



**TESTIMONY OF
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ON

“MAINTAINING COAST GUARD READINESS”

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

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Introduction

Good morning Chairman Hunter, Ranking Member Garamendi and distinguished members of the Subcommittee. I am honored to appear before you today, to discuss Coast Guard readiness and our continued efforts to best serve the American people today and into the future.

The United States continues to face a dynamic and complex array of maritime hazards to people, cargo, conveyances and the environment, requiring vigilance to sustain effective maritime governance. Our vigilance is bolstered by a unified effort across government and close collaboration with the private sector. We remain focused on the Department of Homeland Security's (DHS) enduring missions of: Preventing terrorism and enhancing security; Securing and managing our borders; Enforcing and administering our immigration laws; Safeguarding and securing cyberspace; and Ensuring resilience to disasters. The Coast Guard is fully committed to these priorities.

To address today's greatest maritime safety, security and environmental protection needs and ensure future readiness, the Coast Guard must leverage the inherent advantages of our integrated, layered Prevention and Response strategy, strengthen partnerships to achieve unity of effort and ensure our people are properly trained and equipped. We must also ensure sound fiscal and risk management underpins our planning and operations, as well as our critical asset recapitalization and sustainment programs. To that end, the Coast Guard is committed to working with DHS, the Administration and Congress to ensure we remain ready for the challenges ahead.

Ensuring Maritime Safety, Security and Environmental Stewardship

The Coast Guard plays a vital role in the DHS's layered, multi-faceted approach to maritime security. Our complementary 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.

Partnerships complement the Prevent-Respond concept of operations. The Coast Guard leverages our network of joint service, international, federal, state, local, tribal and territorial partnerships to improve unity of effort and strengthen maritime governance. This is particularly apparent in our close work with other DHS components as we seek to unify effort in meeting our shared homeland security missions. This is also apparent in our work with other nations. This international cooperation is a critical component to our layered approach, serving as a force multiplier and enabling the Coast Guard to address maritime threats as far from U.S. shores as possible. For example, the Coast Guard maintains 30 maritime counterdrug bilateral agreements and operating procedures to stem the flow of illicit drugs in the Western Hemisphere. In a recent case, a Coast Guard Law Enforcement Detachment Team conducted a joint boarding of a self-propelled semi-submersible with the Colombian Navy, resulting in the interdiction of 5,243 pounds of cocaine.

The Coast Guard implements the Prevent-Respond strategic concept in an integrated manner throughout U.S. waters, across the high seas to the waters and ports of partner nations. In the near-shore and coastal waters, the benefits of this strategy are evident in our system of Coast Guard Sectors that leverage extensive authorities, partnerships and capabilities to ensure our safety, security and economic prosperity. For example, Coast Guard Sector Commanders have Captain of the Port authority to enforce port safety, security and marine environmental protection regulations; Officer-in-Charge of Marine Inspection authority for regulation of commercial ships and mariners; Federal On-Scene Coordinator authority over oil and hazardous material spill response; Search and Rescue Mission Coordinator authority over search and rescue operations; and Federal Maritime Security Coordinator authority to coordinate Area Maritime Security Committees.

The Coast Guard's layered security and response strategy optimally positions Coast Guard shore-based, maritime patrol and deployable specialized forces in the offshore and high seas, coastal, and inland maritime environments. This strategy helps the Coast Guard interdict or prevent threats early before they reach our shores and improves our ability to respond to contingency or surge operations. Although we have an important international footprint, this strategy focuses the majority of our forces in the Western Hemisphere. This focus is by design, given the shift of resources to other regions by other agencies such as the Department of Defense, as well as the challenges related to climate change, particularly in the arctic region.

The strategy of prevention, response, partnership and integrated, layered operations helps Coast Guard men and women effectively operate capable Coast Guard assets to govern the U.S. maritime domain and reduce risk. This strategy has proven successful in our daily operations and during major contingency operations such as Hurricane Sandy, the 2010 Deepwater Horizon Oil Spill and the Haiti earthquake response. To ensure future success we must maintain a properly equipped and trained Coast Guard.

Supporting Mission Readiness through Recapitalization

In order to sustain mission performance and to effectively secure, safeguard, and provide stewardship of the maritime domain on behalf of the American people, the Coast Guard is committed to responsibly recapitalizing the fleet while preserving our most critical front-line operations. This balanced strategy is essential to maintain mission readiness in the near-term as well as to prepare for mission execution in the future.

As you are aware, the Coast Guard is conducting numerous major acquisition projects to deliver new cutters, boats, aircraft, and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems to replace our legacy fleet of cutters, boats and aircraft. Recapitalization is critical to sustain mission performance and to provide the expected service to our nation into the decades ahead. Through the support of the Administration and Congress, the Coast Guard is making important strides toward recapitalizing air and surface capability and capacity essential to safeguarding U.S. security and prosperity.

New assets are improving the Coast Guard's ability to operate in the offshore, coastal and inland domains with improved response time, coverage, reliability, effectiveness and safety. We are delivering National Security Cutters (NSC), Fast Response Cutters (FRC), Response Boats-Medium (RB-M), Response Boats-Small II (RB-S II), cutter boats, HC-144A Ocean Sentry Maritime Patrol Aircraft (HC-144A), HC-130J Long Range Surveillance Aircraft (HC-130J) and command and control systems as well as recapitalized legacy patrol boats, medium endurance cutters and helicopters to the field – equipping our men and women with enhanced tools to execute the Coast Guard's many missions. In the coming months, we will begin accepting C-27J aircraft from the Air Force to be missionized for operational use, complementing the existing fixed wing aircraft fleet.

