

**HEARING OF THE HOMELAND SECURITY SUBCOMMITTEE OF THE HOUSE
APPROPRIATIONS COMMITTEE; SUBJECT: "DHS AIR AND MARINE
OPERATIONS AND INVESTMENTS: CUSTOMS AND BORDER PROTECTION
AND COAST GUARD"; CHAIRED BY: REPRESENTATIVE DAVID PRICE (D-
NC); WITNESSES: MICHAEL KOSTELNIK, ASSISTANT COMMISSIONER FOR
THE OFFICE OF AIR AND MARINE FOR U.S. CUSTOMS AND BORDER
PROTECTION; VINCE ATKINS, ASSISTANT COMMANDANT FOR
CAPABILITY, U.S. COAST GUARD; LOCATION: H-140, THE CAPITOL,
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REP. PRICE: Good morning. Subcommittee will come to order. We're going to be examining this morning the respective roles and the coordination between the **Coast Guard** and Customs and **Border** Protection in carrying out their air and marine missions.

This is a somewhat different way of configuring a hearing. But we think it will let us get at some issues that maybe wouldn't be raised in exactly the same way in separate discussions with the **Coast Guard** and CBP and so we appreciate you both being here.

One thinks of the department as a police force, analogous to a police force in some ways. The **Coast Guard** and the CBP walk the same beach, watching for smugglers and working to thwart their efforts. Their aircraft and vessels **patrol** our **borders** and **coasts** and interdict migrants and illegal drugs.

Their illustrious histories originate in the first acts of the U.S. Congress to collect revenue, counter smuggling and protect life and property along the **coast**. And their range is vast -- 7,500 mile of land **border** and 95,000 miles of coastline.

This hearing is the first opportunity for this subcommittee to examine how these essential programs work together, work in tandem to support a wide range of law enforcement, national security and humanitarian missions. We welcome Admiral Vince Atkins, assistant commandant for Capability for the U.S. **Coast Guard** and Michael

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Kostelnik, assistant commissioner for the Office of Air and Marine, U.S. Customs and Border Protection for a frank discussion of this topic.

Admiral Atkins is a leading member of the DHS senior guidance team on matters related to the department's maritime, air and surface capabilities and is Coast Guard's lead executive for the Predator B partnership, one area of focus for today's hearing. Before his current assignment, Admiral Atkins served as deputy director of Response Policy, overseeing development of policy guidance for the Coast Guard's statutory missions and helping frame the foundation for cross-agency partnerships that we will examine today.

Assistant Commissioner Kostelnik directs the world's largest civilian aviation and maritime agency. Before coming to CBP, the commissioner had a distinguished U.S. Air Force career, retiring as major general. He then ran NASA's manned space and international space station programs. Over his five years with CBP, he has helped transform Air and Marine into a national enterprise, a long way from its origins as a loose confederation of field operations.

Cooperation between these agencies has been very successful in places like Puerto Rico, where shared resources have slowed undocumented immigration through the Mona Pass and intercepted illegal drugs headed for American shores. On the drug front, their joint efforts are combined with DOD and DEA under the Joint Inter-Agency Task Force South, which coordinates efforts in the Western Hemisphere to detect, monitor and interdict drug smuggling by sea and air.

Both agencies have long conducted aerial surveillance along our coasts. The Coast Guard has its C-130 and C-144 aircraft, and CBP has its P-3 and Dash-8. All are used to identify and track smugglers moving drugs from South America to the Caribbean and Gulf Coast. Both agencies operate helicopters for interdiction, law enforcement support and humanitarian assistance.

CBP and the Coast Guard are jointly developing a maritime variant of the Predator B unmanned aircraft system to extend their surveillance abilities. This maritime variant, named the Guardian, was first flown in 2008 and is undergoing additional operational testing.

Another is requested in CBP in the 2011 budget. The Guardian represents a new level of collaboration on this critical mission, and we look forward to learning more details about this program today.

Coordination between these two agencies also extends to managing and sharing assets. Over the past two years, Coast Guard has transferred 73 small vessels, including 55 SAFE boats, to CBP for refurbishment and marine deployment.

Both agencies participate in DHS councils to review aircraft and vessel procurement planning and decisions, and they've benefited from access to each other's contracts. In light of such cooperation, we hope to hear today how the two agencies manage their overlapping jurisdictions, how they coordinate their missions and how they share intelligence.

Despite many positive elements, we have concerns about the sustainability of these programs. First, a lack of trained operators and support staff could reduce DHS capacity to carry out aerial surveillance missions. For example, the request for 2011 cuts 120 CBP pilots and other positions funded last year to support the UAS program. This seems inconsistent, at least on the face of it, with plans to deploy the Predator.

In addition, while both Coast Guard and CBP are acquiring new marine and air assets, they are burdened with aging fleets, which are increasingly expensive and dangerous to operate. The need for Coast Guard recapitalization is well known, and CBP's air assets are over 33 years old on average.

We expect to explore today whether CBP can sustain its operating tempo while delaying replacements, as anticipated in its budget. And turning an eye toward the long-term situation of these assets, this subcommittee needs updated -- and overdue -- strategic recapitalization plans for CBP and the Coast Guard.

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I suppose I'm starting to sound like a broken record on that issue, but I have to say again, without this information we cannot assess how the department will modernize these aging fleets and therefore it's very difficult to put our 2011 budget decisions in perspective.

Admiral Atkins and Commissioner Kostelnik, we anticipate an informative discussion today. Your full written statements will be placed in the record, so we're going to ask you to limit your remarks to a five-minute oral presentation. And before you begin I want to turn to our distinguished ranking member, Hal Rogers, for his comments.

REP. HAROLD ROGERS (R-KY): Thank you, Mr. Chairman. General and Mr. Commandant, thank you for being here, welcome to the committee.

It's good to see you and to be seen with you.

Each of you of course has a very tough job. You're the ones caught between the bean counters here in Washington and the bureaucrats of DHS' headquarters and the brave men and women in the field who put their lives on the line everyday to keep us safe and secure.

And you're the ones apparently getting squeezed, shortchanged by the Fiscal '11 budget, budget that proposes to substantially increase department's headquarter staff and put \$200 million of its money toward security costs of terrorists trials -- needlessly, I might add -- while also cutting funding for CBP's Air and Marine personnel by 3.6%, cutting Coast Guard operational personnel by more than 1,110 military billets and decommissioning or deactivating 19 operational components cutting funding for CBP's Air and Marine procurement and maintenance by 3.2% and cutting funding for Coast Guard acquisitions by more than 10%.

So to put it mildly, your tough jobs are getting made tougher by an administration that is increasing bureaucracy at the expense of operations, a prioritization that I find simply indefensible.

We all know the threat. We all know your aging assets are in dire need of recapitalization. The challenge before you now is how to meet your mission requirements with fewer dollars. This is certainly no small chore since the boats and aircraft our frontline operators need are expensive and the systems to make those assets work together are inherently complex.

So we're counting on both of you and the men and women that you command to find a way to collectively use the talent and experience at CBP and the Coast Guard to link funding to real results and do this in a fiscally responsible way.

While the joint program offices that you've established are noteworthy, it's collaboration at the tactical level in the field that I find far much more significant.

In fact, the need for teamwork during operations was probably best summed up by the Coast Guard sector commander in San Juan, then captain, Jim Tunstall, who simply remarked, when CBP is implying I can't see anything. What Captain Tunstall was specifically referring to was the Mona Pass, as the chairman indicated, a heavily trafficked stretch of water where CBP provides aerial surveillance since the Coast Guard has no maritime patrol aircraft in Puerto Rico.

That teamwork exhibited by CBP and the Coast Guard in Puerto Rico exemplified what I believe is the most critical asset in our entire homeland security arsenal, sheer will. The will to put turf battles aside and seek any and all means to further the broader homeland security mission.

It's exactly what was envisioned when DHS was established. And it is exactly what the American people expect of our security professionals today. So that brings us to today's hearing, what I hope will be a thoughtful discussion of how CBP and the Coast Guard are working together to further the protection of our borders and shores.

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Gentlemen, please know that we and the American people are very appreciative of the work that you're doing. We're grateful for all of the sacrifices made by those in the field, whom you represent here today. We thank you for being here. We look forward to hearing your views.

(Pause.)

GEN. KOSTELNIK: Well, thank you, Mr. Chairman. It's a pleasure to be here, Ranking Members Rogers, Congressman Calvert.

First let me begin by thanking this committee for your outstanding support over the five years that I've been associated with the program. And as the chairman properly noted Air Marine although our roots with U.S. Customs go back to the beginning of the Customs service, more than 200 years, the current, you know, configuration of Air and Marines is only five years old.

And of course our recapitalization efforts was a significant issue, going back to the legacy Border Patrol air fleet that was in poor condition and the legacy Customs fleet of aircraft and maritime vessels in poor support. And back in 2005, at the beginning of the merger, there were insubstantial funds for any serious recapitalization effort.

Now, five years later, with the support of this committee, we've done a lot of things. You all have provided more than a billion dollars for aircraft recapitalization program which we think we have invested wisely. We still operate some of the oldest aircraft in the inventory, but don't confuse age with capability.

Going back to the P-3 program in front of our larger sister service, United States Navy, we've made a decision in 2005 to restore the P-3 fleet with your support, create a service life extension program. We've done that.

In 2006 we called -- all of those aircraft were grounded. Through 2007 and 2008 we tried to fly the transit zone mission with three or four aircraft. And today, I'm pleased to tell you that 11 of those 16 aircraft are operational.

Three are still primarily grounded to re-winging, but we've completed the acquisition process in 2011 for 10 wing sets. We have the first aircraft to be re-winged in advance of the Navy fleet that rolls out this spring and will enter operational service, the second aircraft later this year. And we'll complete the re-winging of all 10 aircraft as early as 2015.

We've taken due diligence from some of the oldest aircraft we have. We still operate more than 50 percent of our fleet with aircraft that are 33 years on average old. Some of those are of concern.

We manage those very closely. The worst ones we've started to deaccess. In fact this year we lost our confidence on our MD 600 fleet, grounded those nine helicopters.

P-3s have been restored. We're updating the A-model Black Hawk to L-model configuration. With your support we purchased new M-model Black Hawks. So while we keep the old aircrafts solid and maintain them on duty and upgrade them with sensors and new capabilities and upgrades to keep them safe, we're also recapitalizing the middle parts of our fleet that while still functional and not safety of flight issue have been, you know, short in the areas of performance.

A lot of that has been with your help, most importantly last year with the (plus up ?) of our maritime program. Clearly with the things happening in Somalia and off the coast, the Horn of Africa with pirating and so forth, clearly small boats and the approaches to the country are an increasingly important part of our nation's defense.

While we focus on the land borders, we've not forgotten about the water borders. And with your support, 11 new marine branches have -- are in place now. The boats are in place. And with the help of the Coast Guard and others, we've made tremendous investments there.

