



# United States Coast Guard *FY 2003 Report*

*Fiscal Year 2002 Performance Report  
Fiscal Year 2004 Budget in Brief*



*America's Maritime Guardian  
Ready Today, Preparing for Tomorrow*

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## 2003 REPORT

*FY 2002 Performance Report*

*FY 2004 Budget in Brief*

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## **An Average Day in the Coast Guard**

Each day, the men and women of the 35,000 plus active duty Coast Guard, 8,000 Reservists and 32,000 Auxiliarists provide services over 3.4 million square miles of Exclusive Economic Zones...

- Conduct 109 Search and Rescue Cases.
- Save 10 lives.
- Assist 192 people in distress.
- Protect \$2.8 million in property.
- Small boats are underway for 396 sorties/missions.
- Aircraft fly 164 missions, logging 324 hours, of which 19 hrs are flown off patrolling cutters.
- Law enforcement teams board 144 vessels.
- Seize 169 pounds of marijuana and 306 pounds of cocaine worth \$9.6 million.
- Seize 1 drug smuggling vessel every five days.
- Cutter and small boat crews interdict and rescue 14 illegal migrants.
- Marine Safety personnel open 8 new cases for marine violation of federal statutes.
- Process 238 Seaman licenses and documents.
- Marine Inspectors board 100 large vessels for port safety checks.
- Vessel examiners conduct 20 commercial fishing vessel safety exams and issue 11 fishing vessel compliance decals.
- Pollution investigators respond to 20 oil or hazardous chemical spills totaling 2,800 gallons.
- Investigate 6 vessel casualties involving collisions, allisions or groundings.
- Buoy tenders and Aids to Navigational Teams service 135 aids to navigation.
- Vessel Traffic Service controllers assist 2,509 commercial ships entering & leaving U.S. ports.
- Icebreakers and buoy tenders assist 196,938 tons of shipping daily during the Great Lakes ice season.
- International Ice Patrol sorties provide ice safety information to facilitate the 163,238 tons of shipping during the North Atlantic ice season.
- Auxiliarists conduct 377 vessel safety checks and teach boating safety courses to 550 boaters.
- Boarded 6 high interest vessels daily.
- Enforced 98 security zones daily.



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

The President's FY 2004 budget reflects a long-term commitment towards his stated goals of preventing terrorist attacks, reducing America's vulnerabilities and minimizing the damage from attacks that do occur. These goals are outlined in the President's National Strategy for Homeland Security (July, 2002). As the lead federal agency for maritime Homeland Security (MHLS), the Coast Guard has developed a strategy that will implement the maritime component of the President's plan — increasing security while facilitating the use of the Marine Transportation System for legitimate purposes. MHLS will remain the Coast Guard's top priority along with Search and Rescue and we will not lose focus on our other important missions. The President recognized the Coast Guard's importance, across all mission areas, to the safety and security of America in the National Strategy for Homeland Security:

*"The United States asks much of its U.S. Coast Guard and we will ensure the service has the resources needed to accomplish its multiple missions."*

This budget request is critical to the implementation of the President's strategy and to the sustainment of the Coast Guard's high standards of operational excellence. It reflects steady progress in our multi-year effort to meet America's future maritime safety and security needs, more specifically:

- The need to increase Maritime Homeland Security capability and capacity;
- The need to sustain our performance across all Coast Guard missions; and
- The need to quickly implement the comprehensive requirements of the Maritime Transportation Security Act of 2002.

The Fiscal Year 2004 budget provides the resources needed to sustain this multi-year effort to provide the best Coast Guard service our nation requires. It will positively impact our performance in all assigned goals. Every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment. The Coast Guard will remain a multi-mission, military, maritime service. This budget will enable the Coast Guard to maintain operational excellence, while conducting increased homeland security operations and sustaining traditional missions.

I have asked every member of the Coast Guard to continue to focus intently and act boldly on the three elements of my direction: improving Readiness, practicing good Stewardship of the public trust and enhancing the growth, development and well being of our People. With this diligence in executing our multi-year resource effort, we will fulfill our operational commitment to America and maintain our high standards of excellence.

A handwritten signature in black ink, appearing to read "T. H. Collins".

T. H. Collins  
Admiral, U.S. Coast Guard

# Providing Essential Services

## *In 2002, Americans. . .*



Knew that defense of the homeland from terrorism was paramount and keeping the skies, highways, railways and waterways safe for recreation, commerce and the free flow of transportation were some of the Coast Guard's primary missions.



Bought 83,000 watercraft and 541,300 recreational boats.  
Took to the water for a day of fun in 17 million boats. 76 million boaters spent \$25.6 billion on boats and accessories.



Suffered more than 650 drug-related murders and lost nearly 19,000 lives to drug abuse.  
Spent more than \$64 billion to purchase illegal drugs and lost \$160 billion in costs relating to drug abuse.



Harvested 4.3 million tons of fish and employed 300,000 in the commercial and recreational fishing industry that had a \$55 billion impact on the economy.

Shipped over 285 billion gallons of oil in vessels on waterways throughout the U.S.



Employed over 1 million people in maritime and port industries.

Operated cruise ships capable of carrying 7.3 million passengers.

Moved 1.1 billion tons of domestic cargo on U.S. navigable waters.



Enjoyed worldwide free trade made possible by freedom of the seas.

Relied on peacekeeping and partnerships to maintain peace around the world.

## *In 2002, the Coast Guard. . .*



Aggressively supported Homeland Security by

- Conducting more than 36,000 port security patrols, 3,600 air patrols, and 10,000 vessel boardings. Escorting over 6,000 vessels.
- Maintaining more than 115 security zones.
- Instituting and enhancing new initiatives such as Sea Marshals and deployable Maritime Safety and Security Teams.
- Receiving over 250,000 volunteer hours from the Coast Guard Auxiliary.



Saved the lives of nearly 4,200 mariners in distress and responded to more than 39,000 calls for rescue assistance.

Conducted more than 109,000 recreational vessel examinations, more than 10,700 foreign commercial vessel boardings and more than 36,000 inspections on commercial vessels.



Prevented more than 117,700 pounds of cocaine, over 40,000 pounds of marijuana and more than 800 pounds of hashish from reaching the United States.

Interdicted over 5,100 undocumented migrants attempting to enter the country illegally by sea.



Boarded more than 4,100 fishing vessels to enforce safety and environmental laws. Partnered with federal and state agencies to enhance protection to Marine Protected Species ensuring populations recover to healthy, sustainable levels.

Conducted more than 800 inspections aboard mobile offshore drilling units and outer continental shelf facilities.



Responded to 12,000 reports of water pollution or hazardous material releases.

Ensured more than 1 million safe passages of commercial vessels through congested harbors with Vessel Traffic Services.



Kept shipping channels clear of ice during the Great Lakes and New England winter shipping season. Maintained more than 50,000 federal aids to navigation, including 15,000 along 11,900 miles of Western Rivers.

Participated in Maritime Interception Operations in the Persian Gulf and enforced UN sanctions by interdicting oil being smuggled out of Iraq.

Provided support for productive U.S. and international science programs in both polar regions.

# Homeland Security

The U.S. Coast Guard, as an integral part of the Department of Homeland Security, will prevent maritime terrorist attacks, reduce America's vulnerability to terrorism, and minimize the damage from attacks that do occur. The U.S. Coast Guard will harness and share information and intelligence, leverage partnerships, layer security operations, and enforce high priority security requirements in the international arena, on the high seas, and in U.S. ports and waterways.

The Coast Guard recognizes the valuable yet vulnerable nature of the U.S. maritime infrastructure and the required balance between upholding maritime security and facilitating economic and recreational activity. The U.S. Coast Guard is also bound and challenged by law to sustain its other maritime safety, mobility, and environmental protection missions, while expanding its role in Homeland Security.

The threats to the security of the United States clearly extend beyond overt terrorism. For instance, countering illegal drug and contraband smuggling, preventing illegal immigration, foreign fishing vessel encroachment, and preventing and responding to environmental damage, while facilitating mobility are all critical elements of national and economic security.

The U.S. Coast Guard brings military discipline, broad civil law enforcement authority, experience in the

exclusive economic zone, command and control systems, and considerable cutter, aircraft and boat response capability to the Department of Homeland Security. Therefore, recapitalizing Coast Guard assets and infrastructure and the Coast Guard's performance based Deepwater acquisition project will be vital to our Nation's homeland security.

