



U.S. COAST GUARD POSTURE STATEMENT

WITH 2010 BUDGET IN BRIEF

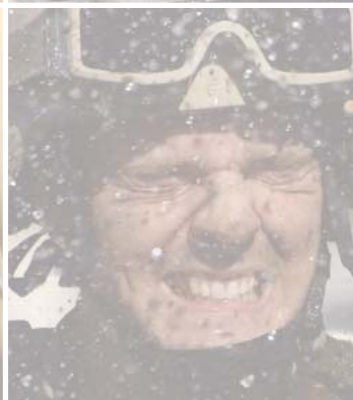


May 2009





Safety, Security, and Stewardship.





THE COMMANDANT OF THE UNITED STATES COAST GUARD
WASHINGTON, D.C. 20593-0001



I am pleased to present the United States Coast Guard's Fiscal Year (FY) 2010 Posture Statement. The Coast Guard has proudly served America for over 200 years, and I am committed to ensuring we are prepared to answer the call in the years and decades ahead. The Posture Statement provides my strategic assessment of factors influencing Coast Guard operations, partnerships, and performance, as well as critical priorities for FY 2010. We are entering an important new era in American history and it is an exciting time to serve or partner with the Coast Guard.

Our Service has continuously evolved since 1790 when Congress authorized the Secretary of the Treasury, Alexander Hamilton, to build a fleet of 10 cutters. Our commitment to the Coast Guard values of Honor, Respect, and Devotion to Duty has remained constant throughout our dynamic history. Our *Guardian Ethos*—protecting and defending the American public—is deeply rooted in these core values and provides a contract with the people we serve. The Coast Guard offers a tremendous value proposition to the Department of Homeland Security and the Nation through its unique position as an Armed Service, a law enforcement and regulatory agency, a Federal first responder, and a member of the National Intelligence Community. We are a global leader as a military, multi-mission, maritime organization.

The Coast Guard employs an adaptive and responsive operating model in the ports, the heartland, and at sea. It is an efficient model capable of applying geographically-based resources to highest order needs. To be successful, the Coast Guard must be responsive to changing factors in the strategic environment including, but not limited to, trade, terrorism, climate, the environment, tourism, and international relations. Integrating these factors into our strategic planning is an important step toward meeting our mission goals. For the first time, the FY 2010 Posture Statement articulates major trends impacting the geostrategic environment in which the Coast Guard operates. This discussion includes my personal observations and assessments, as well as those of our field commanders.

The Coast Guard sources to strategy. We synchronize budget and legislative priorities with reinvestment opportunities and resources across the entire spectrum of our authorities, competencies, capabilities, and partnerships. This coordinated undertaking enables the Coast Guard to execute missions that minimize risk in the maritime domain with precision and efficacy. Our FY 2010 critical funding priorities include recapitalizing and sustaining our aging infrastructure; enhancing maritime safety and security; modernizing business practices; and optimizing workforce capacity. I am committed to working with Congress to modernize our organizational structure, carry out our Marine Safety Performance Plan, protect U.S. waters from hazardous materials and aquatic nuisance species, and fortify our authority to protect seafarers abandoned in the United States.

Make no mistake—the backbone of our Service is the brave men and women who answer the noble call to defend the economic, security, and environmental interests of the United States. As “America’s Maritime Guardians,” we constantly train and hone our maritime safety, security, and stewardship skills to protect and rescue people caught in precarious circumstances or high-risk environments.

I invite you to visit my website, www.uscg.mil/comdt, to learn more about our unique Service, our 2008 performance record, and my commitment to ensure America’s Maritime Guardians have the right resources, authorities, and organizational structure to remain “*Semper Paratus*” for all threats and all hazards—nationwide and worldwide.

A handwritten signature in blue ink, appearing to read 'Thad W. Allen'.

THAD W. ALLEN
Admiral, U.S. Coast Guard



Executive Summary

With more than 218 years of service to the Nation, the Coast Guard is a military, multi-mission, maritime organization that promotes safety and safeguards U.S. economic and security interests throughout the maritime environment. As one of the five Armed Services of the United States, it is the only military organization within the Department of Homeland Security (DHS).

The Coast Guard employs an adaptive and responsive operating model throughout the Nation and the world to balance maritime risk. Coast Guard field commanders continually identify and reassess external trends in the geostrategic environment and allocate geographically-based resources to remain responsive to the needs of the public and its partners.

The FY 2010 Posture Statement articulates major trends and characteristics that affect the Coast Guard's geostrategic environment. This discussion, found in Section II, is informed directly by field commanders who make risk-based decisions every day to ensure resources are allocated to highest order needs. This discussion also provides insight into an array of issues that can be studied further to advance objectives of homeland security policy, marine transportation and safety, and counterterrorism.

The Coast Guard uses its versatile military, law enforcement, and regulatory authorities to manage risks in the maritime environment. Coast Guard modernization will improve mission execution through the standardization and alignment of business processes within the Coast Guard and integration of these processes with DHS systems.

In FY 2010, the Coast Guard will continue to build capacity and capability by:

- Recapitalizing Operating Assets and Sustaining Infrastructure;
- Enhancing Maritime Safety and Security;
- Modernizing Business Practices; and
- Optimizing Workforce Capacity.

The men and women of the United States Coast Guard delivered record national results in 2008. Living the *Guardian Ethos*, they saved over 4,000 lives, rescued hundreds of residents during the Midwest floods and Hurricanes Ike and Gustav, removed a record 167 metric tons of cocaine headed to the United States, and interdicted nearly 5,000 undocumented migrants on the high seas. Coast Guard men and women perform with courage, sacrifice, and dignity every day. The Coast Guard is committed to ensuring they use their resources and authorities to remain "*Semper Paratus*" now and into the future.



Contents

Letter of Promulgation.....	3
Executive Summary	5
SECTION I: ROLES AND MISSIONS.....	9
The Value of a Military, Multi-Mission, Maritime Service.....	10
Coast Guard Missions	12
SECTION II: GEOSTRATEGIC ENVIRONMENT	17
Northeast.....	18
Southeast	18
Gulf Coast	19
Western Rivers.....	20
Great Lakes	20
Northwest	21
Southwest.....	22
Pacific Rim and Asia	23
Europe, the Middle East, and Africa	24
Polar Regions	25
SECTION III: COAST GUARD MODERNIZATION	31
Legacy Business Practices	32
Workforce Capabilities.....	33
Recapitalizing Assets.....	34
SECTION IV: STRATEGIC PRIORITIES	41
Recapitalize Operating Assets and Sustain Infrastructure	41
Enhance Maritime Safety and Security.....	41
Modernize Business Practices.....	42
Optimize Workforce Capacity	43
BUDGET IN BRIEF	45
Fiscal Year 2010 Initiatives	46
Fiscal Year 2010 Reinvestments	47
Fiscal Year 2010 Appropriation Summary	47
Appropriation Details	49

Photo contest credits can be found on page 58.





Roles and Missions

Section I

THE VALUE OF A MILITARY, MULTI-MISSION, MARITIME SERVICE	10
Broad, Complementary Authorities and an Expansive Network of Partnerships	
A Bias for Action and Culture of Response	
Flexible, Adaptable Operational Capability and Presence	
Access, Expertise, and Experience in the International Community	
Member of the Intelligence Community	
Coast Guard Missions and Performance	
COAST GUARD MISSIONS	12
Search and Rescue	
Marine Safety	
Marine Environmental Protection	
Ports, Waterways, and Coastal Security	
Defense Readiness	
Illegal Drug Interdiction	
Undocumented Migrant Interdiction	
Living Marine Resources Law Enforcement	
Protection of U.S. Exclusive Economic Zone from Foreign Encroachment (Other Law Enforcement)	
Aids to Navigation	
Ice Operations	

THE VALUE OF A MILITARY, MULTI-MISSION, MARITIME SERVICE

With more than 218 years of service to the Nation, the Coast Guard is a military, multi-mission, maritime organization that promotes safety and safeguards U.S. economic and security interests throughout the maritime environment. As one of the five Armed Services of the United States, it is the only military organization within DHS. Unlike its sister services in the Department of Defense (DOD), the Coast Guard is also a law enforcement and regulatory agency with broad domestic authorities. The Coast Guard brings value to the public by effectively executing 11 statutory missions through an adaptive and efficient operating model. While each of these 11 missions primarily aligns to a single role of safety, security, or stewardship, all missions support multiple roles. For example, when Coast Guard personnel conduct vessel safety inspections, their multi-mission training allows them also to observe environmental protection and security conditions.

Broad, Complementary Authorities and an Expansive Network of Partnerships

The Coast Guard’s safety, security, and stewardship authorities are fully integrated, providing a suite of capabilities unrivaled in the public sector. Coast Guard Captains of the Port throughout the country leverage partnerships with Federal, state, local, tribal, and industry partners in forums such as Area Maritime Security Committees, Harbor Safety Committees, and Area Committees. These partnerships advance interagency objectives and coordination, and improve unity of effort. The Coast Guard also integrates with DHS and across the government by providing liaisons to other government organizations. These liaisons strengthen national networks, inform partners on DHS and Coast Guard responsibilities, and bring a diverse perspective to

At a Glance

Senior Leadership:

Admiral Thad Allen, Commandant
 Vice Admiral Vivien Crea, Vice Commandant

Established: 1790 (as the Revenue Cutter Service; named Coast Guard in 1915)

Major Missions: Search and Rescue; Marine Safety; Aids to Navigation; Ice Operations; Marine Environmental Protection; Living Marine Resources; Drug Interdiction; Migrant Interdiction; Other Law Enforcement; Ports, Waterways, and Coastal Security; and Defense Readiness

FY 2010 Budget Request\$9,955,663,000

Gross Discretionary\$8,372,749,000

Mandatory, Fees & Trust Funds\$1,582,914,000

Personnel:

Civilian Employees7,341

Military Service Members42,613

Military Selected Reserve8,100

Auxiliary28,986

major interagency challenges. The Coast Guard also uniquely bridges international gaps among foreign Ministries of Defense, Interior, and Transportation. This bridging capability helps to ensure the safety, security, and efficiency of the global Marine Transportation System (MTS) and, by extension, it supports the health of U.S. economic interests.

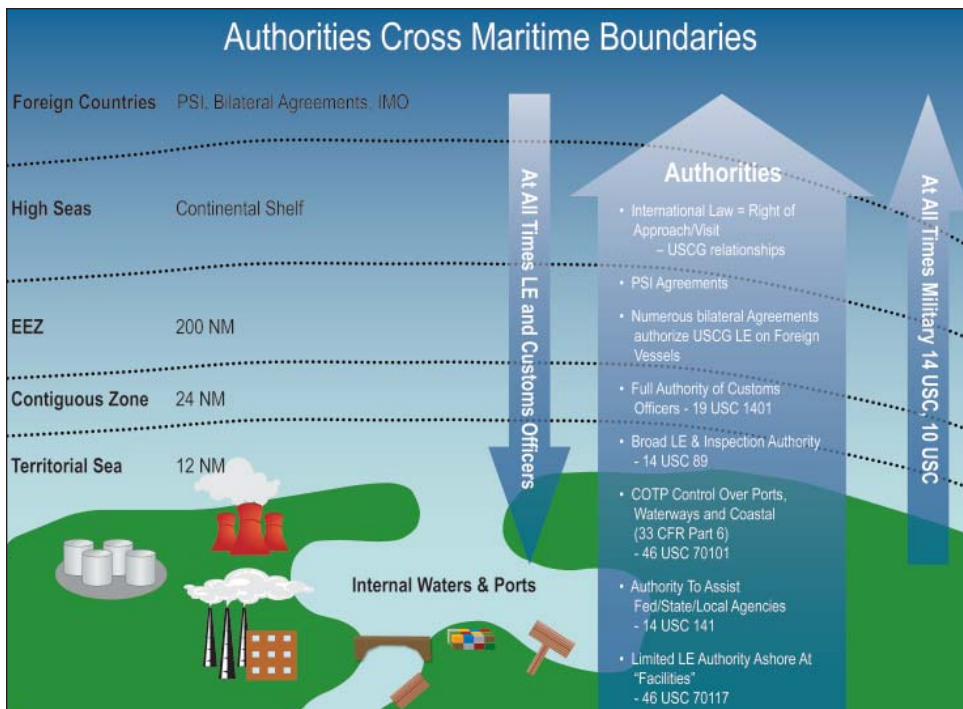
A Bias for Action and Culture of Response

The Coast Guard embraces a culture of response and action, with all of its personnel trained to react to “All Threats, All Hazards.” Front-line operators are encouraged to take action commensurate with the risk scenario presented, without needing to wait for

detailed direction from senior leadership. This model enables swift and effective response to a wide variety of situations. Coast Guard first responders follow National Response Framework protocols daily to respond to oil spills, terrorist threats, natural disasters, disruptions of commerce, and civil disturbances. Active duty Coast Guard personnel are required to be trained in the National Incident Management System. Many of our senior executives have served as, or have been pre-designated as, Principal Federal Officials for various types of emergencies. Further, Coast Guard response efforts are bolstered by strong partnerships at the port and regional level with other Federal, state, local, and tribal agencies as well as with non-governmental stakeholders. These partnerships are critical to the Coast Guard’s success and will be strengthened by the development of maritime interagency operation centers at select field units.

Flexible, Adaptable Operational Capability and Presence

The Coast Guard provides agile, adaptable, and ready operational capabilities to serve the Nation’s maritime interests. Throughout the U.S. maritime domain, the Coast Guard provides a recognized maritime presence in carrying out its safety, security, and stewardship roles. It



378-foot High Endurance Cutter (WHEC) DALLAS distributed aid supplies to the Republic of Georgia following the South Ossetia conflict. The Coast Guard maintains international partnerships that support all of its statutory missions—from North Atlantic Coast Guard Forum efforts to address fisheries management and enforcement, to 27 bilateral agreements that support counter-drug efforts, to the Commandant’s delegation to the United Nations’ International Maritime Organization (IMO). These relationships allow the Coast Guard to forge international partnerships for the peaceful use of the maritime domain. These activities also buttress our

is also the only DHS organization and Armed Service that can operate assets for both law enforcement and military purposes within and beyond U.S. territorial limits. This presence, supported by a military command, control, and communications network, gives the Coast Guard both prevention and response capabilities for all threats. The Coast Guard can augment forces from the local level to a national or international level of involvement, regardless of the contingency. In responding to domestic disasters and emergencies, the Coast Guard can also accept and integrate assistance from DOD and other Federal agencies. Moreover, the Coast Guard can flow its unique capabilities and authorities to DOD for national security contingencies. As both a military service and law enforcement agency, the Coast Guard “straddles the seam” separating the Federal government’s homeland security and homeland defense missions.

