



**TESTIMONY OF
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**ON
“THE COAST GUARD’S FISCAL YEAR 2019 BUDGET REQUEST”**

**BEFORE THE
HOUSE COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE**

MARCH 14, 2018

Introduction

Mr. Chairman and distinguished members of the Committee, I appreciate the opportunity to testify today. Thank you for your enduring support of the United States Coast Guard, particularly the significant investments provided in the FY 2017 Consolidated Appropriations Act, recent Hurricane Supplemental, and ongoing deliberations to support our FY 2018 and FY 2019 President’s Budget requests.

As the world’s premier, multi-mission, maritime service, the Coast Guard offers a unique and enduring value to the Nation. The only branch of the U.S. Armed Forces within the Department of Homeland Security (DHS), a federal law enforcement agency, a regulatory body, a first responder, and a member of the U.S. Intelligence Community – the Coast Guard is uniquely positioned to help secure the maritime border, combat transnational criminal organizations (TCO), and safeguard commerce on America’s waterways.

The Coast Guard’s combination of broad authorities and complementary capabilities squarely aligns with the President’s national security and economic prosperity priorities; furthermore, it offers an agile toolset to address the Nation’s most pressing challenges. Appropriately positioned in DHS, the Coast Guard is a military service and a branch of the Armed Forces of the United States at all times.¹ We are also an important part of the modern Joint Force² and currently have forces assigned to each of the five geographic Combatant Commanders, as well as Cyber Command.

As demonstrated in the 2017 record hurricane season, the Coast Guard is the Nation’s “maritime first responder” and plays a leading role in executing the National Response Plan (NRP) for disaster situations. Our ability to rapidly surge in response to emerging threats or contingencies are critical to success across the spectrum of missions we prosecute.

We live in an increasingly volatile, uncertain, complex, and ambiguous world. Rapid technological advancement, increasing globalization, and intensifying threats from state and non-state actors alike challenge international norms and threaten global governance.

¹ 14 U.S.C. § 1; 10 U.S.C. § 101

² In addition to the Coast Guard’s status as an Armed Force (10 U.S.C. § 101), see also Memorandum of Agreement Between the Department of Defense and the Department of Homeland Security on the Use of Coast Guard Capabilities and Resources in Support of the National Military Strategy, 02 May 2008, as amended 18 May 2010.

To ensure we meet the demands of today while preparing for tomorrow, the Coast Guard is guided by a five-year Strategic Intent and suite of regional and functional strategies that drive our Service's operations and investments.

These strategic efforts are informed by the National Security Strategy and applicable DHS strategies, and are coordinated to augment Department of Defense (DoD) priorities. Using these strategies as guideposts, leveraging the intelligence community, and employing a risk-based approach to focus our limited resources allows us to address maritime threats with the greatest precision and effect.

Strategic Effects

Fueled by the Service's unique authorities and capabilities, our Western Hemisphere Strategy continues to yield large-scale successes in our counter-drug mission. The Coast Guard's persistent offshore presence and associated interdiction efforts sever the supply lines of criminal networks where they are most vulnerable—at sea. Leveraging over 30 multilateral and bilateral agreements with a host of government organizations, the Coast Guard's long-term counter-TCO efforts promote stability and strengthen the rule of law throughout these regions. Working with interagency partners, the Coast Guard seized 223 metric tons of cocaine and detained and transferred 606 smugglers for criminal prosecution in FY 2017. Highlighting our record-breaking mission performance for drug interdiction was the STRATTON's offload of over 50,000 pounds of illicit narcotics, with an estimated street value of over \$6.1 billion. This was a result of collaborative efforts between four U.S. Coast Guard cutters, DHS maritime patrol aircraft, and a U.S. Navy ship in over 25 separate interdictions. Beyond the important task of removing cocaine from the illicit system that gets it to U.S. streets, prosecuting smugglers facilitates deeper understanding of TCOs and ultimately helps our unified efforts to dismantle them.

Without question, National Security Cutters (NSC) have been a game-changer not only for our drug interdiction and counter-TCO operations in the southern maritime transit zone, but also in contributing to other national security priorities, such as supporting DoD Combatant Commander requirements across the globe and projecting sovereign rights in the Arctic.