**2002 Results:** Immediately following the 11 September terrorist attacks, Coast Guard operations surged to support National Security imperatives. In fiscal year 2002 the U.S. Coast Guard:



- Assigned **escorts** to protect vessels and critical infrastructure.
- Improved Maritime Domain Awareness - Stood up a National Vessel Movement Center and required vessels to provide **96 hour advanced notice of arrival**.
- Operated cutters, boats, aircraft, and Marine Safety staffs in harbors and coastal regions at heightened tempos.
- **Delivered additional small boats** and crews to strategic ports.
- **Activated** nearly one-third of the Coast Guard's Selected Reservists.
- Completed **port security assessments** to reduce the vulnerability of strategic maritime infrastructure and naval assets.
- **Activated four deployable Maritime Safety and Security Teams (MSST's)** that are strategically enhancing port security by protecting critical infrastructure, military load outs, and major maritime events.
- Tracked and Screened 100% of all **High Interest Vessels** (HIV).
- Utilized **24-hour operation centers** throughout the country to coordinate interagency and local security checks and operations.
- Aggressively **forged partnerships and information sharing** (Port Security Committees, Multi-Agency Security Exercises, Safety and Security Task Forces, Container Security initiatives w/all stakeholders, Disseminated appropriate warnings to port stakeholders).
- Drafted standards and proactively proposed and managed comprehensive **IMO security measures**.
- **Maritime Transportation and Security Act of 2002** (comprehensive legislative framework that enhances maritime security by assessing vulnerability, defining responsibilities, and creating standards).
- Implementing the Maritime Transportation Security Act of 2002 is a first step to protect the U.S. maritime domain and the U.S. Marine Transportation System and the CG will work vigorously throughout 2003 to implement this legislation.

"Securing the American Homeland is a challenge of monumental scale and complexity. But the U.S. government has no more important mission."

—President's National Strategy for Homeland Security (July, 2002)

Every Homeland Security dollar directed to the Coast Guard will re-establish a balance between its safety and security missions, two sides of the same coin, both of which must be properly resourced for effective mission accomplishment.

## Homeland Security—Continued

### Strategies and Initiatives to Achieve 2004 Goal:

The Coast Guard is the lead federal agency for Maritime Homeland Security (MHLS). As such, the Coast Guard's mission, in conjunction with joint and interagency forces, is to protect the U.S. Maritime Domain and the U.S. Marine Transportation System and deny their use and exploitation by terrorists as a means for attacks on U.S. territory, population and critical infrastructure. The Coast Guard will prepare for, and in the event of an attack, conduct emergency response operations. When directed, the Coast Guard, as the supported or supporting commander, will conduct military homeland defense

operations in its traditional role as a military service.

The 2004 budget submission is aligned with the Strategic Goals and Critical Mission Areas in the President's National Strategy for Homeland Security. The Coast Guard has developed a MHLS Strategy that implements the maritime component of the President's plan. It addresses both event-driven and prevention-based operations through the following Strategic Objectives:

- Prevent terrorist attacks within and terrorist exploitation of the U.S. Maritime Domain.
- Reduce America's vulnerability to terrorism within the U.S. Maritime Domain.
- Protect U.S. population centers, critical infrastructure, maritime borders, ports, coastal approaches and boundaries and the "seams" among them.
- Protect the U.S. Marine Transportation System while preserving the freedom of maritime domain for legitimate pursuits.
- Minimize the damage and recover from attacks that may occur within



the U.S. Maritime Domain as either the Lead Federal Agency or a supporting agency.

**New FY 2004 initiatives which we are requesting funds to implement:**

- 6 new Maritime Safety & Security Teams
- 58 Sea Marshals
- 2 new Port Security Units
- 43 Response Boat-Small
- 8 Response Boat-Mediums
- Creation of Stations Washington & Boston
- New personnel & technological enhancements for Maritime Domain Awareness.

**Other Federal Programs with Common Outcomes:**

As the Coast Guard transfers to the Department of Homeland Security it will need to coordinate closely with all the new Directorates to ensure security in our ports and waterways.

The Coast Guard must conduct a broad transformation across all of its existing mission areas to maintain our high standards of operational excellence.

This transformation will not change the Coast Guard's essential character since it will remain a multi-mission, military, maritime service. Instead, the transformation will enable the Coast Guard to maintain operational excellence while conducting increased homeland security operations and sustaining traditional missions.

# Integrated Deepwater System (IDS)

The Coast Guard's greatest threat to mission performance continues to be that its patrol boats, cutters (larger ships), helicopters, fixed-winged aircraft and the systems and logistics infrastructure in support of these assets are aging and technologically obsolete, and require replacement and/or modernization. The majority of these assets will reach the end of their service life by 2008, and have increasing operating and maintenance costs, which results in lost mission effectiveness, unnecessary risks and wear and tear on people, and an inefficient return on the public's investment. These ships and planes are essential to the Coast Guard's Homeland Security missions of providing a layered defense throughout ports, waterways, coastal regions and extending far offshore, as well as, sustaining traditional mission area efforts. Coast Guard assets lack needed capabilities in speed, sensors for search, detection and identification, a network-centric command, control and communications architecture, and interoperability with DoD, Other Government Agencies and other Coast Guard assets, limiting mission effectiveness and efficiency.

The demand for Coast Guard services was outpacing the ability to recapitalize the Coast Guard's fleet of cutters and aircraft before September 11, 2001 and this is even more true today. Due to increased responsibilities within the Department of Homeland Security and the need to sustain core mission effectiveness, the recapitalization of the Coast Guard's inventory of major cutters, aircraft and their supporting systems is a near-term national priority, and is now more critical than ever.

With the 25 June 2002 contract award for the Integrated Deepwater System (IDS), the Coast Guard completed a critical step toward its long-term goal to build a modern multi-mission force equal to the task of fulfilling a broad range of increasingly challenging homeland security requirements and growing traditional missions such as search and rescue and environmental protection. The contract, covering the second phase of the IDS acquisition strategy, was awarded to Integrated Coast Guard Systems (ICGS), a joint venture



established by Lockheed Martin and Northrop Grumman. The performance based contract with IGCS is for an initial five-year term, with the potential for five additional five-year award terms through the expected duration of the recapitalization effort.

The aging inventory of patrol boats, aircraft, helicopters, cutters, and systems has generated growing concerns over the Coast Guard's ability to effectively perform all of its assigned missions. The IDS solution is the answer to these concerns and entails far more than the progressive replacement of this aging inventory over the next 20 years. Unlike previous acquisition strategies of replacing obsolete or unsupportable assets on a one-for-one basis, IDS is an integrated or systems approach to upgrade existing legacy assets while transitioning to newer and more capable platforms—including modernized logistical systems, and the cornerstone command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) architecture that will serve as a critical link for air, shore and surface assets.

The Coast Guard has developed a "system-of-systems" approach for the design, development, and acquisition phases of this recapitalization program. Its industry partners are obliged to satisfy capabilities-based system performance specifications with the overarching goals of maximizing operational effectiveness and reducing total-ownership costs.

The next five years will see significant progress for the IDS program as the Coast Guard's single System Integrator will conduct C4ISR and other upgrades to several existing air and surface assets, as well as Coast Guard command facilities ashore. The IDS program also will, under current plans, begin to deliver new surface and air platforms, and enhanced C4ISR capabilities and logistics systems. For example, work to retrofit and convert existing 110-foot patrol boats to more capable and seaworthy 123-foot patrol boats is scheduled to commence in February 2003, and the first new National Security Cutter is scheduled to be delivered to the Coast Guard in 2006.

When the transformational Deepwater program is fully implemented, the total proposed IDS system will consist of three classes of new cutters and their associated small boats, a new fixed-wing aircraft fleet, a combination of new and upgraded helicopters, and both cutter-based and land-based unmanned

**"The Budget for Fiscal Year 2004 will continue to support the recapitalization of the U.S. Coast Guard's aging fleet, as well as targeted improvements in the areas of maritime domain awareness, and command and control systems."**

**—President's National Strategy for Homeland Security (July, 2002)**

## Integrated Deepwater System (IDS)—Continued

aerial vehicles. As noted in the *National Strategy for Homeland Security*, approved by President Bush in July 2002, “The United States asks much of its U.S. Coast Guard, and we will ensure the service has the resources needed to accomplish its multiple missions.”

All of Deepwater’s highly capable assets will be linked with state-of-the-art C4ISR systems and will be supported by an integrated logistics system. The ability to link and network disparate platforms seamlessly over vast distances is an essential aspect of the Coast Guard’s ability to achieve maritime domain awareness. And, in the post-9/11 national security environment, such linkages also must extend beyond Coast Guard assets. The Deepwater system will be sufficiently capable and interoperable to deploy with and respond to a crisis alongside the U.S. Navy and other Homeland Security agencies.

In addition to the improved operational capabilities Deepwater will deliver to the Coast Guard’s traditional missions, the Deepwater program will also lead to much-needed improvements in the Coast Guard’s ability to execute its comprehensive Maritime Homeland Security Strategy during the years ahead. As the lead federal agency for Maritime Homeland Security within the new Department of Homeland Security, the Coast Guard’s capital assets and systems will be relied on to provide the bulk of this effort. The modern, capable, and efficient system that Deepwater will provide is critical to meeting our nation’s maritime homeland security needs now and into the future.





Deepwater system assets leverage technology to perform maritime security and safety missions more effectively through a completely integrated and interoperable system. The IDS cutters and aircraft will have the ability to remain on-scene and provide vital command and control capability for an extended period of time, and, will provide the Coast Guard with far better dynamic capabilities to detect and interdict potential threats on the high seas.