Access, Expertise, and Experience in the International Community

The Coast Guard has long fostered U.S. Government engagement in international maritime affairs. The Service’s military, law enforcement, and humanitarian functions are closely integrated. The Coast Guard’s structure, capabilities, and missions are consistent with many of the world’s navies and coast guards. The Service’s broad enforcement and regulatory authorities, coupled with its respected record for humanitarian assistance, affords access to maritime nations across the world. In August 2008, for example, the Coast Guard

Nation’s standing on the global stage, enable America to collaborate closely with international maritime partners, and influence cooperative maritime solutions to global threats and challenges.

Member of the Intelligence Community

As a member of the Intelligence Community (IC) with in-house intelligence and law enforcement authorities, the Coast Guard is uniquely positioned to provide accurate, timely, and fused maritime intelligence to its operational commanders and IC partners. The Coast Guard is also DHS’ primary support component of the Global Maritime and Air Intelligence Integration initiative, as outlined in the *National Strategy for Maritime Security*. The Coast Guard maintains a robust Counterintelligence Service and offers the only signals intelligence capability within DHS. This intelligence capability facilitates continually-improving maritime domain awareness (MDA) in the service of our homeland security missions.

Coast Guard Missions and Performance

The following section describes each of the Coast Guard’s 11 statutory missions and offers select performance highlights from 2008. The U.S. Coast Guard FY 2008 Performance Report complements this Posture Statement by offering a summary of performance results for all missions. It also highlights the many extraordinary accomplishments Coast Guard men and women have achieved over the past year. This report can be viewed at www.uscg.mil/comdt.

COAST GUARD MISSIONS

Search and Rescue

The Coast Guard's Search and Rescue (SAR) program is critical to the safety and security of U.S. waterways and to the maritime public. The SAR program's goal is to minimize loss of life, injury, and property damage in the maritime environment; minimize crew risk during SAR missions; optimize use of resources in conducting SAR; and maintain a world leadership position in maritime SAR.

In 2008, the Coast Guard responded to 24,229 SAR cases, and saved 4,044 lives and nearly \$158M in property.

Marine Safety

The Coast Guard's Marine Safety program ensures the safe operation and navigation of over 20,000 U.S. and foreign flagged vessels, inspects over 70,000 domestic vessels annually, and carries out over 11,000 port state control (foreign vessel) examinations annually. The Coast Guard is also the primary agency responsible for developing and enforcing Federal marine safety regulations, certifying and licensing over 200,000 mariners, and promoting safe practices by investigating commercial marine casualties and sharing the findings.

In 2008, the Coast Guard issued over \$122M in state boating safety grants. The Coast Guard also opened the National Maritime Center, a 60,000 square foot facility that provides centralized processing and streamlined issuance of mariner licenses, documents, and credentials.



Marine Environmental Protection

The Marine Environmental Protection program develops and enforces regulations to avert the introduction of invasive species into the maritime environment, stop unauthorized ocean dumping, and prevent oil and chemical spills. This program is complemented by the Marine Safety program's pollution prevention activities.

In 2008, the Coast Guard refined its planning to support implementation of the National Response Framework, the national all hazards, incident management, and emergency response architecture. The Coast Guard also incorporated lessons learned from the motor vessel (M/V) COSCO BUSAN Incident Specific Preparedness Report into an improved policy that better aligns response planning at local, state, and Federal levels.

Ports, Waterways, and Coastal Security

The goal of the Ports, Waterways, and Coastal Security (PWCS) program is to reduce the risk of maritime terrorism. Primary activities include improving MDA, conducting maritime security and response operations, and developing maritime security regimes.

In 2008, the Coast Guard's International Port Security program helped reduce the risk to U.S. ports by verifying antiterrorism measures were placed in foreign ports. Conditions of entry were in placed on foreign ports where certain measures were deficient. The Coast Guard also updated the Maritime Security Risk Assessment Model to include maritime critical infrastructure and key resource information, which improved the effectiveness of patrol and inspection activities to counter threats to the MTS.

Defense Readiness

DOD's combatant commanders continue to request Coast Guard forces to support security cooperation and capacity building in their various areas of responsibility. As one of the Nation's five Armed Services, the Coast Guard contributes WHECs, 110-foot Island-class Patrol Boats (WPBs), Law Enforcement Detachments (LEDETs), Port Security Units (PSUs), and other specialized units to support the National Security Strategy and defense imperatives.

In 2008, Coast Guard PSU 309 trained and deployed to the Middle East with the Navy's Maritime Security Squadron 4 to support Operation Iraqi Freedom point defense and harbor security operations in Kuwait. Six



Coast Guard WPBs are currently forward deployed in Kuwait in support of Operation Iraqi Freedom, conducting maritime critical infrastructure protection and security operations. Additionally, the Coast Guard Cutter DALLAS deployed in support of Naval Forces Europe, conducting theater security cooperation with African, Mediterranean, and Black Sea nations.

Illegal Drug Interdiction

As the lead Federal agency for maritime drug interdiction, the Coast Guard is a full partner in international efforts to combat the flow of illegal drugs to the United States. The Coast Guard strives to reduce the supply of drugs from the source by denying smugglers the use of air and maritime routes in the Transit Zone, a six million square mile area comprised of the Caribbean, the Gulf of Mexico, and the Eastern Pacific Ocean.

In 2008, the Coast Guard removed a total of 367,926 lbs. of cocaine and 22,173 lbs. of marijuana from the Transit Zone. In the fourth quarter alone, the Coast Guard disrupted 20 cocaine smuggling events and intercepted two self-propelled semi-submersible (SPSS) vessels.



Undocumented Migrant Interdiction

As the lead Federal agency for maritime law enforcement, the Coast Guard is responsible for enforcing immigration laws at sea. The Coast Guard conducts patrols and coordinates with other Federal agencies and foreign countries to interdict undocumented migrants at sea, denying them illegal entry to the United States via maritime routes.

In 2008, the Coast Guard interdicted nearly 5,000 undocumented migrants attempting to illegally enter the United States. The Coast Guard also coordinated highly successful interagency operations against go-fast smuggling vessels in the Florida Straits, which resulted in 40 at-sea interdictions involving 718 migrants and 31 migrant smugglers—all in a two-month period.



Living Marine Resources (LMR) Law Enforcement

As the lead Federal agency for at-sea enforcement of U.S. fisheries, marine mammals, and protected species regulations, the Coast Guard safeguards the U.S. Exclusive Economic Zones (EEZ) by enforcing domestic fisheries laws. Coast Guard enforcement efforts advance national goals to conserve and manage living marine resources.

In 2008, the Coast Guard conducted 5,623 living marine resource boardings, with an observed at-sea compliance rate of 95.3 percent.

Protection of U.S. EEZ from Foreign Encroachment (Other Law Enforcement)

Preventing illegal foreign fishing vessel encroachment in



Federal waterways, displaced more than 3,500 buoys, and destroyed over 330 fixed ATON structures.

Ice Operations

The Coast Guard conducts icebreaking services to assist vessels and communities in emergency situations and facilitate essential commercial maritime activities in the Great Lakes and Northeast regions. In 2008, the Coast Guard, in concert with the Government of Canada and the commercial icebreaking industry, sustained navigable waterways for commercial traffic and assisted with 680 ice transits, representing the transport of over \$2B (U.S.) of cargo.

the EEZ is a primary Coast Guard role vital to protecting the integrity of the Nation's maritime borders and ensuring the health of U.S. fisheries. The Coast Guard also enforces international agreements to suppress damaging illegal, unreported, and unregulated (IUU) fishing activity on the high seas.

In 2008, the Coast Guard detected 81 incursions by foreign fishing vessels into the U.S. EEZ. The Coast Guard also participated in the 2008 multi-national high seas drift net (HSDN) enforcement campaign, Operation North Pacific Watch. Through this campaign, the Coast Guard interdicted two Chinese-flagged HSDN vessels, facilitating their seizure by Chinese officials.

Aids to Navigation

The Coast Guard's system of 51,000 visual aids to navigation (ATON), Vessel Traffic Services, and marine information services facilitates the flow of commerce through the MTS and minimizes disruptive incidents in the maritime environment. The Coast Guard also prevents disruptions to maritime commerce by establishing regulated navigation areas and regulating bridges over navigable waters.

In 2008, the Coast Guard achieved a 98.3 percent Federal short-range ATON signal availability rate, exceeding the international standard of 95 percent for reliable visual ATON systems. The Coast Guard also played a critical role in responding to major flooding events throughout the Mississippi River System that disturbed over 2,200 miles of

Beyond domestic operations, the Coast Guard operates the only U.S.-flagged heavy icebreakers capable of providing year-round access to the Polar regions. In 2008, the busiest iceberg season in a decade, the International Ice Patrol facilitated commerce by broadcasting position information on 1,029 icebergs crossing south of 48 degrees north latitude.





A Hero's Story

AST2 Abram Heller

On the morning of March 23, 2008, the fishing vessel ALASKA RANGER, a 192-foot catch-processor with 47 persons on board, sank in the Bering Sea, 125 miles west of Dutch Harbor, Alaska. Arriving on scene in a Coast Guard helicopter amidst blowing snow and 30-knot winds, Petty Officer Heller witnessed an epic scene of blinking strobe lights that stretched across the cresting waves.

Knowing that the crewmembers of the ALASKA RANGER had an ever-decreasing chance of survival, Petty Officer Heller rapidly deployed into the 15-foot waves and recovered three survivors. Continuing his search for victims, he carefully picked his way through debris and located two additional crewmembers who were completely entangled in the sunken vessel's fishing gear. Working tenaciously beneath the dark and icy waters, he disentangled the victims from the netting and placed them into the helicopter's rescue basket. Recognizing that his recovery of the fifth survivor left no room in the helicopter for himself, he courageously remained behind in the wind-swept seas. With the helicopter perilously low on fuel, the cabin completely filled with survivors and more victims in sight, he requested the helicopter's crew rescue raft for use in the water.



As the helicopter departed into the darkness and blowing snow, Petty Officer Heller, alone and undaunted, used all of his physical strength, instinct, and experience to assist three severely hypothermic fishermen into the life raft. Over the next hour, he worked doggedly to keep the victims conscious. As another rescue helicopter arrived, despite being severely hypothermic himself, he returned to the frigid waters and placed the victims, one at a time, into the basket for recovery.

Petty Officer Heller grew up in Worland, Wyoming. He joined the Coast Guard on the recommendation of his uncle, a retired U.S. Navy Captain. After boot camp, he served on the Coast Guard Cutters POLAR SEA and POLAR STAR before training as a Coast Guard rescue swimmer. He initially thought he would stay in the Coast Guard for just a few years, but enjoys his job so much that he plans to serve for 20 years.

Aviation Survival Technician Second Class Heller's actions demonstrate his commitment to the Coast Guard core values of Honor, Respect, and Devotion to Duty.





Geostrategic Environment

Section II

NORTHEAST18	SOUTHWEST22
Energy Facility Siting	Critical Intermodal Connections
Fisheries	Earthquake Preparedness
	Border Security
SOUTHEAST18	PACIFIC RIM AND ASIA.....23
Military Outload Support	Illegal, Unreported, and Unregulated Fishing
Migrant Interdiction	Self-propelled Semi-submersible Vessels
	Asian Shipbuilding
GULF COAST19	EUROPE, THE MIDDLE EAST, AND AFRICA24
Offshore Industry Expansion	European Shipbuilding
Waterways Recovery and Reconstitution	Support to U.S. Central Command
	International Maritime Security
WESTERN RIVERS20	POLAR REGIONS25
Aging Infrastructure	National Policy
Flooding	Increasing Human Presence in the Arctic
	Polar Icebreaking
GREAT LAKES20	
Northern Border	
Seasonal Variations	
Unique Environmental Sensitivities	
NORTHWEST21	
Treacherous Maritime Environment	
Cross Border Crime	
Migrating Fish Stocks	

The Coast Guard employs an adaptive and responsive operating model throughout the Nation and the world. Coast Guard field commanders allocate geographically-based resources to highest order needs, and can adjust strategic planning to address changing external factors including trade, terrorism, climate, energy, the environment, tourism, and international relations. Field commanders adjust operating assumptions, based on their assessments, to ensure the continued efficacy of integrated field efforts.

This section articulates major regional trends and characteristics throughout the Coast Guard's operating environment. The themes and trends outlined below are not an exhaustive description of the operating environment in each area. Rather, they are a sampling of factors from various regions throughout Coast Guard areas of operation. This section introduces an array of issues that can inform policy pertaining to homeland security, counterterrorism, and marine transportation and safety.

NORTHEAST

Energy Facility Siting

The safety and security of gas and petroleum transported through maritime means is critical to the economic prosperity of the United States and its partners. Northeastern Coast Guard units are currently evaluating ten proposals for on and offshore energy facilities in the Northeast, with several others in planning stages. The Coast Guard assists in the permitting of these facilities with respect to maritime navigational safety and security requirements. Each proposal offers a unique set of challenges involving waterway suitability, occupational safety and security, port reconstitution, and division of responsibilities among industry, Federal, state, tribal and local partners. Experience gained with each facility helps inform national policy regarding hazardous cargo security and non-conventional use of waterways.

The anticipated expansion of Liquefied Natural Gas (LNG) shipping has raised questions about responsibility for security of vessels and facilities handling LNG and/or other Certain Dangerous Cargos (CDCs). The Coast Guard believes there is need for continued national dialogue on the role of Federal, state, local, tribal, and private parties in CDC security. Each CDC presents potential risks that can be mitigated through prevention and response measures, strong risk management, sound planning, and shared responsibility by all stakeholders.

