARAMENDI. Does that include a National Security Cutter? Does that include a 10th National Security Cutter?

Admiral MICHEL. No, sir. That is not, that is not currently in the SIP or in the present budget request.

Mr. GARAMENDI. Thank you. I yield back.

Mr. HUNTER. Thanks, Ranking Member. Mr. Gibbs?

Mr. GIBBS. Thank you, Mr. Chairman. Thank you, Admiral, for your service, and the nearly 90,000 men and women that help protect our country. Back in March, I submitted questions for the record to the Coast Guard regarding the icebreakers on the Grand Lakes. And the first question inquired about the Coast Guard's memorandum. My understanding was the Canadian Coast Guard to provide icebreaking vessels. And the second inquiry was about the Coast Guard setting performance targets for keeping the high-priority waterways open on the Great Lakes and the eastern seaboard. During the ice season, 95 percent of the time, that's, I heard, the Coast Guard's goal. However, you only collected the data of whether you met the target in fiscal year 2014, at which the time the Coast Guard fell short of its goal by 10 percent. And I realize that was the bad ice year, I believe. Have not received an answer on FY 15 or 2016, which I think there wasn't much ice last year. So that probably was not too much of an issue.

But back on the memorandum of understanding, it's my knowledge that Canada has gone from seven to two vessels for icebreaking on the Great Lakes and Saint Lawrence Seaway. So I'm concerned about, you know, what's in that memorandum of understanding. Because the peak demand for the upper Great Lakes opening up for the season would be probably close to the same time as opening up the seaway. And you know, what's our situation with that memorandum of understanding of what we're going to do to ensure that the Canadian icebreaker would be at the Soo locks for example, when, probably at the same time they need to be. You know, that, and the eastern part of the Great Lakes and the seaway.

And so I don't know. Usually the Coast Guard's been pretty good at getting back to answering these questions. But I submitted these questions for the record back in March, and we haven't heard back. And so hopefully you can provide them now or provide them in the future in a timely manner.

Admiral MICHEL. Well, sir, I apologize in advance that you have not received that information. All that information should be available to you on both our agreements with Canada as well as our performance metrics on the, on the ice, which you rightfully noted. I mean, that's an example of one of those problems that's just very difficult to predict. I mean, some years you may end up with a large amount of ice. Like I said, in 2014, and we needed the Canadians' help to do all that stuff. Whereas last year we hardly had any ice at all. So it's difficult to predict. So you've got my commitment to provide you with all of that information. We have that in-

formation on the performance data and we'll definitely get you the information on our workings with Canada, which like I said, are essential. And we think we add a lot of value to the Canadians too, so we help them out. It's a quid pro quo, and really a good arrangement that we have with our neighbors to the north.

Mr. GIBBS. We really only have, well, on the Great Lakes, the *Mackinaw*, is that unavailable right now, or this past season? What's its status with that?

Admiral MICHEL. No, sir. *Mackinaw* is up and running. I think it's actually in the dockside maintenance period. As a matter of fact, I had the commanding officer of the *Mackinaw* was in my office yesterday. He wasn't there to talk about *Mackinaw*, he was there to get some career counseling from the Vice Commandant of the Coast Guard. But I talked to him about his vessel, and he's really happy with it.

That's a really interesting vessel. And I'd bring that one to your attention. If you haven't seen that, this is a modern icebreaking vessel. It's got steerable azipods. It's not a blunt instrument like the old icebreakers that we used to have. And we also have the 225-foot WLBs, which do icebreaking, icebreaking up there. And the 140-foot harbor tugs, essentially icebreaking tugs, which work in that area. And the good thing about having a down ice season like this, we were able to get a number of those vessels down to the Coast Guard yard, and they got refurbished. So we're actually in pretty good shape with our——

Mr. GIBBS. Let's, let's say we, let's say next year we have, next winter season we have a big ice season like we did in 2014. I don't know how many ships, how many icebreakers Canada had. But is that correct that they filed them down, from seven down to two?

Admiral MICHEL. Sir, I'm going to have to get back to you on the status of their fleet. They're in a recapitulation effort as well, but I'll get you that information.

Mr. GIBBS. Because I'd be, you know, concerned if they had, say they had five of those, five ships in operation in 2014 and now they're down to two. And you know, I guess I'm concerned, since we had the memorandum of understanding to try to work together. Obviously Canada is a great ally. But we want to make sure that, if that's going to be an issue. Because the Great Lakes, those will be opened up in a timely fashion. That's, it's interesting. We did, Mr. Chairman, we did the award in 2014, we put the Great Lakes as a unit for the Army Corps of Engineers.

And what was interesting, we learned that when you add, put all the Great Lakes pushed together, it's 25 percent of the economic activity of all the ports. And my good friend from California, the both of them from California, I know how big the ports are out there on the coast. But 25 percent, when you add—and it's interesting what's going on in the Great Lakes that's unique, compared to the ports on the west, east and gulf coasts.

There's a lot of the stuff moving in between the ports. So if one port can't, if you can't, the Soo locks aren't opened up, what that does to the Lake Erie and Ontario regions is, you know, a severe impact. Because so much stuff, we're interdependent within the Great Lakes. It's obviously moving stuff through, through the seaway. But we have a huge interdependency. So it's important not

only to get the seaway open, which I think Canada is probably, you know, maybe they're more principal in that. But also to make sure we have the Soo locks and the access up to Lake Superior. So thank you. I yield back.

Mr. HUNTER. I thank the gentleman. Ms. Hahn?

Ms. HAHN. Thank you, Mr. Chairman, Ranking Member Garamendi, for having this hearing. Admiral Michel, I am glad my colleague, Representative Gibbs, brought up the ports. I represent the Port of Los Angeles, and Long Beach is right next door. We're America's ports. Over 40 percent of all the trade that comes through this country comes through our ports. And since 9/11, I have been particularly concerned about the threat of our national security as it relates to our ports.

While we have no ice in Los Angeles or Long Beach, I think the greater threat really revolves our ports. If there was ever something to happen at our port, it would not only cripple the regional economy, the national economy, it would cripple the global economy. Since FY 01, the Coast Guard's largest percentage of funding for missions has been dedicated to ports, waterways, and coastal security. However, I've been troubled to see in recent years the percent share of funding for these vital missions has just decreased. And I would like for you to share with me—and I know it's going to be about resources and it's going to be about priorities, but I would like to hear from you, Admiral, why the share of funding to our ports has decreased in recent years.

Admiral MICHEL. Well, I think you're talking about Coast Guard resource hours from September 11th. So if I can just kind of take you back to September 11th. Right after September 11th, the Coast Guard was at an all hands on deck evolution, and we threw whatever we could at ports, waterways and coastal security, because that was deemed to be the threat at the time. And there were a lot of Coast Guard boats that were operating out. There were a lot of hours, these operating hours that were being burned up by boats doing things.

Today we're in a much actually better position. Because of intelligence driven operations, because of programs like Protect, which is a randomization algorithm that we use that makes out assets actually more effective in deterrence, we're able to, with less boat hours, actually provide more protection. Just like in the port of L.A.L.B. Think about the additional cameras and sensor networks, and the information sharing, and the command centers that have been put in place to actually inform operations out there. Rather than just throwing boats out there just to have kind of a cop on the beat. We're so much better than we were back in September 11th, and we can do things, Congresswoman Hahn, with less brute force, and achieve higher degrees of performance.

Which, you know, we were talking about operating hours. I mean, operating hours are very interesting, and they're important for spare parts and dry dock and stuff like that. But you want to get at the organizational performance. And an op hour, back in September 11th, was way less valuable than a boat op hour today, which is all informed by intelligence driving operations. Much more capable small boats that we have. Much better communications here. Better working relationship with the local authorities. I

mean, it's just all there. We're much, we're much better than we were back then.

Ms. HAHN. So you, you're, you will say that the threat still exists? I mean, after 9/11, I know our ports were sometimes in the top 10 of potential targets. So the threat still exists. Is that what you're saying? But you think you're doing it smarter.

Admiral MICHEL. We're doing it smarter and we understand the threats much better. So back——

Ms. HAHN. And share with me how you do lever, since the resources seem in my opinion to be less, you may be working smarter and with algorithms, but that doesn't make me feel any better. Share with me how you're leveraging your limited resources with the Port Police, the L.A. County Sheriff's Department, FBI, some of the counterterrorism groups that are situated right there in the harbor.

Admiral MICHEL. Sure. Well, there's a whole piece there. And we have an Area Maritime Security Committee.

Ms. HAHN. Right.

Admiral MICHEL. So that, prior to—or after September 11th, and at least in its fullest form. And it brings together all those port partners, you know. They're all brought together. And they deal even with this as sophisticated as cyber, it is on the AMSC agenda. And the Coast Guard chairs that. The Coast Guard is by statute, the Captain of the Port is the designated Federal maritime security coordinator. And he or she has that role. And they can bring all those people together and they can pool all those different assets and they can set together interoperable communications. They can set together combined operations. They do exercises. They build on all that stuff. So again, it's a much more sophisticated enterprise. And I don't want to leave you that you know, the Port of L.A.L.B. is just protecting L.A.L.B. You also have to understand that we've got mechanisms overseas that work on the cargoes——

Ms. HAHN. Right.

Admiral MICHEL [continuing]. And the foreign nationals and foreign ships before they even show up in the Port of L.A.L.B.

Ms. HAHN. Correct. And I understand that. And I know the layered approach to security. But let me just, if I may just take a couple, a little bit longer. You know the new——

Mr. HUNTER. Please take as long as you like.

Ms. HAHN. Thank you. I'm—that was so good. Because if you'd have said anything different, I would have been really—I, you know, the CMA CGM *Benjamin Franklin*, the megaship, called both at Long Beach and Los Angeles, megaships can hold up to 22,000 containers. You know that's a lot of containers coming into our ports at one time. Much greater than you know, we're used to. Explain to me how you know, the Coast Guard is ready for that, is prepared for that, you know. Hopefully it's more than just algorithms that you're using to consider that certain cargo could be at risk.

Admiral MICHEL. Well, I mean, it's a challenging question. It deals with not only the volume on a particular vessel, but I mean, you've just got more containers moving all the time. And that becomes a harder and harder risk. The Coast Guard works with CBP primarily, but also international partners. And we try to vet as

many of those shippers. I mean, the good part about 22,000 containers on a ship is you only deal with one ship. So you know, you look at that crew, you look at that ship. Instead of multiple ships where you got to look at multiple crews. But you got more containers. And all those containers, the, ideally you don't want those ships to even show up in the United States before they've undergone at least some screening.

So you deal with things like the Container Security Initiative or the Customs Transnational Partnership Against Terrorism. CTPAT. Whatever trusted shipper programs, which help a lot. So a lot of that box traffic that comes into L.A.L.B. comes from people like Walmart and things like that. And they have a vested interest in making sure that they provide global security chains. And that can help things move through the system quicker. So there are screening programs that start all the way overseas, with 24-hour lighting rules from the Customs service, and electronic manifesting that allows you to look at all these different electronic manifests, and try to screen those containers before they even show up.

But it's a challenge, Congresswoman, that increasing global trade and things like Panama Canal expansion are going to increase all these challenges. Because we love global trade and it brings all these great things from the outside, but for an agency like the Coast Guard it taxes our system. Because it's just more volume that you have to be able to dig through. But we try to look at all that stuff.

Ms. HAHN. And I appreciate it.

Admiral MICHEL. That's——

Ms. HAHN. I appreciate it. And I have had a long relationship with the men and women of the Coast Guard. And the Long Beach L.A. sector is just such a great place, with the wonderful men and women who—our commanding officer out there, Captain of the Port, Captain Williams, has been amazing in working with us. But I will tell you, I'm going to end by saying, I still think our port's a vulnerable entryway into this country. And I don't want for any second to feel like we've let our guard down. Because I think that's what they're waiting for. And they know. One incident of, you know, a mass explosion at that port complex could create havoc in this country and globally. So you know, pay more attention to the ports and less attention to ice.

Admiral MICHEL. You've got my full attention, Congresswoman.

Mr. HUNTER. I thank the gentlelady. OK. Let's go on a little bit more on the icebreaker. Because I get to ask that if I want to, because I'm the chairman. So here's my question. We were looking back over time, after World War II, in the 1940s, we started making icebreakers. We didn't build a heavy icebreaker until 77 or so. That was the Polar, s word?

Admiral MICHEL. Sea and Star.

Mr. HUNTER. Sea or Star, yeah. So, so we went through the majority of the Cold War, we went through 30, 40 years without a heavy icebreaker, but multiple medium icebreakers. So my question is what were they doing with those non-heavies during the Cold War when we had to be in the Arctic? And I'm guessing there's a couple of reasons that we wanted to be in the Arctic. Rus-

sia was the main one. How did we do that without a heavy? How did we go for 40 years of the Cold War with no heavy icebreakers?

Admiral MICHEL. Well, sir, it's an interesting question, when you go all the way back in there. And it depends on how you classify things. Certainly, *Polar Sea* and *Polar Star*, by today's, are heavy icebreakers. As a matter of fact, they're the most powerful non-nuclear icebreakers that exist. They're 75,000 shaft horsepower. They can operate independently. You'd like to have self-rescue capability. You can operate independently. What has happened is, when we—a number of these Arctic—we'll only go back to World War II. So a number of these icebreakers were built in World War II. The *Glacier* is an example of that. The *Island* class, *Burton Island* and the different ones. Part of how they got around it was these were medium icebreakers. It depends on, *Glacier*, it depends on how you classify it. But these were medium icebreakers. Because you have a bunch of them.

When the Commandant of the Coast Guard came in, we had seven polar icebreakers. When the Commandant came in. When I came in, we had five. We had *Polar Sea*, *Polar Star*, *Glacier*, and two *Wind* class icebreakers. And when you can send mediums down there, multiples of them, it buys down some of your risk for getting in a bad situation.

Mr. HUNTER. But let's, but let's keep this simple, because I don't want to go on about icebreakers forever again. I'm just curious. We didn't have a heavy until the mid, or the late 1970s. So what did we do in the Arctic, if you had a sub or something that needed to get out of the ice. How would we have done that without a heavy at all? Because we didn't have a heavy at all.

Admiral MICHEL. Well, sir, it depends on how you classify those vessels. *Glacier*——

Mr. HUNTER. But Admiral, keep this simple for me. I'm not trying to use special words to try to—I'm just asking you, you didn't have a heavy. OK, so how do you classify—but you said you have to have a heavy-heavy. Because I said medium-heavy, and you said no, it's got to be a heavy-heavy. It's got to be 365/24/7, heavy icebreaker, which we don't have at all now. Or we do. They can work half the year or when it has to or when it's not getting work done. You don't have the capability now, you didn't have the capability for 40 years, post-World War II. So what, what is different now to where multiple mediums or medium heavies can't take the place of a heavy for the next 10 years to fill that capability gap? I'm not understanding now. Now, I'm totally perplexed because we didn't have it until 1977.

Admiral MICHEL. Clearly, we did not have a vessel as capable as *Polar Sea* or *Polar Star*.

Mr. HUNTER. Yeah, but you're going for the 100-percent solution. I'm asking, how did you not have a 100-percent solution but still get the job done for 40 years? That's all I'm asking. How did the Navy do that, the Coast Guard?

Admiral MICHEL. Sir, I don't know. I'd have to, I'd have——

Mr. HUNTER. Well, there's——

Admiral MICHEL. How they operated——

Mr. HUNTER. The answer is because they didn't have a heavy, and they still got the job done. They were able to make do with an

80-percent solution, which you're telling me is impossible and not what the Coast Guard wants. And you're willing to wait till what, 2026, 2030, for multiple heavies to come online, in our dreamline, when you and I are no longer here. And it's the next Congress, 10, 20 years from now, and who knows what's going on. What you're offering me is kind of a non-solution solution. Saying we got to have 100 percent. We didn't have the 100-percent solution until, you know, fairly recently. So you know, help me out here.

Admiral MICHEL. Sir, I'm just giving you my best advice. And my best advice is to invest in the capability that provides you with that ensured global access.