The Coast Guard's layered defense of Integrated Deepwater System cutters, patrol boats, new maritime patrol aircraft, and unmanned aerial vehicles will literally "push out" America's borders enhancing the Coast Guard's ability to counter threats throughout the maritime domain, thwart catastrophes to vulnerable infrastructure (oil rigs, deepwater channels, shipping) and keep commerce, especially military materiel load-outs, safe in the near shore zones at harbor entrances and between ports. Deepwater will deliver to the Coast Guard 21st-century capability to face the nation's 21st-century challenges. The investment in the Deepwater program is an investment in homeland safety and security and translates to a more secure America in the 21st century.

The Coast Guard's Integrated Deepwater System (IDS) is the Nation's answer to meeting America's future maritime needs. Deepwater is essential for the safety and security of the American public:

- Homeland Security necessitates pushing America's maritime borders outward, away from ports and waterways so layered, maritime security operations can be implemented. Deepwater provides this capability.
- Maritime Domain Awareness (MDA) — knowledge of all activities and elements in the maritime domain — is critical to maritime security. IDS is a critical enabler for enhancing current MDA and developing a far more robust and effective system. Deepwater provides this capability.
- A network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) is required for effective accomplishment of all Coast Guard missions. Deepwater provides this capability.
- Interdiction of illegal drugs and migrants and protection of living marine resources are important elements of Homeland Security and require capable Deepwater assets. Deepwater provides this capability.

# Budget Highlights

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The Coast Guard's Fiscal Year (FY) 2004 budget proposal contains critical new resources to establish a new level of maritime security operations while restoring and building on past capabilities. The Coast Guard's goal is to create sufficient capacity and capabilities to support the President's National Strategy for Homeland Security while sustaining the traditional missions the American public expects.

The Coast Guard is attempting to accomplish three primary objectives in FY 2004:

- Recapitalize legacy assets and infrastructure
- Build-out Homeland Security Capabilities
- Sustain non-Homeland Security missions near pre-9/11/2001 levels

## **RECAPITALIZE LEGACY ASSETS AND INFRASTRUCTURE**

To accomplish its goals, the Coast Guard must recapitalize aging assets and infrastructure. Based on the organization's current capacity levels and the required capabilities immediately needed for Homeland Security and its other important missions, two major projects are essential:

1. Integrated Deepwater System (\$500M in Capital Acquisitions or (CA)): The IDS acquisition will replace or modernize obsolete and maintenance intensive assets that are not capable of meeting the current mission demand. In FY 2004, new assets include:

- Conversion of five 110' patrol boats to more capable 123' patrol craft.
- Seven Short Range Prosecutor small boats.
- Funding for the first National Security Cutter (to be delivered in FY 2006).
- Continued development of a Common Operating Picture (COP), command and control system at four shore-based command centers.

2. Rescue 21 (\$134M in CA): Previously known as the National Distress and Response System Modernization Project or NDRMSP, this project will be 35% complete by the end of FY 2004 and fully completed by the end of FY 2006. Rescue 21 will be the Coast Guard's primary system to perform command, control and communications in the inland and coastal zones for all Coast Guard mission areas.

## **BUILD-OUT HOMELAND SECURITY OPERATIONS**

The Coast Guard is the lead federal agency for Maritime Homeland Security (MHLS). The Coast Guard's mission is to protect the U.S. Maritime Domain and the U.S. Marine Transportation System and deny their use and exploitation by terrorists as a means for attacks on U.S. territory, population and critical infrastructure. Critical new initiatives in FY 2004 include:

1. Maritime Domain Awareness (\$34M in Operating Expenses or OE): This request will provide increased analytic, support and systems capability to the Coast Guard's intelligence program to fully leverage our recent inclusion in the Intelligence Community. It includes:

- Leased satellite channels for large cutters and satellite handsets/network connectivity for smaller assets.
- Universal Automated Identification System (UAIS) for large cutters consistent with International Maritime Organization and domestic carriage requirements.
- Prototype Joint Harbor Operations Center (JHOC) with DoD personnel to provide surveillance and command and control capability to protect critical infrastructure.

2. Homeland Security Operations (\$108M in OE and \$64M in CA): This request provides the capabilities and capacity to perform layered maritime security operations. It includes:

- Six new deployable Maritime Safety and Security Teams (MSSTs), for a total of 12 teams.
- 58 new Sea Marshals to preclude commercial vessels from being used by terrorists as weapons.
- 43 new Port Security Response Boats (Small) to increase organic presence in ports.
- Stand-up of Stations Boston and Washington (D.C.).
- Two new Port Security Units to support domestic and overseas military operations for a total of 8 teams.
- Eight Medium Port Security Response Boats (\$12M in CA) to increase duration/scope of maritime security patrols.
- Nine 87' Coastal Patrol Boats (\$52M in CA) to escort vessels, control movement of High Interest Vessels, intercept and board vessels and carry out coastal surveillance.

## **SUSTAIN NON-HLS MISSIONS**

The Fiscal Year 2004 budget restores the Coast Guard's multi-mission focus to near pre-September 11, 2001 levels. This level of activity is critical to achieve America's economic and national security goals by preventing illegal activity on our maritime borders. It will also enable Coast Guard to maintain its surge capability which was evident before and after September 11, 2001. One of the Coast Guard's greatest attributes is the innate flexibility to immediately shift mission focus to meet America's greatest threat while maintaining other mission areas for the American public. Critical new initiatives include:

1. Maritime Search and Rescue/Personnel Safety (\$26M in OE): This request provides enhancements to the Coast Guard's search and rescue (SAR) capability as well as programs to enhance our overall mission accomplishment. Critical new initiatives include:

- Additional personnel towards achievement of a 68-hour workweek at small-boat stations.
- Additional personnel towards achievement of a 12-hour watch standard at command centers.
- Training enhancements at the National Motor Lifeboat School and Boatswainmate "A" school.

**"The United States asks much of its U.S. Coast Guard and we will ensure the service has the resources needed to accomplish its multiple missions."**

**—President's National Strategy for Homeland Security (July, 2002)**

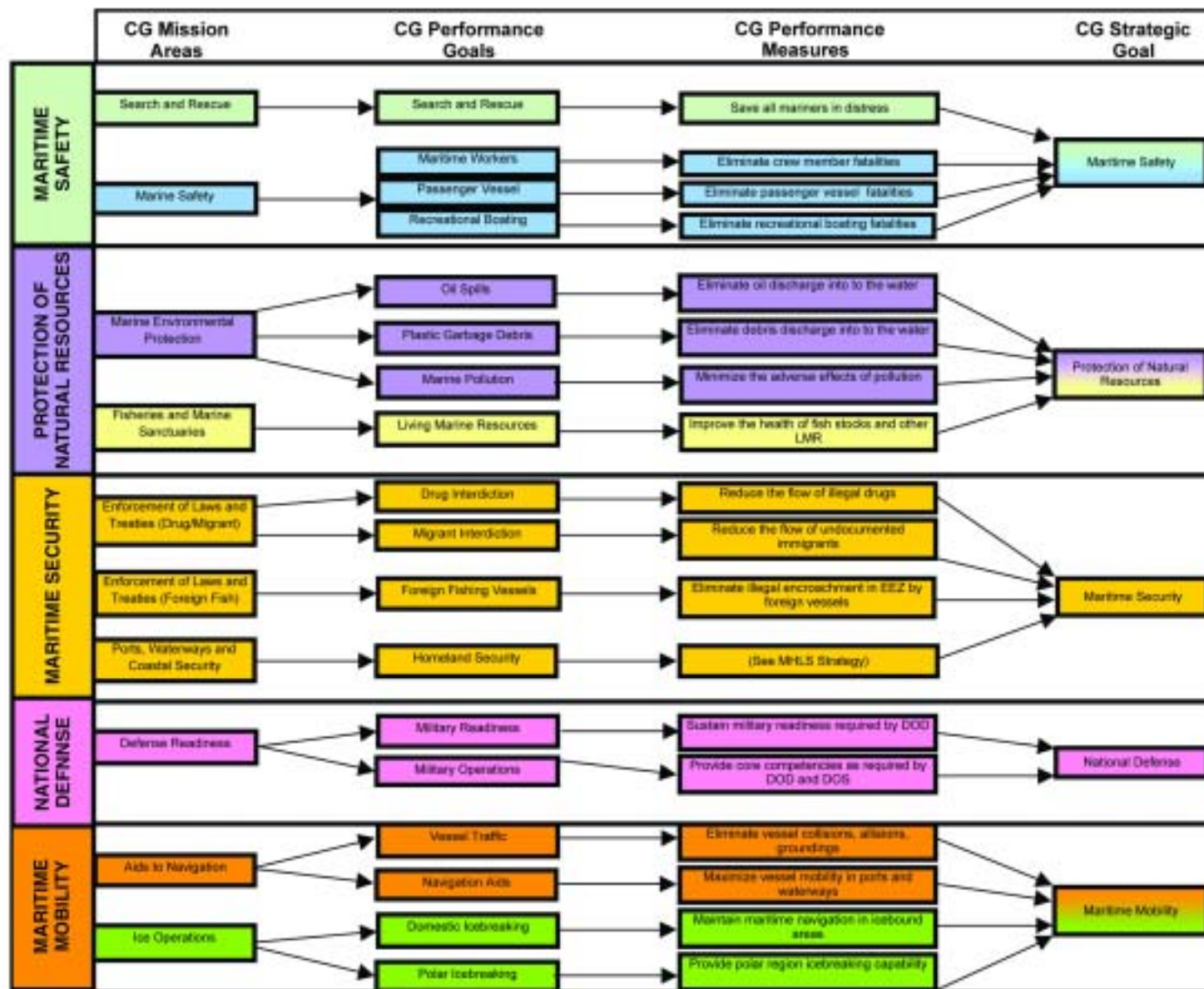
# Annual Performance Goals

As a multi-mission service, the U.S. Coast Guard is carrying on with its essential pre-September 11th duties while still keeping a watchful eye out for threats to the homeland. The need for safe, clean, secure, and efficient waterways was not diminished by the attacks. If anything, the need for the Coast Guard's other mission areas has increased. Because of the Coast Guard's unique multi-mission nature, most of the budget items discussed in this document in the context of homeland security also contribute to traditional Coast Guard missions.