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At the end, while we continue to manage aged aircraft and support them to make them safe and modernize them for continued service for the long term, we have been over the last several years working at the front end of technology and particularly with our UAV program. From one single aircraft which was lost in a pilot error in 2006, we have grown our UAV force to be the most capable force in this hemisphere.

The DOD is much larger, has many more assets, most of which are deployed. But in the country, in this hemisphere, the Office of Air Marine with the six aircraft we currently have in service can do things in this hemisphere today that the larger DOD could not do in the same capability. And I think that speaks well for the investment towards the future.

We have land-based Predators that flew last night on the southwest border. We have northern based Predators that are flying in the floods at the request of Governor Hoeven and the political leadership in North Dakota doing before and after difference analysis using our Synthetic Aperture Radar, streaming live, feeding clear video to not only our own people but to state and local to give unprecedented situational awareness to what is happening on the ground. Practice with the floods we flew in North Dakota last year and the hurricanes the year before.

So while we create this national capability to support our homeland security, the fallout is unprecedented support for local humanitarian and contingency responses. And finally, I'll leave my comments with the creation of the Guardian and be happy to answer your questions and explore possibilities, a unique partnership with the U.S. Coast Guard but only one of many.

You mentioned the number of boats. Those 73 boats that the Coast Guard deaccessioned we reengine, refurbish and put into service, that was a cost avoidance for Air Marine of more than \$14 million. That has made an unprecedented difference for us to be able to grow our marine force.

In 1995 we had 85 MIAs on active service. Today, we have more than 350 MIAs, Marine Interdiction Agents, in service and more than 253 boats operational. A good part of that was not only the support from this committee, but the support we've had from our partners with United States Coast Guard.

And in the areas of the UAVs while the Coast Guard look at their opportunities and requirements, we formed the joint program office, training Coast Guard crews, providing CBP aircraft assets and folding these things into, where I think you all mentioned you were most concerned with, joint operation.

Not only is Puerto Rico and the Seabig (ph) operation a great role model, you'll find similar relationships in many other places around the country, in the Great Lakes where we're both at Selfridge Air Force base.

In San Diego, where there is a joint operation there and the San Juans and upstate Washington. And most importantly in the transit zone a unique partnership in JIATF-South and the inter-agency DEA, United States Navy, U.S. Coast Guard, CBP, all oriented to our tremendous effort in limiting narcotics from coming out south.

So I would offer to you that while we continue to maintain the old things we have with your support, we do it in a major and safe way. We update the equipment we have. And we're planning on the leading edge for perhaps contingencies we've not seen. And we're doing this in a very coherent and a very amenable partnership with our larger sister service, the Coast Guard. I look forward to your questions. Thank you.

REP. PRICE: Thank you, General.

Admiral.

ADM. ATKINS: Good morning Mr. Chairman, Mr. Rogers, distinguished members. As the Coast Guard assistant commandant for Capabilities, I'm honored to appear before you today to talk about the Coast Guard's critical role in maritime security and safety and how our cooperative efforts with sister agencies move those capabilities along and furthers our efforts in Air and Marine operations.

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At a time when whole-of-government operations and approaches are critical to achieving national objectives, the Coast Guard's military, multi-mission and maritime assets provide highly adaptive operational capabilities that serve the nation's interests well, whether those interests are in the heartland, in our ports of entry, along the coastlines, in the exclusive economic zones or anywhere around the globe.

The Coast Guard's unique combination of civil and military authorities and capabilities makes our service ideally situated to serve as the principal agency for maritime law enforcement and lead federal agency for the maritime component of homeland security.

The Coast Guard's law enforcement authority codified in Title 14 of the U.S. code is the foundation of our maritime security mission. This authority underpins our ability to interdict illegal drugs, illegal cargoes and illegal people and other more potentially dangerous threats to the homeland.

When coupled with our Title 10 military responsibilities and authorities, the Coast Guard truly is a unique service provider to the nation. The Coast Guard's ability to contribute to any whole-of- government operation is predicated on our broad authorities, our core competencies, our organizational ethos and our fleet of assets. In terms of those assets, we remain committed to recapitalizing our aging surface and air fleets.

We continue to make progress in the delivery of new major cutters such as Bertholf and Waesche, our first two national security cutters. We are operating new fixed-wing assets, the C-130J and HC-144. And we are realizing tremendous return on investment from the modernization of our helicopter fleet, both the H-65 and H-60s.

The Rescue 21 command and control system is on watch from Maine to Texas. And it is increasing our ability to conduct search and rescue and to save lives.

Sirs, the recapitalization program that you are supporting is making a difference, and our men and women on the front line want to thank you for your continued support of that recapitalization effort. The Coast Guard has strengthened its ability to protect our nation ports, waterways and coastal borders by partnering with federal, state and local agencies, tribal nations, the marine industry and international stakeholders.

Nowhere are these effective partnerships more apparent than between the Coast Guard and other agencies within DHS. For instance, our efforts with US-VISIT highlight the success of our joint biometric proof of concept and reducing illegal migrant flow into Puerto Rico. Our cooperative efforts with Customs and Border Protection are spearheaded by a strategic guidance team that brings together senior agency leaders to drive interagency effectiveness and efficiency.

Examples of our interagency cooperation occur everyday throughout the United States and at sea and they're a source of pride for our service and a sense of accomplishment for the department. From joint operation centers, joint targeting, synchronized detection and monitoring to effective end-game prosecution, the Coast Guard and CBP are working smarter and more effectively along the northern, the southern and coastal borders, the maritime ports of entry and throughout the illicit drug transit zone in route to North America.

Beyond our operational efforts, we are working to leverage each other's strengths in acquisition, training and maintenance. Our joint efforts are illustrated by the successful DHS small boat commodity council and the joint Coast Guard-CBP program office for unmanned aircraft systems.

Sir, the Coast Guard is proud to stay on the watch. We recognize that where there are overlapping areas of operation, authority and capability, the American taxpayer is best protected and best served by unity of effort that results in coordinated and effective operations. To this end the Coast Guard strives to expand its collaboration to consistently and effectively execute our mission as America's maritime guardian.

Sir, thank you again for this opportunity to come and have this discussion with you all today. I'm happy to answer any questions you might have.

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REP. PRICE: Thank you, Admiral.

And let me start with you, because you do give a very positive rendition of the planning process in particular that your agencies are engaged in. You discover a -- you describe a very smooth process for sharing assets, process that of course goes on from the top down from the very beginning of planning to execution.

I wonder if you could tell us though, surely sometimes mission conflicts arise. I wonder if there is ever a possibility actually that one of the downsides of what we're basically discussing and -- (off mike) -- here today, one of the downsides might be that unshared missions could get the short stroll when it comes to planning.

Can you give us a little better felling for this planning process and some of the conflicting priorities and just plain conflicts that you're possibly dealing with and have to overcome from time to time?

ADM. ATKINS: Yes, sir. I would say the planning process is absolutely essential and it begins with a unified command perspective. And as the general indicated, across the nation at various ports of entry we are working very closely together at the tactical level so that our tactical forces are best arrayed against the threat for that particular vector and sector.

So for instance in Florida where there is a southeast border interagency group that is looking to coordinate, what they've done is they've looked for where are the various agency partners flying their aircraft on any given day, and how do you de-conflict those aircraft and those times and those areas of patrol to maximize the effect that we're trying to bring to. And now it's not just aircraft in the air, but it's surface units on the water because while you might be able to detect and monitor the absolute essential here is to get an effective end game on the water.

So whoever you're interdicting, you're boarding and you're finding out what you need to find out. And so it's this idea of prior planning to understand where the other blue forces are, where the other interagency forces are, how do you de-conflict those and how do you aim them to get the best results, sir.

REP. PRICE: Well, let me ask both of you to turn to a specific innovation in border and maritime surveillance and that is the Predator, the Predator B unmanned aircraft system. By October of this year, CBP will have seven Predator B's operating on the southwest border, the northern border, Florida, the coast, the Gulf and possibly the Caribbean transit zone as we understand it.

One of these, the Guardian maritime variant is being tested in a joint program with the Coast Guard. Preliminary results indicate the guardian could fill air surveillance gaps for vulnerable areas in the south east coastal areas, particularly since it can operate longer and with a smaller crew than manned surveillance aircraft. The CBP budget proposes a Florida UAS base in Fiscal Year 2011 or 2012.

Commissioner Kostelnik and Admiral Atkins as well, what is the current Guardian deployment plan? And how does it fit into the deepwater and CBP five-year recapitalization plans? And of course I have to say again, these are plans currently under review and due to this subcommittee.

GEN. KOSTELNIK: Let me start and take you back to the history of the maritime variant. And it goes back to I think what the admiral was talking about, about the rich relationship we have at the tactical level.

Going into the source and transit zone we're differentiated by our missions, by the kind of equipment we have. So clearly, on the water you need the bigger ships that we don't have. So the U.S. Navy, U.S. Coast Guard with U.S. Coast Guard boarding crews are out in the Eastern Pacific.

And then you have maritime aircraft overhead, used to be some foreign aircraft involved. Now they've gone. There is a Navy P-3, there is Coast Guard C-130Js, there is RP-3, but it's never enough. It's similar to the Mona Pass issue. We just don't have enough maritime capability.

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So going back, a couple of years ago, we thought it would be prudent, given the good success we were having with the land-based variant to do a development of a Guardian type aircraft with a maritime radar. To give you a sense for the genesis, the Coast Guard were coming off some of the deepwater experience with the VTOL UAV.

And I'll leave the admiral to talk about the long-term requirements, you know, consistent with the deepwater approach. But in that time period there was some interest by the Coast Guard with the land based variant for maritime ops given the close connectivity we had in all these areas around the environment in the littoral area where an aircraft would be useful.

The Coast Guard, to their credit, put a fair amount of money as did we did, and we borrowed the Air Force prototype of the Mariner, a very early variant of the Predator with a ELTA-SeaView radar that was never developed.

And we did an extensive and exhaustive test in the Gulf of Mexico, jointly working with Coast Guard cutters, Coast Guard aircraft, our aircraft to determine if there would be a need. And it turned out there was great promise. And the Guardian program was what evolved from that.

Now, with the Guardian program currently in test has completed DT&E very early, because it's an aircraft we know. It's a radar system we already operate on our Dash-8 and our P-3, very low risk and we're getting very good results. We should finish operational testing and evaluation of this aircraft in the next month or so.

And then we have options. And we're looking at those options coherently with the Coast Guard to see where would be the first operational mission deployment. There is clearly requirements pull in the Caribbean, supporting DEA and Coast Guard missions and JIATF-South mission. We could get into Mona Pass with this aircraft. So clearly that part of the southeast region is in play.

The second mariner aircraft, CBP 159, should arrive later in the summer. We should get the radar on it in the September-October time frame. We're looking to deploy that aircraft in Corpus Christi.

That gives us two maritime basing locations where from those fixed locations we can support the Caribbean and southeast region. We can also turn those aircraft north and support the eastern seaboard and also the metro areas of D.C. and New York State, should there be issues up here.

