



**TESTIMONY OF
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**ON
“THE COAST GUARD’S FISCAL YEAR 2022 BUDGET REQUEST”
BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

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Introduction

Chairman Carbajal, Ranking Member Gibbs, and distinguished members of the subcommittee, I appreciate the opportunity to testify today and thank you for your enduring support of the United States Coast Guard. The Fiscal Year (FY) 2021 Consolidated Appropriations Act sustains critical momentum for Coast Guard surface and aviation fleet recapitalization, injects much needed funding to improve our aging shore and information technology infrastructure, and makes essential investments in our workforce. Today, I look forward to addressing how the Administration’s FY 2022 budget request provides a favorable trackline for the Coast Guard our Nation needs.

Amidst the unique challenges presented by the global pandemic these past 16 months, your Coast Guard continued to answer the call and deliver mission excellence. Coast Guard forces responded to new threats in the cyber domain, interdicted 130 foreign vessels engaged in illegal fishing in the U.S. Exclusive Economic Zone, conducted 16,000 search and rescue cases, and responded to the most active Atlantic Basin hurricane season on record with 30 named storms, 12 making landfall in the contiguous United States, six at hurricane strength.

This year, for the first time in nearly 40 years, the Coast Guard’s sole heavy icebreaker – the 44-year-old POLAR STAR – deployed to the Arctic in the winter, overcoming treacherous environmental conditions and engineering casualties to advance America’s sovereign interests and conduct vital scientific research. Coast Guard cutters on patrol in the Eastern Pacific Ocean and Caribbean Basin interdicted 158 metric tons of illegal narcotics worth \$5.6 billion, reducing Transnational Criminal Organizations’ illicit profits, as well as helping to attenuate the “push factors” that trigger migration and fuel violence and instability across Central America. National Security Cutters (NSCs) STONE, BERTHOLF and KIMBALL, and Fast Response Cutters (FRCs) OLIVER BERRY and JOSEPH GERCZAK worked with strategic partners in Oceania and Latin America to combat the threat of Illegal, Unreported, and Unregulated (IUU) fishing. IUU fishing creates ecological damage to the marine environment, jeopardizes food access and sustainable fisheries, threatens the economies of fragile coastal states, and undermines the global maritime rules-based international order. This spring, two of the Service’s newest FRCs, CHARLES MOULTHROPE and ROBERT GOLDMAN, made a trans-Atlantic voyage to their new homeport in Manama, Bahrain. En route, the FRCs conducted strategic engagements in Rota, Spain; Tunis, Tunisia; and the Port of Piraeus, Greece, bolstering regional cooperation.

These vessels replace two of the Service's six legacy 110-foot patrol boats stationed at Coast Guard Patrol Forces Southwest Asia, where they provide support to U.S. Navy Fifth Fleet operations in the Arabian Gulf. The Coast Guard also served at the forefront of strategically important multi-lateral venues, such as the operationally focused Arctic Coast Guard Forum and the highly effective North Pacific Coast Guard Forum, promoting dialogue across shared areas of common interest with the seven other Arctic nations, as well as North Pacific fisheries partners – Canada, Japan, Russia, China, and South Korea.

Maritime security is national security, and across the globe the Coast Guard is in high demand as an instrument of international diplomacy. Oftentimes viewed as the U.S. maritime service with the most relatable mission profile to many nations' maritime forces, the U.S. Coast Guard is often replicated and considered to be a tremendous partner to our like-minded friends and allies.

I am extraordinarily proud of our workforce and remain humbled to serve as their Service Chief. I would contend that it is a transformational time for our Service as we become a true 21st century Coast Guard – one that stands ready to operate in an increasingly complex, inter-connected, and technologically sophisticated maritime domain. This transformation hinges on sustained momentum to restore readiness and continued strategic investments in the Coast Guard the Nation is calling for. With the support of both Congress and the Administration, we will continue to recruit, train, and retain a new generation of Americans who better reflect the demographics of the public we serve; we will recapitalize our surface and aviation assets; we will revitalize our aging shore infrastructure; and we will invest in modern technologies. The FY 2022 President's Budget request is a direct reflection of those priorities.

Restore Readiness

Support the Mission Ready Total Workforce: At the core of our mission success resides extraordinary people – the world's most capable and talented Coast Guard comprised of over 56,000 Active Duty, Reserve, and Civilian personnel, supported by 25,000 Auxiliary volunteers. The Coast Guard entrusts and empowers its personnel at every level to lead with a bias for action – taking on-scene initiative and delivering solutions to complex problems. While extremely valuable in executing the Service's missions, these traits may also serve to veil the true impacts of the Coast Guard's readiness challenges. As Coast Guard men and women take it upon themselves to accomplish the mission, the thousands of added hours required to overcome asset, technology, and infrastructure readiness issues drive workforce fatigue, and can often come at the expense of training and critical skills retention.