The Coast Guard's outcome oriented performance goals and measures are used to track and manage its progress and achievement in attaining its strategic goals. In addition to the performance measures and outcomes outlined on the following pages, the Coast Guard is in the process of expanding its goals and measures to evaluate the success of its homeland security role. The Coast Guard also continues to use and develop output measures to capture the status of specific critical activities that enable the service to achieve its performance goals. Detailed information on Coast Guard performance goals and measures can be found in the Coast Guard's performance plan.

**COAST GUARD PERFORMANCE AND STRATEGIC GOALS**

USCG STRATEGIC GOALS



## ***The Coast Guard's Performance Goals***

### **Maritime Safety**

- ◆ **Search and Rescue** – Save all mariners in distress and property in peril
- ◆ **Maritime Worker Fatalities** – Eliminate crew member fatalities
- ◆ **Passenger Vessel Fatalities** – Eliminate passenger vessel fatalities
- ◆ **Recreational Boating Fatalities** – Eliminate recreational boating fatalities

### **Maritime Homeland Security**

- ◆ **Homeland Security** (ports, waterways, and coastal security) — prevent maritime terrorist attacks, reduce America's vulnerability to terrorism, and minimize the damage from attacks that do occur
- ◆ **Drug Interdiction** – Reduce the flow of illegal drugs
- ◆ **Undocumented Migrant Interdiction** – Eliminate the flow of undocumented migrants entering the U.S. via maritime routes
- ◆ **Foreign Fishing Vessel Incursions** – Eliminate illegal encroachment of the 200 mile U.S. Exclusive Economic Zone by foreign fishing vessels

### **Protection of Natural Resources**

- ◆ **Oil Spills** – Eliminate oil discharged into the water
- ◆ **Marine Debris** – Eliminate plastics and garbage discharged into the water
- ◆ **Living Marine Resources** – Improve the health of fish stocks and other living marine resources
- ◆ **Marine Pollution** – Minimize the adverse effects of pollution

### **Maritime Mobility**

- ◆ **Navigation Aids** – Maximize vessel mobility in ports and waterways
- ◆ **Vessel Traffic** – Eliminate vessel collisions, allisions, and groundings
- ◆ **Domestic Icebreaking** – Maintain maritime navigation in icebound areas
- ◆ **Polar Operations** – Provide icebreaking capability needed to support national interests in the Polar Regions

### **National Defense**

- ◆ **Military Operations** – Provide core competencies when requested by the Department of Defense or the Department of State
- ◆ **Military Readiness** – Achieve and sustain complete military readiness for U.S. Coast Guard units as required by the Department of Defense

FY 2004 budget contains critical new resources to establish a new level of maritime security operations while restoring and building on past capabilities.

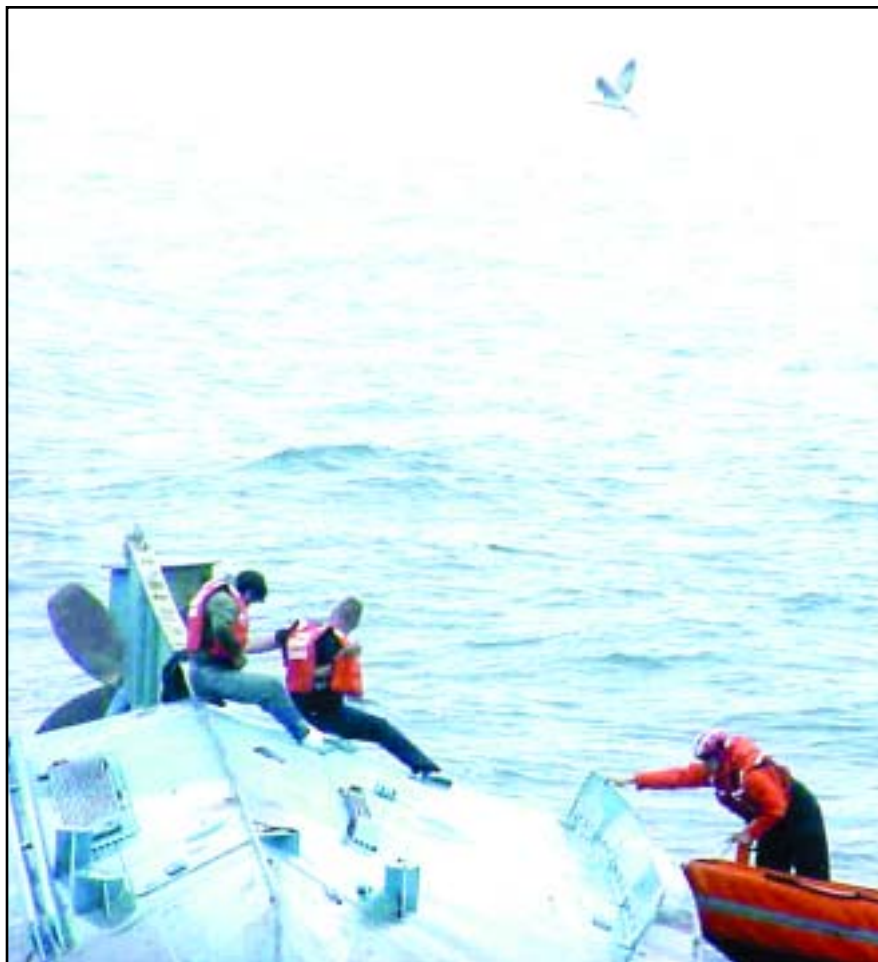
# Maritime Safety “I am a Lifesaver”

## Search and Rescue

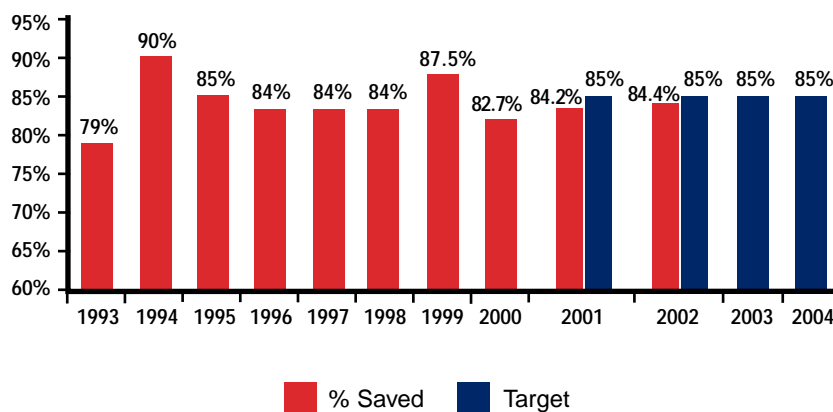
The number of recreational and commercial marine users continues to increase as more Americans move to coastal areas and global trade grows. Operating in a remote, unforgiving environment, many mariners lose their lives, many more are injured, and billions of dollars of property are at risk. The U. S. Coast Guard is the sole government agency that has the expertise, assets, and around the clock, on-call readiness to conduct search and rescue (SAR) missions in all areas of the maritime environment.

In 2002, the Coast Guard answered nearly 37,000 calls for help, saving 3,653 lives, or 84.4% of all mariners in imminent danger. For the second year in a row, the results show a slight improvement over the previous year. Overall, 2002 saw a slight decrease in the number of search and rescue cases, which may be related to a change in behavior in the aftermath of the events of September 11, 2001.

A number of projects are underway which will ultimately improve our ability to plan and respond to maritime distress incidents. Continued improvements in training, search planning tools and increased staffing of our rescue coordination centers and group operations centers will continue to enhance the effectiveness of our front line SAR planning personnel. Rescue 21, the modernization of the National Distress and Response System, will greatly enhance our ability to assist mariners in distress. The modernized system will improve communications coverage and reliability, provide better position localization and add immediate voice recording and playback capability. In addition, the modernized system will enable the Coast Guard to receive digital selective calling alerts and will provide better command and control of search and rescue assets.