Maritime policies and practices for facility siting, transportation, and security of LNG and CDC cargos are not consistent from port to port. Uniform implementation of a cohesive risk management framework is essential for safe and secure transport of these commodities.

The proposed Cape Wind project off the Massachusetts coast provides an example of a unique use of the waterway to meet the Nation's energy demands. As a cooperating agency to the U.S.

Department of Interior's Minerals Management Service, the lead permitting agency for the project, the Coast Guard analyzed the impacts of the proposed wind farm on navigation safety, including those on marine radar. The Coast Guard will continue to examine other proposed offshore renewable energy installations, including wind farms, hydrokinetic projects such as current and wave turbines, and geothermal projects, to ensure the safety of maritime navigation.

Fisheries

The Coast Guard works closely with the National Oceanic and Atmospheric Administration to balance the sustainment of fisheries with the safety and viability of the industry. The marine environment in the Northeast is a major source of renewable wealth—annually contributing over \$11.7B to the economy, creating nearly 202,000 jobs, and supporting 15 million recreational fishing trips. To keep Atlantic sea scallops and other stocks ecologically and economically viable, the U.S. Government is enforcing new and often more complex regulations. These regulations require increased Coast Guard efforts, through training of boarding officers and at-sea enforcement, to prevent non-compliance from subsequently eroding the economic value to the region.

SOUTHEAST

Military Outload Support

The Coast Guard provides military outload and force



Commercial fishermen sort through seaweed, scallops, and other marine life after bringing up their nets off of Nantucket, Massachusetts.

protection support to DOD all over the United States. The Southeast United States is home to six significant pre-designated commercial and militarily strategic seaports. To support defense mobility and operations, the Coast Guard protects, secures, and escorts Navy units in this region. The Coast Guard also leverages its regulatory authority to create legally enforceable Naval Vessel Protection Zones to support these operations. In 2008, Coast Guard security forces provided waterside security and escorts for 143 military outloads in these six ports alone.

Migrant Interdiction

Migrant flow in the Caribbean region is sensitive to seasonal variations and anticipation of changes in policy. The last four years has seen a significant increase in the use of go-fast vessels in smuggling of Cuban and Dominican migrants (approximately 75 percent of all attempts) in place of the less expensive and less reliable rafts, rusticas, and yolas. After three years of steady increases in Cuban migrant flow to near record numbers, the number of migrants attempting to reach the United States in 2008 dropped significantly. This was likely due to a combination of environmental conditions and broad-based multi-agency operations against go-fast vessels engaged in maritime smuggling in the Florida Straits.

Haitian migrant flow experienced a significant spike in January 2009, which may be attributable to hearsay about U.S. policy changes with a new Administration. The Coast Guard works closely with interagency partners to monitor indications and warnings for mass migration and refine strategic plans for response. Such events may also become mass search and rescue efforts that require significant operational capacity. For example, during a mass migration event in June and July of 1994, the Coast



Coast Guard Cutter CONFIDENCE intercepts migrants near the Great Bahamas Bank.

Guard interdicted over 21,600 migrants with 3,247 being interdicted in one day alone.

GULF COAST

Offshore Industry Expansion

The Gulf of Mexico is an extremely dynamic region that is critical to the Nation's energy sector. The Gulf of Mexico Energy Security Act of 2006 will open new offshore leases in the next two to five years, which may increase oil and natural gas industry activity. Expansion of offshore drilling may require additional supporting vessels and infrastructure that must be inspected by the Coast Guard. Existing oil platforms, pipelines, and other equipment in this region have been declining in materiel condition, and will be pushed to new limits if faced with increased demand. Further maritime congestion in the Gulf of Mexico may also result in shifting maritime traffic patterns and other navigational impacts. To enhance maritime domain awareness, the Coast Guard has proposed expanding advance notice of arrival requirements to include vessels operating in Outer Continental Shelf (OCS) areas, such as the Gulf of Mexico. The Coast Guard will need to adapt to the dynamic trends in this evolving maritime region.

Waterways Recovery and Reconstitution

The Gulf Coast is home to the Nation's largest petrochemical port complex, several existing and planned LNG facilities, military outload ports, and the gateway to the inland river system. As such, disruptions caused by natural or man-made events in the Gulf Coast may have rippling economic effects nationwide. The Coast Guard regularly responds to safety and environmental threats in the region caused by natural disasters, marine casualties, and other events. The increasing size and capacity of today's cruise, tanker, and container ships in the Gulf Coast and around the Nation augment the risk. Ultra-large crude oil carriers are approaching 1,500-foot lengths and 300-foot widths. The environmental impact of a spill from such vessels would be enormous. Today's container ships frequently carry 5,000 containers, and the largest can carry more than 15,000 containers. The Coast Guard's rapid response would not be possible without close cooperation with Federal, state, local, and industry partners. In the aftermath of these disasters, the Coast Guard also serves a leadership role in reconstituting waterways and prioritizing the movement of shipments vital to the safety, security, and economic health of the Nation.



A Coast Guard HH-65 helicopter flies over Houma, Louisiana after Hurricane Ike looking for signs of people in distress.

As a critically important maritime emergency responder in this region, the Coast Guard must closely monitor the status of its own facilities and assets. The 2008 hurricane season, for example, significantly impacted Coast Guard facilities on and near the Gulf Coast, especially those in the Houston-Galveston area. The Coast Guard received

2008 supplemental disaster funding to address damages from storms and flooding in the region. This investment will help minimize the impacts and associated costs of future hurricanes, and ensure that Coast Guard facilities and infrastructure are prepared to serve the Gulf region.

WESTERN RIVERS

Aging Infrastructure

The extensive Western Rivers MTS is challenged by aging lock and dam infrastructure that can delay commerce along thousands of miles of waterways. The U.S. Army Corps of Engineers is responsible for sustaining and repairing these locks and dams, and works closely with the Coast Guard to ensure the safety of navigation and the facilitation of commerce. To meet demand in this region, uninspected towing vessels and regulated barges operate continuously out of necessity. This high operational tempo, in conjunction with ever-changing river conditions and aging infrastructure, may result in an increased risk of maritime accidents. In response to Congressional mandates and casualty data analysis, the Coast Guard recently initiated development of a comprehensive inspection program designed to reduce fatalities, injuries, vessel casualties, and pollution incidents within the towing industry. As a result of this program, over 7,000 vessels will be added to the Coast Guard's inspected fleet. With funding provided for FY 2009 and additional funding requested for FY 2010, the Coast Guard will hire and train inspectors to address the anticipated increase in demand for regulatory inspections. The success of this program also will depend on close coordination with stakeholders throughout the towing industry.

Flooding

Flooding in the heartland is a seasonal and somewhat predictable natural disaster. It generally occurs along the Western Rivers in late spring and early summer as a result of heavy rains and snowmelt. Seventy-five percent of Presidentially-declared emergencies involve flooding. The Coast Guard has historically provided SAR assistance in the wake of flooding. The recently updated National Response Framework has expanded the Coast Guard's role by giving the Service lead agency responsibility for Emergency Support Function 9 (SAR) in flooded areas. The Coast Guard's flood response assets typically come from units located along the Western Rivers. These Disaster Assistance Response Teams are composed of Active duty, Reserve, and Auxiliary personnel that cross geographic boundaries to respond to flooded areas. As Reservists and Auxiliarists tend to remain geographically stable for many years, Coast Guard members assigned to Western River units have developed a broad experience base to rely upon when responding to regional flooding and other calamity.

GREAT LAKES

Northern Border

The Great Lakes basin is governed by two nations, eight states, three Canadian provinces, several American and Canadian tribal nations, and hundreds of local communities. The Great Lakes MTS crosses the United States and Canada border at 22 points, which presents unique foreign policy and border security challenges. Great Lakes maritime borders are often delineated in bodies of water just hundreds of yards wide, which can be crossed by boat in minutes. The formation of "ice bridges" at the five major nexus areas (St. Lawrence Seaway, Niagara, Sault Ste. Marie, Detroit, and St. Clair) during the winter adds to existing challenges in controlling the border.

Seasonal Variations

Seasonality on the Great Lakes drives an intense compressed summer operational period followed immediately by an equally compressed winter icebreaking and ice rescue season. During the winter, icebreaking in the Great Lakes is essential to facilitate the movement of 200 million tons of cargo through the region each year. The Coast Guard's Great Lakes icebreaking operations in the United States are closely coordinated with the Canadian Coast Guard, especially in the

jointly maintained waterways along the border. A long-standing icebreaking agreement with the Government of Canada allows for “borderless” use of icebreakers in the region. During the summer months, the 4.6 million U.S. registered recreational boats on the Great Lakes—approximately one-third of all U.S. registered boats—necessitate a significant and primary boating safety and education mission. Before the winter freeze and after the spring thaw of each year, the Coast Guard conducts intense ATON work to ensure the safety of navigation through all seasons.

Unique Environmental Sensitivities

As a closed system of fresh water, the Great Lakes basin is particularly vulnerable to changes in its ecosystem. On average, a new invasive species is introduced to the system every eight months. Two non-indigenous species of Asian Carp (Silver and Bighead) are presently migrating toward the Great Lakes through the Mississippi and Illinois River basin and are estimated to be within 50 miles of Lake Michigan. If these aquatic nuisance species reach the Great Lakes, scientists fear they could devastate the \$4B Great Lakes commercial and sport fishing industries. The Coast Guard, Army Corps of Engineers, and other partners are working closely to prevent or mitigate these threats to the ecosystem.

The Great Lakes is also a major dry bulk cargo (primarily inorganic, non-toxic, non-hazardous cargo) region. Dry cargo residue remains on deck or in cargo spaces after loading or unloading operations, and is then washed off the deck to eliminate unsafe conditions onboard the vessel. The Coast Guard is considering a rulemaking to address the environmental impact of dry cargo residue on the Great Lakes ecosystem. The need for this rulemaking will be informed by the results of a \$2.3M scientific study on the environmental impacts of continued discharges of dry cargo residue into the Great Lakes.

NORTHWEST

Treacherous Maritime Environment

The Northwestern United States, including Alaska, is home to some of the most hazardous maritime areas in the world. The harsh weather, cold water, breaking bars, and treacherous cliffs and beaches of the Northwest are the cause of a number of preventable deaths of fisherman, recreational boaters, hikers, and beachgoers each year. There are also remote areas in Alaska with limited local or commercial infrastructure. The Coast

Guard continually reaches out to state and local governments, industry, and the public to raise awareness and take measures to improve safety on the water. For example, Coast Guard officers are now members of the Oregon Search and Rescue Commission.



Coast Guard personnel conduct boating safety patrols in Chicago, Illinois.

According to the National Institute for Occupational Safety and Health, commercial crabbing is the most dangerous fishery in the Nation. Deaths and injuries of crab fishermen in this region are rising as they continue to undertake high-risk activities in deteriorating vessels in and around the Northwest’s harsh coastal and river environments. The Coast Guard works closely with officials in the Northwest to regulate this dangerous fishery. For example, the Coast Guard recently initiated Operation Safe Crab, a surge effort to voluntarily review vessel safety equipment and the materiel condition of the fleet before the annual crab season.

Cross Border Crime

The Straits of Juan de Fuca represent the longest continuous U.S. international maritime border. Many parts of this region are remote, while others have an extremely high density of small vessel traffic. Smuggling of marijuana, ecstasy, and cocaine abounds in this region, and guns and money flow across the border in exchange for drugs. Smugglers in the Northwest are highly resourceful and have recently taken to smuggling by helicopter in remote land regions and using sophisticated hidden compartments in land vehicles. As the United States works to mitigate these land-based smuggling routes, maritime smuggling may rise.

Initiatives such as Integrated Border Enforcement Teams (IBETs) have helped stem cross-border threats. For example, the Coast Guard established a camera in an isolated, strategic location and allowed Canada to access and operate the camera. Operation Shiprider, an IBET program that teamed U.S. and Canadian law enforcement officers to man law enforcement vessels and enforce each nation’s laws, has proven to be a successful method to address threats along the international maritime border.



A Coast Guard HH-65A helicopter conducts rescue training off the Washington Coast.

As part of this program, the Coast Guard received a request from the Government of Canada to participate in cross-border cooperative Shiprider operations in support of the 2010 Vancouver Olympics.

Migrating Fish Stocks

Fish stocks in the Bering Sea are migrating

northward and westward. As fishing fleets relocate with these shifts, they are moving beyond the current range of Coast Guard assets used for lifesaving and law enforcement. The 2008 sinkings of the two fishing vessels ALASKA RANGER and KATMAI, where a total of 58 people were cast into the Bering Sea and 12 perished before Coast Guard assets could arrive, highlighted the challenges the Coast Guard faces when responding to incidents in remote Alaskan waters. As fish stocks in the U.S. EEZ continue this migratory trend, the Coast Guard will adjust its operating assumptions and reassess the base location and capabilities of response assets to address this trend.

SOUTHWEST

Critical Intermodal Connections

The Southwestern United States is home to three of the Nation's largest commercial ports and two of the five largest cruise ship ports in the Nation. The port complex of Los Angeles and Long Beach is the largest container port facility in America and the fifth largest in the world. The Port of Los Angeles encompasses 7,500 acres, 43 miles of waterfront, and 27 cargo terminals including dry and liquid bulk, container, breakbulk, and automobile facilities. In 2008, the port moved 8.5 million twenty-foot equivalent units, setting the national container record. The neighboring Port of Long Beach moves more than \$100B in trade annually and supports 30,000 jobs in Long

Beach, 316,000 jobs throughout Southern California, and 1.4 million jobs throughout the United States. These port complexes serve as gateways to the inland United States, and their intermodal connections with rail and surface arteries in the region are critical to cargo reaching its final destination.

These port complexes contribute to a global chain of economic activity worth billions of dollars to the national economy annually. Every day, 700 ships arrive in U.S. ports. Each year, 8,000 distinct foreign flag ships manned by 200,000 foreign mariners make repeated calls on U.S. ports. In 2006, 27 million containers were processed in U.S. ports alone. American cruise ship capacity has increased 650 percent since 1980. Over 80 percent of the world's trade by volume is transported by merchant vessels. The Coast Guard's marine safety and security missions touch each of these activities. Under the current regulatory regime, if the MTS grows, demand for Coast Guard services will grow.

