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COAST GUARD MISSION EXECUTION: HOW IS THE COAST GUARD MEETING ITS MISSION GOALS?

(113–44)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

DECEMBER 11, 2013

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CONTENTS

Page

Summary of Subject Matter iv

TESTIMONY

Vice Admiral John P. Currier, Vice Commandant, United States Coast Guard 3

PREPARED STATEMENT AND ANSWERS TO QUESTIONS FOR THE RECORD SUBMITTED BY WITNESS

Vice Admiral John P. Currier:
Prepared statement 26
Answers to questions from the following Representatives:
Hon. Duncan Hunter, of California 30
Hon. John Garamendi, of California 32

SUBMISSIONS FOR THE RECORD

Vice Admiral John P. Currier, Vice Commandant, United States Coast Guard, responses to requests for information from the following Representatives:
Hon. John Garamendi, of California, requested details on how the Coast Guard's internal acquisition enterprise operates in a way consistent with the Coast Guard's planning and budgeting efforts 9
Hon. Rick Larsen, of Washington, requested justification for the Coast Guard's program of record reduction for the Response Boat-Medium (RB–M) from the original program of record of 180 RB–Ms to the Coast Guard's new Acquisition Program Baseline of 170 RB–Ms 14
Hon. Duncan Hunter, of California, requested a comparison of the capabilities of the National Security Cutter (NSC) and the Offshore Patrol Cutter (OPC) that indicates why the NSC costs so much more than the OPC 21
Hon. Tom Rice, of South Carolina, asked if U.S. shipping safety standards are more stringent than international shipping standards, and, if more stringent, is this the reason why the size of the U.S.-flagged vessel fleet has decreased 23



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T&I COMMITTEE

CHAIRMAN BILL SHUSTER
113TH CONGRESS

December 6, 2013

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 Execution: How is the Coast Guard Meeting Its Mission Goals?"

PURPOSE

On Wednesday, December 11, 2013, at 10:00 a.m., in 2167 Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will hold a hearing to examine factors inhibiting the Coast Guard ability to meet its mission performance targets and whether those targets are truly achievable, as well as to review what steps the Service might take to adjust performance targets to address these factors and to acquire and maintain the capabilities necessary to meet such revised targets. The Subcommittee will hear from the Vice Commandant of the Coast Guard.

BACKGROUND

Coast Guard Missions

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

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

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

3) Search and Rescue: Search for, and provide aid to, people who are in distress or imminent danger.

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

5) Living Marine Resources: Enforce laws governing the conservation, management, and recovery of living marine resources, marine protected species, and the protection of National Marine Sanctuaries.

6) Ice Operations: Operate and maintain icebreaking resources for the United States.

7) Ports, Waterway, and Coastal Security: Ensure the security of vessels and the waters subject to the jurisdiction of the United States, as well as the ports and intermodal landside connections that comprise the Marine Transportation System.

8) Drug Interdiction: Stem the flow of illegal drugs into the United States.

9) Migrant Interdiction: Secure maritime borders and stem the flow via maritime routes of undocumented alien migration and human smuggling.

10) Defense Readiness: Maintain the training and capabilities necessary to immediately integrate with Department of Defense forces in both peacetime operations and during times of war.

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

Tracking Mission Performance

Summary Performance Measures

To track mission performance, the Coast Guard uses a set of performance measures it developed pursuant to the Government Performance and Results Act (P.L. 103-62). Each year, the Coast Guard undertakes a Standard Operational Planning Process it uses to establish a Strategic Planning Directive (SPD), which determines mission priorities based on risk and helps guide the Service in allocating resources among statutory missions for the next fiscal year. The SPD takes into account historic funding levels, predicted asset availability, planned and potential environmental and geopolitical events, the Service's strategic priorities, as well as Department of Homeland Security (DHS) priorities laid out in the Quadrennial Homeland Security Review (QHSR). The QHSR sets a strategic framework meant to guide the activities of DHS and identifies mission areas for DHS agencies to focus on.

In fiscal year (FY) 2012, the Coast Guard used 23 different performance measures to track its success in meeting SPD mission goals. The Service reported that it met or exceeded 11 of 23, or 48 percent of its summary performance measures. By comparison, in FY 2011 the Service reported that it met or exceeded 14 of 23, or 61 percent of its summary performance

measures. Over the last five fiscal years, the Coast Guard has not met or exceeded more than 61 percent of its summary performance measures.

FY 2012 & FY 2011 Performance Measure Summary

Mission	Measure	FY 2012 Met	FY 2012 Not Met	FY 2011 Met	FY 2011 Not Met
Living Marine Resources	Fishing Regulation Compliance Rate	X		X	
Marine Safety	5-Yr Average Number of Commercial and Recreational Deaths and Injuries	X		X	
	5-Yr Average Number of Commercial Mariner Deaths and Injuries	X		X	
	5-Yr Average Number of Commercial Passenger Deaths and Injuries		X		X
	5-Yr Average Number of Recreational Boating Deaths and Injuries	X		X	
Marine Environmental Protection	Average Number of Chemical Discharge Incidents in the Maritime Environment	X		X	
	Average Number of Oil Spills in the Maritime Environment	X		X	
Search and Rescue	Percentage of People in Imminent Danger Saved in the Maritime Environment		X		X
	Percentage of Time Rescue Assets Are On-Scene Within 2 Hours		X		X
Aids-to-Navigation	Availability of Maritime Navigation Aids	X		X	
	Average Number of Navigational Accidents	X		X	
Ice Operations	Number of Days Critical Waterways Are Closed to Commerce Due to Ice	X		X	
Ports, Waterways, and Coastal Security	Percent Reduction of All Maritime Security Risk Subject to USCG Influence		X	X	
	Percent Reduction of Maritime Security Risk Resulting from USCG Consequence Management		X	X	
	Percent Reduction of Maritime Security Risk Resulting From USCG Efforts To Prevent a Terrorist From Entering the United		X		X
	Percent Reduction of Maritime Security Risk Resulting From USCG Efforts to Prevent a Weapon of Mass Destruction From Entering the United States Via Maritime Means		X		X
	Annual MTSA Facility Compliance Rate With Transportation Worker Identification Credential Regulations	X		X	
	Security Compliance Rate for High Risk Maritime Facilities		X		X
Drug Interdiction	Removal Rate for Cocaine From Noncommercial Vessels in the Maritime Transit Zone		X		X
Migrant Interdiction	Percentage of Undocumented Migrants Who Attempt To Enter the United States by Maritime Routes That Are Interdicted		X		X
	Percentage of Undocumented Migrants Who Attempt To Enter the United States by Maritime Routes Interdicted by the USCG	X		X	
Defense Readiness	Defense Readiness Assessment of All USCG High Endurance Cutters, Patrol Boats, and Port Security Units		X		X
Other Law Enforcement	Number of Detected Incursions of Foreign Fishing Vessels Violating U.S. Waters		X	X	
TOTAL USCG PERFORMANCE MEASURES		**11**	**12**	**14**	**9**

Resource Hours Per Mission

Resource hours are the number of flight hours (for aircraft) and underway hours (for boats and cutters) used to carry out a specific mission. Resource hours are tracked internally by the Coast Guard and reported annually by the DHS Inspector General (IG) in its *Annual Review of the United States Coast Guard's Mission Performance*. The latest DHS IG report found that

the total number of resource hours available to conduct Coast Guard missions declined by over 6,600 hours. Since FY 2005, the total number of resource hours has declined by over 110,000 hours or 14 percent. The latest DHS IG report is available at: http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-122_Sep13.pdf.

Impact of Asset Availability on Mission Performance:

According to the Coast Guard, the largest factor in the decline in total resource hours and its ability to successfully perform its mission is the decreased availability of cutters and aircraft due to increased rates of asset failures, the decommissioning of obsolete assets before new assets are acquired to replace them, and the level of funding available to support operations.

Asset Failures

The age of Coast Guard vessels and aircraft, coupled with an increased tempo of operations, have led to increased rates of failure among the assets' parts and major systems. These factors, in turn, have increased scheduled and unscheduled maintenance costs and reduced resource hours which have negatively impacted operational readiness and mission performance. In its August 2012 report entitled "Legacy Vessels' Declining Conditions Reinforce Need for More Realistic Operational Targets" (GAO-12-741), the Government Accountability Office (GAO) found that scheduled maintenance costs for legacy assets increased 32 percent from fiscal years 2008 to 2011. The GAO also found that the Service's legacy fleet of vessels was not able to achieve operational targets for percent time free of casualty or underway hours. As a result of the failure of its legacy assets to operate at target levels, the Service reported that from fiscal years 2007 through 2010, it reduced the hours spent conducting drug interdiction activities by 65 percent and the number of hours spent conducting alien interdiction activities declined by 40 percent.

Decommissionings

Due to the growing unreliability of obsolete and rapidly failing assets and the increasing costs to maintain them, the Coast Guard is decommissioning its aging legacy assets faster than replacement assets can be acquired. For instance, over the last three fiscal years, the Service has decommissioned four of its 378 foot High Endurance Cutters (HEC) while only commissioning three replacement National Security Cutters (NSC). Although the NSC has more capability than the HEC, the timing of the HEC decommissionings have resulted in a reduction of thousands of underway hours.

Operating Funds

Although FY 2013 is not reflected in the performance summary chart, the FY 2013 sequester has also had a significant impact on the ability of the Coast Guard to meet performance targets and has reduced resource hours spent on missions. The sequester cut approximately $200 million from the Service's training, operating, and maintenance accounts which has limited the availability of assets. The Coast Guard has publicly stated the sequester could limit resource hours spent on certain missions by approximately 20 percent.

Acquisition of New Assets

The Coast Guard began a process of recapitalizing its aging vessels and aircraft in the late 1990's. The program's focus was to replace those assets that carry out missions farther than 50 miles from shore and to modernize information technology systems that the Service relies upon to coordinate its operations. The program was known as the Integrated Deepwater System (Deepwater). To manage the acquisition program, the Coast Guard engaged a Lockheed Martin/Northrop Grumman team, called the Integrated Coast Guard System (ICGS).

Deepwater encountered significant quality and cost issues. It was the subject of several oversight hearings and an investigation by the Committee. It is also the subject of continuing review by GAO. The Coast Guard terminated the contract with the ICGS in 2007 and is now performing the acquisition functions in-house.

Resource Hour Gaps in the Acquisition Program of Record

In 1998, the Coast Guard released a Mission Need Statement (MNS) to identify how Deepwater would fill resource hour gaps in its missions and establish a baseline for the numbers, types, and capabilities of new and recapitalized assets that would be needed to meet the Service's mission requirements. In 2005, the Coast Guard revised the 1998 MNS to accommodate additional capabilities needed to meet post-September 11 mission requirements. The 2005 MNS guided the creation of a new acquisition program of record approved in 2007 with a baseline of 20 to 25 years for the delivery of new and recapitalized assets at a total cost of $24.2 billion.

The Coast Guard tracks the impact on resource hours of the transition from legacy assets to new and refurbished assets in the attached Transition Schedule charts (see Attachment A). The charts include two horizontal lines which represent the resource hour goals for the assets based on the MNS. The red horizontal line represents the number of hours needed to meet the Service's mission demands in 1998. The blue horizontal line represents the number of hours needed to meet the post-September 11th mission demands. The charts assume steady maintenance and acquisition funding for new assets. Even under that scenario (see discussion below), the Service will fall tens of thousands of hours short of the operational hours needed to meet its post-September 11th mission demands.

Funding for the Acquisition Program of Record

The GAO has reported that at least $1.9 billion in acquisition funding would be required each year to build all of the assets included in the acquisition program of record on schedule (GAO-11-743). Funding for the Coast Guard's Acquisition, Construction, and Improvement (AC&I) account has never exceeded $1.6 billion. Furthermore, in recent fiscal years, the administration has proposed to cut AC&I funding. For instance, the President requests $909 million for AC&I in FY 2014, $634.2 million, or 41 percent, less than the FY 2013 enacted level.

Projected funding for the Coast Guard acquisitions also falls significantly short of what is required to build the acquisition program of record on schedule. The Service's FY 2014-2018 Capital Investment Plan (CIP) identifies funding for major acquisition programs over the next

five fiscal years (see Attachment B). Funding for the AC&I account does not exceed $1.19 billion for any fiscal year in the CIP.

Unsustainability of the Acquisition Program of Record

In July 2011, the GAO released a report entitled "Action Needed As Approved Deepwater Program Remains Unachievable" (GAO-11-743). The title refers to the GAO's finding that it will be impossible for the Coast Guard to complete its acquisition program of record without breaching its 2007 baseline. Among other reasons for the breach, the GAO found that funding requested by current and past administrations has not been sufficient to meet acquisition timelines, and the Service has not conducted a comprehensive reanalysis of the current recapitalization program to examine tradeoffs between budget constraints, timelines, capabilities, and asset quantities. As a result, the GAO estimated it could take an additional 10 years to complete the current acquisition program of record and the total cost could increase by at least $5 billion to approximately $29 billion.

