Mr. President, I rise today to discuss the way forward for

a recapitalization effort critical to our national security and the

safety of America's seafarers. I speak of the effort to modernize the

fleet of the U.S. Coast Guard known as the Integrated Deepwater

Program. There is no question that the Coast Guard desperately requires

new assets with which to carry out its missions, and it is our duty to

ensure that they receive those tools at the best value to the American

taxpayer.

For over two centuries, the Coast Guard has protected our shores, and

the service has come a long way from its beginnings under the auspices

of the U.S. Revenue Cutter Service and the U.S. Lifesaving Service.

Following the events of September 11, 2001, the Coast Guard was

transferred from the Department of Transportation to the Department of

Homeland Security, a change that brought with it an increase in

missions. Today, its roles include search-and-rescue missions and

marine safety enforcement; securing our Nation's ports, waterways, and

coasts; carrying out drug and illegal immigrant interdiction

operations; protecting our marine environment; and ensuring safety and

ease of navigation.

President Bush has called the Coast Guard ``the world's premiere

lifesaving service,'' and given the new tasks assigned to the service

under the Department of Homeland Security, that label now extends far

beyond rescuing mariners in duress or stranded hurricane victims. The

Coast Guard is also our first line of defense against waterborne

terrorist attacks, from suicide bombers such as those who attacked the

USS Cole in Yemen, to potential weapons of mass destruction that could

be brought to our ports on board container ships.

However, the assets we have provided the world's premiere lifesaving

service to carry out their critical missions are anything but the

world's premiere equipment. The valiant men and women who protect our

shores serve aboard vessels that collectively comprise the third oldest

naval fleet in the

world. These are the same individuals who rescued over thirty thousand

people from the rooftops of the gulf coast after Hurricane Katrina, and

who, in a single action just last week, prevented over 4,200 pounds of

cocaine from reaching America's streets, and schoolyards--the biggest

single drug bust ever recorded. Our service men and women deserve

better, and the American people deserve better.

Which is why the Coast Guard has chosen to modernize its fleet using

a program of unprecedented scope. This recapitalization effort, called

Deepwater, is a single acquisition program designed to completely

overhaul the Coast Guard's entire fleet of ships and aircraft, as well

as its communications system and interoperability components. In

effect, rather than attempting to manage each asset individually, we

chose to manage the new system of assets as a whole, allowing the Coast

Guard and the taxpayer to reap the benefits of economies of scale and

lack of duplicative effort. When the call for proposals was announced,

the group Citizens Against Government Waste called Deepwater ``an

innovative answer to the federal acquisition process' systematic

waste.''

In June of 2002, the Coast Guard awarded a contract to a joint

venture comprised of executives from Lockheed Martin and Northup

Grumman and representatives from the Coast Guard itself. This entity is

called Integrated Cost Guard Systems, or ICGS. And now, not 5 years

later, we have arrived at a crossroads with the Deepwater program that

has has found itself in rough seas. High-profile failures of

acquisitions, such as the 123-foot patrol boats, and questions about

the suitability of the new fleet's flagship, the national security

cutter, have led Congress to re-examine the acquisition process. An

innovative design for one ship, the fast response cutter, has proven to

be a failure, and the Coast Guard, to its credit, has removed that ship

from ICGS's control, will soon put forth a request for design

proposals, and plans to manage that acquisition independently.

Many of these problems stem from the manner in which the Coast Guard

structured its Deepwater contract. Too much control was given to ICGS

in the contract's first term, including the authority to override Coast

Guard engineering decisions, and the ability to ``self-certify'' its

own designs and work as meeting the Coast Guard's requirements. To make

matters worse, these contracts were structured in such a way that if

the assets in development failed to meet the required standards, the

contractor would be paid an additional fee to fix the very problem it

had created in the first place. I am convinced that it is this

contract--and not the concept of a system of systems approach to major

acquisitions--that has brought us to where we are today with the

Deepwater program.

Now the Coast Guard is in negotiations with ICGS for extension of the

contract, and there is no question that oversight of the program must

change. Several legislative solutions have been proposed, including

provisions in both S. 965 and H.R. 1571. While I am pleased to know

that the appropriators in both Houses of Congress recognize the

importance of Deepwater to the Coast Guard and to the Nation, I

strongly disagree with the way in which they have chosen to handle its

revision.

Ultimately, oversight of Deepwater falls not to the appropriators,

but to the service's authorizing committee the Committee on Commerce,

Science, and Transportation's Subcommittee on Oceans, Atmosphere,

Fisheries, and the Coast Guard, on which I serve as the ranking member.

The Chair of that Subcommittee, Senator Cantwell, and I have worked

together on innumerable Coast Guard issues for years, and we have a

detailed understanding of the intricate issues involved both in

management of the Coast Guard as a whole and this program in

particular. The language in neither the House nor the Senate

Appropriations bill provides the best way forward for Deepwater or the

Coast Guard. If passed, either version would lead to delays in

production and affiliated increases both in the final delivery cost of

the assets, and in the size of any patrol gaps the Coast Guard may

experience. In simple terms, the appropriators' language will cost the

taxpayers money and weaken the security of our maritime domain.

Senator Cantwell and I have offered an alternative. Last week, we

introduced the Integrated Deepwater Program Reform Act, S. 924. This

bill places restrictions on the structure of any agreements between the

Coast Guard and its contractors; mandates full and open competition for

all Deepwater assets not yet under contract; requires the Coast Guard

to conduct an analysis of alternatives to ensure that its Deepwater

plan remains the best way to recapitalize the service at the lowest

possible cost; and increases reporting requirements to Congress so we

can be kept abreast of the program's progress as well as any stumbling

blocks that may arise. But most importantly, while this analysis is

ongoing, our bill will allow work to continue on assets that have been

proven capable of meeting the demands of the Coast Guard's mission

portfolio, thereby avoiding costly delays and dangerous patrol gaps.

Despite the mistakes of Deepwater's past, I believe we must move

forward with this critical modernization of The Coast Guard's fleet.

The simple fact is this: The Coast Guard needs new vessels, and a

program run as a system of systems, rather than on an asset-by-asset

basis will lead to a more efficient and more cost-effective

recapitalization.

I respectfully ask that the members of the Appropriations Committees

in both the House and the Senate remove the clauses in their bills that

contain authorization language for the Deepwater program and allow the

authorizing committee to do its job through passage of S. 924. We have

the best interests of the American people at heart, and we have the

necessary expertise to ensure that the Coast Guard and our maritime

security do not suffer unintended consequences of even the best-

intentioned efforts.