



# **U. S. COAST GUARD FINANCIAL IMPERATIVES**

**Presentation to DC Chapter – ASMC**

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# AGENDA



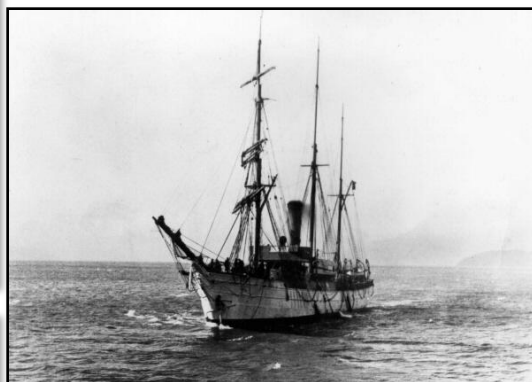
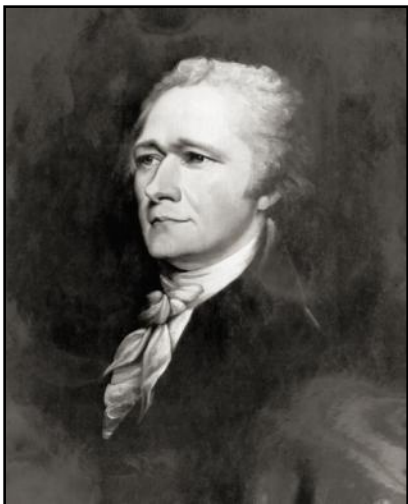
## OUTLINE:

- Coast Guard Overview
- Optimizing Limited Resources
- Preserving Future Capability Through Recapitalization
- Meeting Mission Requirements and Public Expectations





# USCG PAST AND PRESENT



- 1790: “Revenue Marine” created within Treasury
- 1863: “Revenue Cutter Service” established
- 1915: Revenue Cutter Service combines with the U.S. Lifesaving Service (1848) to create the Coast Guard
- 1939: U.S. Lighthouse Service (1789) added
- 1946: Steamboat Inspection Service (1838) added
- 1967: Coast Guard moved to Department of Transportation
- 2003: Coast Guard moved to Department of Homeland Security



# USCG STATUTORY MISSION PROGRAMS



- Search and Rescue – *Title 14*
- Marine Safety – *Title 33, 46*
- Marine Environmental Protection – *Title 14, 33*
- Aids to Navigation – *Title 14*
- Ice Operations – *Title 14*
- Living Marine Resources – *Title 14*

\*NON-HOMELAND  
SECURITY

- Ports, Waterways, and Coastal Security – *Title 14, 46*
- Defense Readiness – *Title 10, 14*
- Illegal Drug Interdiction – *Title 14*
- Undocumented Migrant Interdiction – *Title 14*
- Other Law Enforcement – *Title 14*

\*HOMELAND  
SECURITY

*\*Per Section 888, Homeland Security Act*



# A DAY IN THE LIFE OF THE U. S. COAST GUARD



## On an average day the United States Coast Guard will:

- Save 13 lives, respond to 64 search and rescue cases and prevent loss of \$260,000 in property.
- Seize or remove 1,100 pounds of illegal drugs, with a street value of \$19 million.
- Interdict 10 migrants attempting to illegally enter the United States via maritime routes.
- Conduct 135 armed waterborne security patrols.
- Conduct 57 inspections of U.S. Flagged Vessels and safety exams on commercial fishing vessels.
- Conduct 67 container inspections, and investigate and respond to 10 pollution incidents.
- Issue 200 credentials to qualified merchant mariners.
- Perform 47 safety, security and environmental protection inspections at maritime facilities.
- Manage 3,500 commercial vessel transits through the Marine Transportation System.
- Provide reliable visual aids to navigation throughout the United States and its territories.
- Conduct 14 fisheries boardings to ensure compliance with fisheries and protected species regulations.
- Provide forces and capabilities to DOD to carry out U. S. national security objectives.