Actions Taken by the Coast Guard

Reviews of the Acquisition Program of Record

Since the publication of the GAO's report, the Coast Guard and DHS have released two studies that reassessed the large cutters being acquired under the current recapitalization program: a two-phased Fleet Mix Analysis (FMA) and the Major Cutter Study. The purpose of the studies was to assess the current acquisition program and alternatives to determine the best mix of cutters to meet Coast Guard mission requirements laid out in the 2005 MNS.

- Fleet Mix Analysis – The 2007 baseline calls for acquiring a mix 91 new cutters: 8 NSCs, 25 Offshore Patrol Cutters (OPC), and 58 Fast Response Cutters (FRC). However, the Coast Guard estimates that after completing the acquisition of 91 new cutters, the Service would still experience mission capability gaps in 6 of its 11 statutory missions. To examine the issue, the Coast Guard conducted its FMA Phase I which determined the number of cutters that would be needed to completely fill the Service's mission capability gaps. The objective fleet mix included in FMA Phase I calls for a mix of 157 new cutters: 9 NSCs, 57 OPCs, and 91 FRCs. In November 2011, the Coast Guard released its FMA Phase II which applied budget constraints on the FMA Phase I analysis. FMA Phase II calls for the acquisition of 149 new cutters: 9 NSCs, 49 OPCs, and 91 FRCs.

- DHS Major Cutter Study – DHS released its Major Cutter Study in December 2011. This study evaluated the anticipated mission effectiveness of the Coast Guard's current acquisition program of record for both the NSC and OPC against alternative fleet mixes. These mixes included varying numbers of both assets, as well as the possibility of substituting either a modernized 270 foot Medium Endurance Cutter (MEC) or a Coast Guard variant of the Navy's Littoral Combat Ship for the OPC. DHS found that while some of the alternative mixes provided advantages in some mission areas, no alternative could match the program of record in every mission area. Additionally, those advantages

would not be realized for several decades. As such, DHS concluded that the study validates the 2007 program of record.

In April 2013, DHS announced it would conduct a "comprehensive portfolio review" that will revise the programs of record and operational requirements for assets to be acquired under the recapitalization program to better meet projections of future years funding.

Recent Changes to the Acquisition Program of Record

- Maritime Patrol Aircraft – The Coast Guard is currently acquiring HC-144A aircraft to replace its obsolete HU-25 medium range patrol aircraft. The Service has acquired 18 of the planned 36 HC-144A aircraft identified in the acquisition program of record. There is no funding requested in the FY 2014 budget request or the FY 2014-2018 CIP to acquire additional HC-144A aircraft. In testimony before the Subcommittee in June 2013, the Vice Commandant of the Coast Guard indicated the Service was taking a "strategic pause" in the aircraft's acquisition and would "reexamine the affordability of the aircraft, vis-à-vis the whole acquisition portfolio" in light of the potential availability of new C-27J aircraft being excessed by the Air Force.

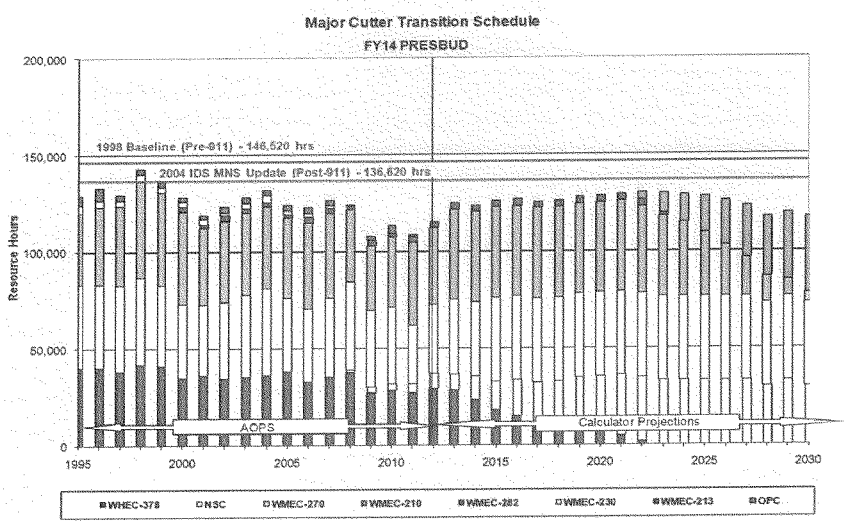
  Section 1091 of the National Defense Authorization Act for Fiscal Year 2013 (P.L. 112-239) authorizes the transfer of up to 21 C-27J aircraft from the Air Force to the Coast Guard. A cost benefit analysis undertaken by the Coast Guard found that the C-27J transfer could result in up to $826 million in cost avoidance over acquiring the remaining 18 HC-144A aircraft called for in the program of record.

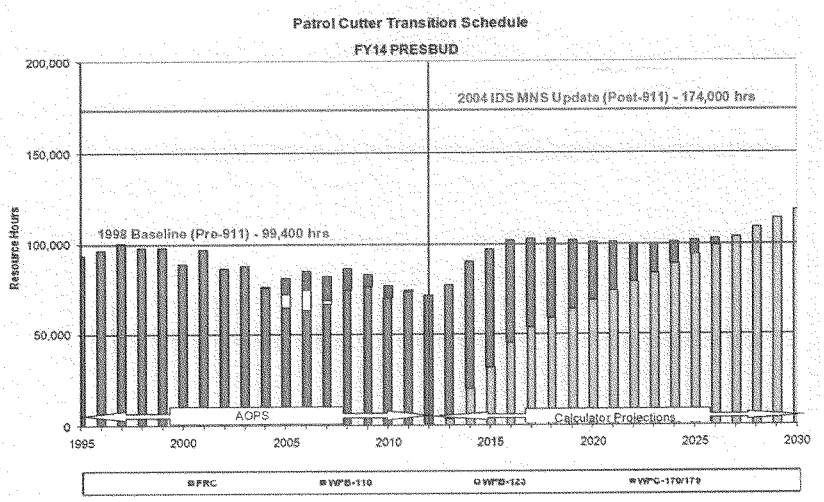
- Offshore Patrol Cutter – The Coast Guard plans to acquire 25 OPCs to replace its aging fleet of 210 foot and 270 foot MECs. In an effort to save costs, the Service reduced planned capabilities for the cutter during the requirements determination phase of the acquisition. The Request for Proposals released in September 2012, reduced the speed from 25 to 22 knots, eliminated the ability to launch and recover small boats from the stern, and reduced requirements for the cutter's information technology system. Nevertheless, the Service estimates the acquisition cost will total more than $12 billion, or an average of $484 million per cutter. The Coast Guard has yet to select a final design for the OPC.

WITNESS LIST

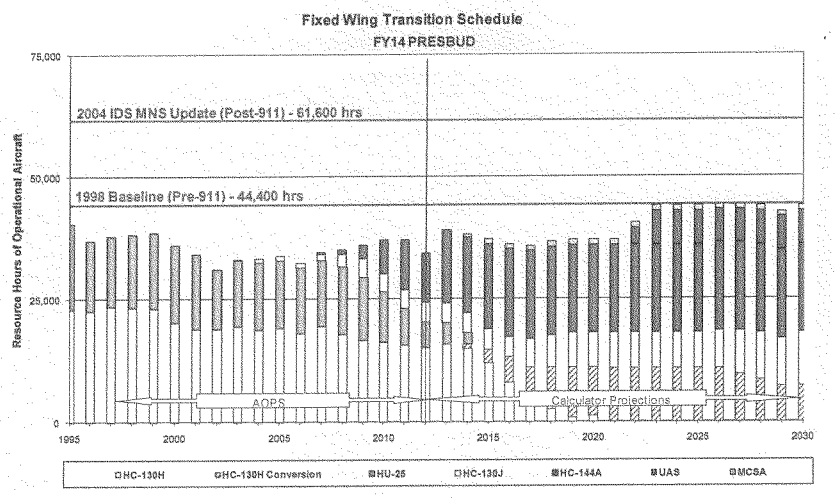
Vice Admiral John P. Currier
Vice Commandant
United States Coast Guard

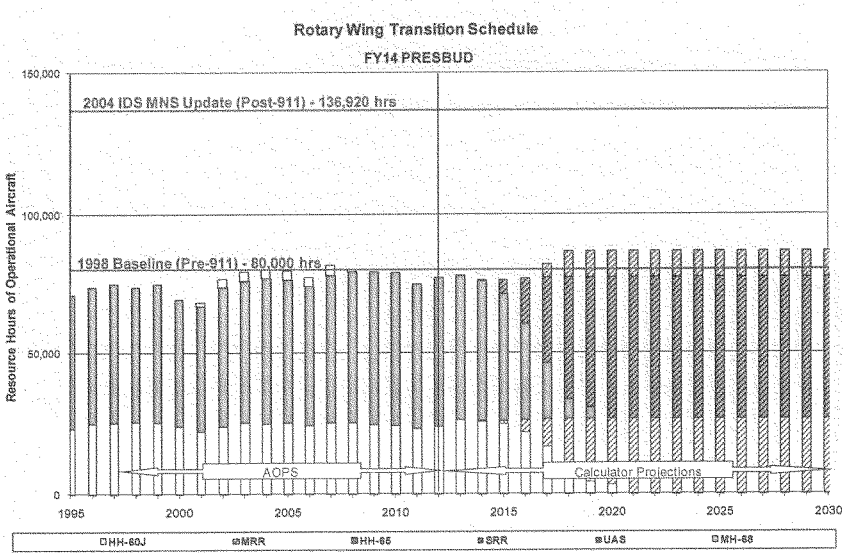
Attachment A





Attachment A





Attachment B

FY 2014-2018 Five Year Capital Investment Plan (CIP)
Acquisition, Construction & Improvements

f dollars, budget year dollars)	FY 2012 Revised Enacted	FY 2014 Request	FY 2015	FY 2016	FY2017	FY 2018	Total Acquisition Cost [1]	Estimate Completi Date [1]
	$642,400	$743,000	$835,600	$821,900	$732,500	$750,500		
vessel and Boats	$6,000	$1,000	$2,000	$1,000	$3,500	$2,500	Not Applicable	Not Applic
nagement	$14,000	$21,000	$36,000	$37,000	$37,000	$50,000	Not Applicable	Not Applic
ns (RB-M)	$110,000	$0	$0	$0	$0	$0	$610,000	2016
er (NSC)	$77,000	$616,000	$710,000	$38,000	$0	$45,000	$4,749,600	2018
(OPC)	$25,000	$25,000	$65,000	$200,000	$550,000	$430,000	$10,735,000	2034
FRC)	$358,000	$75,000	$110,000	$110,000	$110,000	$110,000	$3,920,000	2037
ner (MEC) Sustainment	$15,000	$3,000	$4,000	$4,000	$4,000	$2,000	Not Applicable	Not Applic
	$47,000	$0	$0	$0	$0	$0	$396,800	2017
	$0	$2,000	$8,000	$100,000	$20,000	$100,000	TBD	TBD
	$298,000	$28,000	$66,000	$125,000	$66,700	$45,000		
Replacement	$18,300	$0	$0	$0	$0	$0	Not Applicable	Not Applic
ni (SAPA)	$159,500	$0	$16,000	$20,000	$0	$0	$3,755,990	2035
jects	$56,100	$0	$0	$0	$1,700	$5,000	$466,581	2035
nsustainment Projects	$24,000	$12,000	$35,000	$40,000	$40,000	$25,000	$1,139,400	2019
ter Aircraft (C-130H/J)	$62,000	$16,000	$15,000	$15,000	$15,000	$15,000	$2,760,000	2036
stem (LAS)	$0	$0	$0	$48,000	$0	$0	TBD	TBD
ll Management	$169,140	$59,936	$59,000	$89,000	$81,500	$20,000	Not Applicable	Not Applic
nal Integration	$17,140	$3941	$1,000	$1,000	$1,000	$1,000	Not Applicable	Not Applic
	$38,500	$35,336	$35,000	$65,500	$50,500	$50,500	$2,335,000	2025
Identification System (NAIS)	$16,500	$11,500	$3,000	$2,500	$10,000	$10,000	Not Applicable	Not Applic
	$5,000	$10,000	$0	$0	$0	$0	$276,800	2014
s Centers (DOCs)	$65,000	$0	$0	$0	$0	$0	$1,066,200	2017
	$5,000	$0	$0	$0	$0	$0	$83,000	2017
	$200,693	$65,000	$20,000	$60,000	$45,000	$45,000		
Housing, ATON and S&D	$111,900	$2,000	$10,000	$30,000	$20,000	$20,000	Not Applicable	Not Applic
tenance Infrastructure	$81,500	$0	$5,000	$25,000	$20,000	$20,000	Not Applicable	Not Applic
	$6,293	$3,000	$5,000	$5,000	$5,000	$5,000	Not Applicable	Not Applic
pairs	$110,193	$115,186	$125,729	$117,042	$118,137	$119,342		
	$600	$439	$518	$639	$600	$600	Not Applicable	Not Applic
	$109,593	$114,747	$115,211	$116,343	$117,537	$118,702	Not Applicable	Not Applic
TOTAL	$1,403,93[illegible]	$951,136	$1,195,729	$981,042	$1,024,837	$1,030,342		
	$63,600	($42,000)	(See 4)					
	($5,804)	$909,136						
	($879)							
	$1,358							
	$1,460,869							

1 and Estimated Completion Date are Lump Quantity cost based on the Acquisition Program Baseline (APB) requirements approved by DHS, as appropriate, for 29597 Integrated Deepwater System APB.
2 Reflects reductions taken pursuant to the Consolidated Appropriations Act, 2012, (P.L. 112-74), and the Air Force Aircraft Procurement appropriation as proposed in C-130J account
3, rescission of Public Law 111-32, section 124
4, rescission of Public Law 110-329, section 122
5 Represents re-baselining of the Fast Response Cutter program.
6 Represents re-baselining of the NSC, OPC, MEC Sustainment and 270' WMEC programs.
7 Reflects reductions taken pursuant to P.L. 112-10, section 1119(a) and P.L. 112-74, section 122.