**Save All Mariners in Distress**



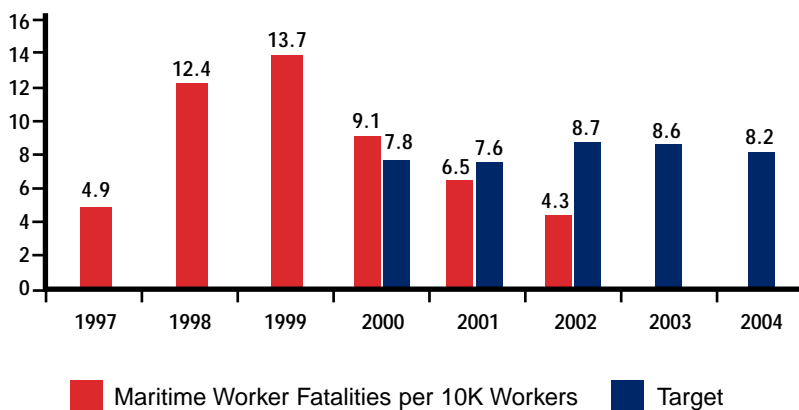
## Maritime Worker Fatality Prevention

Coast Guard safety programs aim to ensure the safety of crewmembers on board thousands of vessels including fishing vessels, tow/tug boats, passenger vessels, supply vessels in the mineral and oil industry, and large ocean going freight and tank vessels using three broad approaches; preventing accidents, responding to accidents when they occur, and investigating accidents to prevent them from happening again in the future.

In the fishing industry, human error plays a significant role in worker fatalities; poor material condition of vessels or equipment plays a lesser role. Approximately 47% of all maritime worker fatalities occur on commercial fishing vessels. Deaths in this industry involve falls overboard, entanglement, diving, etc. Crewmember fatalities in FY 2002 numbered 53, a significant reduction in crewmember fatalities from just two years ago.

To continue this reduction, the Coast Guard will enhance prevention and outreach efforts to target the highest risk areas. The Coast Guard is focusing on high-risk fisheries, those not

**Maritime Worker Fatalities per 10,000 Workers**



currently participating in dockside examination programs, to increase vessel safety under the Commercial Fishing Vessel Safety (CFVS) Program. The CFVS Program seeks to improve safety in the fishing industry by helping fishermen comply with the regulations issued under to the Commercial Fishing Industry Vessel Safety Act of 1988.

## Search and Rescue Funding Profile

(Dollars in millions)

	OE*	CA*
FY98	\$345.8	\$50.2
FY99	\$419.9	\$47.1
FY00	\$451.1	\$169.2
FY01	\$575.2	\$66.2
FY02	\$414.5	\$107.4
FY03	\$510.0	\$132.1
FY04	\$538.9	\$138.9

\* OE: Operating Expenses (includes OE, RT, EC&R) for FY 2002 - FY 2004;  
CA: Capital Acquisitions (includes AC&I, RDT&E, AB) for FY 2002 - FY 2004

## Marine Safety and Security Funding Profile

(Dollars in millions)

	OE*	CA*
FY98	\$384.6	\$36.9
FY99	\$417.6	\$29.3
FY00	\$395.6	\$34.4
FY01	\$355.7	\$40.9
FY02	\$1,266.2	\$191.4
FY03	\$1,423.0	\$219.5
FY04	\$1,569.0	\$249.8

## Maritime Safety—Continued

### Passenger Vessel Safety

Each year millions of passengers are carried aboard cruise ships, ferries, charter boats, sightseeing boats, gaming vessels and other commercial passenger vessels in the U.S. The Coast Guard's Commercial Vessel Safety program aims to ensure the safety of passengers on board these vessels using three broad approaches; preventing accidents, responding to accidents when they occur, and investigating accidents to prevent them from happening again in the future.

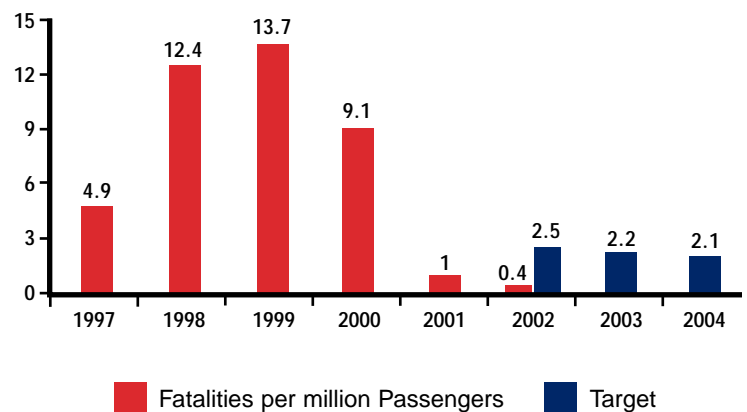


The 2002 data showed a marked decrease in actual number of passenger deaths, as well as a decline in the death rate; the number of deaths as compared to the number of potential passengers represented by total passenger vessel capacity. In FY 2002 this was 0.4 per 1 million potential passengers as compared to 1.0 for FY 2001.

The Coast Guard continues to promote safe passenger travel through the

development and implementation of appropriate U.S federal regulatory standards on domestic passenger vessels. Personnel stationed at field offices around the country enforce these and other standards by conducting periodic boardings. The Coast Guard also represents the U.S. at the International Maritime Organization for the purpose of advocating responsible international standards on foreign-flag passenger vessels. The Service is also developing risk management tools to focus on the primary threats in the port area. The Coast Guard's core prevention and response programs, including industry partnerships and incentive programs, have been effective in ensuring the safety in this maritime sector, allowing Americans to travel safely on the water.

**Fatalities Aboard Passenger Vessels  
per 1,000,000 Passengers**



## Recreational Boating Safety

Recreational boating participation continues to grow in America, with nearly 75 million adult (age 16 and over) recreational boating participants now, along with millions more youth.

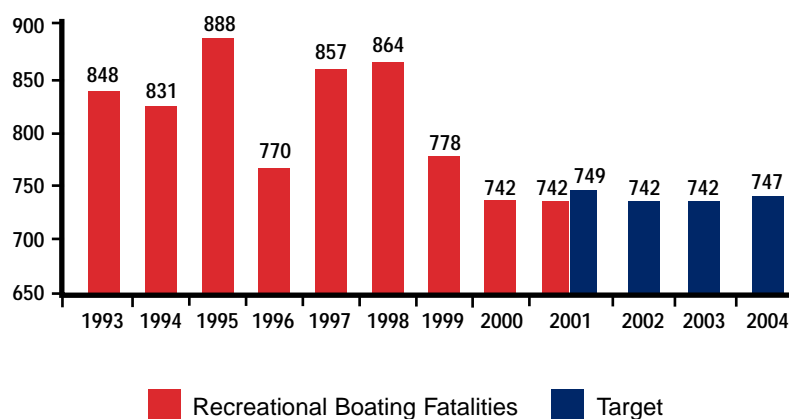
Unfortunately, approximately 800 Americans die each year in boating accidents. The cause of death for most of these fatalities is drowning. To reduce the number of fatalities, the Coast Guard works diligently with the states and boating safety organizations to implement accident prevention and response measures.

There were 742 recreational boating fatalities in CY 2001, a decreasing trend the Coast Guard estimates will continue with a projected 707 fatalities in CY 2002.

The Coast Guard hopes to continue reducing recreational deaths on the water through outreach programs such as "Operation BoatSmart." The Coast Guard and its partners impress upon boaters the importance of wearing Personal Flotation Devices (PFDs), knowing the "rules of the road," and having the proper safety equipment aboard their boat.



Recreational Boating Fatalities



Volunteers in the Coast Guard Auxiliary and U.S. Power Squadron teach boating safety classes and conduct Vessel Safety Checks, knowing that an educated boater is a safe boater. Grants are also provided to make similar prevention programs possible at the state level. Inevitably, there will be people who will make poor decisions on the water. The Coast Guard's ability to provide enhanced response, anticipated through projects like Rescue 21, will be critical to further reducing boating fatalities.

## Illegal Drug Interdiction

As the only military service with law enforcement authority, the U.S. Coast Guard apprehends smugglers at sea attempting to import illegal drugs into the United States. In addition to the Coast Guard's efforts to



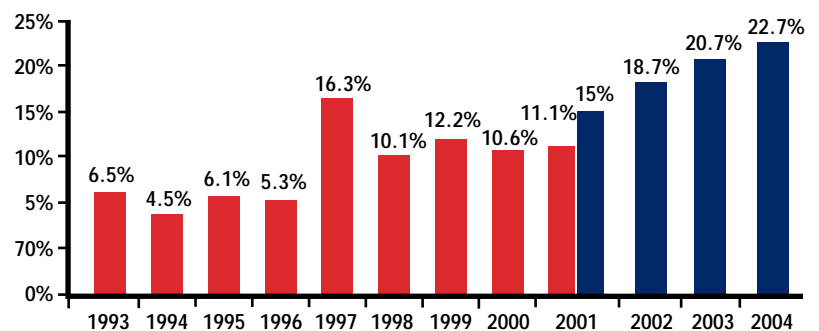
halt the destructive influence of drug consumption by disrupting the drug market, trafficking must be obstructed to stem other criminally related acts and to prevent potential funding sources for other illegal actions, such as terrorism.