Looking forward, the Offshore Patrol Cutter (OPC) will provide the tools to more effectively enforce Federal laws, secure our maritime borders, disrupt TCOs, and respond to 21st century threats. Continued progress on this acquisition is absolutely vital to recapitalizing our aging fleet of Medium Endurance Cutters (MECs), some of which will be over 55 years old when the first OPC is delivered in 2021. In concert with the extended range and capability of the NSC and the enhanced coastal patrol capability of the Fast Response Cutter (FRC), OPCs will be the backbone of the Coast Guard's strategy to project and maintain offshore presence.

As one of the five Armed Forces, the Coast Guard deploys world-wide to execute our statutory Defense Operations mission in support of national security priorities. On any given day, 11 cutters, two maritime patrol aircraft, five helicopters, two specialized boarding teams, and an entire Port Security Unit are supporting DoD Combatant Commanders on all seven continents. In the Middle East, our squadron of six patrol boats continues to police the waters of the Northern Arabian Gulf in close cooperation with the U.S. Navy, promoting regional peace and stability. Likewise, as one of the principal Federal agencies performing detection and monitoring in the southern maritime transit zone, the Coast Guard provides more than 4,000 hours of maritime patrol aircraft support and 2,000 major cutter days to DoD's Southern Command each year.

In the high latitudes, the Arctic region is becoming increasingly accessible at a time when global interests in energy, clean water, and subsistence continue to intensify. The Coast Guard is committed to the safety, security, and environmental stewardship of the Arctic, and we will remain closely engaged with our partners, including Russia, via the Arctic Coast Guard Forum. By focusing on collaboration over conflict, we are promoting governance and building a shared approach to prevention and response challenges in the region.

Meanwhile, the 42-year old POLAR STAR recently completed another Operation DEEP FREEZE patrol in Antarctica. Just one major casualty away from leaving the Nation without any heavy icebreaking capability, POLAR STAR supported U.S. strategic interests and the National Science Foundation by breaking a navigable shipping lane to deliver fuel and critical supplies to the U.S. base at McMurdo Sound.

I appreciate your support for the \$150 million appropriated in Shipbuilding and Conversion, Navy (SCN) funding in the FY 2017 Omnibus. This is a great step forward to secure our future in the Polar Regions and finally recapitalize the Nation's icebreaker fleet. This funding coupled with the \$750 million in the FY 2019 President's Budget, would enable the Coast Guard to award a contract for detail design and construction and deliver the first new heavy polar icebreaker in 2023. These critical investments reflect our interests and standing as an Arctic Nation and affirm the Coast Guard's role in providing assured access to the Polar Regions.

At the same time the Service was conducting counter-drug missions in the Eastern Pacific and projecting sovereign rights in the Arctic, the Coast Guard also launched one of the largest responses in history during a historic 2017 hurricane season. Over a five week period, Hurricanes HARVEY, IRMA, MARIA, and NATE impacted over 2,540 miles of shoreline³, and Coast Guard men and women in helicopters, boats, cutters, vehicles and on foot rescued over 11,300 people and over 1,500 pets.

During our 2017 hurricane response, the Coast Guard resolved over 1,269 aids to navigation discrepancies, handled 290 pollution cases, located and assessed more than 3,623 grounded vessels, with more than 1,585 removed to date. Within hours after each storm's passage, Coast Guard damage and recovery assessment teams were on-scene determining the status of ports and waterways, leveraging electronic aids to navigation when feasible to facilitate the rapid reopening of key ports and waterways, and assessing impacts to Coast Guard facilities and capabilities. This enabled a vital portion of the country's waterways to reopen, helping maintain our Maritime Transportation System (MTS) which contributes \$4.6 trillion annually to our Gross Domestic Product.

The daily activities of Coast Guard men and women are heroic, as they support nearly every facet of the Nation's maritime interests, protect our homeland, and secure our economic prosperity. In addition to the hurricane responses, the Coast Guard prosecuted over 16,000 search-and-rescue cases and saved more than 4,200 lives; interdicted more than 2,500 undocumented migrants; completed over 9,100 Safety of Life at Sea safety exams on foreign vessels; and responded to over 12,200 reports of pollution incidents.