COAST GUARD MISSION EXECUTION: HOW IS THE COAST GUARD MEETING ITS MISSION GOALS?

WEDNESDAY, DECEMBER 11, 2013

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

The subcommittee met, pursuant to call, at 10:10 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 examine why the Coast Guard cannot meets its mission performance targets and whether those targets are truly achievable, as well as to review mission requirements and the capabilities the Service plans to acquire.

As the Coast Guard's own data shows, the Service is not meeting its mission performance targets. In fiscal year 2012, the Coast Guard met less than half of its mission performance measures. Over the last 5 fiscal years, the Service never scored better than 61 percent.

Other metrics of mission performance paint an equally bleak picture. For instance, the Coast Guard has reported that since fiscal year 2005 the total number of flight hours for aircraft and underway hours for cutters has declined by more than 14 percent. The reduction in these and other metrics that judge mission performance are largely attributable to the fact that the Coast Guard's fleet of aircraft and vessels are not longer reliable. Most Coast Guard assets have surpassed their service lives and become increasingly prone to failures. Simply put, the Service cannot perform its missions when its aircraft and cutters are not working.

For years, this subcommittee has advocated for more funding for the Coast Guard's recapitalization program in an effort to acquire new and more capable assets. The thinking was, if we could complete the recapitalization program of record in a timely manner, we could restore the capability and ensure mission success.

The truth of the matter is, in this budget environment, there is simply not enough money to complete the program of record. Both the Commandant and the GAO noted that at least $2 billion annually would be needed to build the program of record on schedule, but the President's fiscal year 2014 budget only requests $909 mil-

lion for the Coast Guard acquisitions, a 41-percent cut over fiscal year 2013. Let me repeat that: a 41-percent cut by this administration over fiscal year 2013.

Projected future funding for the Coast Guard acquisitions also falls significantly short of what is required. The Service reports that it does not plan to spend more than $1.1 billion on acquisitions in any of the next 5 fiscal years.

The Coast Guard has taken some steps to reduce costs. For instance, it has reduced plan capability for the Offshore Patrol Cutter and worked with Congress on the potential transfer of aircraft from the Air Force. This morning I am pleased to announce that, thanks to the hard work and leadership of Chairman McKeon and, I would say, Bob Simmons, the staff director for the Armed Services Committee, the Air Force will soon transfer 14 new C–27J aircraft to the Service and avoid over $600 million in planned acquisition costs.

However, even if sufficient funding was in place, the program of record does not provide the capability necessary to meet mission performance targets. As the charts on the screen indicate, building the program of record still leaves the Coast Guard tens of thousands of hours short of what is needed to meet its post-September 11th mission requirements.

The time has obviously come for the Coast Guard to conduct a thorough review of its program of record and for the Service, the administration, and Congress to make some hard decisions about how to rebalance capabilities and mission requirements.

I thank Vice Admiral Currier for being here today, for his service and leadership. I look forward to your insight, Admiral, on how to resolve this situation.

With that, I yield to Ranking Member Garamendi.

Mr. GARAMENDI. Mr. Chairman, thank you very much. I want to thank you for scheduling this meeting to discuss the internal and external factors affecting the ability of the United States Coast Guard to execute and fulfill its important missions and responsibilities.

Admiral Currier, welcome. I am looking forward to your testimony.

Oversight by this subcommittee to stay on top of the activities of the Coast Guard is a necessity. Why? For the simple reason the Coast Guard is responsible for the safety and security of the maritime transportation system, a diverse intermodal network which moves waterborne cargo valued at more than $649 billion annually and sustains more than 13 million U.S. maritime-related jobs.

It is no exaggeration to say that the Coast Guard is indispensable to commerce, security, and the environmental protection of the United States. And, regrettably, it is also no exaggeration to say that our Coast Guard is overlooked, overworked, and underresourced.

But that is nothing new. We have been down this road before, most recently at the subcommittee's hearing in February regarding the Coast Guard's mission balance. So I am compelled to ask: Exactly what new information do we expect to receive today?

Should any member of this subcommittee really be surprised or shocked to hear the Coast Guard is failing to meet roughly half of

its performance goals? If so, tell me why we would be shocked. After all, it is the Coast Guard itself who told us in February that the budget cuts imposed by the bludgeon of sequestration would force the Service to reduce by over 20 percent its operating hours across all missions except search, rescue, and emergency response.

So what has it meant? Well, off the California coast, the Coast Guard has had to curtail air operations by approximately 15 percent and maritime operations by approximately 22 percent. Consequently, security patrol supports and critical infrastructure, security escorts of cruise ships and ships carrying hazardous cargoes, drug and migrant interdiction and other law enforcement operations have been reduced.

Considering all the challenges facing the Coast Guard, especially those challenges related to its $29 billion recapitalization program, sequestration only ensures that underperformance will be the preordained outcome. The fact of the matter is that the Congress, by failing repeatedly to pass budgets and provide the Coast Guard with sufficient annual appropriation, is complicit and, in my view, the reason why the Coast Guard underperforms.

Nonetheless, we often hear critics claim that the Coast Guard must get real, that it must adjust its performance targets and its operations to meet the new budget realties. And while there is more than a small grain of truth to that, I contend it is more the Congress that is living in a fantasy world. Considering the impacts caused by sequestration and the recent announcement of the chairs of the House and Senate Intelligence Committees stating that the threat of terrorism against the United States is growing, an inadequately funded Coast Guard presents an ill-advised gamble.

Instead of proposing additional cuts to funding levels, we should be working with the administration and our colleagues on the Appropriations and the Budget Committee to provide the Coast Guard with the resources it needs. It is doubtful that the budget proposal that is now being discussed in the halls of the Congress and across this Nation will meet that challenge. It will not provide the resources necessary.

The hard reality remains, you get what you pay for. And if the Congress continues to think it can underfund the Coast Guard yet expect our guardians of the sea will magically fulfill all of its mission responsibilities, we will simply be perpetuating a delusion—one that is harmful to the Coast Guard, to the U.S. maritime economy, and the safety and security of the United States and the safety and security of those who are on the water.

I yield back.

Mr. HUNTER. I thank the ranking member.

On our witness panel today we have Vice Admiral John Currier, Vice Commandant of the United States Coast Guard.

Admiral Currier, you are recognized for your opening statement.

TESTIMONY OF VICE ADMIRAL JOHN P. CURRIER, VICE COMMANDANT, UNITED STATES COAST GUARD

Admiral CURRIER. Thank you, Chairman Hunter, Ranking Member Garamendi, and members of the subcommittee. Good morning, and thank you for the opportunity to speak about the Coast

Guard's mission performance and our continued efforts to best serve the American people.

On behalf of the Commandant and the men and women of the Coast Guard, thank you for your oversight and continued support of our service.

The United States faces an increasingly broad set of maritime risks to people, cargo, conveyances, and the environment. These risks drive the need for effective maritime governance and an increased demand for Coast Guard's unique authorities and operational capabilities.

As we balance the demand for our services with available resources in this challenging fiscal environment, tough choices have to be made. Unfortunately, despite our continuing efforts to meet all mission demands, we are not able to sustain effective presence, meet every demand, or conduct operations in all areas that are needed. However, we are making responsible and informed decisions through our performance planning process to mitigate our highest risks and to respond to the highest maritime threats.

An integral component of this performance planning process is continually evaluating our mission effectiveness. This requires careful consideration, robust metrics, as well as a number of internal and external factors. These factors are not only influenced by the dynamic nature of the threats we face, but also by the fiscal realties that inform our performance targets and our budget priorities.

The Coast Guard has missed several of our mission performance targets in fiscal year 2012, and we expect similar shortfalls in fiscal year 2013. Specifically, what concerns me is the Coast Guard fell short in key performance areas such as drug interdiction, migrant interdiction, and ports, waterways, and coastal security.

In executing its drug interdiction mission, the Coast Guard and its partners removed 88 metric tons of cocaine from the Transit Zone last year. That is 19 fewer tons than 2012. Just to frame this, that is an uncut value on the street of over a half-billion dollars. Maritime interdiction of narcotics remains the most effective interdiction method. Moreover, at-sea interdictions deprive transnational criminal organizations of profits and facilitate prosecutions that destabilize these criminal networks.

As we continue to enhance security in our land borders, illicit maritime activity and threats to our maritime borders will increase. There are implications on this interdiction in the Transit Zone on political security in the Central American countries.

Intelligence indicates in 2013 the flow of undocumented migrants attempting to enter the U.S. via maritime routes increased. Last year, we interdicted approximately 860 fewer individuals attempting to illegally enter the U.S., and that is a 28-percent decrease over prior years. The tragic loss of life aboard a Haitian sail freighter migrant vessel last month, where 30 people perished at sea, is a stark reminder of the need for effective presence to deter illegal immigration and to prevent loss of life at sea.

Protection of the maritime transportation system is vital to promote the safe and efficient flow of legitimate maritime commerce in executing our ports, waterways, and coastal security mission.

In fiscal year 2013, we conducted fewer security boardings and escorts of high-interest vessels, high-capacity passenger vessels such as ferries and cruise ships, and vessels carrying what is termed "certain dangerous cargo." The effect of this reduction is difficult to quantify, but persistent levels of reduced activities could impact our ability to deter and disrupt terrorist activity. It is the same concept as the value of the policeman on the beat.

While no single year's data can indicate a real trend, I have to express my growing concern with the erosive impacts of sequestration. As this subcommittee is aware, the funding impact of sequestration totaled approximately $340 million and required the Coast Guard to reduce operations by an average of 25 percent, which impacts this ability to meet mission goals.

In addition, critical maintenance on our aging cutters/aircraft has been deferred, further degrading availability rates and long-term viability of these systems. Our cutter, boat, and aircraft crews are trained to minimum levels of proficiency.

You know, sir, the Coast Guard's unique value is our ability to perform these many missions across the 11 statutory missions set, yet still, when called upon, react to a national level of contingency. This surge capability is not always apparent until it is needed. And it is eroding at a rate that should be of great concern to Congress and the American people.

I am also concerned with the long-term effects of decreased funding levels of acquisition, construction, and improvement accounts. Speaking candidly, continued funding at current levels will prevent us from adequately recapitalizing critical assets and will ultimately increase risk in the offshore environment and will dramatically change the face of the Coast Guard.

Our legacy major cutters, many of which were commissioned during the Johnson administration, continue to age. They are proving to be increasingly unreliable and cost-prohibitive to operate. This past year, we conducted emergency dry-dock availabilities for three of our almost 50-year-old 210-foot cutters due to structural deterioration. In no uncertain terms, these cutters are increasingly unable to carry out mission requirements, and ultimate concerns for the safety and welfare of our crews will force us to remove them from service.

With reductions to the U.S. Navy presence in the drug Transit Zone, emerging operations in the Arctic, and increased focus on the Pacific, demands for Coast Guard services are increasing. Yet our ability to meet these demands is in decline. This reality reinforces the need to continue to invest and recapitalize in the offshore cutter fleet, the Offshore Patrol Cutter in particular.

I would like to thank the support of Congress, the administration. We have gained significant recapitalization success through acquisitions of the National Security Cutter, Fast Response Cutter, the Response Boat-Medium, and other major projects. We are currently embarked on our largest and most important acquisition, the Offshore Patrol Cutter.