Mr. HUNTER. But how do you fill that gap right now? Without leasing multiple mediums, non-heavies, whatever you want to call them. The non-superperfect one that you're talking about.

Admiral MICHEL. You've got the *Polar Star*, and you've got the *Polar Sea*, are essentially what's in my tool kit now for providing heavy icebreaking capability.

Mr. HUNTER. The *Polar Star* is only kind of in your tool kit, when it's, when it's working. *Polar Sea*.

Admiral MICHEL. No, *Polar Sea* is broken.

Mr. HUNTER. *Polar Sea* is broken. *Polar Star* is kind of in your tool kit?

Admiral MICHEL. Sir, it's a declared operational vessel for the Coast Guard. It's got, it's got baggage because it's an old vessel. But it is an operation vessel with the Coast Guard.

Mr. HUNTER. OK. But you understand my reasoning here, right? Does that, does it make sense to you?

Admiral MICHEL. It makes sense to me, sir, but I don't know what the mission sets were in 1955 and 1960. I'm only dealing with the present that I have now.

Mr. HUNTER. I would guess it had to do with the Cold War and being in the Arctic. That's my guess. Wouldn't you assume that? Wouldn't you assume that it had to do with the Cold War and the Soviet Union and breaking out subs or doing something in the Arctic?

Admiral MICHEL. No, I would assume that. And my guess is that there was probably more presence up there and maybe more——

Mr. HUNTER. But then how were they able to do that without a heavy icebreaker?

Admiral MICHEL. Sir, I don't know if this is going to be productive, because I'm not sure what those mission sets were back in those days. And there was a lot more, there was a lot more just capability for self-rescue and other things that don't exist, don't exist today. It was a different world back then than it is today. All I can tell you is it's my best advice as a sailor and a guy who's actually been in Antarctica and been on *Polar Star* as it broke out that ice road, dealing with these huge chunks of ice. I mean, these things are the size of school buses. Trying to, trying to make, break its way through there. And the fact that we tried *Healy* down in the Antarctic. And *Healy* is a pretty capable vessel. It's 30,000 shaft horsepower, and it got stuck.

I don't want ships to get stuck. I want to buy capability that's going to be enduring and lasting. We only get this recapitalization opportunity once every—it's been a long, long time. And I want to

make sure that what we buy is good, because you may not see another one of these icebreakers for 40, 50 years in the Coast Guard budget. The last time the Coast Guard had money in its budget——

Mr. HUNTER. That's what we're going at now. We're going to see zero.

Admiral MICHEL [continuing]. For a heavy icebreaker was *Polar Sea* and *Polar Star*. Even the *Healy* was in the Navy shipbuilding budget. So we got to make sure that, all I can tell you is it's my best advice, sir, that our best investment at this point for heavy icebreaking capability is to figure out what to do with *Polar Sea* and *Polar Star* to bridge out to the new icebreaker that's in the President's budget request. And I don't think that that's unreasonable. Do I wish this would have been solved earlier? Absolutely I do. And but it's not. And you know, I'm the Vice Commandant of the Coast Guard. I got to deal with this problem now.

Mr. HUNTER. Well, tell you what. We're going to back and look and see how we were able to exist as a Nation that operated in the Arctic without having a heavy icebreaker. And then we'll come and inform the Coast Guard on how we do that, OK?

So here's my second point here. I have a document. We asked CBP, we asked CBP how many requests from the Coast Guard did they receive for UAS, OK? Those requests come back here to the CBPs. Their marine operations, joint program office, CBP headquarters in DC, blah, blah, blah. Here's the CBP's answer: "The CBP conducted a careful review, and despite a well-established process, by which all Department of Homeland Security components request UAS support, cannot locate any prior requests from the U.S. Coast Guard." It was dated April 25th. So according to the CBP, the Coast Guard has never requested UAS. And this is theirs. I just quoted them. OK. Can you, can you just talk about that for a minute. What's—that's kind of perplexing, right?

Admiral MICHEL. Well, sir, for our Coast Guard mission set, it actually doesn't surprise me that we wouldn't make a request to CBP. Most of those UAS hours that would be useful to us would be done through JIATF South. And JIATF South is the one who has lead responsibility. It's a DOD entity, as you know, that has lead responsibility for detection and monitoring of drug trafficking in the Western Hemisphere transit zone. They provide us with the network. It doesn't surprise me, because CBP is providing it to JIATF South. They're not providing it directly to the Coast Guard.

Mr. HUNTER. So we should rephrase our question: How many requests has JIATF South requested from CBP for the Coast Guard to use UAS?

Admiral MICHEL. Sir, we're not the only users of the JIATF South network. Like I said, the CBP Guardian is my understanding is down and working for JIATF right now, and works for a whole range of different partners, including international partners, who rely on those sensors that are carried by that UAS. So when I say intelligence driven operations, then the JIATF South AOR, the Coast Guard is a participant in that, but we're not the only part of that intelligence driving enterprise.

Mr. HUNTER. But you are the main interdiction, especially now that the Navy has left and gone west. You are the main interdiction agency that operates there, correct?

Admiral MICHEL. For maritime interdiction, the Coast Guard typically gets the lion's share of the interdictions. But the entire intelligence network that backs that up doesn't, actually most of it doesn't belong to the Coast Guard.

Mr. HUNTER. But you're the operational agency that actually interdicts. I mean, you have the platforms. You have the cutters and the helicopters and the airplanes that interdict, right? So you don't find it strange that not a single request was logged by the CBP from the Coast Guard? Once again, that is not strange to you in any way?

Admiral MICHEL. No, sir. No, sir, it is not. When CBP goes down and works in that enterprise, they work for JIATF South, which is a DOD entity. And they contribute their platforms.

Mr. HUNTER. Does JIATF South have a——

Admiral MICHEL. The Coast Guard wouldn't make that request directly.

Mr. HUNTER. So the Coast Guard wouldn't request the asset at all? It would JIATF South requesting it and telling the Coast Guard where to go with it, or what to go look at or what? Explain it to me.

Admiral MICHEL. JIATF South has tac-con of all the resources that are provided JIATF South, including Coast Guard cutters. And Coast Guard cutters have to actually chop back to the Coast Guard in order to do the law enforcement mission that they do down there. But the wider surveillance in the intelligence network, that's not directly owned by the Coast Guard. I don't know any other way to describe that.

Mr. HUNTER. Do you think it would be a benefit to the Coast Guard to own its own UAS? You obviously said you were intensely interested.

Admiral MICHEL. I told you, sir, I'm intensely interested in that, because I'd like to see the Coast Guard get an oar in the water and have its own organic capability for its own uses, as well as be able to contribute to these broader enterprises like JIATF South. And I think the Coast Guard brings unique experience within DHS and unique connections with the Department of Defense and the intelligence community, to be able to actually build out our own organic, systems capability.

Mr. HUNTER. Let me ask you, if your requirements are being met right now, by JIATF South and CBP, why would you need your own organic capability?

Admiral MICHEL. Once again, sir, I can envision. That's not the only thing that we would use these for. I can envision these being used for remote areas of REEZ that are very difficult to monitor. And we probably wouldn't want to you know, request that, of CBP, to provide that capability. I don't know. But there are a bunch of other mission sets that the Coast Guard could use if we had capabilities like this. That's why I'm very interested.

Mr. HUNTER. But you wouldn't spend the money on a UAS platform or system to go look at the far reaches of REEZ? I mean, you would use them for your, your main priority missions, I would guess, wouldn't you?

Admiral MICHEL. Sir, I think I and the rest of our enterprise, we do risk calculations on a daily basis. I've got 11 missions.

Mr. HUNTER. What I'm saying is, we're not going to allocate money for you to get a UAS if the whole point of is to just go look at the ocean in the corners of REEZ to make sure that, that the coral is growing properly or something. Right? I mean, that's not the point of getting the system. It would be used on interdictions so you could raise your numbers of drugs and ships that you interdict, coming up from South and Central America, right?

Admiral MICHEL. That, that would be a priority mission. There's actually infrastructure in place to do that. So you can actually get a land-based system. But, but I don't want to—sir, I'll give you an example. We get dozens upon dozens of illegal fishing vessel and drug incursions along our southwest border. On both the Texas side and near your district, we get those panga boats that come zipping by. And we get a bunch of illegal fishermen over on the Texas side. Both of those mission sets could use some additional maritime domain awareness. Which could be provided by long dwell sensors placed there by unmanned aerial systems.

So there's a whole bunch of different mission sets that the Coast Guard could use these on. For example, our Maritime Boundary Line. With, with Russia. We patrol that all the time to prevent Russian fishing vessel incursions. Perhaps you could use that unmanned aerial system in order to do that. And you know, we're probably not going to request that from CBP, because I've got other fish I got to fry.

But if we had our own organic capability that we could use to actually build on some expertise in our organization, we could use it across a whole bunch of different mission sets. Of which drug interdiction on the Western Hemisphere transit zone I'd assume would be a priority mission. But it's not going to be the only one. I wouldn't want to build it just for that particular mission set. I would want to build it so hopefully it's multimission platform, and I can use it in all the different Coast Guard missions. Since even for, for counterterrorism, you can imagine different maritime counterterrorism scenarios where you might want to have something like that.

Mr. HUNTER. Absolutely. Let me tell you, what you guys are saying down South. We have statements from multiple coastguardsmen about their requests being denied by the CBP when they asked for the assets. And I'll be happy to share that with you later, off the record here. You—there have been Coast Guard requests for unmanned surveillance aircraft that have been denied by CBP. And I'll be happy to share those instances with you at some other time.

Admiral MICHEL. Yes, sir. I look forward to seeing that. I'm not sure exactly what happens all the way down at the tactical level.

Mr. HUNTER. OK. I yield to the ranking member.

Mr. GARAMENDI. Thank you, Mr. Chairman. I'm going to take this a slightly different direction here. There's ongoing questions and one of your tasks is the maintenance of navigation. And specifically, does your plan call for recapitalization of the tenders, the buoy tenders? And if so, what's it take? How serious is that problem? There are those who think that the buoy tenders are rusting out. Could you speak to that?

Admiral MICHEL. Well, sir, again there's a couple different classes of vessel. So there's kind of the coastal buoy tenders, which are

225s and 125s. Those have, actually have an in-service vessel sustainment program. And they're, they're going—as a matter of fact, I think one up on the Coast Guard yard right now, they're taking care of some of the—they had an engine control system that had some problems. They're replacing that whole system. Those are actually in pretty good shape, for our coastal buoy tenders. But I think what you're alluding to is our inland.

Mr. GARAMENDI. It is.

Admiral MICHEL. River tender fleet. A lot of that is really actually quite old. The good part about is the environmentals there are usually pretty benign. They're in freshwater. They're not exposed to, you know, the dangers of the sea, because they're in a river system. So they tend to, to last a little bit longer. We did put some new engines in those craft. But those do need recapitalization. They're not currently in our capital investment plan. You know, how we include those, it's another area that needs to be recapitalized. Currently it is not in our organizational priorities to do that, but it's on my radar, on my radar for sure. Because there are vessels in there that are 50-plus years old and need to be recapitalized.

Mr. GARAMENDI. I'd like you to have a little more detail about that in response to a written question we'll get you about the recapitalization of the inland tenders, buoy tenders. I want to spend more time on the UAVs, UASs and the like. It seems to me that the technology, as you have said, is rapidly advancing. And if we're able to move the Coast Guard more quickly into the utilization of these multiple types of assets. Some on the water, some in the air. The satellites. And particularly the coordination with the other, with the military. Some of which is operating—for example, the new naval systems, called the Poseidon, the Trident. The Trident. That they'll be operating out there, for example, in the San Diego area. Part of it being their testing. And perhaps that information would also be available to the Coast Guard and to the multiple tasks. Some for the Coast Guard, some for the Navy.

So I want to spend time with you on the future of this entire aspect, and also where the money is for them. I think that, you know, we said some of this earlier with the NSC, the 10th, half a billion dollars, how many UAS or UAV assets could we purchase. The personnel to go with it and so forth. I don't expect an answer right now, but just some general philosophy from you. I think we've heard some of it. I want to go into it in more detail. So if you could expand on that.

Admiral MICHEL. Well, it's, I think——

Mr. GARAMENDI. We got the book. We got the Mission Needs Statement. And we got the President's budget.

Admiral MICHEL. Yes, sir. And the President's budget layout, our organizational recapitalization priorities, this is what I got to rack and stack. So I see great promises in unmanned aerial systems. Like I said, I was JIATF South Director. I'm a buyer. But I got to put this in rack and stack against all my other priorities. And I've got sailors out there on ships that are going to be 55 years old. And it's not a river tender fleet that's on freshwater on a river somewhere. These are people who are out exposed in real perils of the sea. Putting out sailors out in 55- and 60-year-old ships, on that

210-foot class of cutters. Which by the way, got a big bust today down operating off——

Mr. GARAMENDI. Excuse me, Admiral. I'm going to try to stay within my allotted 5 minutes.

Admiral MICHEL. Yes, sir. It's just a priority.

Mr. GARAMENDI. Here's what I need in order to make decisions. I see my task as basically choices. And it is not clear to me what the Coast Guard would like to have. There's this thing called need to and like to. I'm willing to, the need to. I believe that we have to move towards these unmanned vehicles, both marine as well as aerial. And the integration of them into your operation. Presently, it is not, there's a little bit of money in the budget. There's a little bit of thinking about it. But it seems to me that it is not adequately addressed. So for the Coast Guard, for you, what would be the ideal situation, the integration of these types of assets into the ongoing operations?

I understand that you've got men and women out there in the ships. The ships are old and there's questions of safety as well as viability. But it, how much additional money would be necessary to ramp up and then integrate into the Coast Guard operation these new types of assets? They're not really new, but new to the Coast Guard. I understand you're doing some of it today. What would it be? Is it another $100 million, $200 million, half a billion dollars? What are we talking about here? So there's that question. There's one other. So I'm going to come back at you in future hearings to dwell upon that issue.

I do have a question that was raised by Ms. Grover, and that has to do with the accounting. That it is not uniform within the Service. That there are some who are keeping score. And there are others that are not. And therefore the ability of the Coast Guard management to understand the deployment of assets is not as good as it should be. Is that right, Ms. Grover?

Ms. GROVER. We found that the Coast Guard data on how the assets are deployed by mission is not reliable.

Mr. GARAMENDI. OK. So what are you doing about it, Admiral?

Admiral MICHEL. Oh, boy. Well, first of all, we're working with GAO, and we appreciate them brining that to our attention. This is part of the baggage of being a multimission organization. So when you send any, any Coast Guard platform out there, almost all of them are multimission in nature. And how do you account for an hour spent on PWCS and search and rescue and maritime law enforcement. And it goes all the way down. I mean, and the people who are reporting here, this is not captains or something. These are, you know, the coxswain of the boat who reports how many hours he or she spent doing something in a port.

And we can certainly tighten it up. I think the call by GAO for additional input from the operational commanders will help us get the accounting issue. But we, it's a difficult thing for a multimission organization to just pin every single hour accurately. But we got the challenge and we appreciate GAO's highlighting in on that. We'll continue working with them and see if we can close the gap here a little bit. Because I think there's some money to be made here.

Mr. GARAMENDI. Yeah. And I think you should also keep in mind what the chairman said at the outset in his opening statement. You can become very bureaucratic and waste a lot of time and energy. So there's got to be some way in which. But the basic point here is the allocation of your resources. You've got a ship out there that's, you know, just kind of sailing around and not really employed in migration or drugs or whatever. So I think that's what you're trying to get at.

Ms. GROVER. Right. And there's no need to overdo it and to make it excessively burdensome. The Coast Guard has data collection systems in place already. But what we found is that the districts are using different approaches, where in some cases they allocate all of their hours to one mission. And in other cases they make a concerted effort to do at least a rough divvy up between where they started out and where they ended up. And so I think it's just a matter of some consistent direction about how that should be handled.

Mr. GARAMENDI. Thank you very much. I yield.