And then with the Corpus (bird ?) we can cover the Gulf, we can cover South Texas, we can cover the Texas border if we need to. We can, then, with both of those assets make both of those aircraft available for deployments into the Gulf, deep Central America or the eastern pacific in concert with the JIATF-South mission.

So at this time, we're focused on basing in Florida, although that could be moved to other bases in the Florida region, would do that in concert with U.S. Coast Guard, depending on where we can best support these missions. The second base at NAS Corpus Christi, we already have a large P-3 presence there. And we dual qualify our P-3 crews to fly this asset as well. And there is a Coast Guard presence there.

So the ultimate way ahead with deployment will be determined and conditioned by how this first aircraft performs and coherently we're in the planning process with the operational part of the Coast Guard to determine where the first deployment would be. Those two experiences will help to condition the overarching strategy.

It is important to note that while these are primarily oriented towards the maritime environment, the belly pod which carries the SeaView radar will accommodate all of the radars that Air, Marine and the Coast Guard operate. So we can put different sea search radars in that configuration. And we can also drop that belly pod, put the Synthetic Aperture Radar back in and operate the land-based variants as -- or the maritime based variants, marine variants as well.

REP. PRICE: Well, General, before turning to the admiral, let me just ask you specifically how many flight hours the UAS fleet is going to make in Fiscal Years 2010 and '11. And of course you understand the reason I'm asking you that question.

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Will you have pilot and other support crew to support the 14-hour mission average previously projected for the Predators? As you well know, there are multiple challenges that have developed, producing an alarmingly low utilization for the first half of fiscal 2009 following far shorter projections. So with that background, on both of our minds, I wonder if you could fill us in on the kind of flight hour possibilities and projections you're dealing with now.

GEN. KOSTELNIK: I would appreciate the opportunity to comment on that because even though these aircraft are odd, they're unmanned, it's kind of a misdirection in a way because you would think that they're less manpower intensive. The reality is given, as you correctly point out, the extended length of flight, in fact the land-based variants we've demonstrated 20-hour mission capability with the configuration we carry and the first long duration flight of the Mariner looks like it's going to have about 20 hours duration as well.

So it actually takes more pilots and crew to fly one of these things. And of course that's the downside. On the plus side, it allows you to bring in other capabilities. You can bring in intel specialists, you can bring in legal specialists and of course in our business that's an important factor on real-time consideration.

So you basically bring in a flight team.

So if you look at our utilization rate to date, I mean, the observation that I would offer is that again going back to this program it's just a little over four years old. And that time -- and having said that, we are still growing this force. But with the capabilities we have today in only four years we have grown the second largest operational fleet of Predator B's on the world stage.

We have capabilities no other country in this world has. And in this hemisphere we have experiences in homeland security that even the DOD doesn't have even though they have much larger assets. So we are still very much in the building part of our process, trying to grow pilots, trying to train analysts, trying to acquire the equipment.

At the same time we are doing due diligence, flying at fairly high ops tempo. We try to fly every night on the southwest border. When the weather is good in northern border we try to fly every day or night up there.

But we are actively training many of our crews. And oddly enough, it isn't really the aircraft that's the discriminator, it's the ground control stations which are always more problematic, (laid to need ?), and we're short of those. And most importantly, having enough trained pilots to fly that.

Now, the partnership with the Coast Guard is a good one for us and them because it was started to grow and train Coast Guard pilots to fly these aircrafts. In fact, we already have three that are fully qualified with the Predator, and they will be assisting with the Guardian mission.

So we typically look like for a single aircraft with the crews and control sets. You know, we could fly those aircraft typically three times a week. Probably not 20 hours because there are other limitations, mission need. In some cases, the COA, the Certificate of Authorizations, or issues associated with the tower's operating availability.

So while the flight rate to date has been perhaps less than what people might have expected given the aircraft, you're going to see -- as we bring on the Coast Guard pilots, and with your support we hired dedicated 24 UAV pilots last year, but again those are still in training and coming up to speed, and then to offset the shortage of pilots because the bulk of our aviation fleet and numbers has not changed even though we have increased the number of pilots over time.

We're dual qualifying our pilots. So the same pilots that fly P- 3 missions in the transit zone will be flying Guardian missions on rotation. So I think you're going to see a dramatic increase in the flight hours for these assets over time.

REP. PRICE: And you're telling me, in other words, that we can expect to approach that 14-hour mission average that was previously projected? Or is there some reason to alter that projection?

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GEN. KOSTELNIK: Well, it's not so much the 14-hour because typically -- (inaudible) -- today. You know, given the limitations on crews primarily, we fly typically 10-hour missions. So the aircraft will go out in the afternoon and it will land, you know, some time around midnight.

And oddly enough, that's in concert with when the bulk of the activity is. Those aircraft are dealing with -- a lot with low level drugs, a lot of smuggling across the border, and typically the activity is occurring 10:00 to midnight and then people traveling out of these are bed down at night. So it just turns out that that mission suits our needs.

Now, in the East Pac area, if there is a mission requirements pull and need for the aircraft to be out longer because the assets are out there, we can fly those aircraft longer. I mean, it's not an issue we don't have the spare parts, it's not an issue we don't have the gas.

I mean the reality is when you go to 20-hour mission sets; you've got to have two-fold crews of mission pilots in addition to the launch and recover pilots that you have at the remote side. What I'm saying is over time we're still aggressively building our training program, and each month, as the time goes by, we have more pilots available to fly.

Right now, it's the pilots that are the limits in our duration, not the GCSs, not the COAs, you know, kind of not the aircraft. But what it does offer and a good way to think about these things, while these are reasonable missions while we're still building this force today, both in border security in the southwest border and the northern border, but also in contingency ops, if floods happen.

Two years ago we had no capability to do that when we had the floods in Iowa. Today, in North Dakota, in Minnesota or any place else in the country where you have the humanitarian need for these assets, we can put an aircraft over head the same day. We flew the hurricanes, three hurricanes two years ago. We had never done that before, but now having done that, that capability is available.

So this summer when we get into hurricane season again, if there is a need, we will be there. And all of these activities, both the day-to-day work and the border security is limited as it is right now because we're still training, gives you the ability to respond not only to these humanitarian events, but if we were to have a serious event in this country today, one perhaps like 9/11 or something short, but something significant today, any place else in the continental United States, we could put a Predator overhead streaming live video, having -- (inaudible) -- having a laser ranger designator providing unprecedented situational awareness to leaders across federal, state and local government.

And I think that puts us in a very good position. But again, I would leave you with the part that you would have to look at; this program is just four years old. In many cases in many organizations trying to build a capability, you'd just be getting the aircraft now. Or maybe you'd just be in the end stages of operational test and evaluation.

We're not only growing at a fast rate and have been doing missions 24/7 for the last three years while building this force, we're not only creating new opportunity by laying in the bad game with intel, by creating this new maritime (drone ?). So from our perspective where we sit, we think we've been leaning forward strongly in the saddle and providing a great capability for the country.

REP. PRICE: General, I'm sure we'll return to this question throughout the morning. I do want to turn to other members, but I -- but finally, your answer to me does underscore the question of personnel. And it's in that respect that I must say this 2011 budget does raise some serious questions, particularly in light of the kind of program you've just outlined.

Last year, you estimated you need 79 crew members, mission support and trainers, to fully deploy the UAS. You sought and received Fiscal 2010 funding to add 18 more UAS pilots. But that's where this 2011 budget comes in. Your 2011 budget is proposing funding cuts for 13 of these.

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What's the rationale for that? Have personnel needs somehow changed? So again, what's your operational deployment plan for the UAS in relation to the staffing cuts? That's really what I'm trying to get at. Are these staffing cuts going to constrain your ability to use the UAS effectively and indeed to carry out the program you just described?

GEN. KOSTELNIK: Well, as you know -- I know you've been familiar with our operations for a long time, we're a very small force. You know, if you look at Customs and Border Protection and the Office of Field Operation, that's about 26,000 agents. Border Patrol is about 23,000 agents. Air and marine is 1,800 total.

We've always been a very small force and we worked very hard with what we've had. I'm sure you're aware of that 2011 is a tough budget year. And obviously, we're subject to constraints like others. We make our case, we submit our inputs and we get what we get as part of the process.

Directly to your question, you know, we would have hired more pilots in 2010 were those to be supported in our 2011 request. We do get supported to the tune of about 24 of those original 144 requests, which we are certainly going to use wisely. But it's not necessarily just for the pilots.

And in the short-term, direct answer is, no, there would be no impact to our short-term program because of the innovations that we've used, having dual qualifications for pilots that fly the P-3s. They understand the mission, the transit zone. We have both pilots and back seat detection specialist. And our plan is to use the pilots to fly the aircraft and the detection specialist to run the centers.

Our partnership with the Coast Guard. We love the Coast Guard, like to bring them along. We really don't compete at the tactical level, and have a lot of great synergism. But the truth of the matter, while we're providing hardware and UAV expertise, we're getting manpower from the Coast Guard that we just don't have.

And that helps us. We would be limited without the Coast Guard support, of their aviation pilots associated with the program. And that's how we work that.

We have a solid plan for the manpower we are going to hire this year; some pilots, some associated support, both at the Air and Marine Operations Center and our various program and engineering staff that make sure we can support those things.

We're aggressively training the pilots. And in the long-term, having more pilots would be better. And depending on the reception of the Guardian and the transit zone mission and out of your budget, we would expect to have some investments, further investments, both in aircraft and support equipment, but also in pilots downstream.

But in the short-term, while we're still building this force and training, actually the shortage of pilots in the 2011 request will not have a serious impact on that activity. In fact, if you look back into 2005, at the beginning of our recapitalization, air and marine only had a little over 500 pilots, agent pilots at that time. Thanks to your support, we now have over 800 agent pilots and more than 350 mariners.

But if you look at the aircraft side of that picture, despite the investment from this committee, in 1965 we had 264 aircrafts. Today we only have 284 aircraft in service despite the investment. So as you can see, we actually do have some excess capacity in our rated force, and using that excess capacity to dual qualify on the Predator makes good sense.

And if you watch the issues that the Air Force was having with the unpopularity of manned fighter pilots having to fly unmanned things, it's actually a benefit for our agents because all of our agents are certified FAA pilots and all of our agents who fly the Predator also fly a manned aircraft, either a Black Hawk or a Cessna 550 or in the case of the Guardian, the P-3. So we think this synergism and the partnership with -- and the Coast Guard will put us in good shape for 2011.

REP. PRICE: Thank you.

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Mr. Rogers.

REP. ROGERS: Well, to follow-up on that line of question that chairman had for you, I've not -- I didn't follow you. I mean, you're going to be -- your budget proposal would cut personnel by 3.6 percent. And as I understand it, it would -- you would have to actually lose 68 pilots because of that, 20 marine interdiction agents and 56 support personnel, the decisions that were actually requested by the administration in Fiscal '10, right or wrong?