There are three things necessary for major systems acquisition success: stable requirements, an efficient acquisition organization, and predictable funding. With these three things, we can acquire

and deliver our much-needed assets and capabilities on time, according to specifications, and within budget targets.

Clearly, we face difficult times on the way forward. We have made tough choices within significantly reduced budget authority, effectively conducting operations to counter the greatest maritime risks faced by the Nation while continuing to recapitalize our most vital assets.

We are America's first responders in the maritime. And the current fiscal path foreshadows a less capable Coast Guard, perhaps not fully able to respond natural disasters such as Katrina, Sandy, the Haitian earthquake, or manmade disasters akin to the *Deepwater Horizon* oil spill. My greatest fear is that when our Nation calls the Coast Guard to respond in the future, we will be less ready, less proficient, and less capable of providing the standards of service that have been our hallmark for 223 years. Semper Paratus, our motto, our ethic, may not ring true.

Thank you again for the opportunity to testify today and, in particular, for your support and hard work on the NDAA and the C–27 transfer. We appreciate your steadfast support for our Coast Guard. And I look forward to answering any questions.

Thank you, sir.

Mr. HUNTER. Thank you, Admiral Currier, for your testimony.

I will now start recognizing Members, starting with myself.

I guess my first question is—could we put that graph back on the screen?

So if my friend from California were sitting here, he might have sequester included in this. This does not include sequester. If sequester was included in this graph, those vertical bars would all be lower than they are. Sequester is not included.

Do you have this graph in front of you, Admiral?

Admiral CURRIER. No, sir, I don't, but I am——

Mr. HUNTER. Can someone get him one of these so we can go through it?

The red line is the 1998 baseline of what the Coast Guard had to do to fulfill its requirements. The blue line is the post-9/11 hours required and acquisitions required to meet those goals. You have big cutters, small cutters, rotary-wing, and fixed-wing.

So the question is, regardless of sequester—because I like to sit in on my Armed Services Committee and listen to everybody say how Congress ruined sequester while they do billions and billions of dollars' worth of bad programs in DOD—regardless of sequester, the blue line is unattainable.

I just came back from Huntington Ingalls, where I got to go on the NSC and walk around on it. That is a beautiful ship, but it is also an almost $700 million ship that you could paint gray and put a Navy crew on. OK? So what you got is you got the best gizmo possible, the best ship you could possibly ever get, and in exchange for that now you are not going to have enough of anything else. You almost meet your requirement on the large cutters because of the NSC, almost, but you don't reach it anywhere else. And one reason for that is you probably overspent by $250 million, $300 million what you really needed for your NSC. Now, you have the best frigate in the world now that any Navy and any military

would be happy to have, but now you are going to be short everywhere else, with no sequester.

So the question is now—it is up to you to go back and say, the blue line is too high. We can maybe meet our 1998 line, that baseline, but there is no way you are going to hit the blue line. And I think until we, kind of, face that and realize that that is true, there is no fixing this. You will just fall short year after year after year after year and never be able to drill down on what you really need to get.

So that is my question. If you look at that blue line, you look at the red line, regardless of sequester, are your post-9/11 mission requirements achievable?

Admiral CURRIER. Sir, thanks for that question.

Clearly, when we look at the blue line, it was envisioned as the Deepwater goals that assumed, when they set that line, that all the systems were in place, fully funded, crewed, and operating to optimal capacity. That has not been achieved to date. While I believe that we will make progress toward the blue line, I tend to agree with you that we probably will not achieve that.

It requires us to relook at that, revalidate that particular part of it, but I think I want to underscore that, despite numerous studies that have been done, we believe that the program of record is still valid.

And I would say to you, sir, that, yes, the National Security Cutter is certainly expensive, it is highly capable, the three that we have in the water are performing outstanding, but there are areas that we operate where that size ship is not an overreach. The Bering Sea, the Gulf of Alaska, even the Eastern Pacific and the Western Caribbean for drug interdiction often have sea states where a ship of that size is really required to do the job.

So while I agree with you, sir, that we certainly need to revalidate where we are with the unconstrained mission, our line, the blue line, that made the assumptions of fully functional and acquired and funded systems, the actual POR, the program of record, from the National Security Cutter down to the Fast Response Cutter and the aircraft pieces of it are still valid and have been revalidated multiple times.

Mr. HUNTER. All right. So let me get this straight. So just looking at this graph——

Admiral CURRIER. Yes, sir.

Mr. HUNTER [continuing]. You are still saying that the program of record which this represents, this is your program of record——

Admiral CURRIER. Right.

Mr. HUNTER [continuing]. That falls massively short of the blue line, you are saying that that is still a valid program of record?

Admiral CURRIER. Yes, sir. And I think we will be up around that blue line when we get these systems fully acquired, fully in place, fully crewed, and fully funded. And to date, that has not happened.

We are in a transit period. We have legacy assets, and we are driving toward the program of record. Were that bought on time, were that fully funded, fully crewed, fully capable, I don't think the blue line is an unattainable goal. But, certainly, in the budget envi-

ronment we are in, I am not going to tell you in the near term we are going to make material progress toward that.

Mr. HUNTER. Well, I just want to get this straight. This is the program of record fully funded and fully capable, correct?

Admiral CURRIER. Correct.

Mr. HUNTER. OK. I want to understand. This is the program of record that you are looking at that is fully funded. This is a fully funded program of record. Those are those vertical bars. That is if you got every single thing that you wanted, that is what those blue bars represent.

Admiral CURRIER. Not exactly, sir. When they established that blue line was back—it was in a time when none of this had taken place. The force lay-down that you see reflected in these blue vertical bars is the reality of today.

So when they established that theoretical blue line, that was making the assumption that we would have bought all these assets on time, they would be fully funded, implemented largely by now, and fully functioning. And that has not proven to be the case for a myriad of reasons. But I want to make sure we are in agreement on what we are looking at here.

Mr. HUNTER. I will yield to the ranking member while we look at that. Thank you.

Mr. GARAMENDI. It seems to me that there is a preceding question that needs to be asked in this issue of whether you are able to perform to the desired level, and that is: What is the desired level? What is necessary to achieve the mission of the Coast Guard?

And that is, presumably, the program of record. And so it is several years old now; it needs to be updated. But let's go to the history here that is the program of record that is on the books today that is, as I understand it, a statement of what the Coast Guard should be doing. Is that correct?

Admiral CURRIER. Yes, sir, that generally is correct. I think what we established when we baselined the program of record were the goals that we established, Congress approved, where we would be capabilities-wise operationally when the program of record was bought out.

Mr. GARAMENDI. Thank you. I appreciate that. But it is a statement—bottom line, it is a statement of what must or should be done to achieve the mission of the Coast Guard. Given the resources, given the allocation and so forth, you would want to achieve that mission. Is that correct?

Admiral CURRIER. Yes, sir.

Mr. GARAMENDI. OK.

Now, then the question arises, why are you not able to achieve that goal? I would assume that there are several reasons. I think you just said there are several reasons.

One, the acquisition program didn't work out as planned. It is more expensive. It takes longer. That is one reason. The second reason is we are not giving you the money to carry it out—that is, the financial resources necessary to carry it out.

Are those the two principal reasons here?

Admiral CURRIER. Yes, sir. I think that is true. If I could expand on it just for a second?

Mr. GARAMENDI. Take both of those, and you can come back to us on the second piece, but take the first piece.

Admiral CURRIER. The acquisition enterprise, I will tell you that, given the time in the 1980s when we kicked this off, the thinking on acquisition—and we had gone through a Government downsizing at the time—was that you could outsource systems integration. We found out that just not a viable way forward. The thinking changed. We reintegrated the acquisition enterprise inside our fence line, and I think we have got it right going on. But I can't say that there weren't errors made, delays incurred previously.

And then when we look at that blue line, the assumption made when that line was put on paper was that we would acquire on time, they would be fully funded, fully crewed, fully operational, and by certain time gates that, clearly, we have not met, sir.

Mr. GARAMENDI. I want to really drill on this and get down into this in some detail.

There are two pieces to that blue line, which is the performance level that the Coast Guard wants to have. It is the availability of equipment being delivered, ships and planes and so forth being delivered on time, on budget. That didn't happen. There has been a long history here and numerous hearings about that.

And I think your testimony a moment ago was that seems to be straightened away. Is that correct? Are you now operating on the acquisition side of this and in a way that is consistent with your planning and budgeting?

Admiral CURRIER. Yes, sir, we certainly are.

Mr. GARAMENDI. OK. I would like to see some details on that, the new ships, planes, and so forth.

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

> The Coast Guard is mindful of the current fiscal climate and our acquisition enterprise has worked hard to ensure the assets we are acquiring or planning to acquire are affordable.
>
> For example, the OPC acquisition strategy has been designed to maximize affordability and flexibility. We have incorporated lessons learned from the NSC project, and many others, into the OPC acquisition to ensure that it remains affordable moving forward. Additionally, the Coast Guard, in close collaboration with the Department, completed over a 2-year effort to ensure the ship specifications represented minimum requirements; making significant cost trade-off decisions to balance capability and affordability through extensive deliberations on speed, range, boat launching requirements, and aviation capability.
>
> With an efficient acquisition enterprise, a stable funding profile and stable requirements, I am confident we can acquire and deliver assets on-time, according to specification, and within an affordable budget.

Mr. GARAMENDI. And also, in that regard, you are picking up 14 C–27Js. That relieves, I think the chairman said, some $600 mil-

lion of acquisition that is planned but will not now be necessary. What will you do with that line item in the budget?

Admiral CURRIER. Well, it gets back to the level of funding in the capital accounts. We were looking forward. Our operational gaps are in the offshore. That is where our most pressing need is, so that is where our capitalization focus has been, that being the NSC and the OPC.

We have bought out—on the program of record, we had 36 HC–144 aircraft envisioned. But we had gotten to this fiscal year—or last fiscal year, when I testified, I mentioned we had struck a strategic pause in that aircraft acquisition. So that was about halfway through the procurement of the program of record. We will have 18 of those 36 on contract.

Now, what the C–27 does for us is, by acquiring those 14, with their capacity, is to close out that MRS aircraft mission requirement in the program of record. So we will basically have 14 C–27s and 18 HC–144s and have that class of aircraft bought out. That $500 million to $600 million that we are estimating is not there, because we had taken a strategic pause. Actually, that money has not been appropriated at this point because it was in the out-years that we were looking for that requirement. So it is not like there is $500 million inside the CIP level that we could reapply. The money was not there.

Mr. GARAMENDI. Oh, darn.

Admiral CURRIER. Yes, sir.

Mr. GARAMENDI. Well, so much for that idea.

It seems as though we need to, as a committee and the Coast Guard, we need to look at and readjust, if necessary, the program of record—that is, what is it that the Coast Guard must do, needs to do, wants to do, and the money necessary to achieve that, both in terms of capital equipment as well as in personnel and the like.

It has been some time. When was the last record?

Admiral CURRIER. Well, sir, if I could take just a second on that. I want to be crystal-clear on this blue line, and I don't think I am articulating it very well to either you or the chairman.

That was established as the justification for the program of record and the level of operations that we would achieve with a fully funded, on time. We have done four separate studies, one of which has not been completed, validating the program of record. Because each year this comes up; how can we look back at 2004 and take that requirement and carry it forth to 2013 or 2014 without having revalidated?

And there has been two DHS-sponsored cutter studies, an additional one and one in progress that involves the administration and the Department, all of which have validated and pointed to—and I don't say this in a smug way, but each one of these reports has not only said the program of record is justified, but there is need for additional capacity, given the increased mission demands on the Coast Guard.

And I say that as a matter of fact, not to be smug or to try to gain advantage. It is just a fact.

Mr. GARAMENDI. I want to stay with this for a while because it is, in my mind, fundamental to our work that we have a clear un-

derstanding of the mission and the resources necessary to carry out that mission.

I am pleased to hear that you have looked at that program of record, which dates back a decade. You have updated it four times. You have come to the conclusion, through those updates, that the requirements remain the same or similar. Is that correct?

Admiral CURRIER. Yes, sir. And to be clear, these have not been Coast Guard studies. These have been sponsored by the Department, with outside, third-party looks, as well.

Mr. GARAMENDI. All right. And I think you also said that the program of record and the four updates indicate that you are not able to meet some new requirements that have come about as a result of, for example, terrorist threats. Is that correct?

Admiral CURRIER. Well, the 2004 program of record took into account post-9/11 requirements, which generally addressed terrorist threats and the other security concerns. We have not, over the years, met our performance goals every year in areas like that. And, I mean, there are 23 performance measures, and each year we grade ourselves on them, but we have not consistently achieved our goals across the board. You are correct.

Mr. GARAMENDI. As I look at this and try to sort out our responsibilities, it seems to me that we really need, I really need, to have a clear understanding of the mission, its various elements—drug interdiction, rescue, safety, all of the things you do, including the terrorism requirements—and then, against that mission, the resources you need to carry it out at the optimal level.