# WIDE RANGE OF OPERATIONAL ASSETS





# CHALLENGE: AGING ASSETS

## THE COAST GUARD OPERATES THE 37<sup>TH</sup> OLDEST OF 39 SIMILAR FLEETS WORLDWIDE



1985-2005



1984-2004



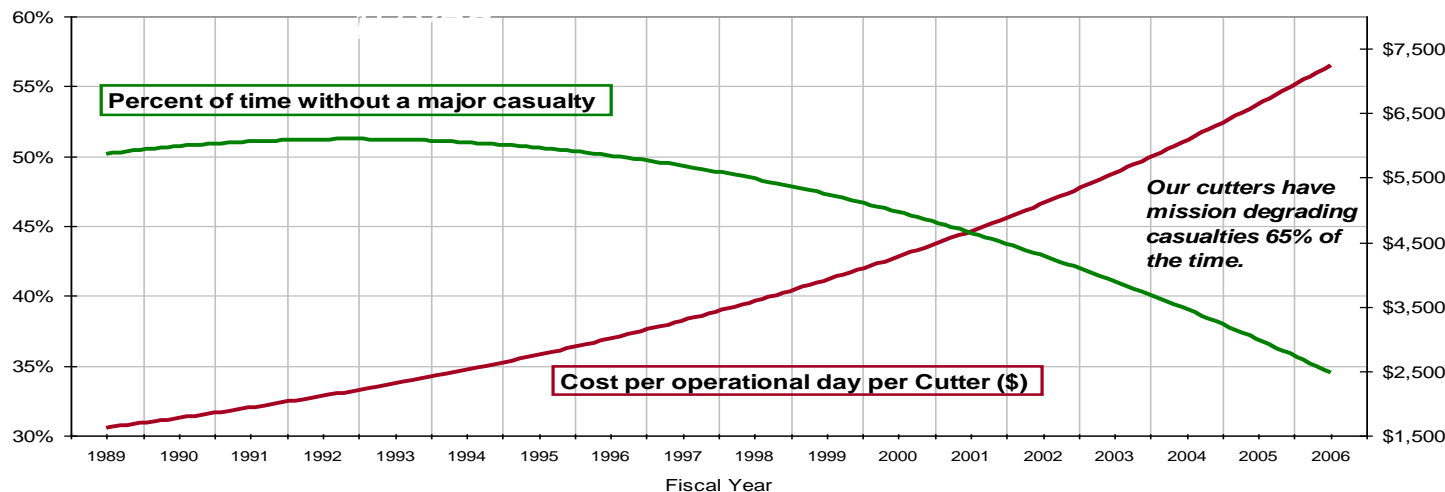
1964-2007



1990-2005



Twenty Years of Declining Legacy Cutter Readiness



Expiration of  
Planned  
Service Life

Year First  
Commissioned

Avg  
Age

1965-2008



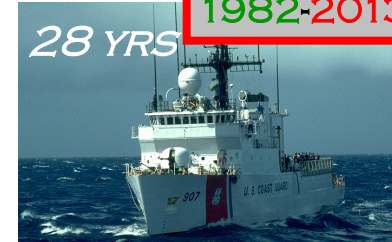
1972-1997



1982-2002



1982-2013





# FY 2011 BUDGET OPTIMIZING LIMITED RESOURCES





# FY 2011

## CG STRATEGIC OVERVIEW

**Sustaining long-term Coast Guard performance ultimately depends on the pace and stability of future recapitalization – the President's FY11 Budget supports this imperative.**

- **Continued recapitalization of aging assets and infrastructure is the Coast Guard's top priority**
  - *Recapitalization is vital to maintaining future surface, air, and shore asset capability - an essential investment for DHS and the Nation*
  - Redirects savings from efficiencies, consolidation initiatives, decommissionings, and capability reallocations to support highest priority acquisitions.
  - Supports efforts to constrain Government spending.