Going forward, I remain committed to providing our dedicated and talented workforce with the tools, resources, and policies that will enable them to professionally thrive and personally grow. Our FY 2022 budget requests \$170 million for pay and benefits; and \$44 million to address workforce gaps, to modernize the Service's antiquated training system, to enhance recruiting and retention initiatives, to expand diversity and inclusion efforts, and to continue the transition to electronic health records. This funding is vital to continue the progress we are making due in no small part to your support in the FY 2021 appropriation. This year we have continued the critically important transition to electronic health records, bolstered our childcare subsidy program, accelerated the modernization of our training system, invested in critical course development, hired additional recruiters, increased resources to support workforce mental health needs, and made substantial investments in family housing projects in Kodiak, Alaska and Staten Island, New York.

As the Coast Guard brings new assets online, it becomes increasingly critical that we remain focused on our personnel. The FY 2022 budget allows the Coast Guard to continue to pursue policies and practices that enable the Service to recruit and retain a highly talented workforce increasingly representative of the American public we serve. I remain committed to creating an environment that attracts the best of our Nation's diverse talent and experience, and provides an inclusive and rewarding journey that positions the Coast Guard as an employer of choice in a highly competitive marketplace for talent. The budget we will discuss today highlights that commitment.

Modernize and Sustain Operational Capability: The Coast Guard is in the midst of the largest recapitalization effort in our history. Until the work to recapitalize is fully completed, service members must continue to conduct missions with legacy assets, many of which are over 50 years old, like our Reliance Class 210-foot medium endurance cutters and our construction and inland waterways tenders. The Service must also sustain our legacy fleet until new assets come online. This recapitalization and sustainment balance is not only applicable to our surface and aviation assets, but also for our shoreside and waterfront infrastructure, where every mission begins. With the support of Congress, we have seen significant increases to our shore recapitalization funding in recent years; however, our ten-year average recapitalization rate is at only 0.4%. A healthy organization recapitalizes its infrastructure at a rate of 2 to 4%. Our current pace equates to full replacement of the Coast Guard's shore plant every 267 years.

Surface Assets

With the strong support of the Administration and Congress, we continue efforts to acquire the Nation's first new heavy polar icebreakers in almost half a century. The \$555 million provided in the FY 2021 Consolidated Appropriations Act funds construction of the second Polar Security Cutter. The FY 2022 request of \$170 million will sustain the program and procure initial long lead time materials for the third. When fully operational, these Polar Security Cutters will provide the global reach and icebreaking capability necessary to ensure sustained operations in the Polar or High Latitude Regions, access which is critical to projecting U.S. sovereignty and protecting our national interests, countering malign actors, and responding to new mission demands created by climate change.

The FY 2021 Coast Guard appropriation included \$546 million for the Offshore Patrol Cutter (OPC), one of the Service's highest acquisition priorities. Continued progress on the OPC program is absolutely vital to recapitalizing the capability provided by our legacy fleet of 210-foot and 270-foot Medium Endurance Cutters (MECs). The FY 2022 request provides \$597 million for construction of the fourth OPC and long lead time materials for the fifth. The OPC program is for 25 hulls. The legacy assets the OPCs will replace have been workhorses for over 50 years and have served the Nation with distinction, but the MEC fleet is becoming more difficult and expensive to maintain, and we continue to see increasing degradation in its operational availability. Despite the extraordinary efforts of our men and women, over the last two years alone, our MEC fleet has lost nearly 500 annual patrol days due to unplanned maintenance and repairs, the equivalent of 11 percent of our MEC fleet capacity. To address this critical loss of operational capacity, the FY 2022 President's Budget requests \$60 million for additional shore-side support personnel and funding to improve vessel readiness across the Coast Guard's surface fleet due to deferred maintenance, reduced dry docks and dockside availabilities, and rising costs for parts and services.

We are also making progress on the recapitalization of our fleet of inland tenders – some of which have been in service since the 1940s, shouldering the herculean responsibility of maintaining both

fixed and floating aids to navigation on the U.S. Marine Transportation System (MTS) – the 25,000 miles of rivers and navigable channels that support \$5.4 trillion in annual commerce and 31 million jobs. The MTS is the lifeblood of the U.S. economy, supporting 26 percent of our Nation’s Gross Domestic Product (GDP). The FY 2022 request for \$67 million would allow the Coast Guard to award a detail design and construction contract, with delivery of the first Waterways Commerce Cutter (WCC) anticipated in FY 2024, maintaining momentum from the \$25 million provided in the FY 2021 appropriation. These cutters – which will replace our legacy inland tender fleet – will feature modern designs for propulsion and crew habitability, as well as enable gender equity in this segment of our cutter forces community for the first time in history.