Recognizing the realities of the budget and appropriations, we are tasked with two decisions. One is your analysis of optimal performance to meet all those missions. We need to correct, the overstating/understating, we have to make that judgment. And then we have the obligation of providing the resources based upon that judgment. Failing to do both of those things is something that creates this burden that we must not have.

That is where I am coming from, Mr. Chairman. You have given me 5 extra minutes. You are most generous. Thank you very much.

Mr. HUNTER. I thank the gentleman.

Mr. Coble from South Carolina is now recognized.

Mr. COBLE. North Carolina.

Mr. HUNTER. Excuse me, North Carolina. They are all the same to us Californians. I am sorry.

Mr. COBLE. That is a very delicate boundary you are walking there, Mr. Chairman.

Good to have you with us, Admiral.

Chairman, you and the ranking member may have already touched this with the Admiral. And, as you know, Mr. Chairman, when it comes to the Coast Guard, I am not objective; I am very subjectively involved. So I will try to insert some objectivity into the question.

Admiral, I will ask you—and, as I said, you may have already plowed this ground earlier today. What were the primary reasons for the failure of the Coast Guard to better achieve its own mission performance measures, A? And, B, what steps is the Coast Guard taking to improve its performance? And I realize assets, or lack thereof, may be part of the problem.

Admiral CURRIER. Thanks for that question, Congressman. It is great to see you, sir.

It is a little bit—as always, I can't give a simple answer to this because we have to talk just a little bit about what these mission performance goals really are. They are self-generated. They are made up of multiple factors, not the least of which is the Government Performance and Results Act, GPRA.

So we established these internal requirements and goals. We passed them through strategic screening. The flaw, in my opinion, on these performance goals is, part of it, when you establish them, you look at historical levels of funding, and when you are in a declining level of funding, then that biases your ability to achieve the performance goals because they made the assumption you were funded at a higher level. So that is kind of a trick that happens that we do to ourselves.

We run it through a strategic planning process. We come out with goals that are given to the operational commanders with a caveat that they have some flexibility, based on whether they are in California or North Carolina or where they are, to adjust according to the local requirements.

When we aggregate these goals at the end of the year, oftentimes we exceed them, sometimes we don't. We could walk through each of the 23 and provide a detailed explanation on why.

But to categorize it in real generalities on us not having the equipment or the funding, the only thing I could say about this is, as I have explained these performance measures, it is virtually impossible for us to meet many of them, some of which are aspirational, in a declining budget environment when their levels were informed by previous funding levels.

I am not sure I am making that clear. I hope I am, sir, but——

Mr. COBLE. I think so.

Mr. Chairman, I yield back.

Mr. HUNTER. I thank the gentleman from North Carolina.

The gentleman from Washington, Mr. Larsen, is now recognized.

Mr. LARSEN. Thank you, Mr. Chairman.

Admiral, last month, the Coast Guard released a business-case analysis for reactivating and extending the service life of the *Polar Sea* and the icebreaker. That report found that the *Polar Sea* would cost $99 million to reactivate and then provide 7 to 10 years of service to the Coast Guard. How does that compare with the cost of building a new icebreaker?

Admiral CURRIER. Sir, the comparison of cost, our estimate for a new icebreaker from a cold start is about a billion dollars. And, as you said, the estimate in the business-case analysis for *Polar Sea* would be in the $99 million to $100 million range to buy 5 to 7 years of service life. So that is also the difference is, what you are actually buying for that $100 million.

Mr. LARSEN. Right. Right.

On page 4 of the findings, the BCA notes that current requirements do not justify the need for heavy icebreaking capability in the Arctic. Is that statement not in conflict with the Coast Guard's own assessment of needs in the Arctic Strategy document issued earlier this year?

Admiral CURRIER. No, sir, I don't think it is. I mean, if you are asking how do we go forward with the acquisition of a new icebreaker and how do we establish the requirements for that ship, that would be a whole-of-government solution. What I don't want people to think is that the Coast Guard is advocating or looking to procure a new-start icebreaker for a billion dollars that is strictly to address Coast Guard requirements.

Two caveats on the new start of the icebreaker. One is it needs to be a whole-of-government solution where the National Science Foundation, the Department of Defense, and everyone else that has a stake in the Arctic contributes to the requirements build and, ideally, contributes to the financial solution, the funding of the ship. Because a billion dollars is clearly not something we can absorb in our out-year acquisition accounts.

Mr. LARSEN. So what will the Coast Guard do now with the *Polar Sea*? Will you go forward with reactivating the Sea now that the BCA has made clear it is a cost-affordable option? What is the plan now?

Admiral CURRIER. Well, *Polar Star* got underway for the South Pole, which is a success after——

Mr. LARSEN. Yeah.

Admiral CURRIER [continuing]. A $62 million overhaul.

We currently have the option, to be honest, Congressman, on the *Polar Sea*. It is cold iron tied up in Seattle, at this point. We have not been appropriated funds to reactivate that ship. We have been appropriated seed money to start the requirements generation on a new polar icebreaker, but we have no plans at this point to reactivate *Polar Star*.

Mr. LARSEN. *Polar Sea*.

Admiral CURRIER. I am sorry. Yes, sir. *Polar Sea*. Thanks.

Mr. LARSEN. Sure.

I will switch gears a little bit here to the RB–Ms, Response Boat-Medium. In section 220 of the Coast Guard Act in 2012, it required the Commandant to maintain an approved program of record of acquisition of 180 RB–Ms. My understanding is that last month you all signed a smaller acquisition request for 170 boats.

We submitted a—or, actually, I submitted a question on the record on this issue from our last hearing asking for justification for the smaller request. We haven't received that answer, so I will ask again.

Admiral CURRIER. Thank you, Congressman.

There are two documents in circulation. One is an acquisition program baseline that authorizes or cites our program of record at 170 boats. And that is with the Department for review and will be en route to Congress, visible by your office shortly.

And then there was an operational validation of the number of boats actually needed, which came out to be 167 boats. And that is a report to Congress that is under review at this time by the administration and will become visible very shortly.

Mr. LARSEN. Is that revised program of record going to just have a different number, or is there going to be some justification written into that?

Admiral CURRIER. Yes, sir, both will justify the numbers. It is 167 required operationally, and we are going for 170 on the pro-

gram of record. And I believe that the extra boats will be spares to enhance our operational readiness.

To be clear, on the RB–M, which is built at Kvichak Marine in Kent and also in Wisconsin, it is an unbelievable success for us from an acquisition perspective. The boat is performing above our expectations, which caused us to reevaluate the number we actually needed. It is a fantastic boat, and we are having great luck with it. A lot of it is due to the quality of workmanship that comes from the Kent facility.

Mr. LARSEN. All right. We look forward to getting that and getting back with you about our thoughts about it.

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

> The Coast Guard reanalyzed its requirements for the RB–M acquisition and determined that 166 boats are sufficient to meet operational needs as reflected in the Fiscal Year 2013 President's Budget request. The RB–M has proven to be more capable than originally envisioned, and, in addition to its substantially increased speed and range compared to the 41-foot Utility Boat it replaces, can safely conduct missions in up to 12-foot seas and 50-knot winds. Also, crew habitability on the RB–M is significantly improved over the previous fleet of boats, which contributes greatly to mission effectiveness.
>
> In the 2013 Coast Guard Acquisitions, Construction and Improvement appropriation, funds were appropriated above the President's request for acquisition of four additional RB–Ms. As a result, the Coast Guard has adapted boat siting plans for 170 RB–Ms and revised the RB–M Acquisition Program Baseline. The new 170-boat Acquisition Program Baseline was approved by the Coast Guard Acquisition Executive, Vice Admiral John P. Currier, on November 25, 2013.

Mr. LARSEN. Thanks a lot.

Thank you, Mr. Chairman.

Mr. HUNTER. Thank you.

The gentleman from South Carolina, Mr. Rice, is now recognized.

Mr. RICE. Thank you, Mr. Chairman.

Looking at the Coast Guard missions listed here, 11 statutory missions, to fully implement these—and looking, also, at this table that shows how many of these missions were met and how many weren't met, it looks like we are about 50/50 here.

What would you suggest—I mean, perhaps—I guess, how much money would it take, first, for you to be able to meet all of your missions as listed, these 11 missions here? How much money do you think is the shortfall that prevents you from—or is it money? Is it some other failure other than money?

Admiral CURRIER. Well, sir, as you see from that table, that is a complex equation.

Mr. RICE. Right.

Admiral CURRIER. I would say it is not only money. It is the refining of our ability to set these performance goals that we hold ourselves and you all hold us responsible for.

Mr. RICE. Yes, sir.

Admiral CURRIER. The process is somewhat flawed, in that one of the assumptions it uses as a foundation are previous levels of funding. And that biases it to a negative side when you look at the next year. You assumed you were going to get more than you got. So how did you perform at that projected level?

Mr. RICE. Right.

Admiral CURRIER. And so part of it is that. And part of it is funding. If we achieve the level of funding that we need in the capital accounts, as we bring these new assets on line, they are going to contribute to the successes that we need in our own performance goals.

Mr. RICE. How much more annual funding would the Coast Guard need to fully fund everything it would want and carry out all its missions?

Admiral CURRIER. Sir, that is a difficult question. I can address the capital accounts. The Commandant has been on record saying a $2 billion annual capital account, AC&I account for the Coast Guard.

Mr. RICE. $2 billion?

Admiral CURRIER. Yes, sir.

Mr. RICE. More or $2 billion total?

Admiral CURRIER. No, $2 billion total.

Mr. RICE. OK. How much are they getting now?

Admiral CURRIER. Well, over the last few fiscal years, we have averaged between $1.2 billion and $1.4 billion.

Mr. RICE. OK. All right. So about a 50-percent increase.

Admiral CURRIER. And then the budget that is—the 2014 budget is significantly less than that.

Mr. RICE. All right. Well, you know, everybody knows that we are spending far more money than we take in, almost 40 cents on the dollar, and that additional 50-percent increase is probably not a realistic thing. So we have to look for alternatives, and, you know, I don't know what those would be.

Particularly, I am interested in your recommendations, should we scale back on these missions? Should we eliminate some of them? Should we just go into it knowing we are going to fail in some and accept that? Or should we try to shift some of these missions to other entities? What should we do?

Admiral CURRIER. Sir, for 223 years, we have been trying to meet the expectations of the American public in the maritime. These 11 statutory missions, we can adjust capacity around, but we feel giving up the capability on any of these missions would violate the intent of Congress and certainly the law.

Mr. RICE. You know, I am sitting here looking at this list, and, I mean, obviously, I know that the Coast Guard's missions are incredibly important to the security and sovereignty of this country. And when you look at search and rescue, I mean, I have spent a lot of time offshore fishing, and believe me, the fact that the Coast Guard is there, thank God I have never had to call on them, but knowing that they are there means a lot. And then the aids to

navigation, obviously, coastal security, drug interdiction, migrant interdiction, I agree.

But, you know, we know that we are not going to meet these funding goals that you would like to see to fully meet all your missions. So we know that. So how are we going to fix it? How are we going to bring the two lines together? What can we eliminate? What can we move to make sure that we succeed in the priorities that we have?

Admiral CURRIER. Sir, you know, I will be honest. It is very difficult for me to give an answer that is not looking through the lens of my service. But I will tell you, as we have wrestled with this problem with our own department, we have taken hard looks at the mission set. And the latest one is in the portfolio review that we have enjoined between the Department and the national security staff. And every time we have a meeting and we come in and we look at areas that could be reduced or cut off that 11 mission list, people will come to the conclusion that there is really—no one wants to take the responsibility for reducing performance in those mission areas. As a matter of fact, generally what we find is people will come to the meetings and say, well, wait a minute, how about this, how about that, and add to the portfolio.

So it really is almost impossible for me to offer you what we shouldn't do to protect the maritime public. Because I can tell you, in that list of performance indicators or in the list of the 11 mission sets, there is nothing that doesn't materially add to the security and safety of the people that use our waterways; there is nothing. Is it less aids to navigation? Is it less search and rescue? Is it less ability to search through a Katrina? I just can't tell you.

Mr. RICE. Well, you know, I mean, there are excesses in every department, in every entity. I have been, I mean, I am not talking about once, I am talking about numerous times, on the waterways around my area and seen a Coast Guard boat checking people right next to a sheriff's deputy boat and a DNR boat. So, I mean, there is obviously redundancy that perhaps doesn't need to be there.

And while I agree that it is important that, you know, the Coast Guard should be out there on Saturday afternoon checking people's life jackets, some of these other things are more important. And I think maybe if we know that we are not going to have the money to fully fund everything, that maybe we should prioritize those things and use our resources in the most efficient and wise way.