³ Using CRS method of Shoreline Measurement: Texas: 367 mi, Louisiana: 397 mi, Florida: 1,350 mi, Puerto Rico: 311 mi, USVI: 117 mi

Beyond operations, we earned our fifth consecutive clean financial audit opinion – the only Armed Service that can make such a claim. Further, our major acquisition programs and product lines are delivering new assets on schedule and on budget that have proven to meet our operational requirements. To better guide our modernization, we developed a Long Term Major Acquisitions Plan (LTMAP), a roadmap to field modern platforms to address 21st century threats. We have been working with the Administration to finalize the details of the LTMAP and are committed to delivering this report to Congress as soon as possible.

Our greatest strength is undoubtedly our people. Coast Guard operations require a resilient, capable workforce that draws upon the broad range of skills, talents, and experiences found in the American population. In FY 2019, the Coast Guard will maintain a proficient, diverse, and adaptable workforce that responds effectively to changing technology, an increasingly complex operating environment, and dynamic partnerships. Together, modern platforms and a strong, resilient workforce will maximize the Coast Guard's capacity to meet future challenges.

Conclusion

History has proven that a responsive, capable, and agile Coast Guard is an indispensable instrument of national security. Funding 21st century Coast Guard platforms and people are especially prudent investments given today's challenging fiscal environment. I firmly believe no other investment will return more operational value on every dollar than the extraordinary men and women of the U.S. Coast Guard—which includes 48,000 Active Duty and Reserve members, 8,500 civilians, and over 27,000 volunteer members of the Coast Guard Auxiliary. As illustrated by our sustained response to an historic hurricane season, another record year removing illicit narcotics from the maritime approaches, and unique support to Combatant Commanders around the globe; our ability to rapidly surge resources to emerging threats continues yield unprecedented results for the Nation.

With the continued support of the Administration and Congress, the Coast Guard will continue to live up to our motto - *Semper Paratus* – Always Ready. Thank you for all you do for the men and women of the Coast Guard.

FY 2019 BUDGET REQUEST

The FY 2019 President's Budget funds the most critical Coast Guard operations and continues our Service's highest priority recapitalization efforts. The budget efficiently allocates resources to optimize performance across all Coast Guard mission programs and activities. The Coast Guard must continue to meet today's operational requirements while investing in future capability to best serve the Nation.

The Coast Guard's FY 2019 budget request is focused on three main priorities:

1. Invest in the 21st Century Coast Guard
2. Sustain Mission Excellence
3. Maximize Value to Nation

Invest in the 21st Century Coast Guard

Coast Guard mission demands continue to grow and evolve. The complexities and challenges facing our Nation require well-trained Coast Guard men and women with capable platforms providing the persistent presence necessary to conduct operations. Given the age and condition of the Coast Guard's legacy assets, future mission success relies on continued recapitalization of Coast Guard boats, cutters, aircraft, systems, and infrastructure.

The FY 2019 President's Budget funds construction of the second OPC and long lead time material (LLTM) for the third. OPCs will be the cornerstone of our Service's future surface fleet and comprise 70 percent of the Coast Guard's offshore presence. To meet growing demands in the Polar Regions, the budget provides funding to award a contract for detail design and construction of polar icebreakers and maintains the critical path to deliver the first new heavy polar icebreaker in 2023. Just as critical, the budget funds the service life extension project for the POLAR STAR, the Nation's only heavy icebreaker in service. The budget also continues other vessel acquisition programs, providing funds for four FRCs, totaling 52 hulls of the complete program of record of 58 hulls. In addition to surface recapitalization efforts, the FY 2019 President's Budget continues sustainment and conversion work on in-service fixed and rotary wing aircraft, including missionization of the C-27J aircraft received from the Air Force, and investment in Small Unmanned Aircraft Systems (sUAS), which have proven to be highly successful in achieving strategic objectives in the Western Hemisphere.

Sustain Mission Excellence

The FY 2019 President's Budget ensures the Coast Guard can conduct today's highest priority operations in support of national objectives. Most importantly, it sustains the Coast Guard's workforce and supports proficiency, maximizing operational safety and effectiveness.

The FY 2019 President's Budget provides critical operations and maintenance funding for more capable, modernized assets delivered via the Coast Guard's acquisition programs, including one NSC, six FRCs, and two HC-130J aircraft. In all, the FY 2019 President's Budget increases the workforce by 93 FTE to support Coast Guard activities across all mission programs. The budget also maintains parity with DOD for military pay, allowances, and health care, and for civilian benefits and retirement contributions.