Mr. HUNTER. Mr. Zeldin is recognized.

Mr. ZELDIN. Thank you.

Mr. HUNTER. For as long as he likes.

Mr. ZELDIN. I don't even know if I'll use my 5 minutes, Chairman. How's that. Admiral, thank you for being here. Ms. Grover, thank you as well. Admiral, I had a question for you. As we discussed the allocation of Coast Guard resources, one of the concerns that I hear from Long Island boaters is with regards to the 911 calls that takes place when there's an emergency on water. The Coast Guard has the expertise to deal with maritime search and rescue, yet in many cases 911 dispatchers aren't properly trained and don't know how to handle a serious maritime emergency. Or on the other hand, how to handle a non-emergency situation where a stranded boater might have the maritime equivalent of a flat time.

We need to ensure that the Coast Guard resources are deployed when and where they're most needed to save lives in emergency situations, but not misallocated by the deployment when not needed. I would like to commend the sector, Long Island Sound, which has a great plan working with local law enforcement, 9/11 call centers. My question for you is with regards to this issue on a national level so that all 911 dispatchers know how to properly respond to maritime emergencies.

Some of the people who speak to me on Long Island have experience in other sectors. And there are different experiences elsewhere. And obviously the most extreme example is where a 911 dispatcher might be contacting local law enforcement officials and you're not getting notified until hours later, when it might be too late to successfully complete the recovery.

Admiral MICHEL. Well, it's an important issue, and it has to do with the way people communicate these days. First of all, I have to encourage boaters to use their VHF, FM radio. Because when they broadcast it out, it broadcasts out broadly to other people, including other good Samaritans who may be in the neighborhood and be able to render assistance to them. When they make a 911 call, I'm not telling them not to, but when they make a 911 it just

goes to one person. And the other people who may be in the vicinity and be able to best provide assistance to them, if they don't know about that, then they, they may be putting themselves at risk.

So I'd encourage boaters, use your VHF radio. I'm not saying don't use your cell phone, but use your VHF radio, because there may be people in the immediate vicinity who may be able to come and help you. But we understand people communicate in various different ways. They carry their cell phones with them. It is a known gap. I'm glad you point out the fact that at Long Island Sound—I know other sectors are dealing with the exact same issue. And we got the message. And I don't know where we stand on national direction on this, because it's been left down to the districts and the sectors to do this. I'm going to take a round turn on that, Mr. Zeldin, and I will get back in touch with you with exactly what our program is. But again, I encourage boaters, please use your VHF radio, because your nearest help may actually be very close, very close by.

Mr. ZELDIN. And where you have a local law enforcement, fire department, EMTs, they have a maritime asset that they look forward to the opportunity to be able to utilize, obviously preferring a training setting than real life, I think that not only is there a need to better train that 911 dispatcher but also do more to encourage local law enforcement, encouraging those first responders to contact you sooner.

Is this a real issue? Because I've heard these anecdotal stories from people who are actually in the industry. We have CTO is headquartered in my district. The First Congressional District of New York is a district almost completely surrounded by water, making it unique from that respect as well, and a heavy Coast Guard presence. But it just, it seems like there might be an issue where even that first responder, when they get the phone call, they're not contacting you right away. They're trying to go out and do it themselves.

Admiral MICHEL. It doesn't surprise me. And again, it's the method of the communication. So sort of before the advent of cell phones, you had your radio, and everybody would monitor that frequency. You know, whether it's the fire department or the Coast Guard or other boaters in the area. They'd be on channel 16 and they'd listen to things. Everybody got all of the information all at one time, and they could all sort of respond as needed to that particular circumstance.

Now, you've got a point to point communication, where you've got, you know, a boater in distress, and they're calling somebody who's in some call center, in 911. And you've got a point to point communication. Then how do you build off that back end piece to get all of those people who under the old regime would have had access to that information real time? That's, that's a real challenge. And that's again why I encourage boaters, please use your VHF–FM. But we need to build in that back end piece, Mr. Zeldin. And I need to get you a report on how we're going to deal with that nationally. I know we've dealt with other similar issues in the past, like using some of the Star features on cell phones and things like that. But how do we really get that point to point communication to get to all those as real time as possible? It doesn't surprise me

that you're getting anecdotal information that it's hard to convert that point to point communication, get that to everybody all at the same time. Because that, that network probably does not exist where it does on something like VHF–FM.

Mr. ZELDIN. Thank you, Admiral. Thank you, Ms. Grover. Thank you for the time. I yield back.

Mr. HUNTER. I thank the gentleman. I'm going to hit this one, one more time. The chairman of the Joint Chiefs of Staff said that the biggest threat to the United States right now is Russia. It's not ISIS. They don't have a Navy. They don't have an Air Force. They have no nukes. They have nothing. It's, it's Russia. The biggest threat arguably to the United States, post-World War II, and to when the Soviet Union became Russia, was Russia, right? So let's just call it Russia.

So it went on for 40 or 50 years. And now it again, according to our chairman of the Joint Chiefs right now, Dunford, Russia is the biggest threat that the U.S. has. If a war is started with Russia, with our allies or with us, we would be unable to traverse north of them at all right now. Would you agree with that assessment? They would have—let's put it this way. Would the Russians have free passage?

Admiral MICHEL. The Russians have a very capable icebreaking fleet. I don't want to speak for the Russians, but they, there are very few areas that I don't think the Russians could go to. I will tell you this. And I testified to this before. That with the current icebreaking fleet that we have, we cannot as a Nation provide global ensured 7 by 24 by 365 access to ice-covered regions worldwide. We cannot do it with today's fleet.

Mr. HUNTER. OK, well, but I'm just trying to go down, why is it so important that we provide 24 by 7 by 365 global icebreaking capability?

Admiral MICHEL. Sir, as I said before, if you cannot provide national presence, you cannot assert national sovereignty and national sovereign rights, whatever they may be. Whether they're resource related rights, whether they're freedom of navigation rights, whether they are national defense rights or otherwise. If you can't get there because you've been area-denied by the environmentals, you cannot assert sovereign rights. And the United States has sovereign interests in both the Arctic ice-covered regions ads well as the Antarctic ice-covered regions.

Mr. HUNTER. So, so during, so let's go back to this. During the Cold War, when the Russians and U.S. submariners were chasing each other around the oceans, we had access to the Arctic north of Russia during that entire time without having a heavy icebreaker?

Admiral MICHEL. Sir, part—I can't go back and say why they built the fleet that they did. They may not have even had the capability of building a heavy icebreaker.

Mr. HUNTER. They had the capability.

Admiral MICHEL. I don't know whether they had the capability in the 1960s to build a vessel like the *Polar Star*. As a matter of fact, to get the horsepower requirements necessarily to do what they did with *Polar Star* they needed to use gas turbines and controlled pitch propellers, which are very, for that time of environment——

Mr. HUNTER. I'm not saying that——

Admiral MICHEL [continuing]. Probably not what you would want to choose. They may not have had global ensured access both in those days, sir.

Mr. HUNTER. Admiral, hang on. I'm not saying the capability to build the ship. We had the capability to break the ice in the Arctic above Russia during the Cold War without a heavy icebreaker. How is that possible?

Admiral MICHEL. Sir, I don't whether that is possible. With the fleet that exists in the 1960s, I do not know if they could have provided global ensured access. There may have been ice regions that they were incapable of getting to. I can tell you, my job today, and the Commandant said in the cooperative strategy that he signed with the CNO and the Commandant of the Marine Corps, that we will provide global ensured access. And the Coast Guard piece of that is icebreaking. Global ensured access, 7 by 24 by 365, required heavy icebreaking capability of which the *Polar Sea* and the *Polar Star* are capable of doing that. And we've, we've gone through that.

So I don't know what the world was in 1960, where you could get everywhere in ice-covered regions. I can tell you the cooperative strategy lays that out as a task for the Coast Guard. And that's the task that I have is to provide that global ensured access. And it's our icebreaking fleet, heavy icebreaking fleet that does that primarily. There are roles for medium icebreakers, but they cannot operate on that type of a basis.

Mr. HUNTER. OK. Ms. Grover. I feel like I've ignored you. I don't know, I don't even know how to phrase this question, really. When you look at things beyond, beyond hours of service and allocation of assets, when you look at Coast Guard mission sets, and the prioritization of those missions, do you look at those things? Do you look at how the Coast Guard prioritizes its missions, and then how the assets are allocated to that prioritization?

Ms. GROVER. Well, we have information about what the Coast Guard's plan is for its prioritization of asset hours by mission. But I can't give you an analysis of the extent to which that's carried out, because of the problems with the data.

Mr. HUNTER. OK. So you can't say whether the asset allocation matches overall the mission or by mission, because of the data?

Ms. GROVER. That's right.

Mr. HUNTER. OK. OK. Mr. Graves is recognized.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman. I appreciate it. Admiral Michel, thank you for being here today. And I know that the chairman covered icebreakers a little bit. I had one question perhaps. And I apologize. I was missing for a few minutes. I wanted to make sure we got an answer on. The *Healy* at some point is going to be going through a SLEP, is that, is that accurate? And I understand that in the questioning earlier you discussed how a medium icebreaker perhaps provides an 80-percent solution.

What happens when the *Healy* is in the SLEP? Because the *Healy* is going to be put in a SLEP, as I understand, within the 10-year window that you indicated was possible to deliver a heavy. So we then have some significant deficiencies in regard to capabilities.

Admiral MICHEL. Now, that's spot on and that, we're going to have to figure out the timing on that and when we're going to have to do a SLEP. You know, we've had some money. I think we had money in the 2016 budget and got some money in the 2017 budget to do this survey work. And we're going to have to time that with the rest of the icebreaking fleet. It's a medium icebreaker. It's not going to meet requirements for things like Antarctica and stuff like that, but it's going to have to be timed with the rest of the fleet. I think you're spot on, Congressman Graves.

Mr. GRAVES OF LOUISIANA. And so, Admiral, I think, I think along the lines of the chairman's questioning, I certainly don't intend to put any words in his mouth. I think the concern is on the part of many members of the committee is sort of the interim strategy. So I don't think there's any question here that we have need for additional icebreaking capabilities, especially when you compare out capabilities to other Arctic nations. We're getting blown away right now.

But for us to put all of our eggs in the basket of the heavy in the long-term strategy, it does leave a gap, particularly, that gap is exacerbated by the fact that the *Healy*'s going to have to go through a SLEP at some point during that 10-year window. And I think that the interim strategy is something that's a concern of many folks here. So can you remind me, when is the survey or the report due back on the *Polar Sea*?

Admiral MICHEL. So the, the—I had told the committee that as the Commandant promised, on July the 24th, we'll have the material assessment on the *Polar Sea*. That will not include the entire alternatives analysis, which is kind of what we get, the broader context. But the material assessment is due to the committee on July the 24th. We had folks out there looking at it when it was out of the water, and I anticipate we'll deliver that report on time.

Mr. GRAVES OF LOUISIANA. Great. Thank you, Admiral. I yield back.

Mr. HUNTER. I thank the gentleman. Yeah, so we, we have a hearing on July 12th, but July 24th is when we're going to get the—and we're not going to be here. I'm not sure what, we come back, till like September, after the—so we're not going to be here to hear what the update is on the *Polar Sea*. But we can get that out to everybody. When it comes in, we'll push it out. So thanks. I'd like to yield to the ranking member.

Mr. GARAMENDI. Admiral Michel, thank you very much. We've gone into icebreakers in great detail. We'll do that again on July the 12th and we'll pick up the pieces of this. You've got an extraordinarily complex world, and many, many missions in which you have to deal. My fundamental concern is that we have the information necessary to give you the money and the resources necessary to carry out the tasks. I recognize those tasks, the prioritization, that changes over time. There are emergencies. There's *Deepwater Horizon*. And suddenly you're off to a different task. Or there's a hurricane and whatever. So I understand that. I want to make sure that you're positioned for the future. The icebreaker is a 10-year project. I understand that. Many of these other programs are also going to be long-term projects.

I want to make sure that you're starting today or you're underway today with the resources that you need for the future. Personnel. And the assets that they will need. We've talked some about unmanned aerial vehicles, or aerial as well as surface and marine. We wanted to go into that in much more detail.

Of specific interest to me is the integration of the total American assets. So the Coast Guard is able to integrate with the military. I know you do much of this already in cybersecurity and in other areas, some of which are classified. But there's much, much more that's available there. I know the State Department is working on a program having to do with the fish in the ocean or the fish that are no longer in the ocean. And that's another task that the Coast Guard has.

So the integration across the whole of Government is of great interest to me so that we can better utilize and integrate the resources. So the next conversation we're going to, that I would like to have with you, and the, some of this is in the icebreaking area, is the integration across the whole of Government. I don't expect an answer today. I am going to have some questions if the chairman would allow that we could get in written form and get some answers back. And David will get those to you. Mr. Chairman, thank you for this hearing and Admiral Michel, Ms. Grover, thank you.

Mr. HUNTER. I thank the gentleman. Hey, thank you both for being here. As Mr. Garamendi said, we're trying to, number one, you have the responsibility of breaking ice north of Russia. That's right now a Coast Guard responsibility. You know, Mr. Garamendi and I are both on the Armed Services Committee. Maybe that needs to be a Navy responsibility. Because right now there's a giant gap where we're unable to break ice north of Russia. From the Bering Sea, north and west. We can't do it right now. You don't have the capability to do it for a sustained amount of time at all. So the question is, number one, should it even be a Coast Guard responsibility. If it's a national strategic priority, should it be a Coast Guard responsibility, or should we just go, "Navy, do it. Build them, do it, make sure we have the capability to be up there, to break something out of the ice or to move to if we need to or want to."

We're just trying to help you get there. Wars don't come on our acquisition timelines. Wars don't match our 12-year outlook. Wars happen when they happen, and right now we're not prepared for one. This is a big gap. This is why the Navy's looking at this finally. This is why the Senate just put in $1 billion. This is why the House, the stingy house, just appropriated $150 million. This, this is becoming more and more, it's becoming clearer day by day that we have to be up there. And people are finally starting to understand that, right? So that's the good side, I guess, is that we've been yelling loud enough and knocking on enough doors to where now it is a priority. So no matter how it plays out, at least it's going to be there at some point going forward.

When it comes to the unmanned aerial systems, any way that we can help you leverage your current assets, that's what UAS does. It helps you leverage what you have. It's not the be all end all but it makes the rest of your assets that much better at what they do.

Because instead of having to use a helicopter or a C–130, you can send that out there and you can do reconnaissance. You can do all kinds of stuff. I mean, massive leveraging of your assets, right? We just want to get there in this lifetime. On budget and on time.

And anything that we can do to help you we will do, but we need to know from you what you want. And I know you're doing analysis, but it's not like unmanned aerial systems are new. They aren't a new thing. Especially a land-based unmanned system. You talked about Predator B. General Atomics has given us a price sheet. Because we've asked them, "What would it cost the Coast Guard to maintain an organic fleet of two Predators, land-based? What would it cost?" Twenty million dollars for one. That's what, with them operating, flying for you, doing, putting it out wherever you want.

There's an actual cost for you. If you get two it goes down. If you get three it goes down more. Right, that's how it works. But these systems are out there and they're available right now. It doesn't take a whole bunch of research or analysis to go, "Man, what, what do we have now? What can we buy and put in our arsenal?" We have them out there. They've been tested, tried and true, right?

So those exist right now. And they're not super expensive. Twenty million bucks for one. When it's operated by somebody else, you're not going to incur any operation costs. No maintenance costs, no parts costs. That's just General Atomics operating a Predator B for you. That sounds like a good deal to me.

We could probably find 20 million bucks for that. We're just here to help. So we're going to keep pushing on these things. But we can't help you unless we get the answers from you of what you need. And it seems like it's always the analysis is being done. The analysis is being done, the analysis is being done. We're finally going to get an answer on July 24th on one of these analysis. But we are here to help. You let us know what we can do and what we can provide you to make you better at your job. So thank you for your service.