Earthquake Preparedness

The State of California is prone to earthquakes that can cause significant loss of life and disruptions to commerce. Planning for this contingency is a very real concern for Coast Guard emergency responders. Response to an earthquake would involve a significant surge in Coast Guard assets along the West Coast. Coast Guard units in California are working closely with the California Maritime Security Council and the Federal Emergency Management Agency to develop an overarching regional concept of operations (CONOPS) and port specific plans for reconstitution and recovery following a catastrophe. The CONOPS and the first port plan, which address the possibility of an earthquake in the San Francisco Bay Area, are complete. Additional plans are under development.

Border Security

The Coast Guard works with other nations and agencies to actively monitor and respond to air, land, and maritime threats to the U.S. Southwest border. In particular, closer bilateral cooperation with Mexico holds the potential to tell us more about air and surface threats bound for the United States. As the terrestrial United States and Mexico border becomes more fortified, the maritime border potentially becomes more vulnerable to illegal drug and migrant smuggling.

Interagency cooperation is critical to securing the Southwest border. The Coast Guard partners with

Customs and Border Protection on a standing effort (Operation Baja Oleada) to stem the flow of illegal drugs and undocumented migrants along the Baja peninsula of California and into the arrival zone in Northern Baja and the San Diego area. This operation started in December 2005 in response to reports of go-fast vessels moving up the Baja peninsula. The Coast Guard also conducted a two-month interagency shoreside and maritime pulse operation along the Southwest border in February and March 2009 called Operation Red Zone. This operation disrupted illicit activity and achieved a better understanding of illegal activities through and around the San Diego ports of entry.

PACIFIC RIM AND ASIA

Illegal, Unreported, and Unregulated Fishing



Coast Guard Cutter BOUTWELL crew watches over a Chinese fishing vessel suspected of high seas drift net fishing.

The Pacific Ocean presents a tyranny of time and distance. It is comprised of over 12 million miles of ocean, eight U.S. non-contiguous EEZs encompassing 1.5 million square

miles, and 43 sovereign Pacific Rim nations. The region's fisheries are some of the world's largest in both catch volume (e.g., approximately 50 percent of the world's tuna) and value (totaling over \$3B). Displaced foreign fishing fleets have shifted to this region as other global fishery stocks diminish and collapse. This adversely impacts the many Pacific islands relying upon fisheries revenue for survival. IUU fishing is also linked to negative impacts on maritime and economic security in coastal areas worldwide. In 2008, the United Nations Food and Agriculture Organization estimated that IUU fishing costs the world approximately \$14B annually.

In the past two years alone, the U.S. Government, in partnership with Governments of Canada, Japan, and the People's Republic of China, seized eight fishing vessels illegally fishing on the high seas using drift nets. Driftnet boats typically string nets from 4 to 9 miles long, taking huge amounts of fish, marine mammals, and other creatures in their wake. During its February 2009 patrol of the Western and Central Pacific, Coast Guard Cutter RUSH sighted the Japanese fishing vessel KOEI MARU No. 1 operating within the EEZ of Kiribati. Under a

Kiribati-United States maritime enforcement agreement, Kiribati officials embarked on RUSH conducted a boarding of the vessel with the assistance of RUSH personnel. The Kiribati officials determined the vessel had been fishing for approximately two months without an operational vessel monitoring system, in addition to other violations. As a result, the KOEI MARU No.1 was seized by the Kiribati government and assessed \$700,000 in fines and penalties.

Self-propelled Semi-submersible Vessels

The Eastern Pacific Ocean, lacking the natural chokepoints found in the Caribbean region, is also home to significant maritime drug smuggling. SPSS vessels are a relatively recent innovation used to avoid U.S. and international counter-drug capabilities. They typically range between 25 - 65 feet long and travel at speeds up to 13 knots. SPSS vessels can carry several metric tons of cocaine and four to five crew members, and travel up to 2,500 nautical miles without refueling. Since the vessels have a low profile—the hulls only rise about a foot above the waterline—they are hard to see from a distance and produce a minimal radar signature. U.S. counter-drug officials estimate that SPSS vessels are responsible for 32 percent of all cocaine movement in the Transit Zone between South America and the United States. The Coast Guard, in partnership with the U.S. Navy and the Joint Interagency Task Force-South, has had recent success in interdicting these vessels; however, improved maritime intelligence will be necessary to counter this threat in the future.

In 2008, the Coast Guard worked closely with the Administration and Congress to pass legislation criminalizing the operation of stateless SPSS vessels in international waters. This legislation provides a deterrent effect for potential smugglers and improves the safety of boarding teams who, prior to its passage, had to board SPSS vessels to obtain evidence for prosecution. The first defendants were convicted by the Administration under this new legislation in April 2009.

Asian Shipbuilding

The Coast Guard is responsible for monitoring all U.S.-owned new vessel construction, major re-flagging efforts, conversion projects, and construction of primary lifesaving equipment around the world. Ninety percent of new ship tonnage is built in the Republic of Korea, Japan, and China. Many U.S.-flagged deep draft commercial vessels are also dry docked and repaired in Asia.

Under the Merchant Marine Act of 1920 (commonly referred to as the Jones Act), the Coast Guard issues a U.S. vessel's certificate of documentation and coastwise trade endorsement. The coastwise trade endorsement allows a vessel to carry cargo between U.S. ports. To be eligible for the coastwise endorsement, a vessel must be built in the United States or otherwise qualify under other laws. A vessel loses its eligibility if it is sold to a foreign country, registered under a foreign flag, or rebuilt outside the United States. Limited foreign shipyard work can be conducted on the vessel without it losing its eligibility and much of this work is often completed in foreign countries. Since U.S. coastwise vessel owners face a devastating commercial penalty if their vessels are found to be rebuilt in a foreign shipyard, most will seek a preliminary Coast Guard determination on planned work before committing financial resources overseas. Many U.S. shipbuilding interests and owners of U.S. coastwise trade eligible vessels are currently challenging the Coast Guard's interpretations of its Jones Act foreign rebuild regulations.



in Washington, D.C., Coast Guard Sectors in the first U.S. ports of arrival, and the Coast Guard's traveling inspectors to meet increasing demands.

Coast Guard personnel also support military sealift to the Middle East by overseeing the re-flagging of ships to the United States under the Maritime Security Program (MSP). Under MSP, the U.S. Government contracts with the owners of U.S.-flag commercial ships for service when needed for national emergencies or war. These U.S.-flag merchant ships are owned by U.S. citizens and crewed

by American seafarers. This approach averts the need to spend billions of dollars to acquire additional cargo ships dedicated solely to carrying military cargos, and the millions of additional dollars required to maintain dedicated standby vessels. Ongoing marine inspection activity for U.S. flag vessels operating in the Middle East (approximately 25 deep draft cargo ships) is contingent on the status of military forces in the Middle East and their corresponding military sealift requirements.

EUROPE, THE MIDDLE EAST, AND AFRICA

European Shipbuilding

The maritime industry in Europe continues to grow and advance technologically. As of the first quarter of 2009, despite the global economic downturn, all new cruise ships under construction in Europe are moving forward. The largest cruise ship ever, designed to carry 8,400 persons, is currently being built in Finland. Cruise ship orders in Europe are strong through 2011. Coast Guard inspectors stationed in Rotterdam, the Netherlands face growing demands for teams to conduct Initial Control Verification Examinations (ICVEs) on cruise ships. They team with the Coast Guard Marine Safety Center

Support to U.S. Central Command

As a military service, the Coast Guard provides capabilities and resources to DOD combatant commanders to support high-profile missions including maritime interception operations, domestic and expeditionary port security, theater security cooperation, military environmental response operations, and coastal sea control. Coast Guard forces play a critical role supporting the U.S. Central Command (CENTCOM) in Operations Iraqi Freedom and Enduring Freedom. The Coast Guard is providing CENTCOM with cutters, aircraft, patrol boats, LEDETs, PSUs, and other specialized assets and personnel to support their many missions. These resources deliver the essential maritime surveillance, security, training, and response capabilities needed to accomplish regional and functional missions.



Coast Guard Cutter MAUI personnel conduct a boarding in the North Arabian Gulf as part of Maritime Security Operations in the region.

International Maritime Security

Coast Guard International Port Security Liaison Officers at Activities Europe visit 83 trading partner nations to review implementation of the International Ship and Port Facility Security (ISPS) Code, share best practices, and establish reciprocal visits to U.S. ports. These visits help international trading partners implement maritime security regimes. The demand is particularly strong in African countries where weak maritime governance and limited enforcement resources hinder the implementation of maritime security measures. Addressing fisheries exploitation also continues to be a priority issue for African governments. Though the need to protect their resources is crucial, in most cases these nations lack the laws, skills, and resources for effective fisheries enforcement. International interest in African natural resources is also boosting maritime commerce and increasing the need for safer and more secure ports in the region.

As seen in the dramatic rescue of the M/V MAERSK ALABAMA crew in April 2009, acts of piracy place mariners' lives in jeopardy on the high seas. Although piracy is a universal crime under international law, with nations having legal authority to establish jurisdiction over piracy and to punish offenders, combating this threat will continue to require coordinated planning with interagency and international partners. The President's Maritime Operational Threat Response (MOTR) Plan facilitates a coordinated U.S. Government response to threats against United States interests in the maritime domain such as piracy. With expertise in both law enforcement and military operations, the Coast Guard brings broad capabilities and authorities to operations requiring interagency coordination through the MOTR process. Through MOTR, the Coast Guard works closely with DOD to counter piracy and suppress unlawful acts at sea. Moreover, Coast Guard-led efforts at the United

Nations International Maritime Organization (IMO) and with the shipping industry are other important elements in deterring, countering, and punishing acts of piracy.

POLAR REGIONS

National Policy

The United States is an Arctic Nation with varied and compelling interests in the Polar regions. In 1994, President Clinton signed Presidential Decision Directive 26 (PDD-26), addressing U.S. Arctic and Antarctic policy. President Bush published National Security Presidential Directive/Homeland Security Presidential Directive 25 (NSPD/HSPD 25) in January 2009 to update and supersede the Arctic aspects of PDD-26. All portions of PDD-26 relating to Antarctica were unaffected and remain in force. The Administration is assessing the overarching issues facing the Arctic, including those associated with impacts of climate change, increased human activity, new or additional information needs, and conservation of Arctic resources. This approach will necessarily include identifying any implementation issues associated with the Arctic policy signed by the previous Administration.



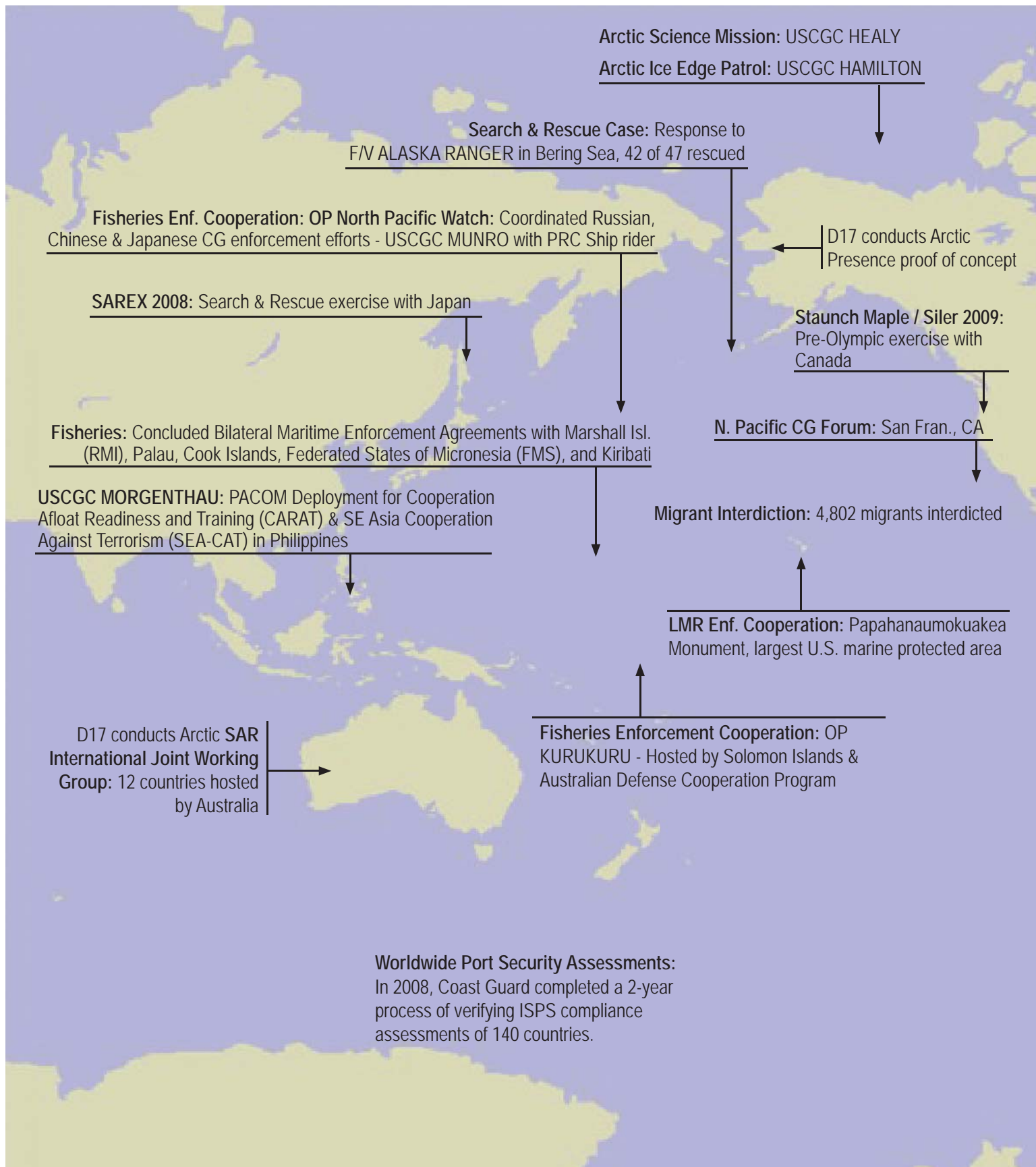
Increasing Human Presence in the Arctic

The decrease of annual sea ice in the Arctic region has created new areas of open water where the Coast Guard has statutory and regulatory responsibilities. Human activity in the Arctic has increased over the past two years. The Coast Guard's ongoing assessment of maritime activity trends in this region will provide meaningful and timely information for field commanders to adapt their operations to any unplanned event (such as a search and rescue need, border security threat, environmental response and impact mitigation, or salvage) along the northernmost border of the Nation.