Admiral CURRIER. Yes, sir. And I offer this counter to your question, your answer to your question, not in a flip way but in an honest way. So those people that are—and we have interagency partnerships all over the place, and it really adds to it, and it reduces our requirement to be out there, to be perfectly honest.

But that boat that is checking life jackets on Saturday afternoon is the same boat that is going to have to go 40 miles offshore to get somebody in 8-foot seas. But by checking those life jackets, hopefully—and we empirically can demonstrate this—it reduces the chances that they will have to go 40 miles offshore and rescue somebody.

So search and rescue has been a shrinking enterprise, to a certain extent, mainly because of the enhancements that have occurred in hardware, in radios, in GPS, in boating safety standards.

All of those things are affected globally by the Coast Guard, but they are all interrelated.

So, you know, I don't mean to be argumentative, but it is a system that works to great effect.

Mr. RICE. And I understand and don't argue that. The only point that I am trying to make is, we know we are not going to have these 100-percent funding levels. We know that. And so, shouldn't we prioritize among these various missions to most efficiently utilize the funds that we have?

Admiral CURRIER. Yes, sir, I think that is where we are going to have to be. I agree with you.

Mr. RICE. Thank you, sir.

Mr. HUNTER. I thank the gentleman.

A couple things, Admiral. Playing off of what Mr. Rice just talked about, it seems that there is a period of time with organizations, whether it is the Coast Guard, the military, or other entities, where if you can come to Congress and say, "We are only making half of what we are supposed to be doing with what you are giving us," over and over and over, at some point Congress goes, "We need to give them all of that money so they can get 100 percent."

I think the Coast Guard is trapped in that phase right now, where if they came in 60 percent, 60 percent, 60 percent, we are never going to reach the blue line, the reality is the blue line needs to move down. Because if you have checked and rechecked and validated four times the acquisition requirements to that blue line, to those missions sets that you have, then that is fine, but that means that the mission sets need to be validated.

And I know that when you go in these meetings and everybody wants something else, that that is how you get a $700 million NSC, that that is how you get Deepwater, is you have requirements added on, added on, added on while they are still designing. Then you start building and doing requirements at the same time and doing design change, and then you add hundreds of millions of dollars onto your shipbuilding cost. And that is how you get to the whole scuttled program that you had big problems with, right?

So the missions need to change and the missions need to be prioritized so you can at least say, "We are meeting 90 percent of our mission requirements, and here is how we have changed those." And when people come in and want more and more from the Coast Guard, the Coast Guard needs to be able to say no. And I don't see that happening with that blue line staying where it is. It needs to come down. Because the bottom line isn't moving up. It is not going to happen.

Number two, there are things, when it comes to vessel certification, that ABS can do, the American Bureau of Shipping can do, that the Coast Guard doesn't need to concern itself with, where you can have them do that and carry out the Coast Guard's mission when it comes to certification. It would be more efficient, more effective, and more cost-saving not just for the Coast Guard but for the entities that you are certifying, whether that is tuna vessels or whether that is offshore resupply for oil rigs in the gulf.

There are things that other organizations can do that the Coast Guard doesn't necessarily have to, especially if you want to focus on your core competencies. Because the reality is, Admiral, that

you can't make everything your core competency. Every businessman knows that and every military knows that. The Army is not going to build a bunch of amphibs. The Marine Corps is not going to try to do a land war. The Navy is not going to go build runways to fly an F–35 off of. Everybody has their core competency.

And I think the Coast Guard is in place where you are saying everything from search and rescue to vessel certification to Marine safety to drug interdiction to military—you cannot be all things to all people when you are getting less of a piece of that pie than anybody else is. So that is what is going to have to change, because you cannot make everything your core competency.

Have at me.

Admiral CURRIER. OK, sir. Well, first of all, I would say that your comments on Deepwater, I would not dispute that. But I want to make it crystal-clear that it is in the past, and where we are today in acquiring these systems, the mechanism of acquisition, the stability of the requirements are there. The third leg in that stool——

Mr. HUNTER. They are. I agree.

Admiral CURRIER. The third leg in that stool, sir, is the predictable funding.

OK, set that aside. I had to say that because I was part of the redesign of the acquisition enterprise.

You know, Congressman, to be perfectly honest with you, we have 11 statutory missions. You know, when the Commandant is not there, I sit on the Joint Chiefs, and I have friends at that level; the vice service chiefs are all very close. They have a different mission set. You know that, having been a former Marine. Go in, take the beach, establish dominance; those things they do.

Ours is much more diverse, but it is grounded in law, it is grounded in statute. So it is not discretionary on our part, necessarily, to say we are not going to do certain things.

Mr. HUNTER. I understand. But here is what we are asking you, I think. And I think this goes for everybody. Here is what we are trying to get from you. If you can't make mission based on the missions that you have now, your statutory missions, we would love to hear from you what needs to change there, as opposed to foisting upon you mission changes and saying, here is what your new missions are.

And we are trying to get from you, here is what I would look at if I were you. Because if you have to change it statutorily, we can do that. That is why we are here. But we would love to have input from you and from the Coast Guard on how to do that as opposed to us doing it blind.

I mean, John and Jeff can do a great job at that, but we would much rather have you tell us now, hey, here are some places where I think and the Coast Guard thinks that we should scale back in order to improve our search and rescue or interdiction capability; here are the places where we would farm that out a little bit or we would lease that out or we would give that to ABS or those types of things.

Otherwise, you force us to come up with those things for you, and we are not as smart as you are on the things that you do.

Admiral CURRIER. Well, Congressman, I think that dialogue can take place. Of course, we have equities with the Department of Homeland Security and the administration on that. But——

Mr. HUNTER. But you say these are statutory missions, right? So how do you get a statutory mission?

Admiral CURRIER. But our relative weighting of what we suggest that could be scaled down or scaled or eliminated, you know, we would not unilaterally come to you with that. We are, as you know, part of the Department of Homeland Security, and they have co-dependency with us in our mission sets. So it wouldn't just be the Coast Guard saying that.

But if your staff and our staff want to enjoin that conversation, then we are not going to object to it. But it is going to be a complex undertaking.

Mr. HUNTER. But right now you wouldn't say that there is any part of your statutory mission set that you would scale back on or prioritize higher?

Admiral CURRIER. I would say, sir, that based on what I know of the Coast Guard, the interdependency of our mission set and what we deliver as a system to the American public, it is very difficult, and I would not be prepared today to offer you candidates for a reduction one over another. I just couldn't do it.

Mr. HUNTER. OK. Thank you, Admiral.

Mr. Garamendi is recognized.

Mr. GARAMENDI. I want to carry on from where the Chair was going with this question.

Eleven statutory missions. You are working in an environment, physical environment, and leaving that aside, are also subject to the political environment here in Washington, the prioritization and the amount of money available year-to-year to carry out those 11 statutory missions that is not made by the Coast Guard alone. You only need to look at the President's budget to determine that, I don't know, some $400 million was reduced from previous levels by the administration.

So you are operating in an environment administered by the Office of Management and Budget and within the Department of Transportation where priorities are made, resulting in a budget, in this case the President's budget, which is your budget. Like it or not, that is your budget.

From this point of view—and I was in your seat not a decade ago, a little longer than that, and dealing with all of that internal administrative give and take. I am in a different seat now, looking at it from a different point of view. And what I need to know and I think this committee needs to know is, what does the Coast Guard need to carry out the 11 statutory missions that you have?

Not after being reviewed by the Department of Homeland Security first and then by the Office of Management and Budget and then given to us, which is a different document than what the Coast Guard might—no, excuse me, the Coast Guard would put out on its own.

I don't know that you are going to be able to go there unless we force you to go there by asking very specific questions that require you to respond to us directly, understanding that—in other words, going past your chain of command.

I think we need to do that, Mr. Chairman. It is a complex—it is something that we need to do, taking into account each of those 11 statutory missions and then asking the Coast Guard specifically what it needs to do, recognizing that they are in a big bind, having to go up through the Secretary and then to OMB and then back to us. But I think we can get a better fix on what is actually necessary, those 11 missions, to be carried out.

So I am going to try to formulate that and, working with you and others, try to ask the Coast Guard very specific questions about the 11 missions so that we can then get a baseline of what is necessary to achieve an appropriate level. And then we are going to have to make a decision on our side, and that is to prioritize—the word you used in a conversation with me just a few moments ago.

Right now we are kind of in the dark. We are dealing with ancient history, in many ways. We are obviously dealing with the internal administrative priorities of the administration, understandably. But we have to, I think, get a different view of this.

So I am going to make it my task and David's task over the next several weeks to try to lay out a series of questions that go to the heart of that and then come back hopefully by the time we do an authorization bill here.

Leaving that aside, I have a series of other questions that deal with tiny things. You know, I don't want to take a lot of time in this committee. I am going to ask them in writing. I am just going to quickly go through the subject areas, not asking you to respond to them right now. There is a series of things that have come to my attention by various interested parties.

We have talked about the level of funding. I will let that go for now.

Maritime education and training institutions are concerned about a lack of interaction between the Coast Guard and those institutions on what the educational requirements are. You really ought to be consulting with them before you march off requiring educational programs that may or may not be able to be put in place. So I will put a specific question to you.

There is a question about maritime licensing examinations, whether the Coast Guard is really up to the challenge of that. And I will get that question to you.

Another question about the Standards of Training, Certification, and Watchkeeping for Seafarers, the standards: How you are putting those out? Are they consistent? Are they going beyond what ought to be required? Again, a series of questions.

Almost every one of these go to interaction and communication with the interested parties. And, as I look at it, you are doing it on your own. You really need to bring these interested parties in to help you understand the full implications of what you are proposing.

I will let it go at that. You will have specific questions, and, of course, I am sure you will respond in an appropriate and timely way.

I yield back.

Mr. RICE. Mr. Chairman, I just have one more comment with respect to your comment——

Mr. HUNTER. The gentleman is recognized.

Mr. RICE. I just wanted to point out that, as the country music song says, it is heads, Carolina—this goes to the chairman and the ranking member—heads, Carolina; tails, California.

Mr. HUNTER. I thank the gentleman.

I just have one last thing to bring up, too, and that is, as you are looking at the cost, the acquisition cost, especially the OPC and the NSCs and the requirements that those boats have, I think right now—because looking at the OPCs, a couple of the submissions that were accepted in the—I think it was the top five you have narrowed it down to now, the top five submissions for the OPC, and what the NSC is and how cheap it will be as you get to ship number eight or nine and what the different mix of those is that you really need if they almost do the same thing. And from what I could see, they almost do the same thing. There is stern launcher and recovery, which was not required on the OPC; same sea states; same—there is a different propulsion system between the OPC and the NSC. And there is not much more difference than that in their abilities.

And at the same time, you have a $700 million price tag compared to a $250 million projected price tag. So you have a big discrepancy there with just a few things that would account for the $500 million in difference. And those numbers just didn't add up to me.

So I would say a question for the record from me is, if you could give me a breakdown of those things. And I have seen breakdowns done by outside parties where you have the NSC, OPC, and FRC and the different mixes. But I would just like to hear the justification for the discrepancy in the cost for that delta based on what things, right, whether it is propulsion or stern launch and recovery and that kind of thing.

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

> The table below shows a comparison of top-level requirements between the Offshore Patrol Cutter (OPC) and National Security Cutter (NSC).

Capability	OPC (Threshold)	NSC
Seakeeping	Sea State 5—Boats and Helicopter Operations	Sea State 5+—Boats and Helicopter Operations
Range & Endurance	8500NM & 45 Days	12000NM & 60 Days
Boats & Aviation (Hangar)	2 boats & H–60/Vertical Unmanned Aerial Vehicle (VUAV) (1 H–65)	3 boats with stern launch & H–60/VUAV (2 H–65s)
Speed	22 knots	28 knots
Accommodations	120	146
Command and Control	Limited integration & interoperability	NATO interoperable, Integrated, Link
Surface Combat Capability	Medium Caliber Deck Gun, Small Caliber Anti-Terrorism and Force Protection (ATFP) Weapons	Medium Caliber Deck Gun, Close In Weapons System (CIWS), Small Caliber ATFP Weapons
ASCM Defense Capability	Soft Kill Provides a passive defense capability to divert missile threats	Hard & Soft Kill Provides both passive and active defense to detect, track, and eliminate the threat through weapons systems
CBRN Capability	Countermeasure Washdown To support the evacuation from a contaminated environment	Collective Protection System & Countermeasure Washdown Provides a system to support the continued operation in a CBRN contaminated environment
Intelligence Gathering	Limited (Space, Weight, and Power reserved)	Full SCIF

The Coast Guard, in close collaboration with the Department, completed over a 2-year effort to ensure the OPC specifications represented minimum requirements; making significant cost trade-off decisions on the OPC to balance capability and affordability through extensive deliberations on speed, range, boat launching requirements, and aviation capability.