The flow of cocaine toward the U.S. remains at a relatively high level. The official FY 2002 Cocaine seizure rate will not be available until March 2003, but the Coast Guard does not expect to meet its 2002 performance target of 18.7% for the cocaine seizure rate. The Coast Guard seized 53.4 metric tons of cocaine in FY 2002, the 3rd largest annual total ever. The Coast Guard seized 72.2 metric tons of drugs in FY 2002, falling just short of our

75 metric ton goal. One possible reason for this drop was the apparent increase in the smugglers' willingness to destroy their vessels rather than face interdiction and prosecution.

To improve our interdiction rate, the Coast Guard will continue to pursue the most efficient use of resources. During FY 2003 the Coast Guard plans to modify the deployment policy for cutters participating in OPERATION NEW FRONTIER. The flexibility created by the new policy will effectively allow deployed units to patrol twice as much area as before. Based on OPERATION NEW FRONTIER cutters' high end-game success rate, this change will improve our success against the go-fast threat in the transit zone.

**Seizure Rate for Cocaine in the Transit Zone**



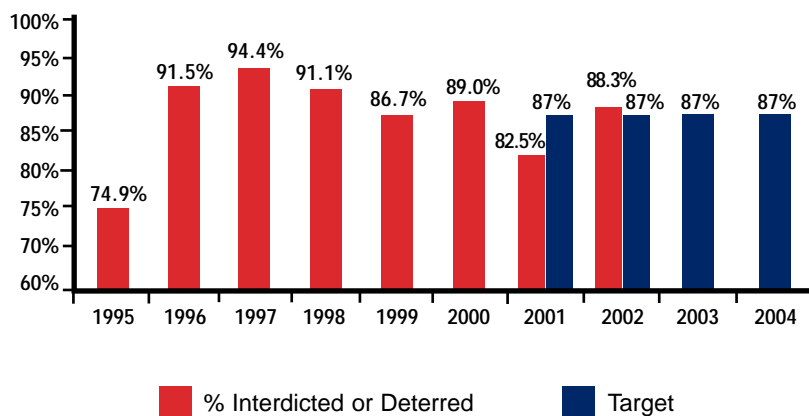
NOTE: FY 2001 results are a preliminary estimate.

■ % Cocaine Seizure Rate    ■ Target

## Undocumented Migrant Interdiction

Illegal immigration poses a serious threat to America's economic and social well-being, and challenges the integrity of our borders as a sovereign nation. Thousands of people try to enter this country illegally every year using maritime routes, many via coordinated smuggling operations. A significant number perish when

**Undocumented Migrants Interdicted or Deterred**



overloaded, un-seaworthy vessels capsize. The Coast Guard maintains an effective presence in migrant departure, transit and arrival zones. The Coast Guard patrols more than 144,000 square miles of ocean between Haiti and the U.S. including areas around



## Domestic Fisheries & Marine Sanctuaries Enforcement Funding Profile

(Dollars in millions)

	OE*	CA*
FY98	\$397.8	\$74.4
FY99	\$380.9	\$75.1
FY00	\$353.0	\$189.0
FY01	\$415.6	\$47.9
FY02	\$367.4	\$74.6
FY03	\$515.0	\$111.4
FY04	\$562.5	\$124.9

\* OE: Operating Expenses (includes OE, RT, EC&R) for FY 2002 - FY 2004;  
CA: Capital Acquisitions (includes AC&I, RDT&E, AB) for FY 2002 - FY 2004

## Maritime Security—Continued

the Bahamas and Cuba. In addition, we respond to intelligence on voyages along the east and west coasts and throughout U. S. territories in the Pacific in our efforts to curtail illegal immigration.

We met our goal in FY 2002, interdicting or deterring illegal immigration by sea at a rate of 88.3%. There were only 2,542 successful migrant landings on U.S. shores compared to an estimated maritime migrant threat of 21,750.

The Coast Guard will operate along maritime routes to deter attempts by undocumented migrants, and to detect and stop those who try to enter the U.S. illegally. We will establish agreements with source countries to reduce migrant flow. We will optimize assets in order to deter illegal immigration and conduct interdiction operations. Intelligence will be utilized in determining how and where to direct Coast Guard forces.

## Foreign Fishing Vessel Incursions

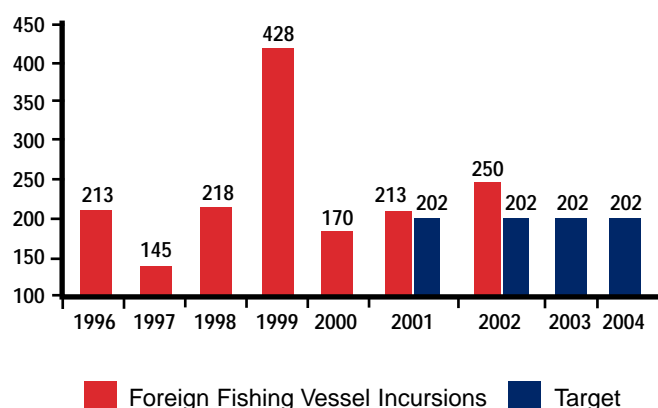
The 1976 Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) established The U.S. Exclusive Economic Zone (EEZ). This Act claims the maximum EEZ allowed by international law, extending 200 miles from U.S. shores. The U.S. EEZ is the largest in the world, covering 3.4 million square miles of ocean and 95,000 miles of coastline. The Coast Guard is the only agency with the maritime authority and infrastructure to project federal law enforcement presence over this huge area. The EEZ is a major source of renewable resources - providing a livelihood for U.S. commercial fishermen and numerous related enterprises, and recreational opportunities for millions of people. Within the EEZ, U.S. citizens have primary harvesting rights to fish stocks; foreign fishing is significantly limited and has been restricted since 1991. As the primary agency responsible for at-sea enforcement of the MSFCMA, it is the Coast Guard's responsibility to ensure foreign fishermen do not harvest fish stocks illegally.

The Coast Guard detected 250 incursions into the U.S. EEZ in 2002, up slightly from the previous year, but only 17% of the total number of suspected incursions (1450) according to intelligence estimates.

Increased detections in the Central/Western Pacific (52 to 89) are mainly responsible for the increase. Annual EEZ incursion

numbers vary greatly due to a number of factors outside USCG control. For example, a change in foreign fisheries management measures may result in a greater incentive for fishermen to illegally fish in U.S. waters. Furthermore, oceanic and climatic shifts can cause significant fluctuation in the migratory patterns of important fish stocks that cross EEZ borders. Illegal fishing activities sometimes increase as commercial fishermen follow their intended catch.

**Foreign Fishing Vessel Incursions**





While Coast Guard presence provides a deterrent to illegal fishing, it is not possible for the current fleet of Coast Guard assets to cover the entire 3.4 million square mile EEZ to enforce all laws. There are a number of initiatives underway to help thwart illegal foreign fishing: continued cooperation with other countries; the entry into force of the United Nations Fish Stocks Agreement (UNFSA), a major international agreement with strict enforcement measures adopted in 2000 to regulate tuna fishing in the Central/Western Pacific; and development of fisheries enforcement MOU with Mexico and a ship rider agreement with Russia. These initiatives will be instrumental in achieving goals. More widespread use of Vessel Monitoring Systems (VMS) being advocated by the U.S. and many international fisheries organizations will also be a tremendous asset in detecting and interdicting violators.

## Enforcement of Laws & Treaties Funding Profile

(Dollars in millions)

	OE*	CA*
FY98**	\$695.1	\$64.8
FY99**	\$839.8	\$301.8
FY00	\$850.0	\$295.0
FY01	\$1,007.3	\$115.9
FY02	\$837.7	\$213.7
FY03***	\$721.3	\$190.1
FY04	\$821.2	\$210.5

\* OE: Operating Expenses (includes OE, RT, EC&R) for FY 2002 - FY 2004;  
CA: Capital Acquisitions (includes AC&I, RDT&E, AB) for FY 2002 - FY 2004