I just saw the movie on, by the way, what was the movie with the "Star Trek" guy, the guy who started "Star Trek," what was—"The Finest Hours." Yeah, fantastic. Those, those cutters looked pretty old too, right? I think you're always operating with less than you should operate with, but that's, that's what happens. That's how we got to war. That's how we fight. That's how we go to sea. We just get the job done with what we have. So thank you very much to you and your men and women. And Ms. Grover, I'm sorry I didn't have more questions for you. I got caught up in this whole national security thing today. But I appreciate it. And with that, the hearing is adjourned.

[Whereupon, at 11:51 a.m., the subcommittee was adjourned.]

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TESTIMONY OF
ADMIRAL CHARLES D. MICHEL
COAST GUARD VICE COMMANDANT

ON
"COAST GUARD MISSION NEEDS AND RESOURCE ALLOCATION"

BEFORE THE
HOUSE COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE

JUNE 14, 2016

Introduction

Good morning Mr. Chairman and distinguished Members of the Subcommittee. It is my pleasure to be here today to discuss Coast Guard mission needs and resource allocation.

The U.S. Coast Guard is the world's premier, multi-mission, maritime service responsible for the safety, security and stewardship of U.S. waters. At all times a military service and branch of the U.S. Armed Forces, a federal law enforcement agency, a regulatory body, a first responder, and a member of the U.S. Intelligence Community, the Coast Guard operates on all seven continents and throughout the homeland, serving a nation whose economic prosperity and national security are inextricably linked to vast maritime interests.

The Coast Guard protects and defends more than 100,000 miles of U.S. coastline and inland waterways, saves thousands of lives per year, and safeguards the world's largest Exclusive Economic Zone (EEZ), encompassing 4.5 million square miles of ocean. Indeed, the Coast Guard is fully engaged answering the call and balancing a multitude of dynamic maritime risks facing our nation.

The Coast Guard is also in high demand globally as an instrument of international diplomacy. Many nations model their maritime forces after the U.S. Coast Guard to address transnational crime, human smuggling, maritime safety and security, and foreign incursions into their respective waters.

Service to Nation

The Coast Guard has a proud, 225-year history of operational success. We safeguard the nation's maritime interests through our broad authorities, unique capabilities, and vast partnerships.

To ensure our service is aligned with national strategies and best positioned to address these complexities, we have developed a five-year Strategic Intent and continue to focus on our Western Hemisphere, Arctic, Energy and Cyber strategies. By using these strategies as guideposts, leveraging the intelligence community, and employing a risk-based approach to direct our resources where they are needed most, we are able to address maritime threats with greater precision and effect. While I am proud of our achievements, work remains, and I look forward to continued support and partnerships within the Administration and with Congress to position the Coast Guard to fully address these increasingly dynamic 21st Century threats and challenges.

Southern Approaches and Transnational Organized Crime (TOC)
The Coast Guard, along with the U.S. Customs and Border Protection (CBP), plays a pivotal role in securing our nation's maritime domain. Persistent threats include illegal migration, human trafficking and illicit flows of drugs. The prevalence of Transnational Organized Crime (TOC) networks exacerbates these threats. TOC networks are driven by immense profits from drug trafficking and other illicit activity, and their indiscriminate use of violence weakens regional governments in Central America, stymies legitimate economic activity and development, terrorizes peaceful citizens, and fuels migrant flows.

Coverage by Coast Guard assets in the maritime approaches pays significant dividends by employing timely intelligence from an expanding network of partners. The new National Security Cutters (NSCs), Fast Response Cutters (FRCs) and our legacy cutter and aircraft fleets achieved impressive operational successes in Fiscal Year 2015. Critical acquisitions like the Offshore Patrol Cutter (OPC), a more capable and reliable replacement for our outdated Medium Endurance Cutters (MEC), are essential to our long-term success. We expect to take a major step forward in the OPC acquisition by down-selecting to one vendor by the end of Fiscal Year 2016.

In Fiscal Year 2015, the Coast Guard worked with interagency partners to help remove 191.8 metric tons of cocaine and detain over 700 smugglers for prosecution, 144 metric tons and 500 smugglers were removed by Coast Guard assets alone. We also repatriated 2,700 Cuban and 425 Haitian migrants, and we are closely monitoring maritime migration patterns as our relationship with Cuba continues to evolve. Thus far in Fiscal Year 2016, three NSCs alone have made over 25 drug interdictions in the Eastern Pacific, including two cases involving Self-Propelled Semi-Submersible vessels, stopping 28 metric tons of cocaine from reaching our streets. In fact, the Coast Guard is on track to have a record breaking year for drug removals, having already nearly eclipsed Fiscal Year 2015 numbers.

Polar Regions
Changes in weather patterns and ice continue to introduce risks and opportunities in the Arctic. As sea lanes open and access to natural resources increases, Coast Guard is promoting the safe and responsible use of this vital region. The Coast Guard adjusted our presence to better prepare for response when human activity and risk are greatest. This August, the cruise ship CRYSTAL SERENITY is planning an historic voyage from Anchorage, Alaska to New York City via the Northwest Passage. With over 1,000 passengers and 650 crew, the cruise sold out in weeks and is expected to prompt similar voyages in the future.

We have worked with the owners, as well as our Canadian partners, to increase the safety and security of this voyage and minimize the inherent risk in this challenging environment. The Coast Guard, in concert with our Arctic Nation partners, will continue to solidify maritime governance regimes, strengthen prevention and response capabilities and capacities, and increase awareness of this vast and rapidly changing region.

The formalization of the Arctic Coast Guard Forum is a major step in the right direction, as is the recapitalization of our icebreaker fleet, but enduring success hinges upon assured access and U.S. Sovereign rights in the Polar Regions. In this regard, our aging national icebreaking fleet cannot reliably meet our mission needs, and, I look forward to continuing to work with the Administration and Congress to answer the President's call for new heavy polar icebreakers as soon as they can be built. Preserving maritime safety and security will require improved governance and enhanced unity of effort among our partners in the Polar Regions. Our national credibility and ability to protect our interests would be greatly advanced by a ratified Law of the Sea Convention.

Cyber Domain

Cybersecurity is not only a vital component of economic and national security, but it is also critical to our ability to fulfill the Coast Guard's statutory responsibilities. In addition to safeguarding our own networks from malicious cyber-activity, the Coast Guard is developing regulatory approaches that will instill stronger cybersecurity protocols into our nation's critical Maritime Transportation System infrastructure. Thus far in Fiscal Year 2016, the Coast Guard has worked with industry partners to conduct cyber vulnerability assessments on vessels and facilities in the Ports of Houston, Miami, Seattle, and Savannah and will use the results to share cyber hygiene best practices. Our Area Maritime Security Committees (AMSC) are incorporating cybersecurity specific subcommittees into their current practices. Success hinges upon building, developing, and retaining an appropriate cyber skill set in our workforce. Given the growing global demand for cyber professionals, we will be challenged to remain competitive for this highly specialized and uniquely qualified workforce.

Maritime Safety, Security, and Stewardship

The prosperity of our nation is inextricably linked to a safe and efficient Maritime Transportation System. Increased recreational and commercial waterway usage, coupled with growing domestic natural gas extraction and transport, deeper U.S. ports, and the expansion of the Panama and Suez Canals, lead to MTS congestion and continues to place more people and property at risk. Continued uncertainty and volatility in the domestic energy sector requires dynamic planning efforts on the part of the Coast Guard and its partners to effectively regulate existing and emerging technologies and ensure the safety, security and environmental stewardship of our nation's waterways.

In Fiscal Year 2015, we completed more than 16,000 search and rescue cases, saving more than 3,500 lives, assisting 26,000 more and preserving more than $432 million in property from loss. We responded to more than 2,800 oil spills, mitigating damage to sensitive natural resources.

We also completed over 5,200 security inspections of maritime facilities, more than 8,500 small vessel security boardings and more than 20,000 security patrols of critical maritime infrastructure—and continued the deployment of six patrol boats and 250 personnel to protect critical Iraqi maritime infrastructure and to train Iraqi naval forces.

We also patrolled the largest EEZ in the world, protecting our sovereign rights and suppressing illegal fishing. We maintained the world's largest aids to navigation system, released more than 22,000 safety notices to mariners, identified more than 1,100 icebergs and expended over 14,000 operational hours to enable movement of commerce through ice impeded waters of the Great Lakes and Eastern Seaboard.

Coast Guard Mission Needs

To preserve our vast interests at home and abroad, the Coast Guard employs its broad authorities, expansive network of interagency, military, and industry relationships, unique operational capabilities and international partnerships to maximum strategic effect. Each of the Coast Guard's eleven statutory missions contributes to national policy objectives and is fundamental to preserving the maritime interests of the United States.

As the maritime domain has become more complex, Coast Guard mission execution has continued to evolve as modern assets with new technologies have been delivered to the field. To reflect these changes in mission trends, new technologies, and fleet composition over the last decade, the Coast Guard completed an update to its Mission Needs Statement in 2015. This document will inform the development of a new operational baseline by identifying current mission trends and the capabilities needed to carry out the Coast Guard's statutory requirements now and into the future. In conjunction with the Mission Needs Statement, the Coast Guard is completing a new fleet mix analysis, which will apply the most recent operational data and take into account assets that were not part of the Coast Guard's previous modeling efforts – for instance, C-27J aircraft and a ninth National Security Cutter.

This analysis allows the Coast Guard to compare mission performance across different fleet mixes. It also allows the Coast Guard to evaluate performance variances between different types of assets. In total, the analysis will shape long-term acquisition efforts. Combined, these efforts will allow the Coast Guard to reset its operational baselines for the first time since 2004.

Resource Allocation

The strategic allocation of resources, including specific asset capabilities and capacities, is critical to the Coast Guard's ability to operate in dynamic, vast and diverse areas of responsibility. The Coast Guard has adopted the Standard Operational Planning Process (SOPP) as a deliberate planning system to communicate strategic intent and influence mission execution. The system, after considering all the competing demands for Coast Guard resources, operational risk, and platform availability, designates mission priorities and distributes available asset resource hours optimally across Coast Guard missions.

Central to the Coast Guard's success is the delegation of tactical control of assets to operational commanders, providing them with the capability and flexibility to perform day-to-day operations while also being ready to respond to major national emergencies. The approach is to align resources with strategic priorities while allowing operational commanders sufficient flexibility to manage risk, leverage partnerships, and make trade-offs in responsible ways that make sense for their areas of operations. Feedback loops are integrated into the system, and the Coast Guard has established asset allocation processes to ensure mission accomplishment and metrics to measure outcomes.

Building the 21st Century Coast Guard

History has proven that a responsive, capable, and agile Coast Guard is an indispensable instrument of national security. Funding 21st century Coast Guard platforms and people is an especially prudent investment. To ensure we are equipped to address the demands of our rapidly evolving operating environment, the Coast Guard, with the continued strong support of the Administration and Congress, will maintain momentum for ongoing asset recapitalization programs while also maintaining our track record of accountability as witnessed by three consecutive clean financial audits. Fiscal uncertainty presents challenges, but we are positioned to complete the NSC and FRC programs of record, award the contract for the OPC to replace vessels nearing 50 years of service, and conduct design work to accelerate the acquisition of Polar Icebreakers. These are all tremendous successes and critical for our nation's 21st Century Coast Guard. However, our greatest strength is undoubtedly our people, and Coast Guard operations require a resilient, capable workforce that draws upon the broad range of skills, talents and experiences found in the American population. Recognizing our platforms are hollow without a capable and proficient workforce, we will continue emphasis on talent management by implementing our Human Capital Strategy and our Diversity and Inclusion Strategic Plan. Together, modern platforms and a strong, resilient workforce will ensure the Coast Guard is prepared to meet future challenges.

Conclusion

As we approach our 226th anniversary, history has proven that no other investment will return more operational value on every dollar than the extraordinary men and women of the U.S. Coast Guard – including 48,000 Active Duty and Reserve members, 8,500 civilians, and over 27,000 members of the Coast Guard Auxiliary. While many challenges still lie ahead, with the continued support of the Administration and Congress, the Coast Guard's future is bright and we will continue to live up to our motto to be Semper Paratus – Always Ready. Thank you for the opportunity to testify before you today and for all you do for the men and women of the Coast Guard. I look forward to your feedback and answering your questions.

Question#:	1
Topic:	Open Competition for Contracts
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Duncan D. Hunter
Committee:	TRANSPORTATION (HOUSE)

Question: I understand that the Coast Guard is challenged to complete all of your missions within the available funds. Given that reality, I would like to understand what actions the Coast Guard is taking to promote full and open competition for contracts and minimize the number of sole source awards.

As an example, in the area of depot maintenance of aircraft engines I am told that, for many years, the Coast Guard has sole-sourced the maintenance contracts for the C-27J and the HC-130J aircraft engines.

I also understand that due to significant contract savings from price competition, at least one of our military departments (the U.S. Navy) and multiple Air Force Departments of our Allies are going to conduct competitions or have already awarded contracts for the maintenance of these same engines. I assume you agree that full and open competition is the preferred manner of awarding contracts to promote lower prices. My question is what policies are in place to ensure competition to the maximum extent possible?

Response: The U.S. Coast Guard complies with the Competition in Contracting Act (CICA) as implemented in the Federal Acquisition Regulation (FAR) to ensure competition is promoted and used to the maximum extent possible unless otherwise authorized by statute. Additionally, the Coast Guard follows regulations, policies and procedures governed by the Homeland Security Acquisition Regulation (HSAR), Homeland Security Acquisition Manual (HSAM), and Coast Guard Acquisition Procedures (CGAP). As it relates specifically to our maintenance contracts in support of the C-27J and the HC-130J aircraft engines, following the governing statutes and principles outlined above, the Coast Guard actively conducts market research to evaluate and assess the marketplace for its contractors who can satisfy our maintenance requirements. While competition is always the goal and the presumption going into all procurements, the Coast Guard must take into account safety and reliability standards, as well as the availability and ready-access to original equipment manufacturer (OEM) data and specifications. All of these factors are taken into account when developing the acquisition strategies and level of competition for these procurements.

Question: If foreign militaries and the U.S. Navy can award maintenance repair and overhaul services competitively for the HC-130J's, will the Coast Guard follow suit?

Response: The Coast Guard is currently in the process of soliciting, using full and open competition procedures, for our AS2100D2/D3 engine requirements. All qualified sources meeting the requirement to possess an OEM license and provide comprehensive

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engine maintenance on a flight hour basis will be eligible to compete for an award of this requirement. A comprehensive engine maintenance program on a flight hour basis provides lifecycle technical support, including access to all parts and technical data. This method of maintenance is critical to ensuring the comparatively small fleet of Coast Guard assets maintains airworthiness and operational readiness without delays associated with obtaining technical data and long-lead parts.

The Coast Guard routinely utilizes best practices of Department of Defense (DoD) contracting, and leverages DoD contracts to support Coast Guard aviation capabilities when those vehicles can provide operational availability and airworthiness. In this case, extensive market research was conducted and a business case analysis was completed to determine the most efficient and cost effective means to obtain these services. The services in the solicitation are critical to the Coast Guard's ability to fully support the newly acquired C-27J aircraft and its air stations as well as the establishment of new HC-130J air stations at Kodiak, AK and Barber's Pt, HI.

Question#:	2
Topic:	Asset Transitional Schedule Charts
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Duncan D. Hunter
Committee:	TRANSPORTATION (HOUSE)

Question: Additionally, can the Coast Guard clarify if its asset transitional schedule charts, found in the FY2017 PRESBUD DWIP Output (DCO-82) document, represent data from the approved Program of Record or is it from actual asset usage data?

Response: These charts provide actual asset usage for prior Fiscal Years. For current and future Fiscal Years, the charts provide the projected capacity of each asset.