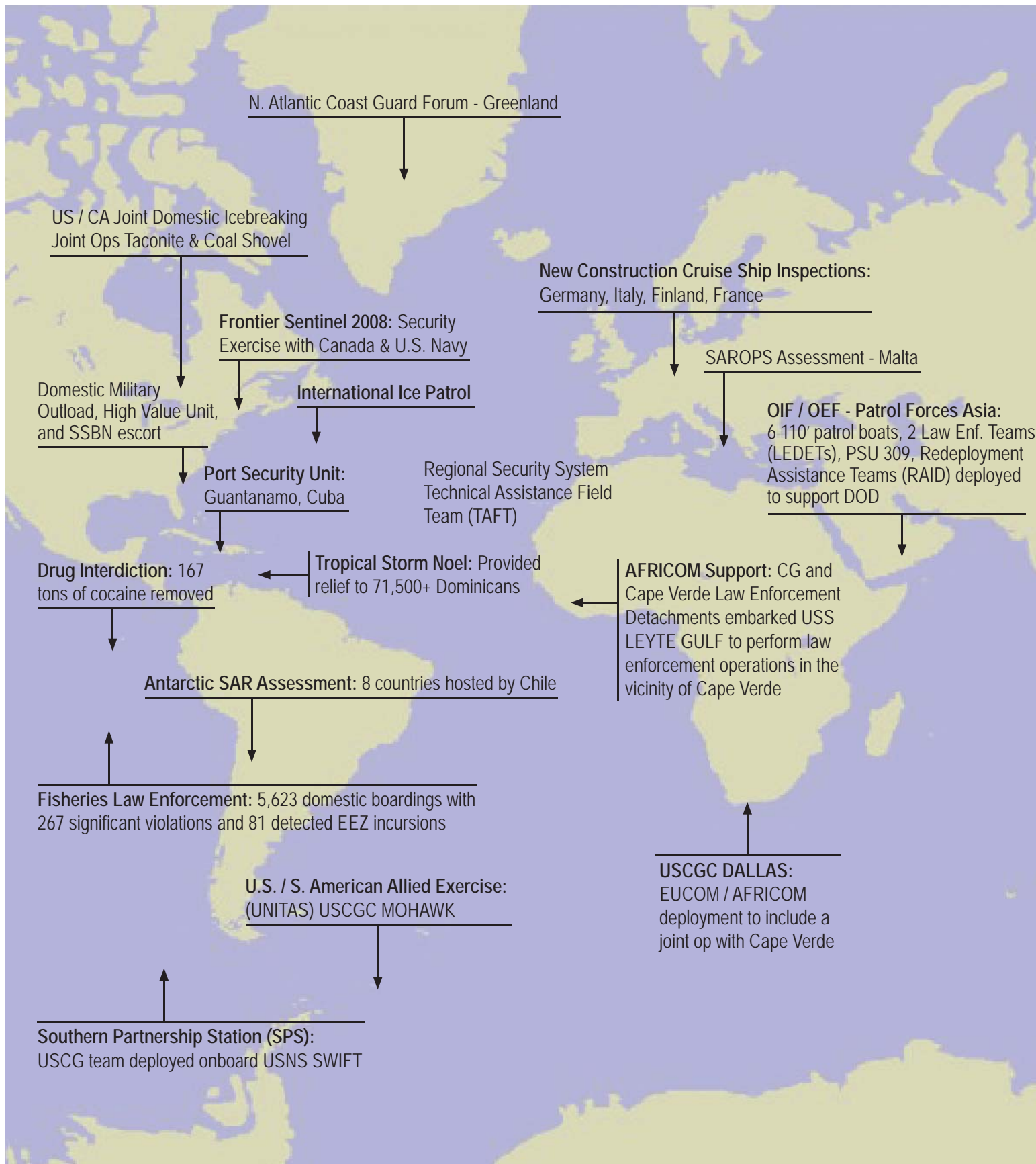
Polar Icebreaking

The Coast Guard operates and maintains icebreaking facilities to support multiple missions. The Coast Guard's medium and heavy icebreakers operate primarily in support of U.S. research interests in the Arctic and to maintain supply routes to Antarctica's McMurdo Station, which requires ship-borne supply of fuel and cargo.

Snapshot of U.S. Coast Guard Global Engagement



Snapshot of U.S. Coast Guard Global Engagement





207



U. S. CO



A Hero's Story

MK3 Brittany Catanzaro

On the afternoon of January 15, 2009, US Airways Flight 1549, a fully loaded Airbus 320 en route to Charlotte, North Carolina, from New York's La Guardia Airport, made an emergency landing in the freezing waters of the Hudson River. One of the first vessels on scene was a New York Waterway ferry captained by 19-year old Brittany Catanzaro, a Coast Guard Reservist who drills at Station Barnegat Light, NJ. Less than two hours into her shift aboard the ferry, Petty Officer Catanzaro looked over her shoulder and saw the jet floating in the water as she headed toward Lincoln Harbor in Weehawken. She immediately changed the vessel's course and steered it toward the plane.

Petty Officer Catanzaro pulled the ferry up close to the plane wings where passengers had taken refuge. With guidance from the crew, she expertly maneuvered the vessel to stay abreast of the plane, which was being pulled downriver by a steady current. The ferry's crew used rescue buckets to help 24 passengers out of the frigid waters onto the vessel and out of harm's way.



Petty Officer Catanzaro is the youngest ever (and first female) ferry captain for New York Waterway, which safely transports daily commuters from Weehawken and Hoboken, NJ to New York City. She grew up in Cliffside Park, NJ, boating on Long Island Sound in the summers with her father. She has been handling her own boat since she was 12 years old. Petty Officer Catanzaro started out as a deckhand on the ferries and fleeted up to captain after she earned her 100-ton license.

When joining the Coast Guard Reserve, Petty Officer Catanzaro thought becoming an engineer would be a natural fit, because her father had taught her how to fix the engines of her family's boats. She has only been in the Coast Guard for a little over a year but has already set her sights on becoming a qualified small boat coxswain.

Machinery Technician Third Class Petty Officer Brittany Catanzaro epitomizes the Coast Guard Reserve motto of Preparedness, Patriotism, and Professionalism.



ARD





Coast Guard Modernization

Section III

LEGACY BUSINESS PRACTICES	32
Command and Control and Mission Support Organizations	
Financial Management	
Acquisitions	
Information Systems Security	
WORKFORCE CAPABILITIES	33
Competency	
Workplace Safety	
Diversity	
RECAPITALIZING ASSETS	34
Air and Surface Fleets	
Shore Infrastructure	

The Coast Guard equips DHS with versatile military, law enforcement, and regulatory capabilities and authorities to manage risk in the maritime environment. The FY 2010 President’s Budget will support continued modernization of the Coast Guard’s legacy business practices, recapitalization of aging assets, and improvements to workforce capabilities to meet challenges of the 21st century. The Modernization Effort will improve mission execution through the standardization and alignment of business processes within the Coast Guard and closer integration with DHS.

LEGACY BUSINESS PRACTICES

Command and Control and Mission Support Organizations

As the Coast Guard confronts changing demand for its varied services, it must organize more efficiently to maintain operational excellence and sustain mission execution. The practices of the last century are not adequate for this century. The Coast Guard’s command and control structures, support systems, and business practices have not kept pace with its rapid growth and expansion of Coast Guard responsibilities. The currently bifurcated operational chain of command and support structure create inconsistencies across the enterprise. Modernization will remedy the Coast Guard’s fragmented logistics chain by creating single-point accountability for centralized support services, improve the command and control structure, and standardize operational practices.

The creation of the Deputy Commandant for Operations (DCO) in 2008 has provided much needed single-point accountability for the Service’s 11 missions. DCO eliminates stovepipes and enables full strategic alignment among all mission programs.

The envisioned Deputy Commandant for Mission Support (DCMS) will consolidate oversight for all support

missions and provide single-point accountability for life cycle management of assets and human resources. DCMS will enable more effective acquisition governance and asset management, standardize maintenance processes, and provide strict configuration control across the enterprise.

The envisioned Coast Guard Operations Command (CG OPCOM) will place responsibility for all Coast Guard operations under the direction of one field commander. This will eliminate the current geographically bifurcated command structure, and provide a more direct and consistent chain of command than exists today. CG OPCOM will also improve information flow among all levels of the organization, while enhancing collaboration with partners at every level.

The envisioned Coast Guard Force Readiness Command (CG FORCECOM) will transform the Service’s readiness management into a centralized, functional construct aimed at optimizing unity of effort across all business lines. This will alleviate the current dilution of these functions between Headquarters and two Area and Maintenance and Logistics Commands, enabling a more efficient, effective, and consistent readiness posture.

Financial Management

In the 1990s, the Coast Guard streamlined its financial management competencies. At this time, the Chief Financial Officers (CFO) Act of 1990 and other statutes designed to improve the government’s financial management were requiring implementation of new, more complex financial reporting and processes. As a result of this streamlining, the Coast Guard now lacks robust expertise in key financial specialties. Financial auditors have identified seven material weaknesses in the Coast Guard’s policies, processes, procedures, and information technology (IT) systems, which inhibit operational efficiency, Federal compliance, and financial reporting

42 yrs



WMEC 210'

40 yrs



WHEC 378'

26 yrs



C-130H

26 yrs



HU-25

Number shown denotes the average age of the vessel / aircraft.

accuracy. The Coast Guard’s new financial management roadmap will harden the control environment, improve utilization of human capital, modernize budget formulation and execution, and institutionalize the reformed governance structure. This will be accomplished through improved control and accountability, more centralized delivery of services, and increased focus on the Coast Guard’s in-house financial management expertise.

Acquisitions



The Coast Guard is enhancing several acquisitions competencies and capabilities, including the ability to acquire complex systems to support expanding mission requirements. Historically, procurement policy and acquisitions management were

split between two organizational entities within the Coast Guard. This resulted in a lack of standardized systems management doctrine, cross-directorate alignment, and standardized decision making tools. Additionally, there was no accepted doctrine for the integration of requirements generation, design, acquisition, sustainment, planned obsolescence, and planning for future acquisitions. In short, major systems were not managed from a life cycle perspective. Since 2006, the Assistant Commandant for Acquisitions, in concert with other stakeholders including in-house technical authorities, has developed common process, policy, structure, and procedures for the acquisition enterprise. The Coast Guard continues to build internal competencies and

external partnerships with the Navy and American Bureau of Shipping, among others, to execute asset-based system acquisitions. These synergies will enhance the Coast Guard’s ability to acquire assets and services using traditional contracting, while ensuring appropriate oversight and direction of outside systems integrators when warranted.

Information Systems Security

The Coast Guard’s reliance on network information systems for information flow, situational awareness, and command and control functions has increased significantly over the past decade. Despite increased investment in information systems security, network systems continue to be vulnerable. The Coast Guard will continue efforts to bring all information systems into compliance with current IT security standards.

WORKFORCE CAPABILITIES

Competency

The Coast Guard workforce is built upon a foundation of close cooperation among Active duty, Reserve, Civilian, and Auxiliary components. However, the modern roles, responsibilities, and demands placed on the Coast Guard call for a new workforce paradigm. Coast Guard people demonstrate courage, devotion, and sacrifice on a daily basis whether rescuing victims trapped in the most harrowing of circumstances, inspecting commercial ships for safety of operation on the high seas, or preparing community volunteers to assist with emergency response efforts. Today’s demand for Coast Guard services requires personnel with more specialized skills to operate and maintain new cutters, aircraft, and small boats. Coast Guard recruiting and retention programs must evolve and remain nimble to attract and retain the best, brightest, and most diverse workforce to meet today and tomorrow’s challenges.

22 yrs



WMEC 270'

21 yrs



MH-65C

20 yrs



WPB 110'

16 yrs



MH-60J

Number shown denotes the average age of the vessel / aircraft.

Workplace Safety

The Coast Guard must ensure its people are able to safely execute operational missions. The Coast Guard trains and operates in an inherently high-risk environment that tests and improves skills and decision-making on a daily basis. Tragically, the Coast Guard lost four of its shipmates in 2008 while executing higher-risk operational training. The Coast Guard's rigorous investigative processes must be exhaustively



thorough to identify root causes and implement tactics, techniques, and procedures for risk mitigation.

Diversity

It is imperative for the Coast Guard to reflect the public it serves. Diversity addresses not only race and gender, but also culture and thought. The Coast Guard workforce serves a diverse customer base that today operates more technically advanced boats, ships, and equipment than ever before. Whether rescuing a sail craft unstable with Haitian migrants, directing vessel movements in a major port, responding to a pre-dawn call from a distressed mariner, or reviewing technical ship designs, Coast Guard men and women must communicate effectively and clearly with, and gain the trust of, the public they serve.

RECAPITALIZING ASSETS

The confluence of increasing operating tempo, aging assets, and fluctuating commodity prices, challenges the Coast Guard's ability to efficiently recapitalize and sustain its air, surface, and shore assets. Outdated business processes further intensify these challenges. Investing in the sustainment and recapitalization of the most critical assets and modernizing Coast Guard business systems are vital to keep the fleet safely operating. Well planned investment will allow the Coast Guard to effectively replace those assets that have reached the end of their planned service lives.