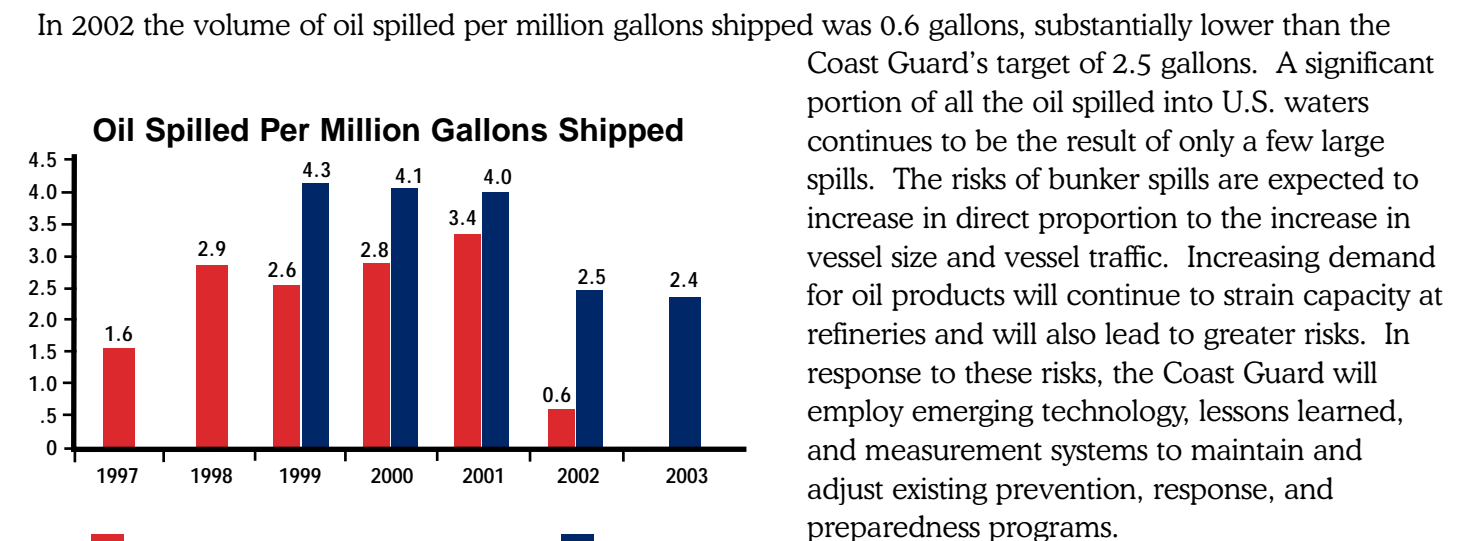
\*\* Domestic Fisheries & Marine Sanctuaries Enforcement Funding Profiles removed for FY 1998 and FY 1999.

\*\*\* For FY 2004, The drug interdiction portion of ELT is \$517.5 million for Operating Expenses (OE) and \$143.5 million Capital Acquisitions (CA).

# Protection of Natural Resources

## Oil Spills

Our oceans, harbors, rivers, and lakes are an important and irreplaceable natural resource. As a nation dependent on petroleum products as a major energy source, protection of the maritime environment from accidental oil spills continues to be an important mission area for the Coast Guard. The Coast Guard's approach to environmental protection focuses foremost on our prevention programs. When accidents do happen, we respond with our partners in other federal agencies, state governments, and the maritime industry to ensure the impacts of a spill are minimized. Core prevention, preparedness, and response programs, including industry partnerships and incentive programs, have been effective in reducing oil spill volume.

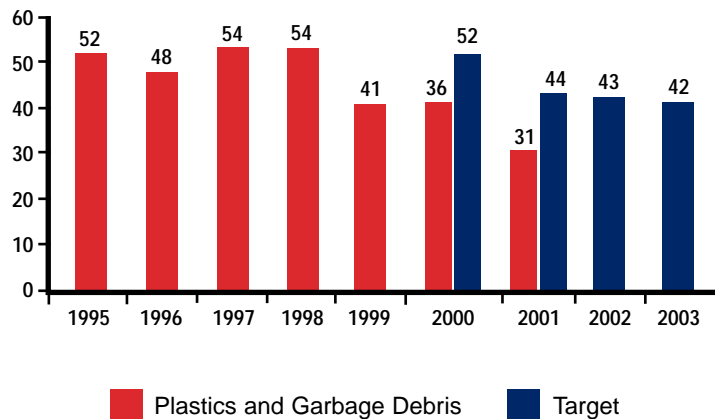


# "I am a Protector of the Environment"

## Marine Debris

Marine debris degrades our oceans, beaches, coral reefs, wildlife and coastal communities. One of the most harmful effects of marine

### Reduce Plastics and Garbage Discharged



debris is its lethal impact on birds and marine animals. Discarded fishing lines, derelict nets and other marine debris kill endangered species like the Hawaiian monk seals by entangling them until they drown or starve to death. Debris has killed countless birds, seals, sea turtles, and other marine creatures. Nets also entangle and kill coral, the living base of reefs that provide homes for numerous fish and invertebrates.



## Marine Environmental Protection Funding Profile

(Dollars in millions)

	OE*	CA*
FY98	\$299.6	\$26.8
FY99	\$323.0	\$28.7
FY00	\$329.6	\$39.3
FY01	\$307.5	\$35.4
FY02	\$124.0	\$9.6
FY03	\$209.1	\$25.7
FY04	\$223.2	\$23.8

\* OE: Operating Expenses (includes OE, RT, EC&R) for FY 2002 - FY 2004;  
CA: Capital Acquisitions (includes AC&I, RDT&E, AB) for FY 2002 - FY 2004

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## Protection of Natural Resources—Continued

The Coast Guard's approach to this aspect of environmental protection focuses foremost on prevention programs. The Coast Guard represents the United States at the International Maritime Organization for the purpose of advocating responsible international environmental standards for vessels. Personnel stationed at field offices around the country enforce standards by conducting periodic boardings to ensure that vessels are in compliance with international standards. The Service also works in partnership with local port agencies to ensure that facilities are available for vessels to discharge garbage. Although data are not yet available for 2002, recent volunteer beach cleanups demonstrated that the Coast Guard's enforcement and education efforts have helped steadily improve results in this performance goal area.

### Pollution Response Preparedness

Pollution response preparedness is vital to protecting public health, maintaining a healthy environment and minimizing disruptions to maritime transportation and trade. The Coast Guard's pollution preparedness and response program seeks to minimize the impact of discharges of oil and releases of



hazardous materials into the maritime environment. Through statutory authorities and regulatory requirements, the Coast Guard provides an environmental safety net for the public, as well as a level regulatory playing field for the maritime industry. Internationally, the Coast Guard is recognized as the premier expert in pollution preparedness and response. Additionally, the Coast Guard is the recognized leader among non-federal wildland firefighting agencies in the use of the Incident Command System (ICS) during emergency response operations.

Although data are not available for 2002 in this area, the Coast Guard is currently evaluating readiness measures to assess its ability to respond to pollution incidents and other emergencies. The Coast Guard plans to evaluate sensors that can track oil spills, particularly at night, and include oil spill consideration factors in future sensor suite requirements. The Coast Guard will continue the development of a national-level Readiness Management System, which examines preparedness at the field-unit level among several key success areas including stakeholder outreach and engagement, policy and doctrine, contingency planning, equipment capabilities, training and exercises, and preparedness system evaluations.

## Living Marine Resources—Fishery Protection

The 3.4 million square mile U. S. Exclusive Economic Zone is a major source of renewable wealth – providing a livelihood for commercial fishermen, a vast supply of food, and recreation. Commercial and recreational fisheries contribute about \$55 billion annually to the U.S. economy.

Responsible management of ocean resources is critical as the world's population continues to grow, demanding increasing food sources. The Coast Guard is the only agency with the maritime authority and infrastructure to project federal law enforcement presence over this huge area.

The Coast Guard aims to protect fish stocks through at-sea enforcement of management plan regulations. During fishery protection boardings in 2002, the Coast Guard found a compliance rate of 97.3% among domestic fishermen. While this compliance rate is at an acceptable level, it is a slight decrease

from the previous year, possibly because the Coast Guard's on-the-water presence for fisheries enforcement decreased in FY 2002, and some fishermen took advantage of the absence.

Increased use of Vessel Monitoring Systems (VMS) will help with closed area enforcement but cannot be a substitute for an at-sea

presence to ensure compliance with gear and species based regulations. The Coast Guard is revitalizing its deepwater assets to make this presence possible. The Coast Guard is also using fisheries intelligence analysts in key Coast Guard regions to allocate its enforcement resources more effectively. Finally, continued close partnering with other federal and state agencies will also be key to achieving future goals.

**Goal: Effectively enforce federal regulations that provide stewardship of living marine resources and their environments.**

Performance measure: Significant fishing violations

	2000	2001	2002
Significant Violations	273	92	113
# Domestic Boardings	6492	6592	4121
Compliance Rate Actual	95.80%	98.60%	97.30%
Compliance Rate Goal	N/A	N/A	N/A



# Maritime Mobility “I am a Keeper of the Waterway”

## Maritime Navigation—Vessel Traffic

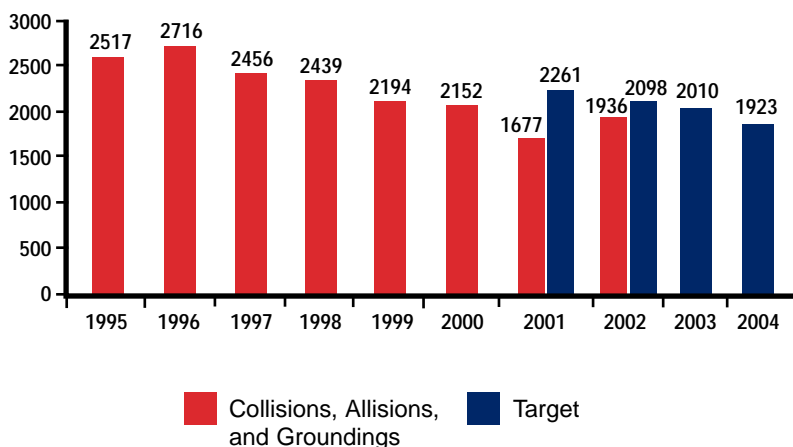
As maritime trade increases, and larger volumes of commercial and recreational vessel traffic squeezes ports and waterway capacity, navigational accidents will have more of an impact on freight movements and increase the risk of environmental damage. The Coast Guard is constantly seeking to balance safety and environmental protection while ensuring an efficient Marine Transportation System (MTS). Major initiatives in this goal area include developing regulated navigation areas, providing Vessel Traffic Services to improve communications, and sponsoring Harbor Safety Committees who address port and waterway issues and recommend strategies for improving the MTS.