GEN. KOSTELNIK: No, those numbers are -- those make up the composition of the 144 that we would have hired in 2010. Now, those were additive to the force we currently have in place. And because during the budget deliberations internal to the administration, it was clear that we were not going to have those allocations in 2011 supported, we did not bring those added people onboard.

So those are not in fact cuts from agents or officers they would currently have onboard. Those are new hires that we did not hire in 2010 that we would have hired.

REP. ROGERS: Which means that in Fiscal '10 you obviously saw the need for the additional pilots and personnel, right?

GEN. KOSTELNIK: You can always have more, sir, always.

REP. ROGERS: And you were denied, apparently denied, your request, by the administration. Is that correct?

GEN. KOSTELNIK: Well, as part of the ongoing prioritization within CBP and DHS, that's true.

REP. ROGERS: And you know, it's indefensible to me that at a point in time when we're besieged by the cocaine traffic out of South America, and I hold here a depiction of the traffic patterns of cocaine from South America through the Eastern Pacific and Caribbean to Mexico, thus to the U.S., that's not abating, is it, Admiral?

ADM. ATKINS: Sir, what we're going to be doing is, as the General indicated is, we're going to be maximizing our MPA as best as we possibly can. And what we want to do is we want to put into effect a concerted effort through the JIATF-South structure, a plan for detecting and monitoring and then affecting an end game. And really the issue here is how can we best fuse our information and give cued intel to the assets that we do have.

REP. ROGERS: Sure, da. What I'm saying is the problem is not decreasing. It's increasing every day, is it not?

ADM. ATKINS: Yes, sir, it is.

REP. ROGERS: And your interdiction efforts are being more successful every day, are they not, General, Admiral?

ADM. ATKINS: Yes, sir.

GEN. KOSTELNIK: Yes, sir.

REP. ROGERS: And it's not the time, from my judgment, to deny you the personnel and equipment and assets that you need to continue to battle this problem, which are killing Americans. And for the administration to deny you on the frontlines of this battle the personnel and equipment that you, as recently as last year, said we must have, you told us, and we gave you.

And now, the bureaucrats are saying, we're not going to give you what you need to fight this battle. And I find that reprehensible as well as indefensible, all in the name of increasing headquarters personnel in Washington, D.C., by almost 1,000 people, which is reprehensible and indefensible to deny you on the front this equipment and manpower.

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Tell us about this fight that's going on. Here is the traffic patterns out of South America through the Eastern Pacific and the Western Caribbean and the Eastern Caribbean and primarily into Mexico, thus into the U.S. How is it going, General?

GEN. KOSTELNIK: I think it's going exceptionally well. In fact, we just had a meeting of the source and transit zone Interdiction Committee that the commandant of the Coast Guard chairs and we had Admiral Dan Lloyd who, as you know, is the JIATF-South commander. He directs our assets in the Eastern Pacific, which is really the largest area of that activity where, again, we have U.S. Navy destroyers and frigates, we have Coast Guard cutters, we have Coast Guard bordering crews on both ships, Navy P-3s, CBP P-3s, 11 of which we now have back in service, which is a benefit, but we've also put the SeaView radar on the long-range tracker aircraft.

That's increased their effectivity in the maritime role as well as the Coast Guard aircraft. And it was reported that in 2009, JIATF- South was responsible for interdicting more than 234 metric tons of cocaine just in the East Pac area. These are primarily self-propelled semi-submersible as you've heard so much about I think. Nine or ten of those were detected last year. Large numbers of go-fast.

And if you think about that much narcotics in bulk quantity not getting to our shores, that's more narcotics of all kinds from all agencies from all sources coming into the country. I'd say that's a big deal.

Now, they still worry about what they are missing based on projection or intel or so, you know, techniques. But the way I look at that, and you look at those type of activities, it's been extraordinarily successful, and I think more than justifies our interest and our investment in the source and transit zone mission.

REP. ROGERS: Admiral?

ADM. ATKINS: Yes, sir, I would agree with that. And I think that the issue again is that the underlying reasons for success is this unity of command and unity of effort that is brought under JIATF- South's hat. And it's this idea that you have somebody in charge, and you bring complementary capabilities to the floor and to bear against good intel. And then you affect end games.

So those would be the same qualities and characteristics of what makes this a success. And so in terms of the operational success down in East Pac in particular, from the Coast Guard perspective, our C- 130s have been outfitted with new Selex (ph) radars, which are highly effective. We have been able to use our retooled MH-65s, which are armored up and with airborne use of force have been able to make a real effective impact against go-fast runners.

REP. ROGERS: And I understand the budget's cutting five of those helicopters, is that right?

ADM. ATKINS: Sir, there are five H-65s, which are being cut in the FY '11 budget, but those are not associated with the deployers that go down to East Pac. Those are in the Great Lakes regions associated with the search and rescue.

REP. ROGERS: Well, I share your enthusiasm and admiration of JIATF-South. I went there years ago and was greatly impressed with the way that we're bringing together not just the units that you represent, but the FBI and the Justice Department and the Navy and Army and all the other agencies, DEA and so on.

A great operation. In fact, I was so impressed. This was before we had the Department of Homeland Security. I brought that entire crew up here to brief the then Homeland Security advisor, Governor Ridge, to try to impress him and the then president that this was really the way we ought to be fighting terrorism nationally through this kind of an operation that JIATF-South represented.

So it's a great, great facility and capability. What I'm saying to you is I don't understand the recommendations to cut personnel and manpower, both in Coast Guard and in CBP, air and marine personnel, in the face of an ever growing problem that is killing Americans. I just don't fathom that.

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And even given the terrific cooperation that your agencies have and the terrific work that JIATF-South and the other agencies are bringing to the fight, we're disarming, in my judgment. Coast Guard acquisitions are being cut by 10 percent.

CBP's air and marine procurement and maintenance being cut 3.2 percent including a \$2.6 million cut to the logistics and maintenance system upgrades and no funds for a procurement of new multi-role enforcement aircraft. Coast Guard is going to have to cut 1,110 military billets. And decommission, take out of service, deactivate, withdraw from the battle 19 operational components. How can you justify that, Admiral?

ADM. ATKINS: Sir, as Admiral Allen testified just a couple of days ago, he had to make some very tough choices between recapitalizing the Coast Guard's aging fleet and decommissioning those assets and staying within an overall budget in terms of operational priorities. And he had to make some very tough decisions relative to which assets to let go and which assets to recapitalize. And sir, that's the answer.

REP. ROGERS: In other words, it was a budget crunch?

ADM. ATKINS: Yes, sir, we're absolutely making operational priorities based on available dollars.

REP. ROGERS: And you're not getting all of the money that you actually need to do your chores, are you?

ADM. ATKINS: Sir, we're living within the administration's priorities and we're trying to work as best we can to weigh operational risk and to use our collective experiences as best we can given the resources we get.

REP. ROGERS: It was a good answer. (Laughter.)

You are good. Well, now, tell me about the operations on the northern border. You're planning a new fusion center, are you not, General?

GEN. KOSTELNIK: Yes, sir.

REP. ROGERS: Tell us about that.

GEN. KOSTELNIK: Well, this is part of our -- you know, while the southwest border obviously has gotten a lot of attention over the last several years, as you all know, we put a lot of air and marine infrastructure across the northern border -- (audio break) -- five new air and marine branches that were directed before, but also a new UAV branch up in North Dakota.

And I think this concept of a fusion center is tied to our northern border strategy and our northern border technology demonstration of taking some of the key and essential elements that have worked well in the SBI program, some of the MSS equipment and some of the connectivity associated with that, and taking some of the intelligence base function out of our joint interagency, and not only with us in the Coast Guard, but also with the Canadian friends up in the north capitalizing on preexisting things, and creating in essence a DHS campus itself with the Air Force base.

Coast Guard has been there for a number of years. We opened up one of our large air branches there a couple of years ago. A great facility. Border Patrol is on the same facility.

So what you're starting I see, in the fusion center coming together is in essence of a air and maritime operational center, not unlike the command and control AOCs that the DOD operates for the facilities down at JIATF-South to focus on the northern border and particularly the Great Lakes, which is a combination of Coast Guard, larger vessels and some small vessels and our small vessels associated with the ports of entry tying into the air capabilities we have up there.

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And of course, fundamental to that, you may recall that last year we had a very early deployment of our Predator system out of North Dakota to upstate New York. We were hosted by the 10th Mountain Army rangers at Fort Drum in partnership with the Syracuse, the Air National Guard who will fly Predators for the U.S. Air Force, to start to create the beginnings of an umbrella of Predator support for the northern border with assets in North Dakota and a potential deployment site to upstate New York in Fort Drum.

And from those assets, over time, as we work the issues, the rightful issues, with the FAA about flying in congested air space over the Great Lakes proper, we're starting to create an air picture. So part of the fusion center activity would be to work the connectivity from taking Predator imagery feeds from FLIR radars.

We could have Guardians up there in the Great Lakes at some point, you know, in the future depending on what the risk or issues would be. So the fusion center is an early technology push in an integrated fashion to create, I think, the benefit of what you see in the JIATF-South -- (cross talk.)

REP. ROGERS: What can you tell us about the threats that you're seeing in the Great Lakes and that border that would require such a center?

GEN. KOSTELNIK: The risk? Well, I'll leave it to the admiral to talk about some things in the Great Lakes proper. You know, clearly we've had all types of unknown people show up at the -- at a marine, come across the Great Lakes uninterdicted. We clearly have a lot of activity through the ports of entry.

If you look at the things that we see across the -- all across the northern border, there is a fair amount of traffic in methamphetamines coming north, coming south. There is a fair amount of traffic in BC Bud. Some of these hidden in devices coming through the ports of entry, some air drops off small Canadian helicopters and fixed-wing aircrafts.

And these are the things that we know. There are cocaine going north. There's probably guns going north.

And there's cash in bulk quantities, you know, going both ways. And these --

REP. ROGERS: Is this not going to stretch your budget even worse by building this center there? It's a \$40 million item, is it not?

GEN. KOSTELNIK: It is, sir, and it is funded. Thanks to your help.

REP. ROGERS: But isn't taking that money for that purpose going to reek other problems on you with your budget cuts that is being proposed?

GEN. KOSTELNIK: I really don't see those as detrimental to the effort. I mean, you know, we have the people and the infrastructure in place as I'm sure the Coast Guard does as well. I mean, I'd look on that while we have the hardware and we have some of the software elements and we have the people and the infrastructure.

I think the real issue on the northern border is the connectivity. You know, tying in NORTHCOM and the air picture, tying in the maritime picture on the Great Lakes. I'd look on that \$40 million investment as a good piece of connectivity to help create a common operating picture because I talked about the threats that we know and we see those probably in spades, but it's not the threats you know that get you in trouble, it's the ones that you don't know.