Maximize Value to Nation

In best serving the Nation, the Coast Guard must continue to meet evolving mission requirements stemming from national priorities and remain a trusted steward of public resources.

The 2019 President's Budget sustains the most critical frontline operations by efficiently allocating resources across all mission programs. Coast Guard Operational Commanders will maintain search and rescue coverage, protect critical infrastructure, counter illicit threats from entering the United States, facilitate safe navigation and commerce within the vital MTS, safeguard the maritime environment, support foreign policy objectives, and conduct defense operations in support of DOD Combatant Commander requirements.

FY 2019 BUDGET HIGHLIGHTS

Procurement, Construction, & Improvements (PC&I)

Surface Assets: The budget provides **\$1,544 million** for the following surface asset recapitalization and sustainment initiatives:

- NSC – Provides funding for post-delivery activities for the seventh through ninth NSCs, and test and evaluation activities. The acquisition of the NSC is vital to performing DHS missions in the far offshore regions, including the harsh operating environments of the Pacific Ocean, Bering Sea, and Arctic. The NSC also provides a robust command and control platform for homeland security and contingency operations.
- OPC – Provides funding for construction of the second and LLTM of the third OPC, which are scheduled for delivery in 2022 and 2023, respectively. The OPC will replace the Medium Endurance Cutter classes, now well beyond their service lives, which conduct missions on the high seas and coastal approaches.
- FRC – Funds procurement of four FRCs, totaling 52 of the complete program of record of 58. These assets replace the less capable 110-foot patrol boats, enhancing the Coast Guard’s coastal capability to conduct Search and Rescue operations, enforce border security, interdict drugs, uphold immigration laws, prevent terrorism, and enhance resiliency to disasters.
- Polar Icebreaker – Provides funding to award a contract for detail design and construction of polar icebreakers in 2019, delivering the first new heavy polar icebreaker in 2023. New heavy polar icebreakers will provide the Nation with assured surface access to the Polar Regions for decades to come.
- Polar Sustainment – Supports program management activities, survey and design efforts, and LLTM purchases for a multi-year Service Life Extension Project for POLAR STAR to provide surface presence in the Polar Regions.
- Waterways Commerce Cutter (WCC) – Provides funding for acquisition planning activities to continue evaluation for the replacement of the multi-mission platform integral to the protection of maritime commerce on the inland rivers.
- Cutter Boats – Continues funding for the production of multi-mission cutter boats that will be fielded on the Coast Guard’s major cutter fleet, including the NSC.
- In-Service Vessel Sustainment – Continues funding for sustainment projects on 140-foot Ice Breaking Tugs, 225-foot Seagoing Buoy Tenders, 270-foot Medium Endurance Cutters, and 47-foot Motor Lifeboats.
- Survey and Design – Continues funding for multi-year engineering and design work for multiple cutter classes in support of future sustainment projects. Funds are included to plan a Mid-Life Maintenance Availability (MMA) on the CGC HEALY.

Air Assets: The budget provides **\$148 million** for the following air asset recapitalization or enhancement initiatives:

- HC-27 – Funds continued missionization activities of the C-27J, including funding for spare parts, logistics, training, and mission system development.
- HC-144 – Funds continued Minotaur mission system retrofits and provides high-definition electro-optical infrared cameras to meet DHS Joint Operational Requirements.
- HH-65 – Continues modernization and sustainment of the Coast Guard’s fleet of H-65 short range recovery helicopters, converting them to multi-mission MH-65E variants.

The modernization effort includes reliability and sustainability improvements, where obsolete components are replaced with modernized sub-systems, including an integrated cockpit and sensor suite. Initial funding is also included to extend aircraft service life for an additional 10,000 hours.

- MH-60 – Includes initial funding to extend aircraft service life for an additional 10,000 hours to better align with DOD’s H-60 replacement timeline.
- sUAS – Continues program funding to deploy sUAS onboard the NSC allowing increased interdiction through greater Intelligence, Surveillance, and Reconnaissance (ISR).