# FY 2011 DHS STRATEGIC PRIORITIES



## Quadrennial Homeland Security Review (QHSR)

- Released with President's Budget
- Bottom-Up Review (BUR) on-going



## FY 2011 Budget aligns with the five DHS missions:

- Preventing Terrorism and Enhancing Security
- Securing and Managing the Our Borders
- Enforcing and Administering Our Immigration Laws
- Safeguarding and Securing Cyberspace
- Ensuring Resilience to Disasters



# FY 2011 BUDGET REQUEST



***Requests \$10.08 billion for FY 2011 – discretionary & mandatory  
Net reduction of 773 positions (-1,112 military & +339 civilian FTP)***

<b>Budget Activity (\$K)</b>	<b>FY09 Enacted</b>	<b>FY10 Enacted</b>	<b>FY11 President's Request</b>	<b>FY10-11 Change %</b>
<b>Operating Expense (OE)**</b>	<b>6,428,718</b>	<b>6,563,888</b>	<b>6,650,950</b>	<b>1.3%</b>
<b>Reserve Training (RT)</b>	<b>130,102</b>	<b>133,632</b>	<b>135,675</b>	<b>1.5%</b>
<b>Environmental Compliance &amp; Restoration (EC&amp;R)</b>	<b>11,317</b>	<b>13,198</b>	<b>13,329</b>	<b>1.0%</b>
<b>Acquisition Construction &amp; Improvements (AC&amp;I)</b>	<b>1,229,101</b>	<b>1,536,280</b>	<b>1,381,228</b>	<b>-10.1%</b>
<b>Alteration of Bridges</b>	<b>13,997</b>	<b>4,000</b>	<b>---</b>	
<b>Research, Development, Test &amp; Evaluation (RDT&amp;E)</b>	<b>19,592</b>	<b>24,745</b>	<b>20,034</b>	<b>-19.0%</b>
<b>Health Care Fund Contribution (HFC)</b>	<b>257,305</b>	<b>266,006</b>	<b>265,321</b>	<b>-0.3%</b>
<b>Total (Discretionary Funding)</b>	<b>8,090,132</b>	<b>8,541,749</b>	<b>8,466,537</b>	<b>-0.9%</b>

**\*\* Does not include funding for Overseas Contingency Operations (OCO) and Polar Icebreaking operations and maintenance.**

**Full funding for FY11 OCO and Polar is included in USN and NSF requests, respectively.**



# FY 2011 BUDGET REQUEST OPERATING EXPENSES



## **Operation & Maintenance (O&M) of New Assets (+\$17.5M, +38 FTP):**

- Shore facilities, Response Boat-Mediums, Rescue 21, Nationwide Automatic Identification System, Rescue Swimmer Training Facility

## **Surface & Asset Follow-On (+\$62.5M, +336 FTP):**

- Operations and Maintenance for NSC #3 and logistics support for NSC
- Crews and Operations and Maintenance for FRCs & shore-side support
- Maritime Patrol Aircraft (HC-144) simulator follow-on
- AIRSTA Miami and ATC Mobile transition support
- Operations and Maintenance for HC-144 aircraft
- Airborne Use of Force sustainment





# FY 2011 BUDGET REQUEST OPERATING EXPENSES



## Asset Decommissionings:

- **Four High Endurance Cutters (-\$28.2M, -764 FTP)**
  - JARVIS, RUSH, HAMILTON, CHASE; backfill 2 HECs in Honolulu and 1 HEC in San Diego
  - NSC#1 fully operational, NSC#2 operational 4<sup>th</sup> Qtr FY11; homeport in Alameda
- **One Medium Endurance Cutter – ACUSHNET (-\$2.8M, -86 FTP)**
- **Four HU-25 Aircraft (-7.7 M, -62 FTP)**
  - Three HU-25s will be replaced with new HC-144 at AIRSTA Miami, FL
  - One HU-25 – removed from service at AIRSTA Cape Cod, MA
  - HC-144s programmed for 1,200 flight hrs per year vs. HU-25 programmed at 800 flight hours per year