Question#:	3
Topic:	Satellite Surveillance Technology
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Don Young
Committee:	TRANSPORTATION (HOUSE)

Question: Satellite surveillance technology is proven to be effective monitoring maritime activities and providing accurate mapping data. Harnessing new technologies to replace traditional assets for the performance of mission requirements is critical to improved mission objectives but also facilitates the realignment and optimal use of Coast Guard resources across all mission areas. In the Coast Guard Authorization Act of 2015 (Public Law 114-120), Section 606 requires a report to Congress on the use of possible alternatives, such as the use of satellite surveillance technology, to carry out the International Ice Patrol mission.

With this in mind, I would like to ask the following questions:

What is the status of completing this report required by Sec. 606?

Response: The International Ice Patrol (IIP) report was reviewed by Coast Guard Deputy Commandant for Operations in late June and is undergoing final review before release.

Question: Can you give me any preliminary information from your review on the use of satellite surveillance technology to detect icebergs in the North Atlantic as part of the Coast Guard's International Ice Patrol mission? For example, will the review do the following:

Look at the use of both radar and optical satellite image data to provide information for operational and programmatic use?

Compare satellite surveillance to the aircraft patrols used in the International Ice Patrol mission for accuracy, reliability, environmental constraints, and cost?

Consider whether satellite surveillance can be used to concurrently support and complement the aircraft operations being employed now?

Response: The report examines the following alternatives to IIP's traditional aerial reconnaissance: Satellite Reconnaissance, Commercial Aerial Reconnaissance and Unmanned Aircraft Systems (UAS).

Each alternative was evaluated against the following criterion: (1) ability to provide timely data on ice conditions with the highest possible resolution and accuracy; (2) ability to operate in all weather conditions or any time of day; (3) and cost-effectiveness against the

Question#:	3
Topic:	Satellite Surveillance Technology
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Don Young
Committee:	TRANSPORTATION (HOUSE)

cost of current operations.

The Coast Guard is currently supplementing aerial reconnaissance by acquiring commercial synthetic aperture radar (SAR) satellite reconnaissance images. When imagery is acquired in the northern sections of the IIP operational area, icebergs identified can be directly added to IIP's warnings to mariners.

Question#:	4
Topic:	Freed up Aircraft
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Don Young
Committee:	TRANSPORTATION (HOUSE)

Question: If satellite surveillance can be used for the International Ice Patrol, are there other mission needs that the aircraft now used for those patrols could be freed up to be used for?

Response: The fixed wing aircraft hours dedicated to the International Ice Patrol (IIP) mission represent one percent of the Coast Guard's fixed wing aircraft hours overall. If these flight hours are no longer needed for the IIP mission, they will be assigned to other mission areas.

Question#:	5
Topic:	Salvage and Marine Firefighting Regulations
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Daniel Webster
Committee:	TRANSPORTATION (HOUSE)

Question: The Salvage and Marine Firefighting regulations issued under the Oil Pollution Act of 1990 are intended to protect the environment like the coast of South Carolina from damages that may result from an incident at sea. These regulations require that owners and operators of vessels ensure by contract with responders, or by other approved means, that the needed resources are available to immediately respond to an incident. It seems that some vessel response plan agreements may only provide that they will respond "if available," and accordingly would not meet the regulatory requirements. In view of this, I have a couple of questions for the Coast Guard:

Is the Coast Guard reviewing the exact terms of these contracts for compliance?

Response: As part of Vessel Response Plan reviews and approvals, the Coast Guard ensures compliance with the regulatory standard for the availability of response and salvage resources.

Question: How will the Coast Guard proceed if the current vessel response plans in place for salvage and marine firefighting response capability fall short of the requirements of the Oil Pollution Act of 1990?

Response: If through the course of verification, a service provider is found unable to meet the planning standards in a particular Captain of the Port (COTP) zone, they will have a reasonable opportunity, as determined by the Coast Guard, to correct their shortfalls or they will be removed from service.

Question#:	6
Topic:	International Icebreaking
Hearing:	Coast Guard Mission Needs and Resources Allocation
Primary:	The Honorable Bob Gibbs
Committee:	TRANSPORTATION (HOUSE)

Question: What metrics does the Coast Guard use to ensure that Canada and the U.S. are contributing to icebreaking effort in their home country, in the other country's waters and in the shared waterways (connecting channels)?

Response: The U.S. Coast Guard measures Great Lakes icebreaking performance based on the availability of Tier 1 waterways. These waterways are most critical to marine traffic transiting the Great Lakes system. Tier 1 Waterways are defined as the connecting waterways of the Marine Transportation System or other navigable waterways (as defined in 33 C.F.R. § 2.36(a)) deemed highest-priority due to geographical location or importance of cargo to public health and safety (*e.g.*, heating oil, power plant fuel, food). Some of these waterways are joint waterways, such as the Detroit River, shared by both Detroit, Michigan and Windsor, Ontario.

Coast Guard metrics track performance over the entire Great Lakes system without regard to which nation provides the icebreaking service in any given area. The goal of this method is to ensure the overall needs of the system are met, rather than focusing on the respective waters of each nation. The tiered waterway approach promotes efficient icebreaking operations to meet the navigational needs of both nations.

Question: How can we ensure each country is contributing in a mutually beneficial way that is equitable and commensurate with the benefits derived?

Response: The waterways and ports within the Great Lakes are treated as one system by both the U.S. Coast Guard and Canadian Coast Guard (CCG). The Coast Guard icebreaking assets often breakout Canadian ports in exchange for larger CCG icebreaking assets working in the main connecting waterways of the Great Lakes. CCG conducts icebreaking on the Great Lakes with two ships, CCGS RISLEY and CCGS GRIFFON. These vessels perform an integral role in meeting District Nine mission requirements, especially the icebreaker RISLEY, which provides MACKINAW-equivalent capabilities to maintain Tier 1 Waterways. During difficult ice seasons, the CCG has brought heavier East Coast icebreakers into the Lakes to assist in maintaining Tier 1 waterways. The partnership between the United States and Canada seeks to conduct operations to maximize the benefit to both countries' economies, regardless of the icebreaker's flag state.

United States Government Accountability Office

Testimony

Before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

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COAST GUARD

Actions Underway to Develop Acquisition Plans that Reflect New Assets and Improve the Asset Allocation Process

Statement of Jennifer A. Grover, Director,
Homeland Security and Justice

GAO-16-633T

GAO Highlights

Highlights of GAO-16-633T, a testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

Following the terrorist attacks of September 11, 2001, the Coast Guard has been charged with expanded security-related missions. Constrained budgets in recent years have underscored the importance of ensuring that the Coast Guard has the proper mix of assets and that it can effectively allocate these assets to achieve its missions. In recent years, the Coast Guard has begun to deploy new assets, and has taken actions to assess what assets it needs to carry out its missions and how to best allocate its current assets. However, the Coast Guard continues to face decisions about what assets it needs and how to best allocate these assets to meet its mission responsibilities.

This statement addresses the Coast Guard's (1) mission needs, and (2) process for allocating asset resource hours across missions and units. This testimony is based on GAO's May 2016 report on the Coast Guard's allocation of assets, and GAO's body of work over the past 6 years on Coast Guard major acquisitions, as well as selected updates obtained in May 2016. For the selected updates, GAO reviewed Coast Guard documentation and analyzed fiscal year 2015 data on Coast Guard asset resource hour utilization, which GAO found to be sufficiently reliable for the purposes of this testimony statement.

What GAO Recommends

GAO is not making any new recommendations in this statement.

View GAO-16-633T. For more information, contact Jennifer A. Grover at (202) 512-7141 or groverj@gao.gov.

June 2016

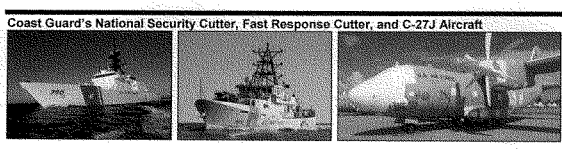
COAST GUARD

Actions Underway to Develop Acquisition Plans that Reflect New Assets and Improve the Asset Allocation Process

What GAO Found

Since the U.S. Coast Guard developed acquisition plans for its asset recapitalization program, many of the assumptions that initially informed these documents, including its 2005 Mission Needs Statement baseline, are no longer accurate. For example, in March 2015, GAO reported that the Coast Guard received an unexpected transfer of 14 C-27J aircraft from the Air Force, representing a significant change to its aircraft fleet mix. In addition, Congress recently provided the Coast Guard with funding for a ninth National Security Cutter—one more than it had planned for in 2005. Further, the Coast Guard has reduced the operational capacities of several assets to reflect more realistic and achievable operational targets. For example, the Coast Guard reduced the operational capacity of the Fast Response Cutter from 3,000 hours per vessel per year to 2,500 hours. GAO has also consistently found that there is a significant difference between the funding the Coast Guard estimates it needs for its major acquisitions and what it has traditionally requested and received. The Coast Guard's attempts to address this difference by establishing its future fleet's mission needs within reasonable budget constraints have been unsuccessful. GAO has made several recommendations for the Coast Guard to improve its recapitalization business case, including that the Coast Guard develop a 20-year fleet modernization plan that identifies all acquisitions needed to maintain the current level of service and the fiscal resources needed to acquire them. The Coast Guard concurred with the recommendation and has actions underway, but has not completed this plan. Given that key changes have taken place since 2005, the Coast Guard should continue to take steps to address GAO's recommendations.

Coast Guard's National Security Cutter, Fast Response Cutter, and C-27J Aircraft



Source: (Left to right) U.S. Coast Guard; U.S. Coast Guard; GAO. | GAO-16-633T

GAO reported in May 2016 that the Coast Guard uses the Standard Operational Planning Process to annually allocate asset resource hours to field units for meeting missions, but the headquarters' *Strategic Planning Directions* used in this process do not provide field units with strategic, realistic goals. Rather, headquarters' *Strategic Planning Directions* allocate maximum resource hour capacities for each asset. These allocations have consistently exceeded actual asset resource hours used by field units. GAO recommended, among other things, that the Coast Guard more systematically incorporate field unit input to inform more realistic asset allocation decisions—in addition to asset maximum capacities currently used—in the annual *Strategic Planning Directions* to more effectively communicate strategic intent to field units. The Coast Guard concurred with GAO's recommendation and stated that it was taking actions to better incorporate field unit input for fiscal year 2017.

Chairman Hunter, Ranking Member Garamendi, and Members of the Subcommittee:

Thank you for the opportunity to discuss our work on the Coast Guard's mission needs and asset allocation process. The U.S. Coast Guard, within the Department of Homeland Security (DHS), is the principal federal agency responsible for maritime safety, security, and environmental stewardship. Following the terrorist attacks of September 11, 2001, the Coast Guard was charged with expanded security-related mission responsibilities. The impact of balancing a broad array of Coast Guard missions, in conjunction with constrained budgets in recent years, have underscored the need for the Coast Guard to ensure it has the proper mix of assets and can effectively allocate them to achieve its mission responsibilities.[1] In recent years, the Coast Guard has begun to deploy new assets, such as National Security Cutters and Fast Response Cutters, and has taken actions to assess what assets it needs to carry out its missions and how to best allocate its current assets. For example, in 2008, it developed an annual planning process to allocate asset resource hours across its missions and units. Further, in 2016, the Coast Guard updated its Mission Needs Statement to provide an overview of its missions and the capabilities required within the context of the current and emerging strategic environment. We have reported extensively on the Coast Guard's challenges in managing its multi-billion dollar major acquisition portfolio, intended to acquire assets and capabilities to conduct its various missions.[2] In addition, in May 2016, we reported on the challenges that the Coast Guard faces in strategically allocating its assets to meet its strategic goals.[3] The Coast Guard continues to face

[1]For example, over the past 5 fiscal years, the Coast Guard's total discretionary budget has declined overall—from almost $9.6 billion in fiscal year 2010 to about $9.0 billion in fiscal year 2015. In fiscal year 2016, the Coast Guard's discretionary budget is estimated at over $9.9 billion. The discretionary budget amounts were not adjusted for inflation and include the gross discretionary budget authority that is provided in appropriation acts and require annual action by Congress and the President. This is separate from mandatory spending, which is not determined through annual appropriation acts.

[2]For example, see GAO, *Coast Guard Acquisitions: Better Information on Performance and Funding Needed to Address Shortfall,* GAO-14-450 (Washington, D.C.: June 5, 2014); *Coast Guard: Portfolio Management Approach Needed to Improve Major Acquisition Outcomes,* GAO-12-918 (Washington, D.C.: Sept. 20, 2012); and *Coast Guard: Action Needed as Approved Deepwater Program Remains Unachievable,* GAO-11-743 (Washington, D.C.: July 28, 2011).

[3]GAO, *Coast Guard: Actions Needed to Improve Strategic Allocation of Assets and Determine Workforce Requirements,* GAO-16-379 (Washington, D.C.: May 24, 2016).

decisions about what assets it needs and how to best allocate those assets to meet its mission responsibilities.

My testimony today addresses the Coast Guard's mission needs and its annual Standard Operational Planning Process, used to allocate assets across missions. It is primarily based on our May 2016 report on the Coast Guard's allocation of assets; as well as prior reports on the Coast Guard's acquisition of assets,[4] In addition, my statement includes selected updates from May 2016 on the Coast Guard's efforts to reassess and update its mission needs, and fiscal year 2015 asset resource hour data. For our past work, among other methodologies, we analyzed Coast Guard guidance, data, and documentation, and interviewed Coast Guard officials at its headquarters and field units to determine how the Coast Guard allocated its assets, how data are used to make annual asset allocation decisions, and how the Coast Guard determines future resource needs. The products cited in this statement provide detailed information on our scope and methodology. To conduct the selected updates, we reviewed Coast Guard documentation and interviewed Coast Guard officials regarding the agency's 2016 Mission Needs Statement and efforts to update acquisition plans. We also analyzed data on the Coast Guard's asset resource hours used in fiscal year 2015 and found the data were sufficiently reliable for the purposes of this testimony. We determined this by reviewing agency documentation and testing for missing data, outliers, and obvious errors. We conducted this work in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives.

[4]GAO-16-379; GAO, *Coast Guard Aircraft: Transfer of Fixed-Wing C-27J Aircraft Is Complex and Further Fleet Purchases Should Coincide with Study Results,* GAO-15-325 (Washington, D.C.: Mar. 26, 2015); GAO-14-450; GAO-12-918; GAO-11-743; and *Coast Guard: Deepwater Requirements, Quantities, and Cost Require Revalidation to Reflect Knowledge Gained,* GAO-10-790 (Washington, D.C.: July 27, 2010).

Background

The Coast Guard's Missions and Assets

The Coast Guard is responsible for 11 statutory missions that are divided into non-homeland security and homeland security missions, as shown in table 1.[5] The Homeland Security Act of 2002 requires that the authorities, functions, and capabilities of the Coast Guard to perform all of its missions be maintained intact and without significant reduction, except as specified in subsequent acts.[6] It also prohibits the Secretary of Homeland Security from reducing "substantially or significantly...the missions of the Coast Guard or the Coast Guard's capability to perform those missions."[7]

Table 1: Information on the Coast Guard's 11 Missions

	Mission	Description
Non-homeland security missions	Marine safety	Enforce laws which prevent death, injury, and property loss in the marine environment.
	Marine environmental protection	Enforce laws which deter the introduction of invasive species into the maritime environment, stop unauthorized ocean dumping, and prevent and respond to oil and chemical spills.
	Search and rescue	Search for, and provide aid to, people who are in distress or imminent danger.
	Aids to navigation	Mitigate the risk to safe navigation by providing and maintaining more than 51,000 buoys, beacons, lights, and other aids to mark channels and denote hazards.
	Living marine resources	Enforce laws governing the conservation, management, and recovery of living marine resources, marine protected species, and national marine sanctuaries and monuments.
	Ice operations	The Coast Guard is the only federal agency directed to operate and maintain icebreaking resources for the United States. This includes establishing and maintaining tracks for critical waterways, assisting and escorting vessels beset or stranded in ice, and removing navigational hazards created by ice in navigable waterways.

[5] 6 U.S.C. § 468(a).

[6] 6 U.S.C. § 468(c).

[7] 6 U.S.C. § 468(e).