Shore Units and Aids to Navigation (ATON): The budget provides **\$135 million** to recapitalize shore infrastructure that supports Coast Guard assets and personnel, as well as construction and improvements to ensure public safety on waterways:

- Specific Projects – Funds continued renovation and modernization of Chase Hall Barracks at the Coast Guard Academy, site work and construction of a new residential complex in Wailupe, Hawaii, and other minor repairs and improvements.
- Major Acquisition Systems Infrastructure – Funds modification and construction of facilities to support newly arriving assets. Includes upgrades and construction for NSC, OPC, and FRC homeports and also supports upgrades for Air Station Barbers Point, Hawaii to transition to C-130Js.

Other (Asset Recapitalization): The budget provides **\$60 million** for other initiatives funded under the Procurement, Construction, and Improvements account, including the following equipment and services:

- Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) – Provides design, development, upgrades, and assistance on C4ISR hardware and software for new and in-service assets.
- Program Oversight and Management – Funds activities associated with the transition of the Coast Guard’s assets from acquisition to operations, including delivery, provision of logistics, training, and other services necessary to ensure seamless integration into the operational fleet.
- CG-Logistics Information Management System – Continues development and deployment of this system to Coast Guard operational assets.
- Other Equipment and Systems – Funds end-use items costing more than \$250,000 used to support Coast Guard missions, including equipment to support operation and maintenance of vessels, aircraft, and infrastructure.

Operations and Support (O&S)

Operation and Maintenance of New Assets: The budget provides **\$63 million and 189 FTE** to operate and maintain shore facilities and sustain new cutters, boats, aircraft, and associated C4ISR subsystems delivered through acquisition efforts:

- Shore Facilities – Funds operation and maintenance of shore facility projects scheduled for completion prior to FY 2019.
- FRC – Funds operation and maintenance of FRCs #31-36, as well as personnel for FRC crews #34-38 and shore-side support for FRC homeports in Cape May, NJ; Galveston, TX; Honolulu, HI; San Juan, PR; and San Pedro, CA.

- NSC – Funds operations and maintenance of NSC #8, as well as personnel for sensitive compartmented information facility (SCIF) crews and analytical support, and shore-side support for a third NSC homeport in Honolulu, HI.
- C-27J Aircraft – Funds fixed-wing aircraft maintenance support personnel.
- HC-130J Aircraft – Funds operations, maintenance, air crews, and pilots for HC-130J airframes #10-11.

Pay & Allowances: The budget provides **\$101 million** to maintain parity with DOD for military pay, allowances, and health care, and for civilian benefits and retirement contributions. As a branch of the Armed Forces of the United States, the Coast Guard is subject to the provisions of the National Defense Authorization Act, which include pay and personnel benefits for the military workforce.

Asset Decommissionings: The budget saves **\$16 million and 56 FTE** associated with the planned decommissioning of Coast Guard aircraft. As the Coast Guard recapitalizes its cutter and aircraft fleets and brings new assets into service, the older assets that are being replaced will be decommissioned:

- HC-130H Aircraft – The budget decommissions four HC-130H aircraft. These assets are being replaced with modernized and more capable HC-130J aircraft.

Operational Adjustments: In FY 2019, the Coast Guard will make sound, risk-based operational decisions while investing in critical recapitalization and new workforce initiatives:

- Aircraft Federal Aviation Administration (FAA) Compliance – The budget provides **\$20 million** to replace obsolete aircraft equipment and systems necessary to comply with FAA 2020 airspace requirements.
- Obsolete Equipment Replacement – The budget provides **\$11 million and 1 FTE** to replace obsolete equipment on cutters and aircraft, including: military satellite communications and cutter underway connectivity equipment.
- Mission Essential Systems – The budget provides **\$5 million** to sustain critical network infrastructure necessary to comply with DOD information network and cybersecurity requirements.
- Acquisition Personnel and Management – The budget provides **\$7 million and 46 FTE** to increase the Coast Guard’s professional acquisition workforce to support new and existing recapitalization projects and programs.
- Elimination of the Crew Rotation Concept (CRC) Pilot Program – The budget saves **\$32 million and 231 FTE** associated with the elimination of CRC operations on NSC hulls 1-3 homeported in Alameda, California. Elimination of the CRC program standardizes operations across the NSC fleet and avoids costly and inefficient CRC implementation on other NSCs.