# FY 2011 BUDGET REQUEST OPERATING EXPENSES



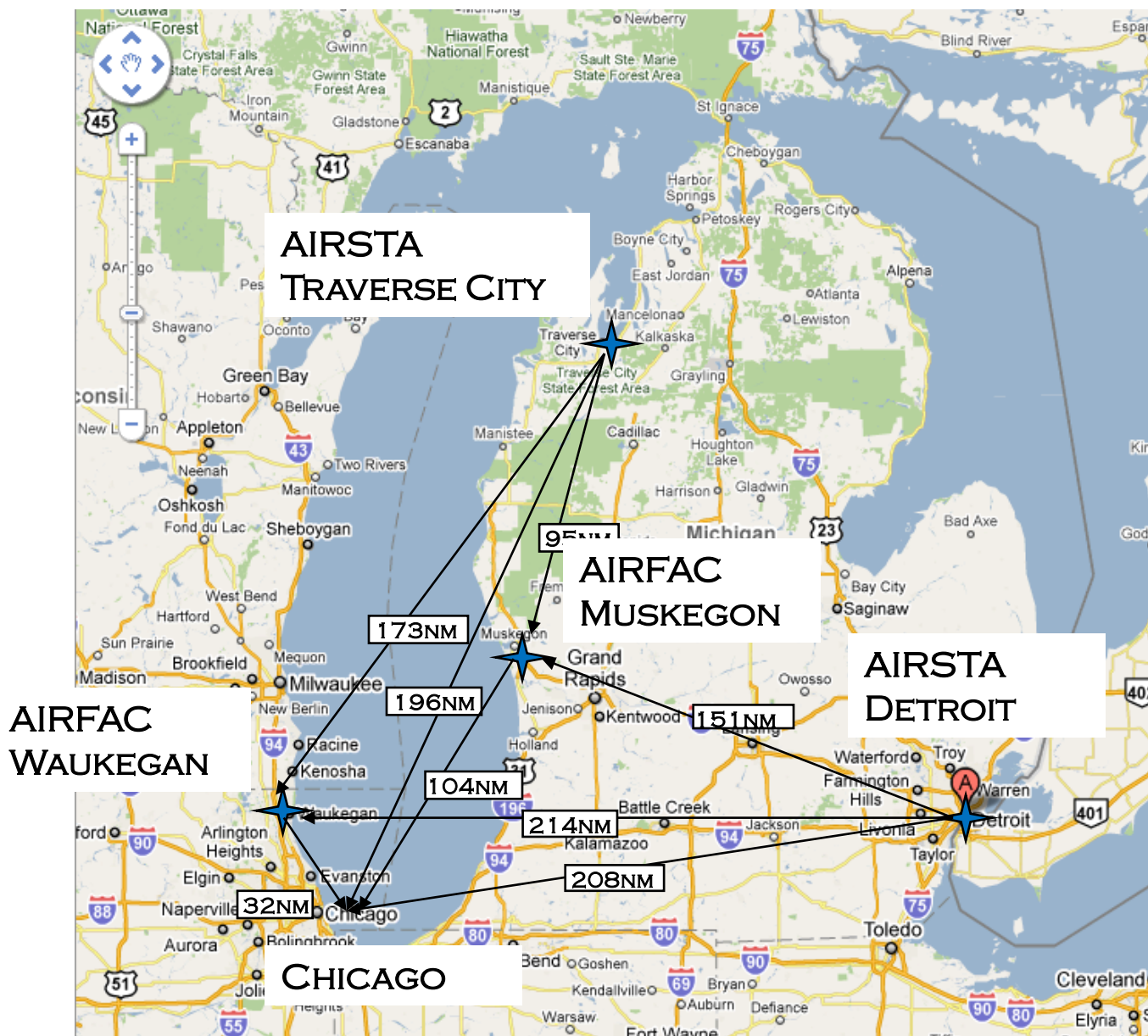
## Program Decreases: Rotary Wing Capacity

- Remove five H-65s out of service (-\$5.5M, -68 FTP)
- Move four H-60's to AIRSTA Traverse City; two from OPBAT support & two from MSRT support
- Close seasonal air facilities (AIRFAC Waukegan and AIRFAC Muskegon)