And added connectivity tying in the sensor aircraft and the new class of boats, we're putting up 38 foot safe boats, very capable boats on the Great Lakes in partnership with Coast Guard, 33 feet for them, as well as the cutters and other ships that are out in the Great Lakes proper, tying all that information and fusing the information from the sensor aircraft and boats, tying those into the intelligence of the interagency should make us stronger in the northern border.

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REP. ROGERS: Well, it makes a lot of sense. I just worry about whether or not you're going to have the personnel to operate that center once you get it going because of these cuts that are being forced upon you.

GEN. KOSTELNIK: Well, fortunately a lot of that is an intel based center. So actually a lot -- some of those won't be air and marine personnel. A fair percentage for us will be actually intel people that we have hired and do have in place to do that work.

REP. ROGERS: Admiral, do you want to add to anything?

ADM. ATKINS: Yes, sir, I would just like to add to the general's comments in that this is the beginning of a JIATF-like structure in the northern border in the sense of you begin to bring everybody together and you begin to share information. So at this point, we don't have a way to deconflict where our own internal operations are happening.

And so this tool provides us, this fusion center provides us that capability. And so it's an opportunity to sort of model those other excellent examples that you've seen down in Puerto Rico, down in Florida and San Diego.

REP. ROGERS: Now, this center will be funded out of your SBI accounts, will it not?

GEN. KOSTELNIK: Yes, sir, I believe that's the case.

REP. ROGERS: In closing, I know others need to be on schedule here, Admiral, you were once the first executive officer aboard the cutter Decisive and then later the Resolute, is that correct?

ADM. ATKINS: Yes, sir, it is.

REP. ROGERS: Do you recognize in the room anyone who served under you on either of those mission?

ADM. ATKINS: Yes, sir, I do, and I believe he owes me a morale report. (Laughter.)

REP. ROGERS: We're talking about staffer Ben (ph) here who served with you.

ADM. ATKINS: Yes, sir. Mr. Nicholson (ph) was a fine Coast Guard officer. I'm glad to see him continue in service to his country.

REP. ROGERS: Thank you.

REP. PRICE: Thank you.

Mr. Calvert.

REP. KEN CALVERT (R-CA): Thank you, Mr. Chairman.

It's good to see again, General, I remember you back in the days when the chaired the Space and Aeronautics Committee. It seems we don't have a human space program anymore, but those were the good old days.

I want to talk a little bit about the Air and Marine Operations Center, AMOC. As you know, the Air and Marine Operations Center is in Riverside in my congressional district, and the AMOC team does a great job, a critical work, serving our nation's general aviation air interdiction and security operations

So I was disappointed you didn't mention it in your testimony. I understand the CBP still owes the committee a report on the role and the operations of AMOC. And so I was wondering when can we expect that report.

GEN. KOSTELNIK: The report should be forthcoming pretty soon. The AMOC, as you know, is a crown jewel of the Department of Homeland Security. When I signed on, when I left NASA in 2005, I saw a lot of things that I didn't like. I mean, an aging force, we had a low morale, you know, questions on the way ahead.

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But the Air and Marine Operations Center even in 2005 was a crown jewel that few could want to have. I mean, it was kind of put together over years with -- you know, on the side with some contractor support and some government intervention. But at the end of the day, even in 2005, it could do things in the Homeland Security mission that other things could not do.

Over the last four years, we continue to plus it up. And we've added infrastructure, we've added the GCS control sets, we've added more DEOs, we've hired some intel specialists who started to work there. We're still growing that capability, and as you know, in the way ahead, still early, but still in the long-range planning of what further investments we need to make.

That work is still unfinished. But with the money that was provided for AMOC in this calendar year, we are using that to set the stage.

REP. CALVERT: And that was a question I was going to ask and you provided us a break-out of how that \$6 million we provided in Fiscal Year 2010 to AMOC for technology expansion was allocated to the Office of Air and Marine. And was the money spent on the core mission of AMOC at the --

GEN. KOSTELNIK: It was in fact, and actually making that mission stronger. Part of that, we're going to strengthen our UAV capability. Today we have a GCS and a KU band antenna there. We've actually used that to flying missions, but in the way ahead, we're looking to add the end game of that, which we really don't have in place anything else.

And this is the piece that the DOD has. In fact, I think there was an article today on -- in the paper on the amount of information that's potentially available from the unmanned systems. And this is the part of the problem we're having. We flew the hurricanes and floods. We could gather the information. We could provide unique FLIR image or static synthetic aperture radar cut, but really didn't have the people to analyze what those things meant.

So part of that investment is we're adding an intel cell very similar to exactly the same kind of intel cell that the DOD proper uses in their missions in the AMOC to tie the intelligence part of it to the operational feeds on the UAVs. So that's a future investment.

We're also working coherently as we've grown our capability through this big pipe technique.

The big pipe is a technology where we feed the streaming FLIR imagery not only from the UAVs anywhere in the free world, but from the P-3s as well.

In fact, if we were flying up in North Dakota today, with a Predator, we could easily put the streaming video from that asset on your personal computer here or at home. Those kind of connectivity investments are part of that. And then finally, a lot of that -- some of the money is still planning money to put the ducks in the row, working on what the real investment for the long-term growth of the AMOC ought to be.

REP. CALVERT: One last comment on the Predators, and the -- obviously the Predator B. I'm very familiar with the aircraft. It's built in Southern California. I went to the plant a number of times and, of course, moving to the Predator C. But the confliction in operating in air space, in domestic air space operations, is there any work with the FAA to remove those conflicts where you can operate more freely within the air space of the United States and certainly along the Canadian border and Mexican border where you can operate that aircraft more efficiently?

GEN. KOSTELNIK: There's certainly a lot going on in that regard. Flight --

REP. CALVERT: But -- and furthermore, do you think there ever is going to be a point in the near future and in the long future where we can actually take off and land within, say, March Air Force Base for instance or Coronado?

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GEN. KOSTELNIK: It's a tough debate. And I'm sympathetic in a way for the FAA because it's their job to keep the national air space safe. It's our job, you know, to apply technologies we have and with some risk to keep the country safe. So there obviously is a potential conflict.

And of course, with the tremendous growth of UAVs or RPAs as the Air Force is now calling them, there is a wide variety of unmanned things. Small hand-held things that are like RC models from years ago to the Global Hawk flying 60,000 feet, you know, very large aircrafts and everything in between.

And there's a different risk posture for each one of those. But you, like all of us, would want the national air space to be safe. So in areas where there is a lot of commercial manned traffic, if we're going to put unmanned things into those scenarios, you know, we need to assure the traveling public that we can do that safely.

And while the Predator is a tremendous airplane, more than a million operational hours, that's why we chose that aircraft for our fleet, it is still not without its risk. We still get surprised. And a Predator C will be no different because it's a man-made thing and man-made program.

So what we try to do in Homeland Security, because unlike the DOD who has a training mission in this country, ours is Homeland Security, ours is different. You know, we need to apply these technologies to protect ourselves today.

So we've offered the FAA, and have over four years of discourse, a very simple theme about why we should be flying and what we're doing. One is, what we fly. Four W's. What we fly. The system, it's the safest system out there. But not perfectly safe. We lost an airplane. We've crashed a couple of them in landing accidents. And every once in a while we get surprised by a software error, or like anything else, one of our pilots will make a mistake.

The second risk reduction is when we fly. We fly typically at night because that's when the bad guys are up to work. To your point about North Island, it's where we fly. We're not flying downtown D.C. We're not flying over New York City. No, we're flying on the borders. You're familiar with the California border, and there's not much out there, there's not a lot of risk. And that in itself is a risk reduction.

And then finally, that last W is why we're flying. We're not flying to make a point. We're not flying to push the policy. We're not flying to make money or commercial reasons. We're flying to protect to the country.

And so in our approach, in air and marine, why I think we've been successful and why -- now, we have issues with the FAA. We argue with them all the time. We fly by COA, certificates of authorizations. They are difficult. But that is not the constraint. We're flying the floods. We flew the hurricanes. If we were to have a national event, we'll be there for that. And we'll continue to work with them because they are right to be concerned about the risk.

There will come a time, and back in our time in the space business, you know, space business was mostly unmanned, I mean, we had pilots and astronauts and so forth there, but many of those activities are already done remotely. So the technology is coming and there will be a time when there will be unmanned things in the normal traffic pattern. In fact, overseas, at the operational bases, it's not uncommon to find fighters and C-130s and Army helicopters and Predator A's or B's all in the pattern.

So in a combat scenario, it will work. But there are in a combat environment with collateral damage associated and risk associated with the combat environment. I don't think we're quite there yet. So I think that debate will continue, but I know there's been interest from this committee.

We're working very closely with the DOD to find measured way to open the doors. And I would offer to you, based on where we were in 2005, and where air, marine and the Coast Guard will be the Guardian this year, we've come remarkable ways in our ability to fly in the national air space when needed. And I think that meets our needs.

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REP. PRICE: Thank you, General. Let me pick up just briefly on the report in the Washington Post this morning, which you referenced, which has to do with the heavy use of Predator drones over Afghanistan and other countries that's resulting in the -- allegedly resulting in an overload of satellite networks used to control and retrieve data.

We'll ask for a classified response as well. But to the extent that you can discuss this, will you elaborate a bit? How much of an issue is bandwidth as we deploy and use more of these assets and what kind of analysis has been done of the department's bandwidth needs.

GEN. KOSTELNIK: It's not really my technical area of expertise and exactly, you know, kind of where we are. It's less of an issue for us today in our business. I mean, we buy -- we fly our aircraft much like the DOD does through the satellite infrastructure. So bandwidth is critical not only for command and control, but even more so for the data feeds.

And as you acquire more systems that produce even more data, in fact, a very specific system Gorgon Stare, which is talked about in that DOD article, is going to generate a lot of information. And ultimately that information with compression techniques and so forth is going to require a lot of bandwidth.

So really bandwidth is going to be an issue in the long-term because listening to Secretary Gates and seeing where unmanned things are going in the Department of Defense, watching the interest across the globe and the commercial use of unmanned things, clearly there is going to be, over the next several years, tremendous growth in the need and therefore constraints in the area of bandwidth.

And obviously there are some technical things in terms of how data is manipulating the press, that will help to offset that. There will still be growth in technology that will cut into those issues. But in the long-term, bandwidth is going to be another one of those resource limitations that's problematic. For our mission specifically in the continental United States and Homeland Security, that is not going to be an issue in the near term.

REP. PRICE: Thank you. But before we leave the Predator question, Admiral, I want to give you a chance to comment on the question that the general explored in the first round, namely the current Guardian deployment plan and how it fits in with the Coast Guard's larger plans, the recapitalization plans in particular. Anything you want to add on that before we move on to other issues?

ADM. ATKINS: I guess I would, Mr. Chairman, thank you. The Coast Guard is really excited to be working with CBP on the joint program office. Related to that, we are also working with the U.S. Navy on a Fire Scout joint program office in terms of a rotary wing ship based launch UAV technology.