> OPC requirements are at "threshold" levels—the lowest levels that can still meet mission demands. Further descoping of OPC requirements will prevent the Coast Guard from meeting operational need and achieving effective maritime governance in all of our operating areas, including those with more demanding environmental conditions (Eastern/Western Pacific, Gulf of Alaska, Bering Sea, and the Arctic).
>
> Additionally, the OPC acquisition strategy has incorporated lessons learned from other acquisitions, including the NSC, and has been deliberately formulated to maximize affordability. For example, the NSC was a sole source procurement using a cost plus fixed fee contract type while the OPC is planned to use a fixed price incentive firm target contract type specifically tailored to maximize competition and incentivize affordability while minimizing government risk.

Mr. HUNTER. If there are no further questions, I thank the witness—Admiral, thank you for your testimony—and the Members for their participation.

I yield to Mr. Rice.

Mr. RICE. Admiral, one thing that I have learned a lot about, being on this committee, and it is really not the subject so much today, but, from what I understand, there is a set of—with respect to international shipping, there is a set of international standards that comply worldwide. I can't remember the name of that set of standards. And then the United States has their own set of standards.

And I have been inquiring of shipping companies as to why international carriers don't flag here, you know, why we have essentially lost our entire international shipping fleet over the last 50 years. And one of the reasons that always comes up is that our safety standards are so much higher than the international standards.

Can you comment on that at all?

Admiral CURRIER. Sir, I can provide a detailed answer for the record, but in general there is a U.N. organization called IMO, International Maritime Organization, centered in Europe. Most nations are participants in that, and they set a safety standard regime that we follow.

As a matter of fact, ships, foreign-flag ships that come into our ports are routinely inspected for safety—safety of life at sea, basically, tenets of the IMO standards.

So I think our safety standards are pretty well-aligned with international safety standards. But we can provide you a more detailed briefing or answer for the record.

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

> The Coast Guard submitted a report to Congress in September 2013, entitled "Impediments to the United States Flag Registry." As explained in that report, the Coast Guard has researched available information on the oper-

ating costs related to the design, construction and operations relating to inspections for U.S.-flagged merchant vessels. An analysis by the Maritime Administration (MarAd) of the operating costs comparing the costs of U.S.-flag vessels with foreign-flag vessels has shown that "U.S. flag carriers face a significantly higher cost regime than do foreign flag carriers" (See MarAd, Comparison of U.S. and Foreign-Flag Operating Costs, September 2011, page 1). The MarAd report identified operating costs, including crew, stores and lubes, maintenance and repair, insurance costs, and overhead costs, as potential cost impediments to operating vessels under the U.S. flag. The cost of design, construction and operations relating to inspections was not separately identified in the MarAd report.

The Coast Guard has taken steps to make its regulations less burdensome and more flexible, and to implement improvements that could be made to the enforcement process, while still ensuring a high level of safety and environmental protection. As part of the Coast Guard's regulatory reform initiative, the Coast Guard published in the Federal Register (62 FR 51188) on September 30, 1997, a final rule entitled "Harmonization with International Safety Standards." This rulemaking amended U.S. regulations for both inspected and uninspected vessels by removing obsolete, unnecessary or excessive provisions, and harmonizing regulations with international safety standards.

In addition, the Coast Guard also developed the Alternate Compliance Program (ACP) with the intent of providing more autonomy to U.S-flagged shipowners to utilize the services of classification societies to perform plan review and inspection functions which have historically been retained by the Coast Guard. Under ACP, the Coast Guard retains authority to issue a Certificate of Inspection (COI) to a U.S-flagged vessel, while relying on the expertise of a classification society to perform the inspection functions that must be carried out to ensure U.S.-flag vessels comply with both domestic and international standards. This is similar to how many other nations conduct safety oversight inspections for vessels under their administrations.

The Coast Guard strives to ensure our national standards are consistent with new and revised international standards. The Coast Guard's goal is to quickly adopt the most recent design and engineering requirements of the international conventions, and delegate authority to recognized classification societies in order to ensure that the U.S.-flag fleet keeps pace with the rest of the international shipping industry.

For further details on these efforts, please refer to the report to Congress dated September 03, 2013, entitled "Impediments to the United States Flag Registry."

Mr. RICE. I would like to know if ours are—I just keep hearing that ours are very much more strict, and that is one of the reasons

why our shipping fleet has dropped from 1,000 American-flag ships in international commerce to 80.

Admiral CURRIER. Sir, I couldn't comment yea or nay on that. But I will tell you that, in general, our safety standards are aligned with international IMO standards and that if there are individual company policies that are more stringent than that, I am not aware.

But, in general, the safety regime is pretty well-evolved around the world, and we are not only in compliance but we are enforcing those regulations.

Mr. RICE. Thank you, sir.

Again, going back to the role of Congress in this, if there is some area in which you are bound by statute to safety regulations that are far more onerous, I sure want to hear about it and see if we can fix that.

Admiral CURRIER. Yes, sir. We can provide you background information on that.

Mr. RICE. Thank you, sir.

Thank you, Chairman.

Mr. HUNTER. The gentleman yields.

I recognize the ranking member.

Mr. GARAMENDI. Yeah, I will try to do this quick.

We were discussing earlier the C–27s, the $600 million that is not going to need to be spent on additional aircraft. And I have been trying to think this thing through. But in your future budget years, you are projecting that expenditure over a period of time—maybe it is $100 million a year, $50 million a year—going into the future. Is that correct?

Admiral CURRIER. Well, currently, in the SIP that exists, capital projected accounts, we have not made accommodation for that class of aircraft past the 18 that are on contract.

Mr. GARAMENDI. I am sorry, past the——

Admiral CURRIER. The 18 aircraft that are currently on contract.

Mr. GARAMENDI. So future budgets never anticipated the full purchase of the 40 force?

Admiral CURRIER. Not at this point, sir. Not in the current 4-year budget projection.

Mr. GARAMENDI. Thank you.

Mr. HUNTER. There are no further questions.

Thank you, Admiral, for your testimony.

And this subcommittee stands adjourned.

[Whereupon, at 11:17 a.m., the subcommittee was adjourned.]

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TESTIMONY OF
VICE ADMIRAL JOHN P. CURRIER
VICE COMMANDANT

ON

"COAST GUARD MISSION EXECUTION:
HOW IS THE COAST GUARD MEETING MISSION GOALS"

BEFORE THE
HOUSE COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE

DECEMBER 11, 2013

Introduction

Good morning Chairman Hunter, Ranking Member Garamendi and distinguished members of the Subcommittee. On behalf of the men and women of my Service, I thank you for your oversight of and advocacy for the Coast Guard. I am honored to appear before you today, to update you on the Coast Guard's mission performance and our continued efforts to best serve the American people today and into the future.

The United States faces a challenging array of maritime hazards to people, cargo, conveyances and the environment. The ports, coastal areas and waterways of the United States are vulnerable to natural disasters and other threats as well as exploitation by transnational criminal and terrorist organizations. U.S. maritime regions, including the Arctic, continue to be used for a broad range of activities including offshore energy production, fisheries, recreation, and transportation. The challenges are significant and demand effective maritime governance. The Coast Guard's application of unique authorities and capabilities, combined with key federal, state, local and industry partnerships, are important components of the United States' "whole of government" approach to maritime governance, and homeland and national security.

Coast Guard Authorities, Responsibilities and Concept of Operations

To meet the challenges, the Coast Guard plays a vital role in the Department of Homeland Security's (DHS) layered, multi-faceted approach to maritime security. Our complimentary and extensive suite of authorities enables the Coast Guard to govern U.S. maritime interests through regulation, monitoring and enforcement operations to ensure the safety, security and stewardship of our nation's waters. We employ a risk-based strategy that makes the best use of our available resources to mitigate and respond to myriad threats in the maritime environment.

This strategy relies on a regime of integrated, layered prevention and response operations that leverages our authorities as an armed service, federal law enforcement agency and a member of the intelligence community. This strategic approach helps the Coast Guard balance the

execution of our statutory missions and responsibilities to focus on our nation's highest risks in the maritime domain.

Mission Performance Planning

The Coast Guard uses an iterative mission performance planning process to identify gaps, establish performance objectives, develop initiatives and promulgate performance plans. This Planning, Programming, Budgeting and Execution process accounts for a wide variety of internal and external drivers and reflects our best estimation of risk(s), all informed by the fiscal environment. This process permits the Service to adjust to operational risk bounded by fiscal realities. As a matter of practice, the performance planning and target setting process coincides with our annual budget submission to the Department.

To establish expectations for future performance, the Coast Guard sets ambitious targets using baseline data adjusted for internal and external drivers. These drivers vary and can include concept of operation changes, benefits of new capabilities, better intelligence, changes in economic activity, adversary capabilities, available resources, and/or prior year spending impacts including sequestration. While we make every effort to identify, estimate the effect of, and manage our mission performance drivers, there will be times when mission performance targets may not fully capture all the impacts and interactions amongst these drivers. This is particularly applicable in times of increased budget uncertainty, or in the case of a significant natural disaster or other threat that alters operations tempo or adversely impacts our own facilities.

Operational Performance Overview

The Coast Guard's performance is documented in a recent DHS Office of Inspector General (OIG) report that reviewed the Coast Guard's Fiscal Year (FY) 2012 Mission Performance. According to the report, the Service met or exceeded 11 of the 23 summary performance measures in fiscal year 2012.

Sequestration was a contributing factor to reduced performance observed in FY 2013 as it required the Coast Guard to reduce air and surface asset operations. The Coast Guard was able to preserve our ability to respond to the highest-priority mission activities, including search and rescue, critical security and emergency response operations while maintaining operational proficiency in all mission areas.

Our approach is to align 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. The impacts of sequestration, however, are erosive in nature. To prevent furloughs and RIFs in 2013 – as civilians are a central figure in our workforce, many standing watch alongside our active duty members - we deferred depot level maintenance on our assets and shore infrastructure, reduced spare parts levels, cancelled training classes, and risked meeting minimum proficiency levels for our cuttermen, airmen, and boat crews. Over the long term these trends reduce the proficiency of our workforce, increase risk to our crews and reduce the availability of our assets. These are short-term adjustments that cannot be sustained without the hollowing out of our force, defined as marginally trained crews operating obsolete equipment, often in dangerous environments. We are looking at hard choices and tradeoffs as we plan for the continuation of a highly constrained fiscal environment across government.

Amidst an uncertain fiscal outlook, the Coast Guard is committed to responsibly recapitalizing our fleet while preserving the most critical front-line operations. This strategy is essential to address the degraded condition of our aging legacy fleet, to sustain our mission performance and provide the expected service to our nation into the decades ahead. Through the support of the Administration and the Congress, the Coast Guard is making important strides toward recapitalizing air and surface capability and capacity essential to safeguarding U.S. security and prosperity. Our new assets, including National Security Cutters (NSC), Response Boats-Medium (RB-M), Fast Response Cutters (FRC), Ocean Sentry maritime patrol aircraft and the Rescue 21 communications system, are replacing our aging legacy assets and improving the Coast Guard's ability to operate in the offshore, coastal and inland domains with improved response time, coverage, reliability, effectiveness and safety. However, significant work remains in our recapitalization efforts, specifically the replacement of medium endurance cutters which is projected to be the largest capital investment in DHS and Coast Guard history. Recapitalization must continue efficiently and must be affordable. Failure to optimize the acquisition of capable assets degrades both our capability and our capacity to provide the level of service the nation requires.

Since my last appearance before the Subcommittee, the Coast Guard, with the strong support of Congress and particularly this Subcommittee, has achieved a number of significant accomplishments in our efforts to recapitalize the Coast Guard fleet and support systems. These will help provide the Service the capability and capacity to improve mission performance in the future.

Investment in the inland and coastal regions continues to improve our ability to meet mission performance objectives. Last month, the seventh FRC, USCGC CHARLES DAVID JR, was commissioned into service at Sector Key West, initiating operations at our second FRC homeport. The Coast Guard also recently took possession of the eighth FRC, USCGC CHARLES SEXTON, ordered six additional FRCs (hulls 19-24), completed Initial Operational Test and Evaluation and achieved full-rate production approval.

Following completion of Operational Test and Evaluation, the Coast Guard has placed production orders for both the 11-meter Long Range Interceptor II (LRI-II) and 7-meter Over the Horizon IV (OTH-IV) cutter boat classes and established the OTH-IV as the standardized cutter boat for the FRC class. The Service also continues to oversee the production of the RB-M and the Response Boat-Small II (RB-S II), currently being delivered to Coast Guard stations nationwide.

The Service's enhanced command and control systems, such as Rescue 21, WatchKeeper, and the Nationwide Automatic Identification System continue to save lives and enhance maritime awareness in our ports and on the inland and coastal waterways. Our Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems remain critical for maintaining secure interoperability among our many resources and missions. Enhanced C4ISR equipment and software provide situational awareness, data processing and information awareness tools required to modernize and recapitalize our shore sites, surface and aviation assets.