However, significant work remains in our recapitalization efforts, specifically with the acquisition of the Offshore Patrol Cutter (OPC). The OPC is planned to replace the Medium Endurance Cutters as Coast Guard's offshore cutter with capabilities between the NSC and the FRC classes.

The OPC acquisition strategy is designed to maximize affordability, building on acquisition best practices and lessons learned from previous Coast Guard acquisition projects. The Coast Guard is aggressively engaging industry throughout the requirements development process to understand the state of the market and to identify and reduce program costs. The two-phase contracting strategy is critical to sustaining robust competition while designs are developed and matured, enabling the final source selection decision to be made based on affordability – pricing of ship construction costs will be known before a down select decision is made to one contractor.

Through the hard work of our OPC program management, contracting and technical support staffs, awards for preliminary and contract design were made to three contractors in February. Work was stayed on these contracts, in accordance with regulations, when two shipyards filed a protest on the bid award with the Government Accountability Office (GAO). GAO upheld the Coast Guard's award decision and work re-commenced on the Preliminary and Contract Design award on June 3, 2014.

Recent Acquisition Successes

Over the past year, 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 ninth FRC, USCGC KATHLEEN MOORE, was commissioned into service at Sector Key West. The Coast Guard will take acceptance of the tenth FRC, USCGC RAYMOND EVANS, this month, and we plan to exercise an option for six additional FRCs (hulls 25-30) this fiscal quarter. Consistent with the President's FY15 budget request, we are poised to order additional FRCs in fiscal year 2015 and are moving forward with our plan to provide interested shipyards with an opportunity to compete for a follow-on FRC construction contract through a draft Request for Proposal that was released last month.

We are also making investments into the offshore fleet and continue to build on the experience gained during the construction of the first three NSCs that control risk and achieve stability in cost and schedule. The fourth (USCGC HAMILTON), fifth (USCGC JAMES) and sixth (USCGC MUNRO) NSCs are currently in production, and we are quickly approaching the start of production for the seventh NSC (USCGC KIMBALL). The fiscal year 2015 budget request includes funding for the eighth NSC (USCGC MIDGETT), completing the full program of record for this cutter class. In the field, our three operational NSCs (USCGCs BERTHOLF, WAESCHE, and STRATTON) are providing Area Commanders with the capabilities to perform the full range of Coast Guard missions in the offshore environment. Later this year, we will mark the commissioning of the HAMILTON and its arrival as the first NSC to the East Coast with its new homeport at Charleston, S.C.

Following completion of Operational Test and Evaluation, the Coast Guard is receiving the lead production boats 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 RB-S II, currently being delivered to Coast Guard stations nationwide.

Additionally, the Coast Guard is conducting pre-acquisition activities to support the design and procurement of a new Polar Icebreaker to maintain Coast Guard mission capabilities in the high latitude regions. Discussions with numerous federal partners and the Administration have commenced to develop and assess requirements for the polar icebreaker.

In the aviation domain, we accepted delivery of two of three planned HC-144A Ocean Sentry Maritime Patrol Aircraft this year and are anticipating delivery of the first of 14 planned C-27Js obtained from the U.S. Air Force, thanks in large part to the efforts of this subcommittee. In preparation for the initial C-27J deliveries, we have established a C-27J Asset Project Office at the Aviation Logistics Center in Elizabeth City, N.C. The C-27J Asset Project Office will lead the development and standardization of procedures, technical manuals, training curricula and test and evaluation reporting prior to the aircraft entering the operational fleet.

Our helicopter sustainment and enhancement projects marked a milestone earlier this year with the delivery of the final MH-60T Jayhawk following completion of upgrades to the avionics systems and installation of enhanced electro-optical infrared (EOIR) sensor system capabilities.

Conversion of the legacy H-65 fleet continues at full-rate production levels with the replacement of obsolete components, resulting in the MH-65D configuration, and development of a Common Aviation Architecture System (CAAS) solution.

We continue to work with the U.S. Navy, U.S. Customs and Border Protection, and the DHS Science & Technology Directorate to leverage their existing programs to develop cutter- and land-based Unmanned Aerial Systems (UAS) to supplement manned aircraft to meet maritime surveillance requirements. Following the completion of a three-phased demonstration of small UAS, the Coast Guard recently conducted market research in support of a project to acquire small UAS capabilities for the National Security Cutter fleet.

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. With Rescue 21 capabilities currently in place along the Atlantic, Pacific, and Gulf Coasts as well as the Great Lakes, Hawaii, and territories, we are developing targeted solutions to provide additional coverage of the Western Rivers and off the coast of Alaska. Earlier this year, the Coast Guard completed operational testing of the WatchKeeper system. This system, which coordinates and organizes port security information and provides access to a wide range of government and industry partners, was recently installed at the 35th of 37 planned locations last month with the remaining installations scheduled for this summer.

Our 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.

Conclusion

For over 224 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.

The Coast Guard will continue to balance front-line operations while investing in future capability to deliver the mission performance that the American taxpayer has come to expect 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.