# ROTARY WING RE-ALIGNMENT – GREAT LAKES





# FY 2011 BUDGET REQUEST OPERATING EXPENSES



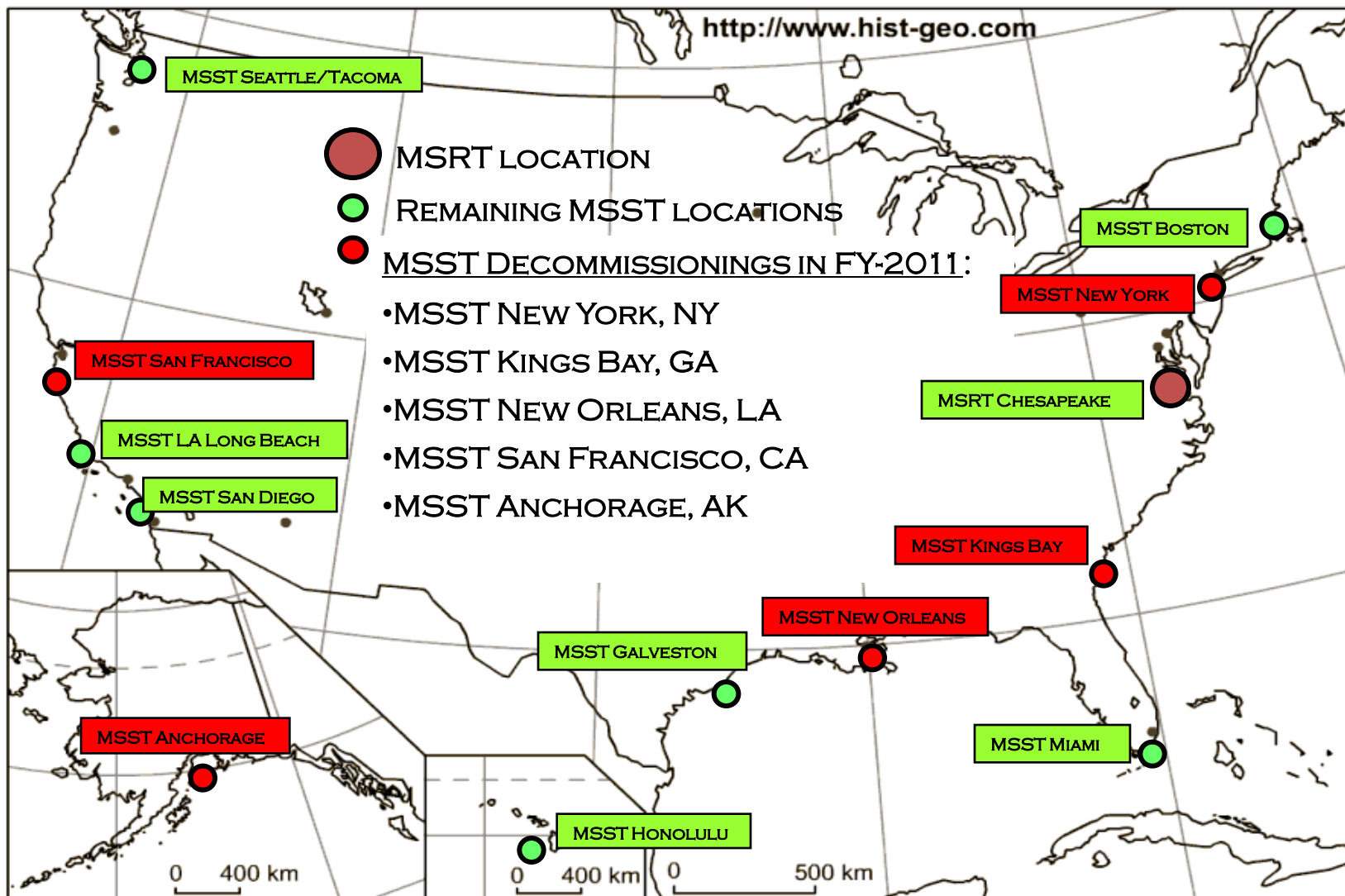
## Program Decreases: Deployable Force Capacity