At this point, the Coast Guard is in the needs-identification phase and we're trying to understand and we're trying to leverage the lessons learned by more experienced agencies, in this regard CBP relative to the Predator, and the Navy relative to the Fire Scout. And through those lessons learned, when we're ready to wrap up our own acquisition program, sir, we will be better situated to do so.

REP. PRICE: Thank you. Let me turn to Marine vessels. CBP currently has 253 Marine vessels in service in coastal and riverine areas in enforcing the laws, with an end-state of 358 planned, as we understand. This year it'll complete setting up 11 new Marine units funded in Fiscal '08, integrate SAFE boats transferred from the Coast Guard, explore acquisition of multi-role enforcement vessel -- of eight multi-role enforcement vessel and test a new Marine Interceptor vessel.

Coast Guard has almost 300 boats that range from 33-foot special purpose law enforcement craft to 110-foot patrol boats that operate in the same coastal waters on joint missions. Between the two components, 2,643 people crew these boats, and hundreds more support them in port and at the strategic level. Now, CBP is recapitalizing its Interceptor fleet and holding up its -- and building up its riverine and coastal enforcement capability.

Although the Coast Guard is quickly recapitalizing its small boat fleet, the 87-foot and 110-foot patrol boats are rapidly aging. And we're just beginning to build the Fast Response Cutters needed to replace them. Four are

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already built with the 243 million (dollars) which were added in the current fiscal year, and the 2011 budget provides a similar amount for four more of these vessels.

Now, given the constraints on the budget, which have been referred to repeatedly this morning, the significant capital costs involved in these projects, it's critical to direct this investment properly. So I ask you both to explore this. How is the department planning across components on asset acquisition and workforce planning to make sure we have the right mix of boats for cruise and cruise for boats as well as the right mix of assets to secure our Marine -- maritime border?

And how's the Coast Guard in particular been involved in the development and testing of the advanced concept technology demonstrator, or will this be a specialized CBP asset? What does it do that existing vessels in the joint mix cannot?

GEN. KOSTELNIK: I'll address the advanced concept technology demonstrator. This was in a similar fashion to the air investment piece while we continue to operate a lot of outmoded vessels that are reaching the end of their service life and good vessels that are just getting, you know, worn out -- the Midnight Express.

A year ago, we created a technology investment program to build the one-of-a-kind boat. This is the advanced concept technology demonstrator. It's oriented as a requirements demonstrator and a technology push tool to give our mariners a sense to what the requirements ought to be to replace the Midnights. This is our primary 39-foot Interceptor.

This is in a class of boats -- it's really different from the Coast Guard, you know, utilization, not one that would be, you know, consistent for their missions there. But it's our primary interdiction tool out on the Caribbean and all the coasts and environments. That boat is 39 foot, has four 225 engines, conventional seats and you know, some type of law enforcement capability, but not anything substantial.

The advanced concept technology demonstrator is a one-of-a-kind boat -- 43-foot developmental hull, four 350 horse-powered developmental Mercury Verados, it's the largest developmental racing engine made. We mounted two .762 machine guns with the help of the U.S. Coast Guard, state-of-the-art FLIR, state-of-the-art integrated flat blade displays, state-of-the-art seat -- shock-absorbing seats, its biggest investment in our human capital force, they're like, you know, nothing else.

I mean -- and put all of these things in one integrated boat, this boat can do things that nothing else in its class can do; 75 miles an hour in the open water. There's pictures of it. Everything is out of the water except for the prop underway, the full-man crew, the 600-gallon tank. We're not going to buy. We bought that one-of-a-kind boat, but that we -- allowed us to take that boat, all of our mariners, let them have a look, refine their requirements.

And this year, this summer we're going out for an RFP based on what we learn from that one-of-a-kind boat to replace our Midnight fleet. The first part of that has already been funded by this committee. In fact, with added six boats it will get, and the funding in 2011, we'll have money in hand for 23 of these new vessels, and there'll be nothing like that. That's about half of our operational interceptor fleet which is really a good start on that effort.

And the other parts in regards to the Coast Guard's recapitalization, those 73 boats they gave us, those were in superb condition. We've reengined those craft, we refurbished those, we put those boats right into service and rough duty. Those are in fact the deaccession from one service being recapitalized, is actually a capitalization for us.

And of course I think you all know we procure the SAFE boats for U.S. Coast Guard and we buy the engines and maintain those boats. We have a perfect partnership in those class of boats where we have overlapping mission requirements. That relationship in terms of training, in terms of resourcing and sustainment and acquisition could not be any stronger. As you get to the larger craft, out of class, you know, different missions that, and clearly a different, you know, kind of process.

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So I believe, on the Marine side, now similar to the air picture and the recapitalizations we've done, thanks to your input and the improvements that we got last year, of which most are in place, (added our ?) facility is a little bit late indeed in some of these new Marine branches we've put up. But they all have boats, and they all have mariners. And that speaks well for that part of our program.

REP. PRICE: Admiral?

ADM. ATKINS: Sir, I would add to that the "how" part of your question, which was how does the department deal with that. And really it's this DHS small boat commodity council that has brought CBP and Coast Guard and others together where we discuss our requirements. And as the general points out, it really is a missions-generated sort of discussion.

So if there is an opportunity for synergy, we seek it out. And it has -- really has brought some terrific synergies relative to the boats that we buy, the maintenance that we share. The Coast Guard is able to take advantage of CBP maintenance contracts. And we're also able to bring together in terms of training, those techniques and practices that align our actual tactical operations on the water.

So it's through this DHS small boat commodity council that delivers the how to the departmental ability to bring synergies and effectiveness and efficiency.

REP. PRICE: Well, let me, before I turn to Mr. Rogers, ask you about one particular threat which Admiral Allen has highlighted. He described -- has described the growing threat of the SPSS vessels -- the self-propelled semi-submersible vessels noting that their -- noting that their use has grown significantly and that they account for maybe a third now of all the maritime cocaine flow. Needless to say, this goes way beyond initial expectations and projections of the importance of these vessels.

Admiral, I wonder if you could estimate for us the number of these vessels being used by traffickers, the number we're able to detect and stop in relation to that overall number.

And to both of you, what assets are Coast Guard and CBP bringing to bear against these vessels? Are they enough? And then how do you target your efforts? Are you mainly relying on surveillance? Are you getting other types of good intelligence to target these traffickers? And what do you need to get better intelligence?

ADM. ATKINS: Sir, in terms of -- you cite the numbers -- in the last year approximately 11 -- 10 to 11 SPSS were interdicted. We believe -- I can get you for the record a more exact number relative to the projections associated with that from JIATF-South.

In terms of what tools we're bringing to bear, really JIATF-South, again through their unified command, were able to bring from the Coast Guard our maritime patrol aircraft the C-130s, from the CBP the P-3s and in the future we hope the UAVs.

It's this idea of providing that domain awareness. And now couple that with JIATF-South intel and information, how can we better cue the surface assets that the Coast Guard and the Navy -- Navy- carrying Coast Guard (LEDETs ?) is able then to execute the endgame. And so, sir, I would tell you that we -- as we discussed earlier, being more effective through that cued information from JIATF-South and they're able to bring to bear our national assets and sound intelligence -- human intelligence.

We've had some fantastic opportunities working through the Department of Justice, DEA, on how to bring to bear all the national assets against this threat vector. In terms of our aviation use of force through our hit-run squadron where we put up armed helicopters to bring a stopping function so that our vessels on the waters can then interdict and board these vessels, that really is part of the picture too to our fantastic success rate down there.

REP. PRICE: Do you have a rough estimate you can give us of the number of these vessels that are now out there being utilized and the interdiction numbers?

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ADM. ATKINS: Sir, I'd like to get back to you on -- for that on the record.

REP. PRICE: All right, please do that.

General?

GEN. KOSTELNIK: Of course, the projections are, you know, really estimates that anyone -- you know, these boats are one-way ships. So they either make it or they don't. The last time I was in JIATF-South, they talk as many as 20 to 30 of these things at any one time being under construction in the jungles along the riverine environment although we can get their current assessment.

And I'd just reinforce the kind of things that Admiral Atkins said, we've made a lot of improvement in our support, you know, in that area. Recovering the P-3 fleet has been a first-order effect, because back in 2006 we only had two of the airplanes flying, in 2007 three of the airplanes, today we have 11 airplanes.

So one, there's a lot more airtime being provided into the maritime role. In fact, last year, in 2009, more than 58 percent of the total air picture was provided by CBP P-3s. If you look at our P-3 aircraft, not only have we provided the, you know, we provided the aircraft and returned them to operational service, but we have two different kinds of P-3s in play.

We have the domed aircraft which has a radar; that's the primary aircraft used for searching out the boats and the second aircraft called the long-range tracker. And these aircraft are typically deployed in pairs, traditionally has a forward-looking infrared and an F-16 radar. It does the air intercept and provides the endgame picture for the radar.

So you need two things for the maritime endgame; you need a radar to detect a vessel and then a FLIR to work with the surface vessels, you know, for the endgame. Two years ago we put the SeaView radar on the long-range tracker P-3.

And on the first operational deployment -- the same radar that we're putting on the Guardian with the same amount of OT&E, on the first operational deployment of that long-range tracker P-3 and to East Pac last year around the 1st of January, in 13 days that one aircraft with a developmental radar got three or four self-propelled semi-submersibles.

So one, we're almost doubling the fleet by putting the SeaView radar which we plan to do in all of our Slick long-range tracker aircraft. We're also going back and looking at putting FLIR on the domed aircraft. So now that's going to ultimately double the capability where each aircraft now can fly the mission standalone rather than requiring two aircraft.

Specifically in regard to the SPSSes, not only are we going after those, but you might recall that a year ago Science and Technology, Department of Homeland Security built a surrogate target. We have several of these submarines that Coast Guard was successful in acquiring and -- one or more of those at JIATF-South.

But we built a developmental target vessel that we're actually going to use that target vessel in our Guardian test to see how the Guardian radar with the same capability that the P-3 has, does against the SPSSes. So we're enhancing our maritime capability with very long duration. P-3's typical mission is about 12 hours. We can fly the Guardian about 20 hours in East Pac with a combined crew.

The aircraft will be launched and recovered from Central America somewhere, one of our remote sites, but flown from a combined flight team -- it could be Florida, it could be Miami, it could be (Fort Huachuca ?) riverside, could be any of our infrastructures around the country. So one, not only have we recovered our P-3 fleet which gives you more time on station, but we're adding new capabilities.

And finally, Admiral Atkins mentioned the hit-run capability which is another great example of partnership. Customs have had that same entitlement. We shoot out the engines on both -- on the water to stop crap when we can run

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them down. But often we're out -- or don't have enough boats or can't get to an endgame. An aircraft would bring the capability.

So this past year, not reinventing the wheel, we procured the same Barrett (ph) weapon that the Coast Guard uses in hit-run, capitalize on their expertise and their training. And this year we're adding that capability to our Black Hawk fleet. And we don't fly Black Hawks out, you know, in the East Pac because these aircraft are mounted on ships.