Aviation Assets

Like my concerns with our aging surface assets, I have become increasingly concerned about our ability to sustain operations with our legacy rotary wing fleet. Our current fleet includes 98 MH-65 Dolphin and 48 MH-60 Jayhawk helicopters. Both helicopters are undergoing essential Service Life Extension Programs (SLEP) to push current capabilities into the mid-2030s. However, the rapidly declining availability of MH-65 parts is revealing that SLEP alone will no longer ensure MH-65 readiness that far into the future. Even if a healthy supply chain existed, the MH-65 fleet will exceed its service life well before 2040 and the expected arrival of Future Vertical Lift capability. Conversely, DoD operates more than 4,000 H-60s and is poised to continue H-60 operations until Future Vertical Lift technology is fully deployed. Combined with the rapid growth in use of the H-60 variant in the civil aviation sector, the domestic H-60 supply chain will remain viable well past 2040. Hence, while completion of the MH-65 and MH-60 SLEP remains an imperative to meeting current mission demand, the Coast Guard must immediately begin transitioning towards a single airframe rotary wing fleet comprised of MH-60 helicopters. The FY 2021 appropriation contained \$29 million to enable the Service to convert Air Station Borinquen, Puerto Rico, a critical first step towards that transition.

The FY 2022 request proposes \$83 million to expand the Coast Guard’s fleet of MH-60T helicopters with the conversion of low hour former Navy air frames at our Aviation Logistics Center. The request also supports the transition of Air Station New Orleans, Louisiana from MH-65 to MH-60 helicopters using aircraft currently in the Coast Guard’s inventory. Lastly, to address broader aviation readiness concerns and improve the operational availability of both our fixed and rotary wing aircraft, the FY 2022 request includes \$97 million to help arrest the growth of aviation maintenance backlogs, rebuild critical parts inventories, and enable avionics upgrades that ensure asset airworthiness.

Shore Infrastructure

I am also particularly mindful of the condition of our aging shore infrastructure and the adverse effects it has on readiness across all mission areas. We greatly appreciate the \$363 million provided by Congress in FY 2021 to support critical shore facility investments in Alaska, Florida, Hawaii, Maine, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, and Washington. While these investments enhance the resilience of our infrastructure portfolio, we still have more work to do as our facilities face new threats from natural hazards and the impacts of climate change. Sustaining this momentum going forward is essential to providing our Coast Guard men and women with the modern facilities necessary to support 21st century Coast Guard operations.

The Coast Guard has been slowly recapitalizing our shore infrastructure, updating and where possible replacing legacy military housing and support facilities, and modernizing waterfront facilities to accept new assets. Despite these efforts, the Service has a \$2 billion infrastructure recapitalization backlog. Additionally, we have accrued nearly \$1 billion in deferred, depot-level maintenance projects on our shore facilities. The FY 2022 budget supports the Coast Guard's efforts to address the \$1 billion deferred shore facility depot maintenance backlog with targeted investments to improve the condition and energy efficiency of shore facilities, and expedite the divestiture of excess real property.

Improve Information Technology Reliability: We are now a year into our "Technology Revolution" – a "Whole of Service" effort to ensure that our dedicated workforce is supported by a reliable, mobile, and integrated information system. With your support in the 2020 Coronavirus, Aid, Relief, and Economic Security (CARES) Act, the Coast Guard was able to make over \$85 million in investments towards crucial modernization efforts, from hardware and network upgrades that facilitated remote work and telehealth capabilities, to modern data analytics tools whose versatility helped Coast Guard leaders mitigate the unprecedented challenges of the COVID-19 pandemic with accurate and up-to-date personnel protective equipment and vaccine tracking and distribution information. Furthermore, with the more than \$100 million provided in the FY 2021 appropriation towards our "Technology Revolution," we continue investments in software modernization and network defense, replacement of obsolete hardware, enhanced connectivity aboard our cutters, and we will begin the transition to an enterprise big data platform to better inform future operations and enhance our already stellar mission effectiveness.

To stay ready, the Coast Guard must keep pace with the technological advances occurring across the maritime sphere, from the cyber domain to renewable energy, and increased space operations, in order to ensure a safe and secure Marine Transportation System. The FY 2022 budget request continues to make critical investments in the Coast Guard's network, hardware, and software – including \$17 million to increase cyber hardening and improve the reliability and integrity of Coast Guard information technology networks; \$54 million to address infrastructure shortfalls and communications equipment obsolescence, as well as build resilient network delivery architecture that ensures no single point of failure; and \$22 million to transition to modern software and provide mobile tools that improve the efficiency and effectiveness of operators in the field. To have a truly 21st Century Coast Guard, we must build off the momentum of previous Congressional support and accelerate our efforts.