Air and Surface Fleets

The average age of the Coast Guard's cutter and aircraft fleet are 30 and 22 years, respectively. Through service life extension programs and mission effectiveness

maintenance programs, many ships and aircraft have been able to operate well beyond the end of their planned service lives. The cutter fleet remains one of the oldest among the world's navies. For example, the Coast Guard's WHEC fleet is more than 40 years old and operating well beyond its designed service life. Structural deterioration, including excessive corrosion of critical structural components and holes in the bulkheads, has reduced the watertight integrity and structural strength of the fleet. This deterioration has required immediate emergency repairs to select vessels. Although it is still operationally effective, the Coast Guard must continually reassess the readiness of the entire cutter class, and develop a plan to keep it operational until replacement assets come on line.

Shore Infrastructure

The Coast Guard owns or leases facilities at over 2,800 geographic locations throughout the United States and its territories. Most of the shore infrastructure is located in the harsh coastal environment, and needs to be reconstructed or replaced to restore operational capabilities lost through years of steady deterioration. Many Coast Guard facilities are located at current or former DOD installations, some of which date from the World War II era.

Even with a diligent maintenance program, shore facilities will degrade over time, requiring that they be renovated or modernized for continued service. The average age of the Coast Guard's 22,000 facilities is 43 years. Approximately 4,600, or 19 percent, of those facilities are more than 45 years old. The Coast Guard received \$300M in 2008 supplemental funding and \$88M in 2009 American Recovery and Reinvestment Act funding to support shore infrastructure recapitalization. Recapitalization of shore facilities to industry standards or implementation of alternative shore support solutions is critical for the Coast Guard to continue to achieve operational success.









A Hero's Story

Ellsworth Bertholf

Ellsworth Bertholf was the first Coast Guard officer to attain flag rank, first in 1911 as a Captain Commandant in the United States Revenue Cutter Service and later in 1915 as Commodore of the Coast Guard. He served through all grades of the Service, on ships stationed along various parts of the coast of the United States and Alaska, but is most noted for his service in connection with Alaska.

In 1897, then First Lieutenant Ellsworth Bertholf, along with First Lieutenant David H. Jarvis, comprised the relief party that made the famous overland trip in mid-winter to Point Barrow, an epic journey that became known as the Alaska Overland Expedition. Congress awarded a gold medal to First Lieutenant Bertholf for relieving over two hundred American whalers in danger of starving when their vessels were trapped in the ice.

In 1915, President Woodrow Wilson merged the Revenue Cutter Service with the Life-Saving Service to form the U.S. Coast Guard, a merger made possible by Bertholf's strong guidance and input. Captain Commandant Bertholf served as one of the American delegates to the International Conference on Safety at Sea held in London in 1912, which led to the establishment of the International Ice Patrol. In addition to his duties as Captain Commandant of the Coast Guard, Bertholf also served as chairman of the Interdepartmental Board on International Ice Observation and Patrol in the North Atlantic and of the Board on Anchorage and Movements of Vessels. During the First World War, Captain Commandant Bertholf held the temporary rank of Commodore, the first officer of either the Revenue Cutter Service or Coast Guard to achieve flag rank.



To honor his contributions the Coast Guard named its first National Security Cutter after Commodore Bertholf.





Strategic Priorities

Section IV

RECAPITALIZE OPERATING ASSETS AND SUSTAIN INFRASTRUCTURE 41
 Recapitalize and Sustain Aging Assets
 Reduce Shore Infrastructure Backlog

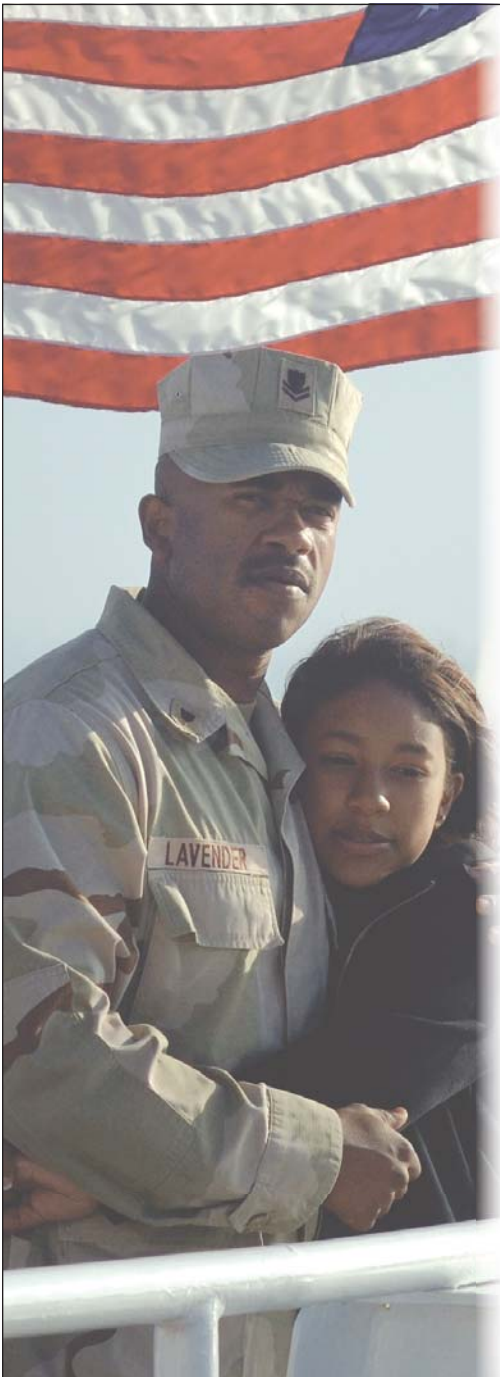
ENHANCE MARITIME SAFETY AND SECURITY 41
 Increase Marine Inspector, Investigator, and Naval Engineering Capacity
 Reduce the Threat of Vessel-borne Aquatic Nuisance Species
 Protect Seafarer Witnesses
 Address Small Vessel Security Threats
 Enhance the Biometrics at Sea Program
 Enhance Armed Helicopter Capabilities
 Sustain SeaHawk Charleston Interagency Operations Center

MODERNIZE BUSINESS PRACTICES 42
 Continue Coast Guard Modernization
 Improve Financial Management
 Continue Acquisition Reform
 Fortify Information Systems Security

OPTIMIZE WORKFORCE CAPACITY 43
 Increase Diversity
 Achieve Benefit and Entitlement Parity with DOD
 Improve Capability and Competency

The Coast Guard's near-term resource allocation, legislative agenda, and strategic decisions are guided by a family of national strategic documents. These include the *National Security Strategy*; *The National Strategy for Homeland Security*; *The National Strategy for Maritime Security*; the *DHS Strategic Plan*; *The U.S. Coast Guard Strategy for Maritime Safety, Security, and Stewardship*; and *A Cooperative Strategy for 21st Century Seapower*.

The Coast Guard sources to strategy. This means that Coast Guard resource, legislative, and strategic priorities stem from, and align with, guiding strategies. In FY 2010, the Coast Guard will reach across the authorities, competencies, capabilities, and partnership spectrum to address a wide variety of risks in the maritime domain. This section provides an overview of the Coast Guard's FY 2010 resource, legislative, and strategic priorities and specific actions to address each. Additional details can be found in the Budget in Brief beginning on page 45.



FY 2010 Strategic Priorities

Recapitalize Operating Assets and Sustain Infrastructure

- Recapitalize and sustain aging assets
- Reduce shore infrastructure backlog

Enhance Maritime Safety and Security

- Increase marine inspector, investigator, and naval engineering capacity
- Reduce the threat of vessel-borne aquatic nuisance species
- Protect seafarer witnesses
- Address small vessel security threats
- Enhance the Biometrics at Sea program
- Enhance armed helicopter capabilities
- Sustain SeaHawk Charleston Interagency Operations Center

Modernize Business Practices

- Continue Coast Guard modernization
- Improve financial management
- Continue acquisition reform
- Fortify information systems security

Optimize Workforce Capacity

- Increase diversity
- Achieve benefit and entitlement parity with DOD
- Improve capabilities and competency

RECAPITALIZE OPERATING ASSETS AND SUSTAIN INFRASTRUCTURE

Recapitalize and Sustain Aging Assets

The President's FY 2010 Budget seeks funding to continue critical recapitalization of its aging assets and acquisition of new assets. This funding will support acquisition of Deepwater surface assets such as the National Security Cutter, the Fast Response Cutter, and the Offshore Patrol Cutter, as well as enhancements to the Coast Guard's Medium Endurance Cutters and Patrol



Boats. This funding will also support acquisition of Deepwater air assets such as the HC-144A Maritime Patrol Aircraft, conversion of HH-65

helicopters, sustainment of HH-60 helicopters, and upgrades for the Coast Guard's HC-130J aircraft.

Reduce Shore Infrastructure Backlog

The President's FY 2010 Budget seeks funding to address the most pressing shore infrastructure needs. Building on funds provided in 2008 supplemental appropriations and the American Recovery and Reinvestment Act of 2009, the Coast Guard will prepare capital requirements to recapitalize shore infrastructure that supports mission execution. This combined funding will also support repairs, rebuilding, renovation, alterations, improvement, and other services provided by the Coast Guard's civil engineering program.

ENHANCE MARITIME SAFETY AND SECURITY

Increase Marine Inspector, Investigator, and Naval Engineering Capacity

The President's FY 2010 Budget seeks funding to improve Marine Safety mission effectiveness in support of the Marine Safety Performance Plan. This funding will support additional personnel such as investigating officers, marine inspectors, and engineers, staff for the Steam and Vintage Vessels Center of Expertise, as well



as expanded training curricula at the Marine Safety School in Yorktown, VA. This will help reduce existing gaps between workforce size and industry growth while expanding inspection, investigation, planning, and oversight capacity.

Reduce the Threat of Vessel-borne Aquatic Nuisance Species

The Coast Guard will continue efforts to establish an environmentally sound, uniform national ballast water treatment regime that will foster the development of treatment technologies to meet and, ultimately, exceed IMO ballast water treatment standards. The Coast Guard will also continue efforts to reduce the risk of introducing aquatic nuisance species by vessel sources other than ballast water (e.g., vessel hulls, anchors, and equipment).

Protect Seafarer Witnesses

Seafarers who witness environmental crimes, as well as those seafarers who are abandoned outright for purely financial reasons, must be protected. The successful prosecution of maritime environmental crimes frequently depends on the availability of foreign seafarers who witness the offense. Vessel owners and operators often threaten to abandon seafarers in the United States to limit their availability as witnesses. Separately, adverse economic circumstances sometimes cause vessel owners and operators to abandon crews in the United States.

Address Small Vessel Security Threats

Within existing resources, the Coast Guard will continue supporting DHS efforts to develop a unified framework for small vessel security. These efforts aim to balance maritime commerce and security so small vessel operators can continue to earn a living, travel, and engage in recreation as improved security measures are implemented.

Enhance the Biometrics at Sea Program

The President's FY 2010 Budget seeks funding to enhance the Biometrics At Sea System (BASS) program. Built upon a successful proof of concept in the Mona Pass, Coast Guard boarding teams use this program to identify migrants attempting to enter the United States illegally. Since implementation of BASS capability, illegal Dominican flow across the Mona Pass is down nearly 75 percent from the prior two years and over 150 smugglers have been convicted. Without biometrics, these individuals would have simply been repatriated to their respective countries with no punishment or deterrence from making future attempts.



Enhance Armed Helicopter Capabilities

The President's FY 2010 Budget seeks funding to provide upgrades to the Coast Guard's Helicopter Interdiction Tactical Squadron (HITRON), located in Jacksonville, FL. This initiative will enhance the effectiveness of the maritime law enforcement mission—specifically drug interdiction—by providing additional support assets required by HITRON helicopters and aircrews to meet operational demands. This additional capability will significantly improve the Coast Guard's ability to deter drug trafficking and other maritime threats, and will play a vital role in establishing an integrated border security system.

Sustain SeaHawk Charleston Interagency Operations Center

The President's FY 2010 Budget seeks funding to support continued operation of Project SeaHawk in Charleston, SC. SeaHawk is a prototype interagency

operations center originally established and administered by the Department of Justice and scheduled to transfer to DHS in FY 2010. SeaHawk provides a collaborative, unified command-based work environment to coordinate vessel and intermodal transportation screening and targeting in the Port of Charleston. SeaHawk, in cooperation with Sector Charleston, will serve as the location for prototype testing of WatchKeeper, a potential enterprise-wide solution for managing and sharing information for port security.



MODERNIZE BUSINESS PRACTICES

Continue Coast Guard Modernization

The Coast Guard will continue modernizing its legacy command and control structures, support systems, and business practices to meet the challenges of the 21st century. Modernization will improve sustainable mission execution by standardizing and aligning business processes within the Coast Guard and DHS. The Coast Guard recently established six Logistics and Service Centers to provide 24-hour customer service, technical support, and assistance for all maintenance, logistics, and supply matters that go beyond the expertise of the field unit. In FY 2010, the Coast Guard will continue alignment of its command and control, support, and business organizations. The Coast Guard will also seek legislative authority to complete projected realignment of senior leadership positions that are currently statutorily prescribed.

Improve Financial Management

The President's FY 2010 Budget seeks funding to improve its financial management structure by implementing the Financial Strategy for Transformation and Audit Readiness (FSTAR). FSTAR is a multi-year plan to remedy the Coast Guard's material weaknesses and produce auditable financial statements. This funding will support critical modernization of the Coast Guard's financial management structure including business processes, internal controls, information technology systems, and human resources. This effort will improve the Service's financial accountability by strengthening the link between mission performance and budget,

and ensuring compliance with the DHS Financial Accountability Act and other statutory mandates.

Continue Acquisition Reform

The President's FY 2010 Budget will support Coast Guard efforts to implement its Blueprint for Acquisition Reform. In May 2006, the Coast Guard began a top-down review of acquisition structures and processes. Since that time, the Assistant Commandant for Acquisitions has developed common process, policy, structure, and procedures for the Service acquisition enterprise. As a result of these efforts, the Coast Guard formally established a newly unified Acquisition Directorate in July 2007. The resulting synergies have enhanced overall competency, capacity, and innovation of the Coast Guard to acquire assets and services using traditional contracting, while ensuring appropriate oversight and contract management. The Acquisition Directorate achieved full operating capacity in late 2008, and the Coast Guard has assumed the lead system integration role for major asset recapitalization efforts.