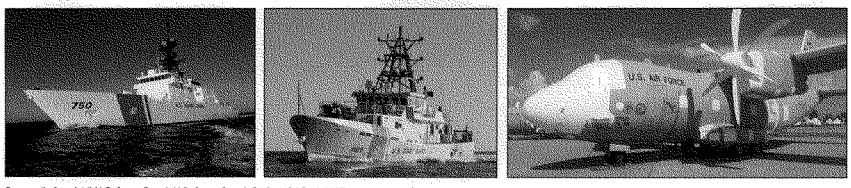
	Mission	Description
Homeland security missions	Ports, waterways, and coastal security	Ensure the security of the waters subject to the jurisdiction of the United States and the waterways, ports, and intermodal landside connections that comprise the marine transportation system and protect those who live or work on the water or who use the maritime environment for recreation.
	Drug interdiction	Stem the flow of illegal drugs into the United States.
	Migrant interdiction	Stem the flow via maritime routes of undocumented alien migration and human smuggling activities.
	Defense readiness	The Coast Guard maintains the training and capability necessary to immediately integrate with Department of Defense forces in both peacetime operations and during times of war.
	Other law enforcement	Enforcement of international treaties, including the prevention of illegal fishing in international waters and the dumping of plastics and other marine debris.

Source: U.S. Coast Guard. | GAO-16-633T

The Coast Guard utilizes aircraft and vessels to conduct its 11 missions. The Coast Guard operates two types of aircraft—fixed-wing (airplanes) and rotary-wing (helicopters), including its new C-27J aircraft–and two types of vessels–cutters and boats. A cutter is any vessel 65 feet in length or greater, having adequate accommodations for crew to live on board. Larger cutters (major cutters), over 179 feet in length, include the National Security Cutter and the High and Medium Endurance Cutters.[8] Cutters from 65 to 175 feet in length include Patrol Cutters such as the Fast Response Cutter and the 110-foot Patrol Boat, among others. In contrast, all vessels less than 65 feet in length are classified as boats and usually operate closer to shore and on inland waterways. As of the end of fiscal year 2015, Coast Guard assets included 61 fixed-wing aircraft, 142 rotary-wing aircraft, 40 major cutters, 205 cutters, and 1,750 boats. Figure 1 shows three of the Coast Guard's newest assets.

[8]The Training Barque is also a major cutter, but was not included in this report because it is used primarily as a training vessel.

Figure 1: The Coast Guard's National Security Cutter, Fast Response Cutter, and C-27J Aircraft



Source: (Left to right) U.S. Coast Guard; U.S. Coast Guard; GAO. | GAO-16-633T

Note: The U.S. Air Force transferred C-27J aircraft to the Coast Guard.

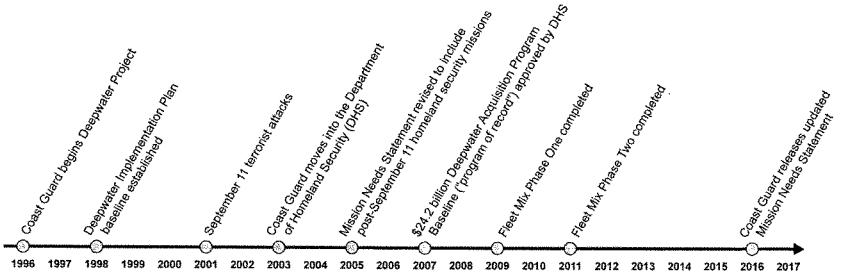
The Coast Guard's Recapitalization Program, Mission Needs Determination, and Asset Allocation Process

Coast Guard Recapitalization Program and Mission Needs Determination

The Coast Guard began a 30-year recapitalization effort in the late 1990s to modernize its aircraft and vessel fleets by rebuilding or replacing assets. Figure 2 provides a timeline of key events and related acquisition studies and reports in this recapitalization program, which was formerly known as the Deepwater Program.[9]

[9]As of the fiscal year 2012 budget, DHS and the Coast Guard no longer use the term "Deepwater"; rather it is called the recapitalization program and includes many of the assets, such as the National Security Cutter, that made up the former Deepwater Program.

Figure 2: Timeline of Key Events in the Coast Guard's Recapitalization Program, 1996 to 2016



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-633T

As part of its recapitalization effort, in 1998, the Coast Guard created the Deepwater Program baseline to reflect asset performance levels at that time and to serve as a basis for developing performance goals for the acquisition of new assets that were to replace certain legacy assets. However, a performance gap analysis conducted in 2002 determined the revised asset mix, as designed by the recapitalization program, would have significant capability gaps in meeting emerging mission requirements following the September 11, 2001, terrorist attacks. As a result, the Coast Guard completed a Mission Needs Statement in 2005 to incorporate the additional capabilities and subsequently updated the annual resource hours needed to meet its increased mission demands.[10]

In 2007, based on the 2005 Mission Needs Statement, DHS approved a program of record for all of the Coast Guard's major acquisition programs at an estimated cost of $24.2 billion. This program of record delineated the specific number of aircraft and vessels the Coast Guard planned to acquire to meet the annual resource hours outlined by the 2005 Mission Needs Statement baseline. Further, as part of its recapitalization efforts,

[10]The Coast Guard's increased mission demands following the terrorist attacks of September 11, 2001, included incorporating improved capabilities to operate in conditions of chemical, biological, and radiological contamination; greater antiterrorism weaponry; development of airborne use of force capabilities; improved communications systems; and enhanced flight decks.

the Coast Guard submits an annual 5-year Capital Investment Plan Report to Congress that includes, among other things, projected funding for capital assets in such areas as acquisition, construction, and improvements.

In 2016, the Coast Guard again revised its Mission Needs Statement in response to statutory requirements and committee report language, but, this revision states it was not intended to provide details on the specific assets the Coast Guard needs to meet its mission requirements.[11] Further, according to the Coast Guard, the 2016 update to the Mission Needs Statement is to provide a foundation for long-term investment planning that is to culminate with detailed modeling scenarios to evaluate the effectiveness of various fleet mixes, and inform the Coast Guard's Capital Investment Plan. Since the 2016 revision does not identify specific assets or resource hours necessary to meet the Coast Guard's mission requirements, the 2005 Mission Needs Statement remains the baseline document outlining the Coast Guard's mission needs and the resource hours per asset necessary to achieve them.

The Coast Guard's Process for Allocating Assets to Meet Mission Responsibilities

Since fiscal year 2008, the Coast Guard has used the Standard Operational Planning Process for annually developing and communicating strategic commitments and allocating resource hours, by asset type (i.e., aircraft, cutters, and boats), throughout its chain of command for meeting mission responsibilities.[12] As part of the Standard Operational Planning Process, Coast Guard headquarters annually issues a *Strategic Planning Direction*, which is to be the primary mechanism for allocating asset resource hours and providing strategic

[11]See the Howard Coble Coast Guard and Maritime Transportation Act of 2014, Pub. L. No. 113-281, § 215, 128 Stat. 3022, 3034-35; H.R. Rep. No. 113-481 (2014); S. Rep. No. 113-198 (2014), and the explanatory statement accompanying the Department of Homeland Security Appropriations Act, 2015, Pub. L. No. 114-4, 129 Stat. 39 (2014).

[12]Strategic commitments are annual, up-front commitments of resources made at the headquarters level and are deemed by the Coast Guard as critical to the implementation of national, DHS, and Commandant strategic priorities. Among other things, strategic commitments specify the amount of time certain types of Coast Guard assets are to be operating in support of these activities, and these resource allocations serve as minimum levels of activity that field unit commanders are expected to provide.

direction to field commands.[13] Resource hours are subsequently allocated by asset type at the Area, District, and Sector levels for meeting strategic commitments and executing the 11 statutory missions.[14]

After assets are deployed, field unit personnel are to record resource hours used by Coast Guard assets to accomplish missions, such as domestic ice breaking or marine environmental protection operations.[15] These asset resource hours are input into one of two operational reporting databases–the Asset Logistics Maintenance Information System (ALMIS)[16] or the Abstract of Operations System (AOPS).[17] After the data have been entered, the Coast Guard Business Intelligence system is used to extract and combine asset resource hour and performance data each quarter to create *Operational Performance Assessment Reports*.[18] The historical and current-year data on asset operational hours used, by

[13]The two Area commanders—one for the Atlantic Area Command and one for the Pacific Area Command—are responsible for translating policy into operational objectives through theater plans for Coast Guard missions. The Coast Guard has nine districts that report to the Area Commands. The nine Coast Guard districts are supported by 37 sectors. The *Strategic Planning Directions* are annually disseminated to the two Area Commands that are then to disseminate their own *Operational Planning Directions* through their command levels, with each district command developing its own plan to cover its area of responsibility.

[14]To determine and plan for how assets are to be allocated, Coast Guard headquarters is to rely on mission priorities, data on historical and current-year mission performance, and operational and intelligence assessments.

[15]According to Coast Guard instructions, field units are to record at least one type of activity, such as one of the Coast Guard's 11 statutory missions, per deployment within 24 hours after an asset is deployed. Staff at the relevant field units are to review and certify that the data entered are accurate.

[16]ALMIS is a centralized system that provides aircraft and vessel logistics information and support for Coast Guard operations, mission scheduling and execution, maintenance, and other issues. Coast Guard field units are responsible for timely and accurate data entry and are to ensure the database is secure and that access is appropriately limited.

[17]Information from AOPS is used for documenting planning activities, such as tracking the number, locations, and missions of Coast Guard assets, among other things. According to operational reporting guidance, the Coast Guard is in the process of migrating AOPS data to ALMIS.

[18]Some performance data for the *Operational Performance Assessment Reports* are extracted from a third database—the Marine Information for Safety and Law Enforcement system—an operational activity case management system used to collect data on activities concerning safety and law enforcement such as vessel inspections, and oil spill assistance.

mission, from these reports, as well as *Planning Assessments*, are to be communicated back to Coast Guard headquarters and incorporated into the Standard Operational Planning Process to inform asset hour allocations in the *Strategic Planning Direction* for the following year.

The Coast Guard's Acquisition Plans Do Not Reflect Its New Assets and Current Funding Levels

The 2005 Mission Needs Statement Baseline Does Not Reflect the Coast Guard's Planned Assets and Capacities

Since the Coast Guard developed acquisition plans for its Deepwater recapitalization program, many of the assumptions that initially informed these plans, including the 2005 Mission Needs Statement baseline for those assets, have changed and are no longer accurate, as we reported in June 2014 and May 2015.[19] While the Coast Guard is continuing to acquire and deploy new assets each year, the Coast Guard operated assets in fiscal year 2015 below the baseline level of resource hours outlined for these assets in the 2005 Mission Needs Statement. For example, in fiscal year 2015, a mix of new and legacy Patrol Cutters, including new Fast Response Cutters, used 82,233 resource hours of the 174,000 resource hours specified in the 2005 baseline—a 52 percent difference.[20] The asset resource hours used in fiscal year 2015 were below the 2005 baseline level, in part, because not all of the new assets planned as part of the 2005 baseline were deployed and fully operational by fiscal year 2015.[21] In addition, as we have previously reported, the

[19]GAO, *Coast Guard Acquisitions: As Major Assets Are Fielded, Overall Portfolio Remains Unaffordable* (Washington, D.C., May 14, 2015) GAO-15-620T and GAO-14-450

[20]In fiscal year 2015, Patrol Cutters included 26,495 resource hours by 10 new Fast Response Cutters (WPC-154) and 56,738 resource hours by 29 – 110-foot Patrol Boats (WPB-110).

[21]According to Coast Guard's 2007 program of record, full operational capability—that is, the date the last asset was to be delivered to the Coast Guard—was planned to occur in fiscal year 2017 for fixed wing aircraft (HC-130s and HC-144s), fiscal year 2019 for rotary wing aircraft (H-60s and H-65s), fiscal year 2021 for major cutters (National Security Cutters and Offshore Patrol Cutters), and fiscal year 2016 for patrol cutters (Fast Response Cutters).

Coast Guard continues to operate many of its legacy assets, which do not always achieve their expected operational capacities.[22] Specifically, some legacy cutters are up to 50 years old and are expected to be in operation for several more years until the replacement cutters can be deployed.[23] We have also reported that the Coast Guard has experienced delays in acquiring some of its planned assets[24] and some of the Coast Guard's new assets that have been deployed have faced operational challenges.[25] Nevertheless, because of changes in the assumptions underlying the 2005 Mission Needs Statement baseline, it may not accurately reflect the Coast Guard's current needs, specifically (1) the planned fleet mix of

[22]For example, in July 2012, we reported on the declining operational capacity and increasing unreliability of the Coast Guard's legacy vessels. GAO, *Coast Guard: Legacy Vessels' Declining Conditions Reinforce Need for More Realistic Operational Targets [Reissued on August 30, 2012]*, GAO-12-741 (Washington, D.C.: July 31, 2012). Further, the Coast Guard Commandant testified before a congressional subcommittee in February 2015 that the Coast Guard's mission demands continue to grow and evolve and that given the age and condition of some of its legacy assets, the success of future missions relies on the continued recapitalization of Coast Guard aircraft, cutters, boats, and infrastructure. See Zukunft, Paul, F., Commandant of the U.S. Coast Guard, *Coast Guard, Fiscal Year 2016 Budget Request*, testimony before the House Coast Guard and Maritime Transportation Subcommittee, 114th Cong., 1st sess., February 25, 2015.

[23]In April 2016, the Coast Guard reported that the last High Endurance Cutter is scheduled to be decommissioned in 2020, the last 210' Medium Endurance Cutter is to be decommissioned in 2028, and the last 282' Medium Endurance Cutter is to be decommissioned in 2022.

[24]For example, we reported in May 2015 that based on the plans at that time, the Coast Guard expected that the first Offshore Patrol Cutters—which are to replace the Medium Endurance Cutters—would not be delivered until 2022 because of procurement delays, including a bid protest. See GAO-15-620T.

[25]GAO, *Coast Guard: Timely Actions Needed to Address Risks in Using Rotational Crews* GAO-15-195 (Washington, D.C.: March 6, 2005). For example, in 2012, the Coast Guard decided to complete needed structural enhancements to the hulls of the first two National Security Cutters, thus limiting the number of major cutter resource hours available during an estimated 2-year timeframe beginning in fiscal year 2017. During the design phase, the National Security Cutters' hull was found, as confirmed by a U.S. Navy study, to be unlikely to meet the 30-year service life expectations because of fatigue. Fatigue is physical weakening because of age, stress, or vibration. At the time the structural deficiencies were confirmed, the Coast Guard could not make the design changes because it held only an advisory role in making technical decisions under the Deepwater Program structure. The Coast Guard ultimately decided to correct the structural deficiencies for the first two National Security Cutters at scheduled points after construction was completed to avoid stopping the production lines, and to incorporate structural enhancements into the design and production for future ships. See also GAO, *Homeland Security Acquisitions: DHS Has Strengthened Management, but Execution and Affordability Concerns Endure*, GAO-16-338SP (Washington, D.C.: Mar. 31, 2016).

aircraft and vessels has changed, and (2) the planned operational capacities of these new assets have, in some cases, been revised downward. See Appendix I for more information on the Coast Guard asset baselines and actual resource hours used in fiscal year 2015, as well as changes to its planned fleet mix and operational capacities over time.

Changes in the Coast Guard's Planned Fleet Mix

The Coast Guard's planned aircraft and vessel fleet mix has changed since the 2005 Mission Needs Statement baseline was developed. For example, in 2005, the Coast Guard planned for the acquisition of HC-144 and HC-130 aircraft for its fixed-wing aircraft fleet. However, we reported in March 2015 that the unexpected transfer of C-27J aircraft from the Department of Defense in December 2013 represented a significant change to this aircraft fleet mix.[26] As a result of this change, the Coast Guard decreased its planned acquisition of HC-144 aircraft.[27] In another example, with regard to its aircraft fleet, the Coast Guard initially planned for fixed-wing Unmanned Aerial Vehicles and Vertical Take-Off and Landing Unmanned Air Vehicles in the 2005 baseline, but, as of May 2016, Coast Guard officials stated these unmanned assets have not yet been acquired.[28] For the major cutter fleet, the Coast Guard had planned for 8 National Security Cutters and 25 Offshore Patrol Cutters to replace

[26]In December 2013, the National Defense Authorization Act for Fiscal Year 2014 required the Department of Defense to transfer 14 of its unwanted C-27J aircraft to the Secretary of Homeland Security for the use of the Coast Guard. Pub. L. No. 113-66, §1098(e), 127 Stat. 672, 884 (2013). See GAO-15-325.