Conclusion

The Coast Guard is America's maritime first responder and must be prepared for natural and manmade disasters, while also conducting an array of steady state missions that enhance economic prosperity, safeguard our environment, and advance the security of our homeland and broader national security interests. New assets alone are insufficient to sustain a mission-ready Coast Guard. A ready Coast Guard requires operational platforms, reliable infrastructure, and above all else, a well-trained and diverse workforce properly equipped with state-of-the-market technology to enable mission performance.

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

FY 2022 BUDGET HIGHLIGHTS

BUDGET PRIORITIES:

- ***Restore Readiness***— The Coast Guard must maintain momentum to restore Service readiness. More than ever, the Nation needs a ready Coast Guard with the tools and support systems necessary to operate in the increasingly complex, interconnected, and technologically advanced maritime domain.
- ***Recapitalize Legacy Assets and Infrastructure***— The Coast Guard is in the midst of the largest recapitalization effort in its history – an effort critical to building the Coast Guard the Nation needs. However, until recapitalization is fully completed, service members must continue to conduct missions with legacy assets, some of which are over 50 years old.

The FY 2022 Budget requests **\$9.02 billion** for Operations and Support (O&S) and **\$1.64 billion** for Procurement, Construction and Improvements (PC&I). Budget highlights include:

RESTORE READINESS (O&S):

Support the Mission Ready Total Workforce

- **\$127 million** for requisite military pay and allowances per National Defense Authorization Act requirements, maintaining parity with the military branches within the Department of Defense, and **\$43 million** for civilian pay and benefits (O&S).
- **\$44 million** for workforce readiness, including recruiting, retention, diversity and inclusion, training, and healthcare (O&S).

Modernize and Sustain Operational Capability

- **\$194 million** to address Coast Guard depot maintenance backlogs, including: \$97 million for fixed and rotary-wing aircraft maintenance and critical parts; \$60 million for vessel deferred maintenance and shore-side support personnel; and \$37 million for shore infrastructure depot maintenance backlogs and divestiture of excess real property.
- **\$93 million** for new assets including: operations and maintenance (O&M) funds for Fast Response Cutters (FRCs) #47-51 and OPC #1; crews for FRCs #49-54, OPC #2, and NSC #10; shoreside personnel and support for FRCs #48-53 and OPC #1; support for NSC capabilities, including tactical cryptology and small Unmanned Aircraft Systems (sUAS); crew and O&M for three HC-130Js; O&M for a new C-37 Long Range Command and Control Aircraft; and funds to operate and maintain new and improved facilities at Air Station Ventura, California; the first OPC homeport in San Pedro, California; a new aircraft simulator building at Aviation Training Center Mobile, Alabama; and family housing in Perry, Maine.
- **\$23 million** to transition Air Station New Orleans, Louisiana from MH-65 to MH-60 helicopters and crew and O&M of MH-60T hull #49 to continue the Coast Guard's efforts to transition to a single-frame helicopter fleet.

Improve C5I Reliability and Performance

- **\$54 million** to address critical shortfalls in the Coast Guard's IT hardware and infrastructure.
- **\$22 million** to transition to modern software and provide mobile solutions for the workforce.
- **\$17 million** for improved cyber hardening to ensure resilience, reliability, and integrity of Coast Guard IT networks.

RECAPITALIZE LEGACY ASSETS AND INFRASTRUCTURE (PC&I):

- **\$1 billion** for vessels, including: \$597 million for the construction of OPC #4, as well as long lead time materials for OPC #5; \$170 million for PSC including project management for the construction of PSCs #1-2 and initial long lead time materials for PSC #3; \$78 million for post-delivery activities for National Security Cutters (NSCs) #10-11; and \$67 million for the Waterways Commerce Cutter (WCC) initial detail design and construction contract award.
- **\$280 million** for shore infrastructure improvements to support new acquisitions and the execution of Coast Guard operations including: PSC homeport in Seattle, Washington; recruit barracks at Training Center Cape May, New Jersey; continued buildout of the consolidated operational base in Charleston, South Carolina; and other infrastructure repairs and upgrades.
- **\$222 million** to recapitalize and sustain fixed and rotary-wing aircraft including: sustainment of the current MH-60T helicopter fleet and initial funding for fleet expansion; modernization and sustainment of MH-65 helicopters to extend service life into the 2030s; and continued missionization of HC-27J medium-range surveillance aircraft.