But from land-based facilities and the Seabig (area of operation, in the Mona Pass, in the Caribbean and other approaches starting this year, we'll have that capability deployed on our Black Hawk. So if you look at the overall picture, there's a lot going on behind the scenes to deal with this mission.

And I would echo what Admiral Atkins said earlier, it's a great partnership and a great process to have Admiral Dan Lloyd down there sitting in the chair, focus entirely on this effort, managing in the -- not on the interagency but the international, getting the intelligence right, getting this focus which is a key and then focus the resource assets we have on the ships as they actually sortie.

I don't know what we're missing. But I can tell you when you get 234 metric tons in one year that doesn't get to the States, that's a big deal. That has to hurt somebody.

REP. PRICE: Yes, sir.

Mr. Rogers.

REP. ROGERS: You want to know how you can help yourselves secure the funds that you need for your programs. Tell us about it. That's our chore. We have to decide how to allocate the funds for your agencies. And we're having a tough time with it, because we don't have your recapitalization plans, which in the case of the Coast Guard, is required by law.

It's in the appropriations bill of '10 and the report language for the CPB (sic). And yet we don't have it. Way overdue. What's the problem, Admiral?

ADM. ATKINS: Sir, we're working on that report. It's now at the department, and we are working with them so that they can understand the Coast Guard's position relative to our needs.

REP. ROGERS: General?

GEN. KOSTELNIK: Well, reports are clearly late indeed. In the case of Air and Marine, looking towards 2011 we were late in doing our due diligence AND putting our activity together.

You know, given the limited resources we have and the investment strategies, we tried to optimize those as carefully as we can.

And on the leading edge in terms of our UAS program, we're very much conditioned about the emerging threats in real world around us. So some of that delay I would have to take, you know, in our agency. And I know you all are aware; it's a difficult process going through the administration to get it formally approved not only with the department, but with OMB and others.

And that does take some time. I think you're going to get our report very soon. I don't think you'll see a lot of surprises. We tried to work closely throughout the year with --

REP. ROGERS: Well, I understand the difficulty getting it through the OMB and the department and everybody else. And that's a common problem we hear time and again on all these agencies is we can't get OMB to clear our report that's due six months ago under the law.

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I don't know why, Mr. Chairman, we don't just have the OMB up here and grill them for about a week -- (laughter) -- on every one of these departments. I mean it's not just you. But for goodness sakes, how can we intelligently lay out a spending plan for you if we don't know what it is you want to do? And so I'm frustrated and I know probably you are too, but it's an impossible situation.

You know, we're trying to help you sort through the funding for the CASA aircraft and the Marine patrol aircraft that you want and the sensing (pallets ?) and all of those things that are Greek to a lot of us, but we're depending on you for expert advice.

And we love you to come here and testify, but we really need in writing the plans. I'm a great leader in planning your work and working your plan. And you're working a plan, but I don't think the plan is written out.

Well, we hear constantly from everybody that there's not enough flying hours by all of the equipment that each of you -- both of you have. And that also bears back on the desire that we have to help you fulfill your mission. Now, you've -- and the CPB's (sic) 2011 budget -- you have no funding for sustaining the procurement of the new multi-role enforcement aircraft.

Coast Guard's budget only includes funding for one marine patrol aircraft, the 15th HC-144A; no spare part monies. CPB's (sic) contracted for 30 of the multi-role enforcement aircraft, but only funds five through the end of the current year and only enough funding for one P-3 service life extension. And given the growing need for flying hours, how can we hope to realize the increased flying hours with this stinginess on acquiring and maintaining the aircraft that you have? Any thoughts?

GEN. KOSTELNIK: Sir, I'd just offer that the flying-hour program obviously is fully funded for this year. I believe it's fully funded in 2011. Now, getting those aircraft in service will certainly be a benefit in regards to the five MEAs, and it will take us some time to get those aircraft in service.

In fact, we do have those first five aircraft on contract, the first aircraft is actually coming down the assembly line at Beach (ph) and should be out and delivered to the contractor for its law enforcement modifications this spring. But it'll still be -- you know, late in 2011, before we even get the first one of those aircraft. And of course those aircraft will have to go into test.

Our contract for 30 gives us options to add those things as resources are available, and of course you hope to have continuity in those, you know, in investment lines. But the MEA program is really out on the leading edge again and in pretty good shape. And in some cases giving us a little time to make sure we get the right aircraft, make sure the sensors work properly and test is not a bad thing.

On the P-3 investment, that's the -- actually addition of another wing set. That'll be our 10th wing set. But those thing -- we already have enough wing sets in place, so those really aren't going to effect the rewinging of the P-3s.

So in fact over the foreseeable future, with two aircraft down each year being rewinged and the air planning -- in addition to the air planning we currently have grounded, our plan shows that we'll have 11 operational aircraft flying the mission need not only in the transit zone meeting the 7,200 hours expected by JIATF-South, but also being able to bring the aircraft into other roles and missions along the Southwest border or along the Northwest.

REP. ROGERS: Well, the reason that -- one of the big reasons that we want to see your recapitalization plan is that we've got to try to plan the expenditures over a period of time, multiyears in fact. And you know, it only stands to reason Coast Guard is only budgeting for one aircraft in '11, will likely end up paying around 2 (million dollars) to \$5 million more per aircraft in that fashion by piecemealing it out one or two at a time.

CPB (sic) has only received funding for 5 of the 30 multi-role aircraft that you're planning to buy -- no funding to sustain the procurement in '11. That will drive up the cost per plane, possibly elongate the delivery schedule. So we'll wind up paying millions and millions of dollars more for the procurement program if it stretched out piecemeal

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over the years than if we went ahead and paid for them now we could get them at a unit cost millions of dollars cheaper than if you piecemeal it out.

Is that right or wrong, Admiral?

ADM. ATKINS: Yes, sir. A consistent funded line would -- as you maintain that line open, it would be cheaper in the long run. Sir, if I could return to one of your earlier questions about how do we seek to maintain the hours, for the C-144s in particular they're replacing aircraft that are supposed to bring 800 program flight hours per asset, whereas the 144s are supposed to be bringing us 1,200 program flight hours per asset.

And so in this year, working with our aviation training command and as we go forward into our first operational unit at Miami, we are on schedule to hit that target of 1,200 program flight hours. So it's this idea that through new assets, with better service life that -- with better maintenance that don't have the issues of reliability and maintainability and operational overhead associated with older aircraft, we're going to be able to maintain those op hours, sir.

REP. ROGERS: And no -- there's no funding for spare parts that you request.

ADM. ATKINS: Yes, sir, that's correct.

REP. ROGERS: How come?

ADM. ATKINS: Sir, again we're living within the constraints, and we're making priorities.

And in order to move forward on surface recapitalization, that was the priority for that year, sir.

REP. ROGERS: Is the -- does the procurement plan -- the capitalization plan that you have submitted to the department and to OMB, does that plan anticipate the need to procure these items not one at a time but in wholesale lots? Either one of you.

ADM. ATKINS: Sir, I'm not sure -- I'm sorry I'm not sure I understand your question over the wholesale lots.

REP. ROGERS: You have in your mind at least -- and probably on paper you know what you want to do. You got a recapitalization plan, do you not --

ADM. ATKINS: Yes, sir.

REP. ROGERS: -- in your own world?

ADM. ATKINS: Yes, sir.

REP. ROGERS: And you have submitted that recapitalization plan to the higher-ups, have you not -- to the department?

ADM. ATKINS: Yes, sir.

REP. ROGERS: And to the OMB?

ADM. ATKINS: It's -- the report that we discussed earlier, sir, is that review with our department right now.

REP. ROGERS: It's what -- I'm sorry. What did you say?

ADM. ATKINS: The deep water report, sir, our plan going forward is with the department, and we are working with them right now to understand the puts-and-takes.

REP. ROGERS: Yeah. General?

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GEN. KOSTELNIK: The MEA program, as we contracted out with lot option buys they really don't pay more in the long run if you don't put the rest of the aircraft on right away. The commercial market -- I mean, has the basic aircraft available, you know, more frequently. So in the near term there really isn't any impact too just because it takes us so long to build the aircraft and to get the pieces on.

There will be a time at some point if we don't add to the option and procure the aircraft where there could be the kind of issues you're referring to, including suboptimization. But right now, I would characterize that that program is well on track.

In regards to flying hours, recall these are not going to be additive aircraft to our fleet. These are aircraft they're going to replace existing C-12 that we're still continuing to maintain and fly out the end of our service lives. So as these aircraft come on board, we'll be retiring other aircraft at the end of our (array ?).

And also for us, the biggest part of our flight operation is the rotary wing. So we do have obviously fixed wing. We talk about the P-3s and the MEA. But a big part of our force is the rotary wing program, and that program is very important because it's very tied to helicopter market and the kind of aircraft that we buy. And through the support we've had from this committee, that program is well- established.

We acquired another eight aircraft in 2011, and we continue to keep that line open. We're well along in that particular program. We would see the kind of issues you talk about if we had a break in our procurement or the numbers. And to the credit of this committee and the administration, we continue to get those aircraft and at one per month.

In fact, by the end of 2011 we will have acquired 39 of the new AStar 350 B3 aircraft with FLIRs and full law enforcement package. This is the main line part of our small rotary wing fleet that will be taking a lot of the aircraft -- the 086, the MD 500s, the MD 600s out of service. So in a much bigger part of our program, I think you'd see the coherency and the continued logical investment that you'd expect in these other programs.

REP. ROGERS: Well, you know, the recapitalization plan is long overdue. We've got the budget request of the OMB before us. And I guess that answers most of the questions that has been raised here about what they will do about the recapitalization plan that you've submitted. The budget is the plan, I guess. And that's -- that is proposing all these horrendous cuts in your equipment and personnel.

I don't understand, though now, why we can't get the recapitalization plan under the budget that's been submitted to us from the department -- from OMB, right?

GEN. KOSTELNIK: Certainly it were the expectation, and they should be both forthcoming very soon.

REP. ROGERS: Yeah. I've heard that before, Mr. Chairman. Well, there's others wanting to ask questions, but let me ask you this one finally. Well, I'll yield to the next round, Mr. Chairman.

REP. PRICE: Mr. Culberson.

REP. JOHN ABNEY CULBERSON (R-TX): Thank you, Mr. Chairman.

Admiral and General, we really appreciate your service. The people of Texas are very proud of you and appreciate what you and the men and women that you command do for our country to protect us. Where -- a follow-up on Mr. Rogers' questions -- where is this -- who -- and apparently you all have obviously done your part of producing recapitalization plans, the -- fulfilling your requirements under the law to tell the committee what we need to do to help you.

Who has those reports? Where are they now? Sounds like they're at OMB, is that right?

GEN. KOSTELNIK: No, it --

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REP. CULBERSON: Mr. Chairman, Mr. Rogers?