[27]In October 2014, DHS leadership first directed the Coast Guard to restructure its HC-144A acquisition program to accommodate 14 C-27J aircraft from the U.S. Air Force and designated this combined acquisition the Medium Range Surveillance Aircraft program. By October 2015, the Coast Guard had received four C-27J aircraft from the U.S. Air Force. Coast Guard officials plan to submit an Acquisition Program Baseline to DHS leadership after the Coast Guard completes a mission needs analysis of its fixed wing aircraft. The Coast Guard expects to complete this analysis in fiscal year 2016. See GAO-16-338SP.

[28]The unmanned aerial vehicle system was envisioned as a key component of the Deepwater system that would enhance surveillance capability on board the National Security Cutter and Offshore Patrol Cutter and also from land. Congress has appropriated over $100 million since 2003 to develop an unmanned aerial vehicle, but the Coast Guard terminated the program due to cost increases and technical risks in June 2007. See GAO-11-743. See also GAO-16-338SP. We reported in March 2016 that the Coast Guard had not yet procured an unmanned aircraft system for the National Security Cutter and that it is unclear when the Coast Guard would actually demonstrate the National Security Cutter can meet its unmanned aircraft requirements. In June 2016, DHS officials stated that the Coast Guard is scheduled to equip a National Security Cutter with unmanned aerial vehicle capability by the end of fiscal year 2016.

the legacy fleet of High and Medium Endurance Cutters in its 2005 Mission Needs Statement baseline. However, Congress recently provided the Coast Guard with funding for a ninth National Security Cutter as part of the Consolidated Appropriations Act, 2016,[29] representing an unanticipated addition to its planned major cutter fleet.

Reductions in New Assets' Planned Operational Capacities

The expected operational capacities planned for assets in the 2005 Mission Needs Statement baseline have, in several cases, been subsequently revised downward to reflect more realistic and achievable operational targets. For example, regarding fixed-wing aircraft, the Coast Guard originally planned for each HC-144 aircraft to operate 1,200 flight hours per year. However, we reported in March 2015 that the Coast Guard had decided to reduce the HC-144 flight hours from 1,200 hours to 1,000 hours per year due primarily to the high cost of maintaining the aircraft at the 1,200-hour per year pace.[30] For patrol cutters, the 2005 Mission Needs Statement baseline planned for each Fast Response Cutter to operate for 3,000 hours per year.[31] However, the Coast Guard's April 2016 report to Congress on its capital investments states that the planned resource hours for each Fast Response Cutter is 2,500 hours per year—a reduction of 500 hours per cutter from the 2005 baseline.[32] Further, for major cutters, the Coast Guard's 2005 baseline planned for each National Security Cutter and Offshore Patrol Cutter to operate at 4,140 resource hours per year—equivalent to 230 days away from home

[29]Pub. L. No. 114-113 (2016).

[30]GAO-15-325.

[31]According to the Coast Guard, the assumptions of 3,000 operational hours were for the originally proposed Fast Response Cutters with a hull made of composite materials (FRC-A). Because of technical risks, the Coast Guard discontinued design work on the composite hull and transitioned to the steel hull for the Fast Response Cutter (FRC-B). As a result of this change, the annual operational hours programmed for each Fast Response Cutter were reduced from 3,000 to 2,500 hours.

[32]Department of Homeland Security, U.S. Coast Guard. *USCG FY 2017 Capital Investment Plan, Fiscal Year 2016 Report to Congress* (Washington, D.C.: Apr. 13, 2016). The Coast Guard's capital investment plan is a 5-year plan presented to Congress that includes acquisition, construction and improvements. The Coast Guard updates the capital investment plan annually, and it represents the Coast Guard's submission for the President's Budget in any given year.

port—using a crew rotation concept.[33] However, in March 2015, we reported that because of certain risk factors, uncertainty exists regarding the Coast Guard's ability to achieve this operational capacity.[34] We recommended that the Coast Guard specify mitigation actions to effectively address risk factors identified in the report, such as when and how National Security Cutter maintenance requirements could be completed within the 135 days allocated under the crew rotational concept. DHS concurred with the recommendation and, in March 2016, it stated that the Coast Guard was developing various testing plans and would submit a final crew rotation concept plan to Congress by December 2017, in response to requirements in the Coast Guard and Maritime Transportation Act of 2012.[35] Moreover, we noted in our March 2015 report that these same risk factors may also affect the planned operational capacity of the Offshore Patrol Cutters, which are still under development.[36]

[33]According to Coast Guard officials, a planning factor of 18 hours per day per vessel is used to convert days away from home port into resource hours. Thus, 230 days away from home port multiplied by 18 hours per day equals 4,140 resource hours per year per vessel.

[34]GAO-15-195.

[35]Pub. L. No. 112-213, § 221(b), 126 Stat. 1540, 1560 (2012). This statute states that the Coast Guard Commandant may not certify a sixth National Security Cutter as ready for operations before the Commandant has submitted to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives program execution plans detailing, among other things, how the first 3 National Security Cutters will achieve the goal of 225 days away from home port in fiscal years following the completion of the structural enhancements (formally called Structural Enhancement Dry-Dock Availability) of the first 2 National Security Cutters. In November 2014, Coast Guard officials estimated the sixth National Security Cutter would be ready for operations in December 2017. According to Coast Guard officials, because the statute specified that the National Security Cutters were to achieve the goal of 225 days away from home port, the planned operational hours for the National Security Cutter was adjusted accordingly to 4,050 hours per year per vessel (i.e., 225 multiplied by a planning factor of 18 hours per day).

[36]In an April 2016 report to Congress, the Coast Guard stated that the Offshore Patrol Cutters were to operate 185 days away from home port, or 3,330 hours per year per vessel. According to Coast Guard officials, they were still considering the use of the crew rotational concept for these cutters. See Department of Homeland Security, U.S. Coast Guard. *USCG FY 2017 Capital Investment Plan, Fiscal Year 2016 Report to Congress.* See GAO-15-195.

The Coast Guard Continues to Recapitalize Assets without a Solid Business Case that Matches Its Needs and Resources

In its simplest form, a business case requires a balance between the concept selected to satisfy mission needs and the resources needed to transform the concept into a set of products, in this case aircraft and vessels. For the past 6 years, we have consistently found that there is a significant difference between the funding the Coast Guard estimates it needs to carry out its program of record for its major acquisitions and what it has traditionally requested and received through annual appropriations. To date, the Coast Guard's attempts to address this difference by establishing its future fleet's mission needs within reasonable budget constraints have been unsuccessful. For example, in September 2012, we reported that the Coast Guard had completed two efforts (Fleet Mix Phases One and Two) to reassess the mix of assets that comprised its former Deepwater program, but both efforts used its 2005 Mission Needs Statement and 2007 program of record as the basis of the analysis and did not consider realistic fiscal constraints.[37] In particular, the Coast Guard began Fleet Mix Phase One in 2008 that considered the 2007 program of record to be the "floor" for asset capabilities and quantities and did not impose cost constraints. Consequently, the results were not used as a basis for trade-off decisions. In the second effort, Fleet Mix Phase Two, the Coast Guard analyzed how long it would take to buy the program of record under two different funding constraints: (1) an upper bound of $1.64 billion per year and (2) a lower bound of $1.2 billion per year. However, both scenarios are greater than the Coast Guard's last four budget requests, indicating the upper bound funding level is unrealistic and the lower bound is optimistic. Further, the analyses did not assess options lower than the current program of record. Therefore, neither of these analyses prepared the Coast Guard to make the trade-offs required to develop a solid business case that matched its needed capabilities with anticipated resources.

Instead of developing a solid business case, we reported in June 2014 that the Coast Guard is shaping its asset capabilities through the budget process.[38] As the Coast Guard has faced fiscal constraints in recent years, this has led to asset capability gaps. As a result, the Coast Guard does not have a long-term plan that demonstrates how it will maintain today's service level and meet identified needs. For example, the Coast

[37]See GAO-12-918.

[38]See GAO-14-450.

Guard has already experienced a gap in heavy icebreaking capability and is falling short of meeting current and future major cutter operational hours. While some of these operational capability gaps are being filled through Congressional appropriations that exceed Coast Guard budget requests and transfers of assets from other agencies, the Coast Guard is likely to continue to face similar shortfalls and gaps while the Offshore Patrol Cutter fleet, estimated to absorb about two-thirds of the Coast Guard's acquisition funding from 2018 until 2034, is being built. During this time, the Coast Guard faces other recapitalization needs—such as rebuilding the 87-foot patrol boat fleet, the MH-60 and MH-65 helicopter fleets, and possibly extending the service lives of the 270-foot Medium Endurance Cutters, among many other projects—that it may not be able to fund with its remaining budget. Office of Management and Budget, Department of Homeland Security, and Coast Guard efforts are underway to address these funding gaps, but to date, these efforts have not led to the difficult trade-off decisions needed to create a solid business case and improve the affordability of the Coast Guard's proposed fleet mix. We recommended in June 2014, that the Coast Guard develop a 20-year fleet modernization plan that identifies all acquisitions needed to maintain the current level of service—aircraft and vessels—and the fiscal resources needed to buy the identified assets. We further recommended that the plan should consider trade-offs if the fiscal resources needed to execute the plan are not consistent with annual budgets. The Coast Guard concurred with our recommendation, but its response did not fully address our concerns or set forth an estimated date for completion.[39] As of June 2016, the Coast Guard has yet to complete this plan. Without such a plan, it will remain difficult for the Coast Guard to fully understand the extent to which future needs match the current level of resources and its expected performance levels—and capability gaps—if funding levels remain constant.

Past GAO Recommendations

In addition to the 20-year fleet modernization plan, we have made several recommendations in recent years for the Coast Guard to improve its recapitalization business case by, among other things, identifying the cost, capabilities, and quantity and mix of assets needed; as well as the

[39]GAO-14-450.

trade-offs necessary to meet fiscal constraints.[40] Specific recommendations include the following:

- In March 2015, we recommended that the Coast Guard inform Congress of the time frames and key milestones for publishing revised annual flight hour needs for fixed-wing aircraft, as well as the corresponding changes to the composition of its fixed-wing fleet to meet these needs.[41]
- In September 2012, we recommended that the Commandant of the Coast Guard conduct a comprehensive portfolio review to develop revised baselines that reflect acquisition priorities and realistic funding scenarios.[42]
- In July 2011, we recommended that the Secretary of Homeland Security develop a working group that includes participation from DHS and the Coast Guard's capabilities, resources, and acquisition directorates to review the results of multiple studies—including Fleet Mix Phases One and Two and DHS's cutter study—to identify cost, capability, and quantity trade-offs that would produce a program that fits within expected budget parameters.[43]

The Coast Guard concurred with these recommendations, but is still in the process of addressing all recommendations, except the 2011 recommendation that they chose not to implement. For example, the Coast Guard is currently conducting a fleet-wide analysis—including aircraft, vessels, and information technology—intended to be a fundamental reassessment of the capabilities and mix of assets the Coast Guard needs to fulfill its missions. The Coast Guard is undertaking this effort consistent with direction from Congress and expects to have it completed to inform the fiscal year 2019 President's Budget.

Legislative Requirements and Congressional Mandates

Coast Guard officials stated that their efforts will help them to respond to a number of recent legislative mandates, which include the following:

[40]GAO-15-325; GAO-14-450; GAO-12-918; GAO-11-743; and GAO-10-790.

[41]GAO-15-325.

[42]GAO-12-918.

[43]GAO-11-743.

- **Fixed-Wing Aircraft Fleet Mix Analysis:**[44] This is to include a revised fleet analysis of the Coast Guard's fixed-wing aircraft and is due in September 2016.

- **Rotary-wing Contingency Plan:**[45] This plan is to address the planned or unplanned losses of rotary wing airframes; to reallocate resources as necessary to ensure the safety of the maritime public nationwide; and to ensure the operational posture of Coast Guard units. This plan is due in February 2017.

- **Long-Term Acquisition Plan:**[46] This plan is to be a 20-year Capital Investment Plan that describes for the upcoming fiscal year and for each of the 20 fiscal years thereafter, such information as the numbers and types of legacy aircraft and vessels to be decommissioned; the numbers and types of aircraft and vessels to be acquired; and the estimated level of funding in each fiscal year required to acquire the cutters and aircraft, as well as related command, control, communications, computer, intelligence, surveillance, and reconnaissance systems and any changes to shoreside infrastructure. These plans are to be produced every other year to provide an update on the status of all major acquisitions.

- **Mission Needs Statement:**[47] On the date on which the President submits to Congress a budget for fiscal year 2019 and every 4 years thereafter, the Commandant is to submit an integrated major acquisition need statement which, among other things, is to identify current and projected gaps in Coast Guard capabilities using specific mission hour targets and explain how each major acquisition program addresses gaps identified in Capital Investment Plan reports to be provided to Congress.

- **Concept of Operations:**[48] This document is to be used in conjunction with the Mission Needs Statement as a planning document for the

[44]See Pub. L. No. 114-120, § 204(d).

[45]See Pub. L. No. 114-120, § 208(b).

[46]See Pub. L. No. 114-120, § 204(e) (codified at 14 U.S.C. § 2903(e)).

[47]14 U.S.C. § 569.

[48]See explanatory statement accompanying Department of Homeland Security Appropriations Act, 2015, Pub. L. No. 114-4, 129 Stat. 39 (2014).

Coast Guard's recapitalization needs. It is to determine the most cost-effective method of executing mission needs by addressing (1) gaps identified in the Mission Need Statement, (2) the funding requirements proposed in the 5-year Capital Investment Plan, and (3) options for reasonable combinations of alternative capabilities of aircraft and vessels, to include icebreaking resources and fleet mix. This document is due in September 2016.

Use of Asset Capacities Limit the Strategic Effectiveness of the Asset Allocation Process, but the Coast Guard Is Taking Steps to Improve the Process

Coast Guard Headquarters' *Strategic Planning Directions* Reflect Asset Maximum Capacities Rather Than Achievable Goals

In May 2016, we reported that Coast Guard headquarters does not provide field units with realistic goals for allocating assets, by mission.[49] Rather, headquarters' allocations of assets in the annual *Strategic Planning Directions* that we reviewed for fiscal years 2010 through 2016 were based on assets' maximum performance capacities. For example, the *Strategic Planning Directions* allocated each Hercules fixed-wing aircraft 800 hours per year, each Jayhawk helicopter 700 hours per year, and each 210-foot or 270-foot Medium Endurance Cutter 3,330 hours per year, irrespective of the condition, age, or availability of these assets.[50] As a result, we found that, as shown in figure 3, the asset resource hours allocated in the *Strategic Planning Directions* have consistently exceeded

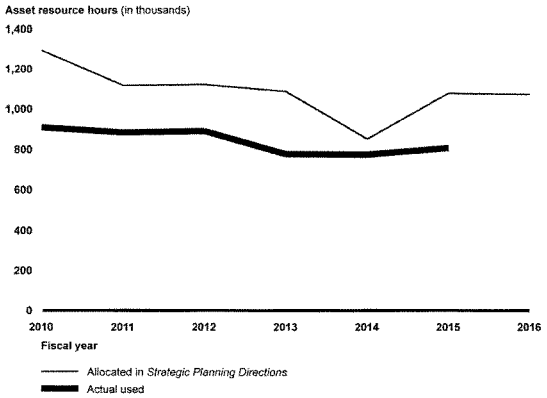
[49]GAO-16-379.