Fortify Information Systems Security

Within existing resources, the Coast Guard will continue efforts to fully comply with DHS, Director of National Intelligence, and Federal Information Security Management Act intelligence systems security requirements. The Coast Guard will also support DHS' cyber security planning and implementation efforts. These efforts require an understanding of the full spectrum of current and future threats to Coast Guard information systems.

OPTIMIZE WORKFORCE CAPACITY

Increase Diversity

The Coast Guard workforce must be representative of the public that it serves. The Coast Guard will reexamine its existing recruiting strategies and explore new



ways to increase its diversity. Some emerging methods include using social media to connect with younger generations and solidifying relationships with universities and affinity groups. Throughout FY 2010, the Coast Guard will reclassify its College Pre-Commissioning Program policy to focus on minority serving institutions, and further its partnerships with urban community colleges and maritime high schools.

Achieve Benefit and Entitlement Parity with DOD

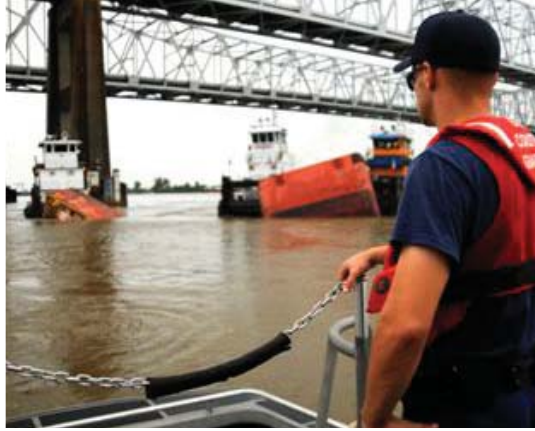
As a branch of the Armed Forces, many of the Coast Guard's entitlements and benefits come from DOD's National Defense Authorization Act (NDAA). For example, authority for the military base pay raise, basic allowance for housing, leave entitlements, sea pay, hazardous duty pay, child care, health care benefits for dependents, and retired pay are all included in the NDAA. The President's FY 2010 Budget provides funding for these initiatives and benefits which are critical to taking care of our military workforce and their families, and maintaining compensation parity with DOD.

Improve Capability and Competency

The President's FY 2010 Budget seeks additional capability to meet mission demands associated with growth of the MTS, threats to maritime security, disaster readiness and response, and regulatory and statutory enforcement requirements. The Coast Guard's future success hinges upon its ability to develop a dynamic human resources system that anticipates organizational needs and has the agility and flexibility to react to a constantly changing environment.

A vessel examination team from Sector Juneau and the Petersburg-based Coast Guard Cutter ANACAPA receive instructions prior to conducting a port state control exam on a cargo vessel in Hawk Inlet, Alaska in August 2008.





Budget in Brief

FISCAL YEAR 2010 INITIATIVES	46
Recapitalizing Operating Assets and Sustaining Infrastructure	
Enhancing Maritime Safety and Security	
Modernizing Business Practices	
FISCAL YEAR 2010 REINVESTMENTS	47
LORAN-C Termination	
FISCAL YEAR 2010 APPROPRIATION SUMMARY	47
APPROPRIATION DETAILS	49
Operating Expenses (OE)	
Environmental Compliance and Restoration (EC&R)	
Reserve Training	
Acquisition, Construction, and Improvements (AC&I)	
Alteration of Bridges	
Research, Development, Test, and Evaluation (RDT&E)	
Health Care Fund Contribution (HFC)	
Retired Pay	
Boating Safety	
Oil Spill Liability Trust Fund (OSLTF)	

FISCAL YEAR 2010 INITIATIVES

The Coast Guard's FY 2010 budget request sustains service delivery and continues critical recapitalization efforts. The initiatives focus on three key strategic areas: *recapitalizing operating assets and sustaining infrastructure, enhancing maritime safety and security, and modernizing business practices.*

Recapitalizing Operating Assets and Sustaining Infrastructure

Deepwater - Surface Assets

\$591.4M (50 Full-Time Equivalents (FTE))

The President's Budget requests \$591.4M for the following surface asset recapitalization or enhancement initiatives: completion of National Security Cutter #4; continued analysis and design for the Offshore Patrol Cutter (OPC); production of Fast Response Cutters #5-#8; production of Deepwater Cutter Small Boats; and crucial operational enhancement of five Medium Endurance Cutters and three 110-foot Patrol Boats at the Coast Guard Yard through the Mission Effectiveness Program.

Deepwater - Air Assets

\$305.5M (0 FTE)

The President's Budget requests \$305.5M for the following air asset recapitalization or enhancement initiatives: delivery of HC-144A Maritime Patrol Aircraft #13-#14; HH-60 engine sustainment and avionics, wiring, and sensor upgrades for eight aircraft; HH-65 conversion to modernized components, cockpit, and enhanced interoperability for 22 aircraft; and HC-130H avionics and sensor upgrades for eight aircraft, as well as four center wing box replacements.

Deepwater - Other

\$154.6M (0 FTE)

The President's Budget requests \$154.6M for the following equipment and services: Government Program Management funds for critical oversight and contract management; Systems Engineering and Integration funds for continued integration of complex and diverse technical configurations for all projects; continued development of logistics capability and facility upgrades at shore sites where new assets will be homeported; upgrades to command, control, communications, computer, intelligence, surveillance and reconnaissance (C4ISR) items; and prevention of asset obsolescence by replacing aging technology.

Response Boat Medium (RB-M)

\$103M (0 FTE)

The President's Budget requests \$103M to order 30 boats to replace the aging 41-foot utility boat and other non-standard boats with an asset more capable of meeting the Coast Guard's multi-mission requirements.

Rescue 21

\$117M (0 FTE)

The President's Budget requests \$117M for California and New England Sectors to receive Rescue 21 capability, and continued development of Great Lakes, Hawaii, Guam, and Puerto Rico Sectors.

Shore Facilities and ATON Recap Projects

\$10M (0 FTE)

The President's Budget requests \$10M to support shore facility and ATON recapitalization. The Coast Guard received \$88M from Recovery Act funding for shore projects. The Coast Guard occupies more than 22,000 shore facilities with a replacement value of approximately \$7.4B. FY 2010 funding supports \$6M for Survey and Design (planning and engineering of outyear shore projects) and \$4M for ATON infrastructure (improvements to short-range aids and infrastructure).

Enhancing Maritime Safety and Security

Marine Safety Program

\$7.5M (37 FTE)

The President's Budget requests \$7.5M to support 74 additional personnel including marine inspectors and investigating officers at field units, marine inspector training officers at feeder ports, staffing for the Steam and Vintage Vessels Center of Expertise, engineers for standards development and review, and expanded training curricula at the Marine Safety School in Yorktown, VA.

Armed Helicopters Enhancement

\$0.845M (7 FTE)

The President's Budget requests \$845K for 14 gunners to support an additional 450 armed deployed days away from home station (DDAS), increasing the total DDAS to 1,450. This additional capability will significantly improve the Coast Guard's ability to deter drug trafficking and maritime threats, and will play a vital role in establishing an integrated, interoperable border security system.

Biometrics at Sea System

\$1.183M (1 FTE)

The President’s Budget requests \$1.183M to purchase equipment and provide maintenance on 18 cutters currently operating the Biometrics at Sea system (BASS), as well as engineering development and program management. BASS enables Coast Guard personnel to identify dangerous individuals documented in the U.S. Visitor and Immigration Status Indicator Technology (US-VISIT) database including known felons, those under deportation orders, and those on a terrorist watchlist. With a nearly 75 percent reduction in undocumented migrant flow from the Dominican Republic, the BASS pilot program demonstrated its effectiveness in deterring attempts by undocumented migrants to enter the United States illegally.

SeaHawk Charleston IOC Sustainment

\$1.088M (1 FTE)

The President’s Budget requests \$1.088M to fund SeaHawk Charleston. SeaHawk is a multi-agency collaborative, unified command-based work environment with the cooperative and complementary capabilities of an intelligence cell. Members include the Federal Bureau of Investigation, Joint Terrorism Task Force, Coast Guard, Customs and Border Protection, Immigration and Customs Enforcement, and other Federal, state, and local agencies.

Modernizing Business Practices

Financial Management Oversight

\$20M (44 FTE)

The President’s Budget requests \$20M to support critical modernization of the Coast Guard’s financial management structure, which includes processes, internal controls, IT systems, and human resources. The goals of this transformation are to improve the Service’s ability to link mission performance to budget and ensure compliance with the DHS Financial Accountability Act. Financial management modernization will create an environment for a sustainable clean audit opinion on annual financial statements.

FISCAL YEAR 2010 REINVESTMENTS

The Coast Guard’s FY 2010 budget request creates efficiencies which shift resources to support new assets scheduled for delivery in FY 2010, and to offset required annualizations for FY 2009 program initiatives.

Reinvestments

(88.4M) (399 Full-Time Positions (FTP))

FY 2010 savings include:

- Termination of FY 2009 one-time costs.....(\$32.7M)
- Decommissioning of four aging aircraft(\$11.2M)
- Annualization of FY 2009 management of technology efficiencies..... (\$4.9M)
- LORAN-C termination(\$36M)
- OSC Martinsburg earmark reduction (\$3.6M)

LORAN-C Termination

As a result of technological advancements over the last 20 years and the emergence of the U.S. Global Positioning System (GPS), LORAN-C is no longer required by the Armed Forces, the transportation sector, or the Nation’s security interests. The LORAN-C system was not established as or intended to be a viable backup for GPS. Consistent with the Administration’s pledge to eliminate unnecessary Federal programs and systems, Federal broadcast of the LORAN-C signal will be terminated in FY 2010 after satisfying domestic and international notification obligations. The Coast Guard will systematically close, harden, and de-staff its 24 LORAN-C stations and associated support units.

Termination of LORAN-C will result in a savings of \$36M in FY 2010 and \$190M over five years. In total, 293 FTP associated with LORAN-C will be eliminated during the fiscal year and military personnel will be reassigned to other missions.

FISCAL YEAR 2010 APPROPRIATION SUMMARY

Table 1, on page 48, is a summary by appropriation of the President’s FY 2010 budget request for the Coast Guard. Additional details are listed for each appropriation. Because of the Coast Guard’s multi-mission character, funding is not appropriated by its 11 missions. Instead, the substantial portion of discretionary funding is appropriated for Coast Guard “Operating Expenses,” which supports all Coast Guard missions. Table 2, on page 48, provides an estimation of the FY 2008 – FY 2010 budgets by mission.

Table 1: Appropriation Summary

Appropriations (\$000)	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Request
Operating Expenses (OE)	\$5,821,047	\$6,194,925	\$6,556,188
Reserve Training (RT)	\$126,883	\$130,501	\$133,632
Environmental Compliance & Restoration (EC&R)	\$13,000	\$13,000	\$13,198
Acquisition, Construction & Improvements (AC&I)	\$892,019	\$1,474,576	\$1,383,980
Alteration of Bridges	\$16,000	\$16,000	
Research, Development, Test & Evaluation (RDT&E)	\$25,000	\$18,000	\$19,745
Health Care Fund Contribution (HFC)	\$272,111	\$257,305	\$266,006
Sub-total (Discretionary Funding)	\$7,166,060	\$8,104,307	\$8,372,749
Retired Pay	\$1,184,720	\$1,236,745	\$1,361,245
Boating Safety	\$132,923	\$133,552	\$130,589
Oil Spill Liability Trust Fund (OSLTF)	\$147,270	\$149,095	\$91,000
Gift Fund	\$80	\$80	\$80
Sub-total (Mandatory Funding)	\$1,464,993	\$1,519,472	\$1,582,914
DoD Transfer, P.L. 109-148	\$110,000		
DoD Transfer, P.L. 110-252	\$112,607	\$112,000	
Proposed DoD Transfer		[\$129,503]	[\$241,503]
Facility Repairs - natural disasters, P.L. 110-329	\$300,000		
Emergency Spending	\$166,100		
American Recovery and Reinvestment Act (ARRA)		\$240,000	
Total Appropriations	\$9,319,760	\$9,975,779	\$9,955,663

Table 2: FY 2010 Budget Authority—Breakout by Mission¹

Coast Guard Mission (\$000)	FY 2008 Revised Enacted	FY 2009 Enacted	FY 2010 Pres. Budget	FY 2010 +/- FY 2009
Search & Rescue	931,897	963,457	972,434	8,977
Marine Safety	593,925	565,938	594,009	28,071
Aids to Navigation	1,189,362	1,208,984	1,201,650	(7,334)
Ice Operations	128,260	167,375	137,904	(29,471)
Marine Environmental Protection	180,481	201,857	203,587	1,730
Living Marine Resources	744,493	818,359	851,336	32,977
Drug Interdiction	955,362	1,231,169	1,288,285	57,116
Migrant Interdiction	494,801	492,255	524,757	32,502
Other Law Enforcement	115,415	139,846	138,748	(1,098)
Port Waterways & Coastal Security	1,553,918	1,787,521	1,924,760	137,239
Defense Readiness	278,146	527,546	535,279	7,733
Net Discretionary: Excluding Supp	7,166,060	8,104,307	8,372,749	268,442
Mandatory	1,464,993	1,519,472	1,582,914	63,442
Subtotal	8,631,053	9,623,779	9,955,663	331,884
DoD Transfer, P.L. 109-148	110,000	---	---	---
DoD Transfer, P.L. 110-252	112,607	112,000	---	---
Proposed DoD Transfer	---	[\$129,503]	[\$241,503]	---
Less prior year Rescissions	---	---	---	---
Facility Repairs - natural disasters, P.L. 110-329	300,000	---	---	---
Emergency Spending	166,100	---	---	---
Amer. Recovery & Reinvestment Act (ARRA)		240,000		
Total Budget Authority	9,319,760	9,975,779	9,955,663	331,884
Prior Year Rescissions	[-\$146,847]	[-\$20,000]	---	---

¹The Coast Guard budgets by Congressionally established Appropriations (see Table 1) rather than Mission Programs. In order to display budget allocated by Mission program, we use an activity-based cost model that averages past expenditures to forecast future spending. The FY 2008 and FY 2009 funding amounts are revised from the estimates previously reported. Actual FY 2010 expenditures may vary.