As we replace our obsolete high endurance cutter fleet, continued investment to maintain our offshore capability and recapitalize these critical assets remains our highest priority. The fourth NSC, USCGC HAMILTON, was recently christened and is scheduled for delivery later this fiscal year. Meanwhile, production of the fifth and sixth NSCs is ongoing. Through the

experience gained during the construction of the first three hulls and a shift to a fixed price construct, the NSC project has achieved stability in risk, cost, and schedule. From counter-drug operations in the Transit Zone to supporting the national and Coast Guard Arctic Strategies during Arctic Shield 2012 operations, the NSC provides operational commanders with essential capabilities to perform the full range of Coast Guard missions in the offshore environment.

The Coast Guard continues to move toward design of an affordable Offshore Patrol Cutter (OPC) and has benefitted greatly from considerable consultations with industry during the pre-solicitation phases.

Within the aviation domain, we awarded the contract for the 18th HC-144A in February this year, with delivery expected in 2015. We are also planning to stand up the fourth HC-144A air station in Corpus Christi, TX in 2014. The production contract for the 10th HC-130J Long Range Surveillance aircraft is expected in early 2014. Additionally, ongoing conversion and sustainment projects are equipping our H-60 and H-65 helicopter fleets with enhanced avionics and sensors and our legacy HC-130H fleet with avionics enhancements and structural improvements.

We continue to work with the U.S. Navy and U.S. Customs and Border Protection to leverage their existing programs to develop cutter- and land-based Unmanned Aircraft Systems (UAS) to meet maritime surveillance requirements. Ongoing efforts to evaluate cutter-based small UAS continue and will enter the final demonstration phase in early 2014.

To ensure the Coast Guard can meet near term demands in ice covered regions we recently reactivated CGC POLAR STAR, which departed for Operation Deep Freeze 2014 earlier this month. We continue to evaluate the requirements for a new polar icebreaker. The Coast Guard has also completed developing a Mission Needs Statement, Concept of Operations, and Environmental Conditions Analysis Report and has initiated activities to support the acquisition of a new Polar Icebreaker to maintain long-term Coast Guard mission capabilities in the high latitude regions. These efforts are complemented by ongoing coordination with stakeholders across the federal government as well as close consultation with the Canadian Coast Guard, as they continue to develop requirements and a design for a heavy icebreaker.

Conclusion

For 223 years, the Coast Guard has safeguarded our nation's maritime interests and natural resources on our rivers, in the ports, on the high seas, and in theaters around the world. Fundamentally, our missions have not changed but the threats to our nation are dynamic and shift, at any given time, in quantity, complexity and geography.

Careful consideration will be required if we are to sustain a Coast Guard capable of delivering the mission performance that the American taxpayer has come to expect and the necessary capability to serve National interests in the decades ahead.

Thank you for the opportunity to testify before you today and for all you do for the men and women of the U.S. Coast Guard. I look forward to answering your questions.

Question#:	3
Topic:	ID/IQ contract
Hearing:	Coast Guard Mission Execution: How is the Coast Guard Meeting its Mission Goals?
Primary:	The Honorable Duncan D. Hunter
Committee:	TRANSPORTATION (HOUSE)

Question: In November 2011, the U.S. Coast Guard awarded a $192 million competitive ID/IQ contract to provide the agency with a replacement vessel for its Small Response Boat fleet. The length of the contract is 8 years.

Under the terms of the contract, up to 470 boats are to be delivered across the U.S. Coast Guard fleet, with an additional 20 boats to be made available to U.S. Customs and Border Protection, and another ten slated for purchase by the Navy. In all, 500 Small Response Boats are to be procured.

Although this is an ID/IQ contract, the winner of the competitive contract was required to facilitate operations to handle the full volume of 500 boats.

Through year three of this contract, only 99 boats have been put on contact by the U.S. Coast Guard. Put another way, the U.S. Coast Guard is procuring less than 20% of the total requirement identified by the procurement. At this rate, the Coast Guard will only procure 266 of the 500 boats identified on the contract. I am concerned that the Coast Guard is unable to procure replacement Small Response Boats at a rate to replace those boats that have reached the end of their service life.

How many Small Response Boats will the U.S. Coast Guard procure in FY 2014, and in the remaining years of the contract?

Response: The Coast Guard is purchasing a sufficient number of Small Response Boats (RB-S) to meet mission needs. The Coast Guard will continue to monitor the viability of the current RB-S fleet and purchase new Metal Shark RB-S boats as replacements are needed. The ID/IQ contract allows for purchase of up to 470 RB-S. It is anticipated that the Coast Guard will order 20-40 RB-S boats in FY14 and follow on years.

Question: Have the requirements behind the initial procurement changed? If so, what is the new total number of Small Response Boats to be procured?

Response: Working with field commanders, the Coast Guard identified opportunities to reduce boat system redundancies. The Coast Guard will be able to meet mission demand with a reduced RB-S fleet size. It is anticipated that the Coast Guard will order 20-40 RB-S boats in FY14 and follow on years.

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Question: If the requirements for this procurement have changed, what is the factor or factors behind the change and how will this effect public safety on our waterways?

Response: The Coast Guard is in the process of reducing its boat fleet, including the number of RB-S, due to more efficient deployment of boats. The Coast Guard conducted an engineering evaluation and determined the RB-S could be operated more hours than originally planned without decreasing service life or increasing hourly maintenance cost. By increasing operating hours on individual boats, the Coast Guard was able to reduce the total number of boats without reducing mission hours.

Question#:	1
Topic:	STCW 1
Hearing:	Coast Guard Mission Execution: How is the Coast Guard Meeting its Mission Goals?
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)
Name:	Vice Admiral John Currier, USCG Vice Commandant
Organization:	U.S. Department of Homeland Security

Question: The purpose of the International Convention on Standards of Training, Certification and Watchkeeping (STCW) for Seafarers was to raise mariners all over the world to a common level of competence. The Coast Guard is currently overseeing a rulemaking and associated policy revisions to implement amendments made to the STCW. However, while this rulemaking is necessary, stakeholders are concerned that the Coast Guard in revising the STCW requirements has created an unnecessary administrative burden for U.S. Seafarers. Additionally, we have been informed that the final rule with revisions to the STCW will be released for comment on December 24, and this may further limit stakeholder involvement.

What has the Coast Guard done to minimize the administrative burden for U.S. Seafarers applying for STCW endorsements?

Response: The STCW final rule (published on December 24, 2013) specifies the competence requirements for seafarers, specifically the training, assessment and service requirements, in compliance with the Convention. This final rule is the product of significant input from the public through the rulemaking process. Throughout the rulemaking process, the Coast Guard provided the public opportunity to shape the regulations implementing the amendments to STCW. In November 2009, the Coast Guard published a notice of proposed rulemaking to revise the STCW regulations originally published in 1997. After receiving public comment on the rulemaking, considering the 2010 amendments to STCW, and needing to make changes to the merchant mariner credentialing program, the Coast Guard published a supplemental notice of proposed rulemaking in August 2011. The Coast Guard held several public meetings and federal advisory committee meetings, through the Merchant Marine Personnel Advisory Committee (MERPAC) and the Merchant Mariner Medical Advisory Committee (MEDMAC), to hear concerns regarding the rulemaking. Based upon the rulemaking process and comments from the public, MERPAC, and MEDMAC, the Coast Guard provided clarity in the requirements for the various STCW endorsements, maintaining them as a separate set of requirements from the national endorsements as requested by the majority of persons responding to the rule.

The impact from the rule on existing mariners is limited since the regulations include grandfathering and transitional provisions applicable to them. Additionally, this final

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rule provides a combination of training and in-service requirements and assessments, to provide mariners with flexibility, and ensure that seafarers achieve the level of competence required for STCW endorsements. This final rule generally increases required classroom training, but at the same time, this rulemaking increases flexibility by providing for the use of onboard training programs, approved individual company training programs, approved workshop skills training, approved laboratory training, and where appropriate, approved simulator training. We also added an opportunity for a candidate to complete an approved program by taking individual courses offered by different providers.

Question: How will this rulemaking change the administrative process for U.S. Seafarers?

Response: The administrative process on the U.S. Seafarer remains largely the same, except for the frequency of applications of medical certificates for seafarers seeking an STCW endorsement to their credential. Mariners will continue to be required to submit information to demonstrate that they are qualified as to age, character, habits of life, experience, professional qualifications and medical/physical fitness.

Question: What meetings have the Coast Guard conducted, and what meetings are planned to discuss the implementation of the new STCW requirements with the U.S. Merchant Marine Academy and State Maritime Academies?

Response: The maritime academies have been involved throughout the process. They have had representatives on the U.S. delegation to the International Maritime Organization during the development of the amendments to STCW. Additionally, the U.S. Merchant Marine Academy and the state maritime academies have representatives who are members of and have been involved with MERPAC, providing the Coast Guard recommendations for the implementation of the STCW. The Coast Guard began making the maritime industry, including the maritime academies, aware of the amendments to STCW in 2010. In the summer of 2011, the Coast Guard met with the maritime academies for a two day meeting/workshop identifying the differences between the existing STCW requirements and those that were in the 2010 amendments to STCW. The Coast Guard encouraged the academies to review their programs and work to develop any needed changes to ensure that their graduates met these new requirements. In 2012, the Coast Guard developed a handbook, to assist the academies in identifying

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the information necessary to issue credentials to their graduates, and a bridging plan, to assist the academies with knowing specifically what the Coast Guard and the Maritime Administration (MARAD) would be seeking when determining whether the academies are still in compliance with STCW. These documents were developed in conjunction with MARAD and with input from the academies. The maritime academies, MARAD and the Coast Guard met in October 2012 to finalize these documents.

Question#:	2
Topic:	STCW 2
Hearing:	Coast Guard Mission Execution: How is the Coast Guard Meeting its Mission Goals?
Primary:	The Honorable John Garamendi
Committee:	TRANSPORTATION (HOUSE)

Question: In addition to the STCW requirements, the Coast Guard oversees and administers the U.S. Merchant Mariner Credential (MMC) program. Right now, there are several inefficiencies and potential overlap between the STCW requirements and the MMC requirements. Veterans are also not given the credit they are due when transitioning to civilian maritime careers.

In constructing the exam for the Merchant Mariner Credential, how does the Coast Guard set the standards and determine what will be included as part of the test?

Response: The Coast Guard uses the subject matter tables listed in the appropriate sections of 46 CFR to determine the topics for each exam. Once the subject matter is determined from the regulations, the Coast Guard uses subject matter experts to develop questions which cover the full range of knowledge within a specific subject matter. Those questions are pooled in a database by subject matter. Exams are generated by randomly pulling a certain number of questions from the appropriate subject matter pools to create an exam with a reasonable expectation of the applicant demonstrating a comprehensive knowledge of the topic.

Question: To what extent does the Coast Guard collaborate with the U.S. Merchant Marine Academy and the State Maritime Academies when developing licensing requirements?

Response: The maritime academies are involved throughout the process. The U.S. Merchant Marine Academy and the state maritime academies have representatives who are members of and are involved with Merchant Marine Personnel Advisory Committee (MERPAC), providing the Coast Guard recommendations on credentialing regulations. The maritime academies are also encouraged to provide comments to rulemaking projects. The Coast Guard works with the academies annually in reviewing the credentialing process for their students.

Question: How does the Coast Guard prevent unnecessary overlap between the STCW requirements and the Merchant Mariner Credential requirements?

Response: As requested by the public, the Coast Guard has separated the requirements for the national and STCW endorsements. Generally, the basic information required for issuing a credential is demonstration of qualification as to age, character, habits of life, experience, professional qualifications and medical/physical fitness. The national

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endorsement requires specific service requirements and an examination before issuance of the credential. The STCW endorsement requires training and demonstrations of competence. Where there are common requirements, such as for age and service, it is evaluated based upon the basic information provided with an applicant's application and in accordance with the applicable parts of 46 CFR.

Question: Are veterans given adequate credit for their experience when they apply for civilian certifications and licenses under the STCW?

Response: Yes, military sea service will be accepted for the required service for a merchant mariner credential. Additionally, the Coast Guard accepts a veteran's training and experience during their evaluation against the requirements of those serving on merchant vessels. Furthermore, the Coast Guard regularly evaluates military training materials submitted by the armed forces against national and international merchant mariner credentialing standards to determine its applicability to commercial service. In so doing, veterans seeking merchant mariner endorsements are provided maximum recognition of their military sea service, training, and experience. Finally, the Coast Guard sponsors the ongoing work of the Merchant Marine Personnel Advisory Committee (MERPAC) to develop recommendations regarding suitable ways for military personnel to transfer military training to civilian mariner service.