[50]According to Coast Guard officials, the hours allocated to the Medium Endurance Cutters is calculated by using the Coast Guard's cutter employment standard of 185 days away from home port multiplied by a planning factor of 18 hours per day, which equals an estimated 3,330 hours of underway operational hours per year.

the asset resource hours actually used by Coast Guard field units during fiscal years 2010 through 2015.[51] For example, in fiscal year 2015, the *Strategic Planning Direction* allocated a total of 1,075,015 resource hours for field unit assets whereas the actual asset resource hours used was 804,048 hours, or about 75 percent of the allocated hours for that year.

[51]This is based on asset resource hours used as reported in the *Operational Performance Assessment Reports*. Coast Guard officials stated that data in these reports represent a point in time and may change for a variety of reasons. For example, an asset could be out on a long transit when the *Operational Performance Assessment Reports* data are pulled from the system, and would not be entered until a later date. In addition, officials stated that there could be a lag time in when the data is entered.

Figure 3: Comparison of Total Field Unit Asset Resource Hours Allocated in *Strategic Planning Directions* to the Actual Field Unit Asset Resource Hours Used Report in the *Operational Performance Assessment Reports*, Fiscal Years 2010 through 2015



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-633T

Notes: The hours for certain assets, such as deployable specialized forces, are not included because these assets have specialized capabilities, such as law enforcement and counterterrorism operations or hazardous materials response, and perform unique functions across a range of Coast Guard missions. The hours for all assets' (aircraft, cutters, and boats) training and support activities, such as engineering and test functions, are included. The hours for assets used exclusively for training purposes are not included.

The fiscal year 2014 *Strategic Planning Direction* planned for lower asset resource hour use because of anticipated budget reductions as a result of sequestration. According to the Coast Guard, the number of boat resource hours allocated in the *Strategic Planning Directions* is relatively high and its actual use rate is relatively low, as compared to other assets.

Coast Guard field unit officials we spoke with, and Coast Guard planning documents we reviewed for our May 2016 report, indicated that the Coast Guard is not able to achieve the resource hour allocation capacities set by the headquarters' *Strategic Planning Directions* for several reasons, including the declining condition of legacy assets and unscheduled maintenance. Further, we also reported that our review of Coast Guard planning documents and discussions with field unit officials showed that *Operational Planning Directions* developed by field unit commands can differ from headquarters' *Strategic Planning Directions*. For example,

officials from one district told us on the basis of their analyses, they determined that their district could realistically use only about two-thirds of the performance capacity hours allocated by the *Strategic Planning Direction* for boats for one mission.

In response to our findings, we recommended that the Coast Guard more systematically incorporate field unit input to inform more realistic asset allocation decisions—in addition to asset maximum capacities currently used—in the annual *Strategic Planning Directions* to more effectively communicate strategic intent to field units. The Coast Guard concurred with our recommendation and stated that it was taking actions to better incorporate field unit input for fiscal year 2017. If implemented as planned, this would meet the intent of this recommendation.

The Coast Guard Does Not Document the Extent to Which Risk Assessments Affect Asset Allocation Decisions

In May 2016, we also reported that the Coast Guard does not maintain documentation on the extent to which risk factors have affected the allocation of asset resource hours to missions through its *Strategic Planning Directions*.[52] For example, Coast Guard officials told us that the Coast Guard conducts a National Maritime Security Risk Assessment every 2 years to inform its asset allocations; however, the Coast Guard does not document how these risk assessments have affected asset allocation decisions across its missions.[53] Coast Guard officials stated that changes made to *Strategic Planning Directions*' asset allocations, by mission, are discussed in verbal briefings but it is not their practice to maintain documentation on the extent to which risk factors affect asset allocation decisions. Without documenting this, the Coast Guard lacks a record to help ensure that its decisions are transparent and the most effective ones for fulfilling its missions given existing risks. We recommended that the Coast Guard document how risk assessments conducted are used to inform and support annual asset allocation decisions. The Coast Guard concurred with our recommendation and stated that it will begin to document these decisions in its fiscal year 2017

[52]GAO-16-379.

[53]The National Maritime Strategic Risk Assessment is a cross-program assessment which produces three main products: (1) a residual risk profile that estimates the expected societal loss remaining after the Coast Guard has performed all its prevention and response activities, (2) a Coast Guard risk reduction profile that estimates the amount of risk averted as a result of Coast Guard activities, and (3) a risk observations for management to be used to support performance management and decision-making.

Strategic Planning Direction. If implemented as planned, this would meet the intent of this recommendation.

The Coast Guard is Taking Steps to Improve Its Asset Allocation Process

In May 2016, we reported that the Coast Guard is taking steps to improve its asset allocation process.[54] The actions include the following:

- **Improving data quality for resource hours assigned to each mission:** Coast Guard guidance states that its field units should report at least one primary employment category, such as one of the 11 statutory missions, for the time an asset is deployed. Coast Guard officials told us that data on resource hours, by mission, for all assets may not be accurate because the Coast Guard does not have a systematic way for field units to (1) record time spent on more than one mission during an asset's deployment or (2) consistently account for time assets spend in transit to designated operational areas. For example, officials from six of the nine Coast Guard districts we interviewed told us that they generally record one mission per asset deployment, even though each asset's crew may have performed two or more missions during a deployment. Officials from the remaining three districts told us that if their assets' crews perform more than one mission per deployment, the crews generally apportion the number of hours spent on each mission performed. Coast Guard officials stated that the resource hour data were accurate enough for operational planning purposes, and that they were in the process of determining how best to account for time spent by assets on multiple missions and in transit in order to obtain more accurate and complete data on the time assets spend conducting each of its missions. For example, in April 2014, the Coast Guard issued instructions to its field units to provide definitions, policies, and processes for reporting their operational activities and also established a council to coordinate changes among the various operational reporting systems used by different field units.

- **Tracking how increased strategic commitments affect resource hours available:** According to Coast Guard officials, the *Strategic Planning Directions*' allocations of certain asset hours in support of strategic commitments have grown from fiscal year 2010 to fiscal year 2016. Headquarters and field unit officials we met with told us that it

[54]GAO-16-379.

has become increasingly difficult to fulfill these growing strategic commitments when asset performance levels have generally remained the same or declined in recent years. Further, in February 2015, the Coast Guard Commandant testified before a congressional subcommittee that the Coast Guard's mission demands continue to grow and evolve and that given the age and condition of some of its legacy assets, the success of future missions relies on the continued recapitalization of Coast Guard aircraft, cutters, boats, and infrastructure.[55] To meet these challenges, the Coast Guard is taking steps to provide more transparency regarding asset resource hours needed to support strategic commitments and the remaining resource hours available to field unit commanders. For example, starting in fiscal year 2015, the Coast Guard began using a new data field to track the time assets spent supporting its Arctic strategy.

In conclusion, given that many of the assumptions underlying the Coast Guard's acquisition plans have changed since 2005 and are no longer accurate, and the importance of ensuring that limited acquisition resources are invested as efficiently and effectively as possible, the Coast Guard should continue to follow through with our recommendations to identify the cost, capability, and quantity of its fleet mix, as well as the trade-offs that would need to be made given fiscal constraints. Furthermore, to ensure that assets are deployed consistent with Coast Guard mission priorities, the Coast Guard should follow through with implementing our prior recommendations to improve its annual resource allocation process.

Chairman Hunter, Ranking Member Garamendi, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

[55]Zukunft, Paul, F., Commandant of the U.S. Coast Guard, *Coast Guard, Fiscal Year 2016 Budget Request*, testimony before the House Coast Guard and Maritime Transportation Subcommittee, 114th Cong., 1st sess., February 25, 2015.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Jennifer Grover at (202) 512-7141 or groverj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Christopher Conrad (Assistant Director), Nancy Kawahara (Analyst-in-Charge), Bryan Bourgault, John Crawford, Tracey Cross, Dominick Dale, Michele Fejfar, Laurier Fish, Eric Hauswirth, Tracey King, Michele Mackin, and Katherine Trimble. Key contributors for the previous work that this testimony is based on are listed in each product.

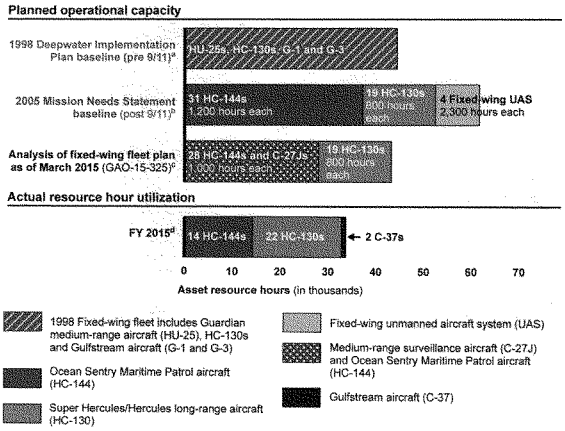
Appendix I: Planned Operational Capacities and Fiscal Year 2015 Actual Asset Resource Hour Utilization

The following figures detail the (1) actual number of asset resource hours utilized in fiscal year 2015 and (2) the expected, planned operational capacity baseline in varying years by each major asset category (fixed-wing aircraft, rotary-wing aircraft, major cutters, and patrol cutters).[1] The 2005 baseline was updated from the 1998 baseline to reflect the changes in the Coast Guard's mission as a result of the additional homeland security missions it was tasked with after 9/11.

The actual number of asset resource hours utilized is generally lower than the baselines for a variety of reasons; including, among other things, the fact that not all assets were planned to be acquired and operational by fiscal year 2015.

[1]The fiscal year 2015 data are generated from the Coast Guard's AOPS and ALMIS data systems.

Figure 4: Planned Operational Capacity for the Coast Guard's Fixed-Wing Fleet in 1998, 2005, and 2015 and Actual Resource Hours Utilized in Fiscal Year (FY) 2015



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-633T

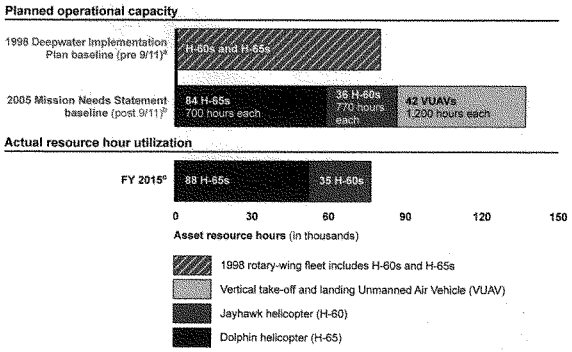
[a]The 44,400 hours is the expected annual operational capacity. However, the actual operational capacity for the fixed-wing fleet in 1998 was lower (39,517 hours).

[b]The 2005 baseline represented the expected annual operational capacity hours and the full-time equivalent number of fixed-wing aircraft needed to achieve those hours. This is the number of assets that the Coast Guard planned to acquire, not what they actually had in 2005. When routine aircraft maintenance schedules are considered, the actual number of aircraft needed to achieve those hours would be greater.

[c]GAO-15-325 did not include the unmanned air vehicle, as these assets were not part of the scope of the review. The GAO analysis includes the expected annual operational capacity and the full-time equivalent number of fixed-wing aircraft to achieve those hours. GAO-15-325 specifically reported on the total hours (43,200) and the underlying analyses includes the specific number of aircraft. This is the number of assets that the Coast Guard planned to have operational, not what they actually had at the time of the audit. When routine aircraft maintenance schedules are considered, more fixed-wing assets would be needed to achieve those hours.

[d]The Coast Guard operated the full-time equivalent of this number of assets in FY 2015. By the end of FY 2015, the Coast Guard had 18 HC-144s and 28 HC-130s. Although the Coast Guard did not have any operational C-27s in fiscal year 2015, it did record some resource hours for training, which were not included in the figure above.

Figure 5: Planned Operational Capacity for the Coast Guard's Rotary-Wing Fleet in 1998 and 2005 and Actual Resource Hours Utilized in Fiscal Year (FY) 2015



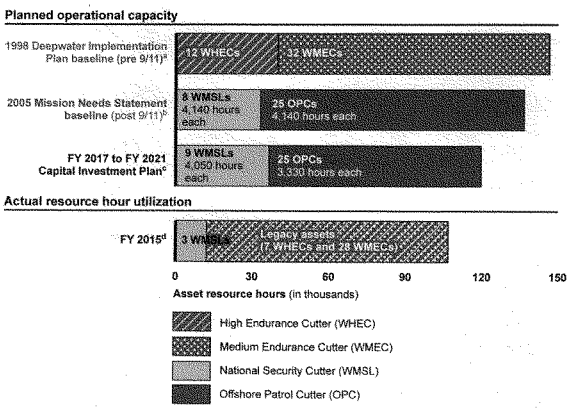
Source: GAO analysis of U.S. Coast Guard data. | GAO-16-633T

[a]The 80,000 hours is the expected annual operational capacity. However, the actual operational capacity for the H-65s and H-60s in 1998 was lower (75,135 hours).

[b]The 2005 baseline represented the expected annual operational capacity hours and the full-time equivalent number of rotary-wing aircraft needed to achieve those hours. This is the number of assets that the Coast Guard planned to acquire, not what they actually had in 2005. When routine aircraft maintenance schedules are considered, the actual number of aircraft needed to achieve those hours would be greater.

[c]The Coast Guard operated the full-time equivalent of this number of rotary-wing assets in FY 2015. By the end of FY 2015 the Coast Guard had 99 H-65s and 43 H-60s in its fleet.

Figure 6: Planned Operational Capacity for the Coast Guard's Major Cutter Fleet in 1998, 2005, and 2017 and Actual Resource Hours Utilized in Fiscal Year (FY) 2015



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-633T

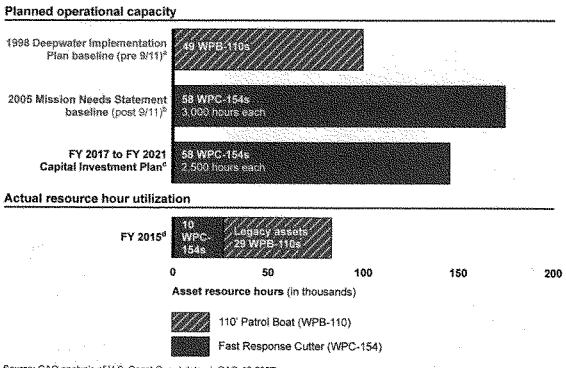
[a]The 1998 major cutter baseline represents the operational capacity of the entire major cutter fleet, not the actual 1998 resource capacity.

[b]The 2005 baseline represented the expected annual operational capacity of the major cutter fleet that the Coast Guard planned to acquire.

[c]The FY 2017 to FY 2021 Capital Investment Plan represented the expected annual operational capacity of the major cutter fleet that the Coast Guard planned to acquire. According to Coast Guard officials, although this capacity for the Offshore Patrol Cutters is reported in the FY 2017 Capital Investment Plan, it is the minimum expected operational capacity for these cutters.

[d]The Coast Guard operated three National Security Cutters in FY 2015. By the end of FY 2015, the Coast Guard had acquired five National Security Cutters. The legacy vessels are being decommissioned over time.

Figure 7: Planned Operational Capacity for the Coast Guard's Patrol Cutter Fleet in 1998, 2005, and 2017 and Actual Resource Hours Utilized in Fiscal Year (FY) 2015



Source: GAO analysis of U.S. Coast Guard data. | GAO-16-633T

[a]The 1998 patrol cutter baseline represented the 2003 110-foot Patrol Boat (WPB) reclassification, not the actual 1998 resource capacity.

[b]The 2005 baseline represented the expected annual operational capacity of the patrol cutter fleet that the Coast Guard planned to acquire.

[c]The FY 2017 to FY 2021 Capital Investment Plan represented the expected annual operational capacity of the patrol cutter fleet that the Coast Guard planned to acquire as part of its recapitalization.

[d]The Coast Guard operated 10 Fast Response Cutters (FRC) in FY 2015. By the end of FY 2015, the Coast Guard had acquired 14 FRCs. The 110-foot Patrol Boats are being decommissioned over time.

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