- **Decommission Five MSSTs (-\$18.2M, -391 FTP)**
  - New York, King's Bay, New Orleans, San Francisco and Anchorage
  - Move towards regional concept
- **Reinvest in Law Enforcement Detachments (LEDETs)**
  - (+3.6M, 50 FTP) to add 18<sup>th</sup> LEDET and increase size from 11 to 12 on 17 others





# FY 2011 MSST DECOMMISSIONING PLAN





# FY 2011 CAPITAL INVESTMENT HIGHLIGHTS

## PRESERVING FUTURE CAPABILITY THROUGH RECAPITALIZATION



### Surface: \$898M

Key Project Highlights	FY 11	Comment
Response Boat – Medium	\$42M	10 boats; 115 of 180 boats funded through FY 11
National Security Cutter	\$538M	Production for NSC 5; 5 of 8 NSCs through FY 11
Offshore Patrol Cutter	\$45M	Supports pre-acquisition design and engineering
Fast Response Cutter	\$240M	4 cutters; 12 of 58 cutters funded through FY 11
MEC Sustainment	\$30M	3 x 270' cutters; All 210's funded through FY 11

Note: +\$3M for cutter boats.





# FISCAL YEAR 2011 ACQUISITION CONSTRUCTION AND IMPROVEMENT (AC&I) HIGHLIGHTS



## Air: \$101M

Key Project Highlights	FY 11	Comment
Maritime Patrol Aircraft	\$40M	1 aircraft; 15 of 36 aircraft funded through FY 11
HH-60	\$32M	8 aircraft sustained in conjunction with depot maintenance
HC-130H / J	\$29M	2 center wing boxes plus design for H; logistics for J

Note: HH-65 to execute prior-year funding to continue sustainment projects.





# FISCAL YEAR 2011 ACQUISITION CONSTRUCTION AND IMPROVEMENT (AC&I) HIGHLIGHTS



## Other Equipment/Shore: \$119M

Key Project Highlights	FY 11	Comment
Rescue 21	\$36M	Deploy to LA/LB, Detroit, Buffalo, Honolulu, Guam and San Juan, PR.
Shore	\$69M	Rehabilitate buoy-tender moorings Newport, RI; Phase III of Chase Hall (CGA); Phase II of Thrun Hall (ATTC) barracks; minor shore, ATON and S&D.
Military Family Housing	\$14M	Build/acquire housing in Upper Keys & Montauk

**Note:** No funding requested for Interagency Operations Centers (IOC) or Nationwide AIS (NAIS).





# FISCAL YEAR 2011 ACQUISITION CONSTRUCTION AND IMPROVEMENT (AC&I) HIGHLIGHTS



## Other: \$263M

Key Project Highlights	FY 11	Comment
Government Program Management; Systems Engineering Integration	\$74M	Supports CG assumption of systems integrator
C4ISR/ Technology Obsolescence Prevention	\$31M	Design and engineering for NSC, FRC and MPA
DW Logistics	\$50M	Facilities & training for NSC & FRC; deploy CG-LIMS
Personnel	\$108M	Annualize FY10 growth; 785 FTP for acquisition & tech auth





# FISCAL YEAR 2011 ACQUISITION CONSTRUCTION AND IMPROVEMENT (AC&I) HIGHLIGHTS



## FY 2011 – 2015 Capital Investment Plan:

*Provides out-year funding for the highest priority acquisition programs*





# FY 2011 – MEETING MISSION REQUIREMENTS & PUBLIC EXPECTATIONS



**The Coast Guard does not budget by Mission-Program. The Coast Guard's operational model is agile and flexible, and allows the Nation to quickly bring multi-mission capabilities to bear in the maritime environment.**

- **Coast Guard will continue to provide superior value and service to the American public**
  - Operational Commanders will use risk management to allocate available resources to meet the Nation's highest order maritime safety, security, and stewardship needs.
  - ***The Coast Guard's response to the recent Haitian earthquake highlights the organization's ability to rapidly surge forces (both humanitarian and security) in response to emerging needs.***



# QUESTIONS?