(Cross talk.)

GEN. KOSTELNIK: In fact, I can't speak for the Coast Guard. But in terms of our report, OMB was actually -- took the least amount of time. So actually the OMB crowd is actually a pretty quick read on our reports. And ours has gone back and forth. Some of that is our fault and Air and Marine for not having the proper things in there and making changes and submitting into the process kind of late.

So big part of our particular problem was our own fault. Our report is in the final stages of review at DHS, and should be forthcoming in the very near future. I mean the work is done and virtually approved. So you should get --

REP. CULBERSON: Well, who at DHS? Be very helpful. I know that Mr. Rogers and the chairman and the staff to identify who has it so we can go find them and get it.

GEN. KOSTELNIK: I don't think I'd know, you know, the individual. DHS is a large infrastructure and --

REP. CULBERSON: Would you find -- perhaps get your staffs to please tell the chairman and Mr. Rogers who has it?

Admiral, can you tell us the same thing? Whereas -- sound like you've done your due diligence -- (cross talk) -- Coast Guards -- where is it?

ADM. ATKINS: We do share that responsibility. We just finished it up ourselves here in the Coast Guard, and we passed it to the department. And we are now in that give-and-take stage with the department to understand the puts-and-takes of the report. And so the Coast Guard shares a responsibility for this tardiness. And we are working with the department to move it as quickly as we possibly can, sir.

REP. CULBERSON: Sure you all are very gracious about this, I understand. But please -- what we're looking for is tell Mr. Rogers and the chairman who in the Department of Homeland Security has your capitalization report and the other information the committee needs and -- so we can bust it loose.

GEN. KOSTELNIK: Yes, sir. We're working with a number of offices within the department, including the undersecretary of Management's Office --

REP. CULBERSON: Undersecretary of management -- there is --

GEN. KOSTELNIK: Well, yes, sir. And so -- but a whole bunch of folks relative to what's in the report and how do we move it forward.

REP. ROGERS: Will the gentleman yield?

REP. CULBERSON: Yes, please, Mr. Rogers.

REP. ROGERS: And while you're at it, convey to them that this subcommittee is not in the business of writing blank checks. We want to know what we're buying, and we don't know that without that report.

REP. CULBERSON: And we are really serious about it. I mean we really want to help you. We admire you. We revere you guys and want to help. And you're being very gracious and diplomatic about it -- public -- tell us who, we'll go find it. Let me -- could -- also ask the general the -- I represent Houston which is to the energy industry what Silicon Valley is to the computer industry.

And the committee may not be aware, Mr. Chairman and Mr. Rogers, that the Homeland Security actually came out with a rule -- tentative rule last year that we found out about at the last minute because there was no notice -- that

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the -- all the offshore drilling -- if you're an offshore drilling platform, a rig in the Gulf of Mexico or anywhere in the United States, could no longer use foreign-flagged vessels. Is that right, Joe?

REP. : (Off mike.)

REP. CULBERSON: Yeah, just out of the blue, Homeland Security comes out with this rule that says no foreign-flagged vessel can support or bring supplies to any offshore drilling rig. But you can imagine what a catastrophe that would be. We were fortunate we -- I objected and others objected and that rule was withdrawn. And obviously, you want to make sure that, you know, we're protecting that strategic asset. But it has never been a problem, and there are virtually no American foreign-flagged supply vessels that supply these offshore rigs.

Can you tell us, General, the status of that rule? We understand -- I have been told by oceaneering -- the folks that do the underwater exploration, they do the blowout preventers, that they understand this rule is about to be resubmitted. I certainly hope not, and you need to make sure that you're including the industry.

If you're thinking about a similar rule, it has to include input from the industry, and we need to know about it in advance. Could you tell us what is the status of that? Is there going to be another such rule proposed?

And Admiral, maybe you -- I'm not sure -- CBP -- it really is CBP, Admiral.

ADM. ATKINS: I'm not aware of that law or that approach. There could be something with the Office of Field Operation. But really it's beyond my area of expertise. I'm not -- really not familiar with it.

REP. CULBERSON: Would you have somebody in your staff -- would somebody run that down for us? That's a big one.

GEN. KOSTELNIK: If it is from CBP, we'll take a look at it.

REP. CULBERSON: Shutting down all offshore oil and gas production is a pretty big deal. It would just be -- the effect of that rule would just kill us.

Another one I want to ask, General, is the Predators are extraordinarily important. One of my -- thing I discovered in touring the border in -- up and down the Southern border is you've got widely different levels of enforcement.

In sectors of Texas the Border Patrol is -- policy of essentially zero tolerance. They call it Operation Streamline, and it works beautifully. The local community supports it. Local community is 96 percent Hispanic on the Texas border, in Del Rio and Laredo, crime rate has plummeted. The Border Patrol is enforcing existing law.

We've supplied you with additional resources and it's -- and in order to keep up with the prosecution rate. But the illegal crossings have essentially just disappeared in those sectors with the laws being enforced. However, in Tucson we visited -- what's the name of that airbase, Joe?

REP. : (Off mike.)

REP. CULBERSON: We visited Fort Huachuca, Mr. Chairman and Mr. Rogers, and saw some of the extraordinary assets you've got there with the Predators. And we were shown a CD, Mr. Chairman, of the Predator that actually spotted -- how big was that load? It was, like, a caravan of vehicles, weren't it, Joe?

We -- you can actually see this caravan of smugglers coming over the Southern border, Mr. Chairman, with the Predator. And at night, dead of night, your Border Patrol agents -- I mean the brave souls, God bless them, go out there in the dead of night in that desert to intercept these heavily armed smugglers, and they were carrying thousands of pounds -- it was a huge load -- huge load of dope. And the Predators set the whole thing up.

You see the whole thing on video tape, Mr. Chairman and Mr. Rogers. And then we discover the prosecutor in Tucson would not prosecute. And apparently it happens all the time that you guys risk your lives, make these

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arrests. And as far as we can tell, it's still the case in Tucson that if you're arrested in the Tucson sector crossing the border illegally carrying less than 500 pounds of dope, you have a 99.6 percent chance -- 99.6 percent chance of never going to jail.

And all the smugglers out -- this about three hours in the load. Now, that's still apparently the case. Could you -- are you familiar with this problem in Tucson, and are you continuing to have difficulty getting the U.S. attorney to prosecute intercepts and arrests that your agents make using your Predators?

ADM. ATKINS: Well, it's really not limited to the Predator part of the mission. I mean --

REP. CULBERSON: It is. It's bigger than that.

ADM. ATKINS: We're part of the air picture for the Border Patrol field command. And so actually we're on the mission kind of on the ground. But I would offer that I am familiar with the issue on the prosecutors and which cases they, you know, choose to take. And it is frustrating when you find people obviously that are involved in a criminal enterprise, you know, large or small --

REP. CULBERSON: Right.

ADM. ATKINS: -- that do not prosecute it. But you know, my guess is that their capacity is limited. They have to choose the cases wisely. I don't think the cases they choose have anything to do with whether it's, you know, Predator-related or not --

REP. CULBERSON: Yes, sir, that was the area your expertise and knowledge --

ADM. ATKINS: Right. But I know that there are limits on how much or what kind of narcotics --

REP. CULBERSON: That's what they tell us --

ADM. ATKINS: (Cross talk) -- things they choose not to prosecute and --

REP. CULBERSON: But the point is, could I have someone on your staff -- would you please go back and look and tell us the level of arrests versus prosecution? You know, the people that you -- the people that you all arrest in those different sectors, what percentage are prosecuted in those different sectors up and down the border.

ADM. ATKINS: We could probably give you some sense of that.

REP. CULBERSON: And it is your -- you're aware of -- in Tucson you're aware of the 99-percent-plus release rate that they don't prosecute?

ADM. ATKINS: Well, I'm not -- I couldn't, you know --

REP. CULBERSON: The percent --

ADM. ATKINS: -- confirm or deny the actual percentage, but I know that there are a lot. I mean --

REP. CULBERSON: They turn almost all of them loose.

ADM. ATKINS: A lot of it is humanitarian. I mean these are people --

REP. CULBERSON: Oh, no, I understand. You guys --

ADM. ATKINS: And those are turned back. Certain levels of narcotics -- I mean they're interdicted and --

REP. CULBERSON: Yes, sir.

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ADM. ATKINS: -- and they're offered up for prosecution. If the prosecution is not accepted, then they're repatriated, and that is --

REP. CULBERSON: Yes, sir. But regardless of the prosecutor's excuse, you are aware of -- and I just want you to confirm for the committee -- that in the Tucson sector virtually everyone that is arrested is released.

ADM. ATKINS: I don't think I could confirm that. I would say that there is a large number, a fair percent --

REP. CULBERSON: Extraordinarily high percentage.

ADM. ATKINS: That would probably be a --

REP. CULBERSON: Is that fair?

ADM. ATKINS: Yes, sir.

REP. CULBERSON: It's important for you all to know that, Mr. Chairman. And we're working on it and continue to try to shine some sunlight on it, find some additional resources for the marshals. We've worked for the judges there and found a way the Border Patrol -- actually Mr. Chairman provided an administrative facility. There's a building, and Tucson -- that you all could own. I think the Border Patrol owns a -- what is that building, Joe?

MR. : (Off mike)

REP. CULBERSON: Yeah, it's an administrative building.

And I'll wrap up here, Mr. Chairman. But I want to be sure while I had you here to remind the committee, our good chairman and ranking member that this continues to be a terrible problem where the Tucson sector is essentially wide open, as is Southern California. Yet, the Huma (ph) sector and large sectors of the -- along the Texas border, the law is being enforced very successfully with great support from the local community. Is that an accurate statement?

ADM. ATKINS: Well, I'm really not familiar with, you know, the details --

REP. CULBERSON: California?

ADM. ATKINS: -- on the others, but it's --

REP. CULBERSON: In Tucson you got a bad problem.

ADM. ATKINS: Well, there's -- it's a focus area, as you know, for the Border Patrol. There's a lot of activity of all kinds. And it may be, you know, a supply and demand issue with the attorneys --

REP. CULBERSON: Yeah, would you -- yeah, thank you very much. I really appreciate what you guys do.

And thank you, Mr. Chairman, for going back through that. It's just important for the committee and the staff to know how serious a problem we've got in the Tucson sector. Thank you very much.

REP. PRICE: Thank you. And with that, we will thank both of you for your service and for your testimony here this morning. This focus, this interagency focus on Air and Marine assets is one that we need to take under serious consideration as we write the budget, obviously understanding that the operations and the budgets for both of your agencies are related to each other and need to be assessed in a coordinated fashion. So you've helped us greatly in doing that. And we are appreciative.

Mr. Rogers, do you have any final thoughts?

REP. ROGERS: No, thank you, Mr. Chairman.

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Except to say thank you to these gentlemen and their staff who are with them, and to thank them for the service to the country. We appreciate it.

REP. PRICE: With that, the subcommittee stands adjourned.

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