APPROPRIATION DETAILS

Operating Expenses (OE)

Actual, FY 2008.....	\$6,109,655
Appropriation, FY 2009.....	\$6,194,925
Budget estimate, FY 2010.....	\$6,556,188
Change from FY 2009	\$361,263

Appropriation Description

The OE appropriation provides funding for the operation and maintenance of multipurpose vessels, aircraft, and shore units strategically located along the coasts and inland waterways of the United States and in selected areas overseas. This is the primary appropriation financing operational activities of the Coast Guard. Table 3, on page 51, provides a detailed breakdown of FY 2009 to FY 2010 budget changes for the OE appropriation.

Environmental Compliance and Restoration (EC&R)

Actual, FY 2008.....	\$12,420
Appropriation, FY 2009.....	\$13,000
Budget estimate, FY 2010.....	\$13,198
Change from FY 2009	\$198

Appropriation Description

The Environmental Compliance and Restoration appropriation assists in bringing Coast Guard facilities into compliance with applicable Federal and state environmental regulations; conducting facilities response plans; developing pollution and hazardous waste minimization strategies; and conducting environmental assessments. These funds permit the continuation of a service-wide program to correct environmental problems, such as major improvements to storage tanks containing petroleum and regulated substances. The program addresses Coast Guard facilities and third-party sites where Coast Guard activities have contributed to environmental concerns.

Reserve Training

Actual, FY 2008.....	\$126,294
Appropriation, FY 2009.....	\$130,501
Budget estimate, FY 2010.....	\$133,632
Change from FY 2009	\$3,131

Appropriation Description

The Reserve Training appropriation provides for the training of qualified individuals who are available for

active duty in time of war or national emergency or to augment regular Coast Guard forces in the performance of peacetime missions. Program activities fall into the following categories:

Pay, Benefits, and Allowances – Funds the costs associated with salaries, benefits, and other compensation for full-time staff that support members of the Selected Reserve.

Operations, Maintenance, and Administration – Funds the costs related to training Reservists, administering the Reserve program, and the portion of organizational costs shared by the Reserve Training appropriation for the day-to-day operation and maintenance of the Coast Guard Reserve program.

Acquisition, Construction, and Improvements (AC&I)

Actual, FY 2008.....	\$1,111,210
Appropriation, FY 2009.....	\$1,474,576
Budget estimate, FY 2010.....	\$1,383,980
Change from FY 2009	(\$90,596)

Appropriation Description

The Acquisition, Construction, and Improvements appropriation finances the acquisition of new capital assets, construction of new facilities, and physical improvements to existing facilities and assets. The appropriation covers Coast Guard-owned and operated vessels, aircraft, shore facilities, and other equipment such as computer systems and personnel needed to manage acquisition activities.

Table 4, on page 52, provides a detailed breakout of the Coast Guard's five-year Capital Investment Plan.

Alteration of Bridges

Actual, FY 2008.....	\$17,326
Appropriation, FY 2009.....	\$16,000
Budget estimate, FY 2010.....	\$0
Change from FY 2009	(\$16,000)

Appropriation Description

The alteration of unreasonably obstructive bridges ensures navigational safety and freedom of mobility to facilitate commerce, emergency response, and U.S. Government operations, by providing sufficient clearances for the type of vessels that transit through the bridge. These alterations reduce the risk of fatalities and collisions, prevent longer transit times, facilitate response capabilities for emergency vessels and U.S. Government

vessels, and deter increased waterway, highway, and railway closures due to accidents.

Research, Development, Test, and Evaluation (RDT&E)

Actual, FY 2008.....	\$190,989
Appropriation, FY 2009.....	\$18,000
Budget estimate, FY 2010.....	\$19,745
Change from FY 2009	\$1,745

Appropriation Description

Research, Development, Test, and Evaluation funding allows the Coast Guard to sustain and enhance mission performance through applied research and development conducted at the Coast Guard’s Research and Development Center in Groton, CT, as well as through partnerships with DHS and DOD. RDT&E funding supports all 11 statutorily-mandated Coast Guard missions. These missions in turn directly support the Coast Guard’s role as the principal Federal agency for ensuring maritime safety, security, and stewardship.

Health Care Fund Contribution (HFC)

Actual, FY 2008.....	\$272,111
Appropriation, FY 2009.....	\$257,305
Budget estimate, FY 2010.....	\$266,006
Change from FY 2009	\$8,701

Appropriation Description

The Medicare-Eligible Retiree Healthcare Fund Contribution provides funding to maintain the cost of accruing the military Medicare-eligible health benefit contributions to the DOD Medicare-Eligible Retiree Health Care Fund. Contributions are for future Medicare-eligible retirees currently serving on active duty in the Coast Guard, retiree dependents, and their potential survivors. The authority for the Coast Guard to make this payment on an annual basis was provided in the 2005 Defense Appropriations Act (P.L. 108-375). While this expenditure requires no annual action by Congress, it is considered discretionary spending.

Retired Pay

Actual, FY 2008.....	\$1,164,480
Appropriation, FY 2009.....	\$1,236,745
Budget estimate, FY 2010.....	\$1,361,245
Change from FY 2009	\$124,500

Appropriation Description

The Retired Pay appropriation provides payments as identified under the Retired Serviceman’s Family Protection and Survivor Benefits Plans, as well as other retired personnel entitlements identified under the National Defense Authorization Act. It also provides payments for medical care of retired personnel and their dependents.

Boating Safety

Actual, FY 2008.....	\$109,899
Appropriation, FY 2009.....	\$133,552
Budget estimate, FY 2010.....	\$130,589
Change from FY 2009	(\$2,963)

Appropriation Description

The Boating Safety appropriation funds the Coast Guard’s Boating Safety program. This program minimizes loss of life, personal injury, property damage, and environmental impact associated with the use of recreational boats. In its role as the designated National Recreational Boating Safety Program Coordinator, the Coast Guard manages dedicated user fee funding to support the National Recreational Boating Safety Program provided from the Sport Fish Restoration and Boating Trust Fund. Under the provisions of the Sportfishing and Recreational Boating Safety Act of 2005 (Subtitle A, Title X, P.L. 109-59), the Coast Guard receives a percentage distribution of total trust fund receipts from the preceding fiscal year, and a portion of the funds drawn out of the Boating Safety Account of the trust fund.

Oil Spill Liability Trust Fund (OSLTF)

Actual, FY 2008.....	\$91,069
Appropriation, FY 2009.....	\$149,095
Budget estimate, FY 2010.....	\$91,000
Change from FY 2009	(\$58,095)

Appropriation Description

The Oil Spill Liability Trust Fund provides a source of funds for removal costs and damages resulting from oil spills, or the substantial threat of a spill, into navigable waters of the U.S. In accordance with the provisions of the Oil Pollution Act of 1990 (OPA 90), the President may make available up to \$50 million annually from the fund for oil spill removal activities. The fund supports the Coast Guard’s stewardship role by providing payment for all valid claims for removal costs and damages including claims for natural resource damages resulting from oil spills.

Table 3: Operating Expenses (OE) FY 2010 ("OE Waterfall")

	<u>Pos.</u>	<u>FTE</u>	<u>Amount</u>
2008 Actual	47,416	47,023	6,109,665
2009 Enacted*	48,451	47,884	6,194,925
Adjustments-to-Base			
Increases			
A. Annualization of Prior Year Funding	-	621	85,920
B. Mandatory Personnel Entitlements			
1. Annualization of FY 2009 Pay Raise	-	-	29,241
2. FY 2010 Pay Increase	-	-	71,473
3. Military Entitlements (DOD Parity)	-	-	80,520
C. Non-Pay Adjustments			
1. Operational Adjustments			
a) GSA Rent and Security Charges Increase	-	-	10,019
b) Depot Level (4X) and Emergency Maintenance	-	-	35,000
c) Government Services Increase	-	-	8,798
d) Long Range Identification and Tracking	-	-	3,500
e) Coast Guard Academy IT Network	-	-	800
D. Operating and Maintenance Funds for New Assets			
1. Shore Facility Follow-On	-	-	7,086
2. Response Boat - Medium (RB-M) Maintenance Follow-On	6	3	1,065
3. Rescue 21 Follow-On	20	11	12,279
4. Nationwide Automatic Identification System (NAIS) Follow-On	2	1	2,000
5. Sector Air Station Corpus Christi Facility Follow-On	26	13	2,400
6. Surface and Air Asset Follow-On	360	183	46,558
E. Base Re-Allocations (Non-Add)			
1. Military FTP and FTE Transfer to Civilian	[79]	[79]	[8,072]
2. PPA Funding Technical Transfers (\$74.889 million base re-allocation)	-	-	[74,889]
F. DOD Transfer (Overseas Contingency Operations)	-	[844]	[241,503]
Total Increases	<u>414</u>	<u>832</u>	<u>396,659</u>
Decreases			
A. Termination of One-Time Costs	-	-	(32,689)
B. Management and Technology Efficiencies			
1. Annualization of FY 2009 Management and Technology Efficiencies	-	(22)	(4,934)
2. Decommission Three HU-25 Aircraft	(78)	(39)	(8,171)
3. Decommission One HC-130H Aircraft	(28)	(14)	(3,018)
4. Operations System Center Expansion Project Reduction	-	-	(3,600)
5. LORAN-C Termination	(293)	(181)	(36,000)
Total Decreases	<u>(399)</u>	<u>(256)</u>	<u>(88,412)</u>
Total Adjustments-to-Base	15	576	308,247
2010 Current Services	48,466	48,460	6,503,172
Program Changes			
Program Increases / (Decreases)			
A. Financial Management Oversight	86	44	20,000
B. Enhance Maritime Safety and Security			
1. Marine Safety Program	74	37	7,500
2. Armed Helicopters Enhancement	14	6	845
3. Biometrics at Sea	4	2	1,183
4. Seahawk Charleston Interagency Operations Center Sustainment	1	1	1,088
C. Data Center Migration	-	-	22,400
Total Program Changes	179	90	53,016
2010 Request	48,645	48,550	6,556,188
2009 Enacted to 2010 Request - Total Change	194	666	361,263

* 168 FTE/FTP Public Health Service (PHS) officers were removed from the FY 2009 enacted presentation to properly document the arrangement per OMB A-11 Section 85.7; Department of Health and Human Services (HHS) is the servicing account in the reimbursable FTE arrangement with the Coast Guard.

Table 4: Acquisition, Construction, and Improvements (AC&I) Five Year Capital Investment Plan (CIP)

Projects (\$000)	FY 2009 Enacted	FY 2010 Request
Vessels and Critical Infrastructure Projects	\$113,000	\$103,000
Survey and Design - Vessel and Boats	\$0	\$0
Inland Rivertender - Survey and Design	\$5,000	\$0
Response Boat - Medium (RB-M)	\$108,000	\$103,000
Heartland Waterway Vessel	\$0	\$0
Integrated Deepwater Systems	\$1,033,994	\$1,051,480
Aircraft	\$244,550	\$305,500
Maritime Patrol Aircraft (MPA)	\$86,600	\$175,000
HH-60 Conversion Projects	\$52,700	\$45,900
HH-65 Conversion/Sustainment Projects	\$64,500	\$38,000
HC-130H Conversion/Sustainment Projects	\$24,500	\$45,300
HC-130J Fleet Introduction	\$13,250	\$1,300
Unmanned Aircraft System (UAS)	\$3,000	\$0
Surface	\$571,003	\$591,380
National Security Cutter (NSC)	\$353,700	\$281,480
Offshore Patrol Cutter (OPC)	\$3,003	\$9,800
Fast Response Cutter (FRC)	\$115,300	\$243,000
IDS Small Boats	\$2,400	\$3,000
Medium Endurance Cutter Sustainment	\$35,500	\$31,100
Patrol Boats Sustainment	\$30,800	\$23,000
Polar Icebreaker Sustainment*	\$30,300	\$0
Other	\$218,441	\$154,600
Government Program Management	\$58,000	\$45,000
Systems Engineering and Integration	\$33,141	\$35,000
C4ISR	\$88,100	\$35,000
Deepwater Logistics	\$37,700	\$37,700
Technology Obsolescence Prevention	\$1,500	\$1,900
Other Equipment	\$89,174	\$119,500
Nationwide Automatic Identification System (NAIS)	\$8,600	\$0
Rescue 21	\$73,000	\$117,000
High Frequency (HF) Modernization and Recapitalization	\$2,500	\$2,500
Interagency Operations Centers (Command 21)	\$1,000	\$0
Defense Messaging System Implementation on Ships	\$4,074	\$0
Shore Facilities and Aids to Navigation	\$68,000	\$10,000
Survey and Design - Shore Operational and Support Projects		\$6,000
Waterways ATON Infrastructure		\$4,000
DHS Headquarters	\$97,578	
Coast Guard / DHS Headquarters	\$97,578	
Personnel and Related Support	\$92,830	\$100,000
AC&I Core	\$500	\$500
Direct Personnel Costs	\$92,330	\$99,500
TOTAL	\$1,494,576	\$1,383,980
Rescission: P.L. 110-329	(\$20,000)	
Adjusted Total	\$1,474,576	\$1,383,980

* Polar icebreaker sustainment is not a Deepwater program but is displayed to align with the FY 2009 Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, P.L. 110-329.



Personnel from the First Coast Guard District and Sector Southeastern New England demonstrate how an oil-skimming, fast sweep boom is inflated during an oil spill exercise aboard the Coast Guard Cutter JUNIPER in Narragansett Bay, Rhode Island in August, 2008.



Maritime Safety and Security Team (MSST) Defender class response boats escort a U.S. Navy submarine into Apra Harbor, Guam.





201239



A Coast Guard rescue swimmer from Air Station Traverse City radios to a helicopter during a search and rescue case after flooding of the Red River in Fargo, North Dakota in March 2009.



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I am America's Maritime Guardian.

I serve the citizens of the United States.

I will protect them.

I will defend them.

I will save them.

I am their Shield.

For them I am Semper Paratus.

I live the Coast Guard Core Values.

I am a Guardian.

We are the United States Coast Guard.





Photo courtesy of Ted Carlson.



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