Commercial vessels collided with other vessels, struck fixed objects, or ran aground 1,936 times in 2002.

This was an increase from 2001 and a break from the downward trend over the past several years. However, the Coast Guard still met its goal in this area.

### Reduce Collisions, Allisions and Groundings



Analysis shows that collisions, allisions and groundings are strongly affected by human error. Faster, larger, deeper-draft vessels in the port area, and other restricted waterways, will only increase the navigational risk of human error. In response to this risk, the Coast Guard is pursuing the Port and Waterways Safety Systems (PAWSS) project, which will provide enhanced Vessel Traffic Services to facilitate safe transportation of waterborne commerce.

## Aids To Navigation

In order to facilitate the safe transit of maritime commerce, the Coast Guard maintains the system of Aids to Navigation that guide mariners across America's waterways. The lighthouses, ranges, beacons, and buoys that mariners use for positioning during the coastal, harbor approach, and restricted phases of navigation are an integral part of the Coast Guard's effort to prevent the financial and human costs that result from collisions, allisions, and groundings. These fixed and floating aids were in position and functioning properly 98.3% of the time in 2002, an improvement from the previous year, but short of the Coast Guard's goal. There are indications that the capital infrastructure is deteriorating, as ice and storms take their toll. The Coast Guard's newest buoytenders will continue to correct discrepancies quickly and efficiently.



## Aids to Navigation Funding Profile

(Dollars in millions)

	OE*	CA*
FY98	\$455.0	\$120.3
FY99	\$483.7	\$120.5
FY00	\$480.0	\$106.2
FY01	\$647.4	\$74.5
FY02	\$689.4	\$119.4
FY03	\$776.9	\$35.7
FY04	\$852.0	\$22.1

## Ice Operations Funding Profile

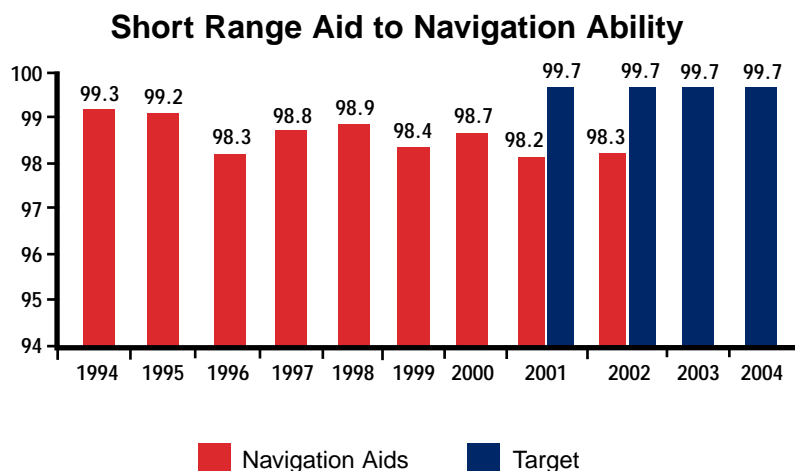
(Dollars in millions)

	OE*	CA*
FY98	\$69.2	\$19.4
FY99	\$99.8	\$15.9
FY00	\$108.3	\$163.1
FY01	\$111.9	\$12.9
FY02	\$126.2	\$14.3
FY03	\$158.8	\$8.5
FY04	\$173.1	\$6.3

\* OE: Operating Expenses (includes OE, RT, EC&R) for FY 2002 - FY 2004;  
CA: Capital Acquisitions (includes AC&I, RDT&E, AB) for FY 2002 - FY 2004

## Maritime Mobility—Continued

In addition to fixed short-range aids to navigation, the Coast Guard operates the long-range navigation systems known as LORAN-C and Differential GPS. The Coast Guard's 24 LORAN stations were available an impressive 99.84% of 2002, while DGPS fell less than .5% short of its goal of 99.7% availability. The Coast Guard's Command and Control Engineering Center (C2CEN) and the Coast Guard Navigation Center will continue research solutions to such complex problems as antenna icing, reducing lightning damage, reducing GPS signal multi-path errors, and effective antenna and ground plan configurations.

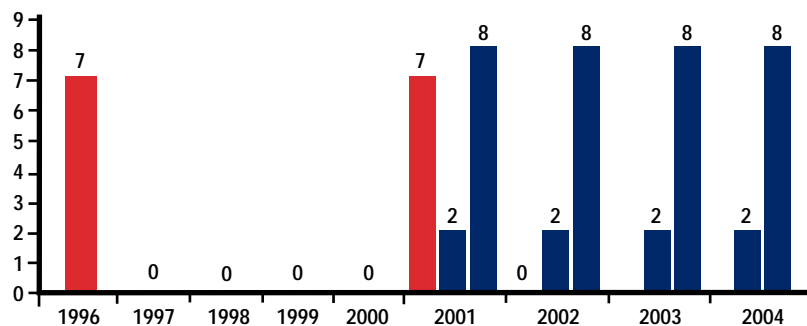


## Domestic Icebreaking

Shipping in the Great Lakes and Northeast during winter months provides the most cost-effective transportation of raw materials and goods for many industries, particularly those that ship bulk cargoes and home heating oil. With the formation of ice in our critical waterways, marine traffic is sustained only with U.S. Coast Guard icebreaking services. Winter waterway closures increase transportation costs substantially. Studies indicate that Coast Guard icebreaking services have an estimated annual outcome value of \$49 to \$93 million to industry alone. In addition to the direct benefits, the Great Lakes iron ore, steel and freight transportation industries constitute a considerable economic force within the United States, employing 485,000 to 525,000 people, drawing an estimated annual payroll in excess of \$6.7 billion.

The December-February temperature for the contiguous United States was the fifth warmest since records began in the late 1800's. The Coast Guard met its goal of limiting the number of waterway closures on the Great Lakes and the Northeast--there were no waterway closures. The value of the cargo on the ships assisted by Coast Guard icebreakers on the Great Lakes alone was estimated at just over \$119 million dollars. The Coast Guard is in the process of replacing the WWII-era *Mackinaw*, the largest icebreaker on the Great Lakes, with a modern multi-mission cutter, as well as replacing the three Great Lakes buoytenders that also break ice.

### Limit Closures to Critical Waterways to 2 Days



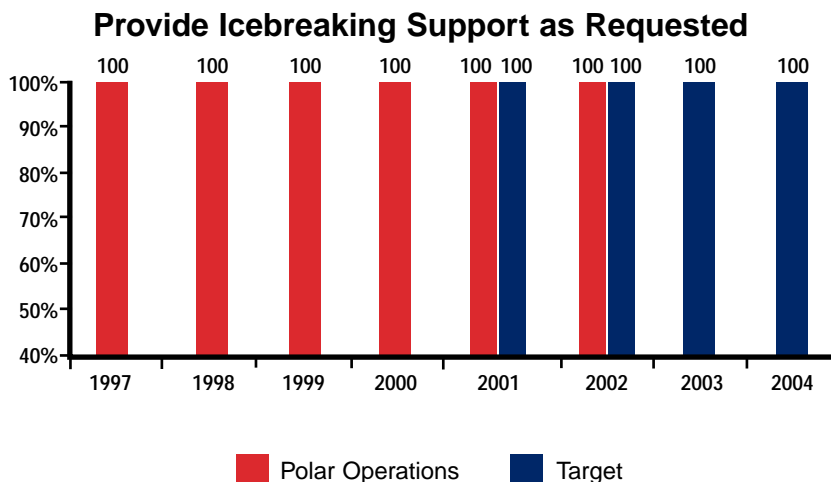
NOTE: target is 2 days in an average winter, and 8 days in a severe winter.

■ Closure Days ■ Target

## Polar Operations

The Coast Guard is the sole U.S. operator of heavy icebreakers, conducting polar operations to facilitate the movement of critical goods and personnel in support of scientific and national security activity in the Polar Regions. In addition to logistics, polar icebreakers promote a U.S. presence in the Polar Regions, serve as floating scientific laboratories to support scientific research, and support State Department treaty compliance inspections.

The Coast Guard's polar operations program met its goals for 2002. *USCGC Polar Sea* and *USCGC Polar Star* successfully completed Operation Deep Freeze, the annual re-supply of McMurdo Station in Antarctica. Due to the unprecedented ice conditions caused by the presence of the iceberg B-15, both Polar-class icebreakers were deployed to Antarctica to ensure the success of this mission. Both ships opened the channel through the ice and escorted the tanker and container ship to the pier, without which America's polar activities would not be possible.



## Military Readiness

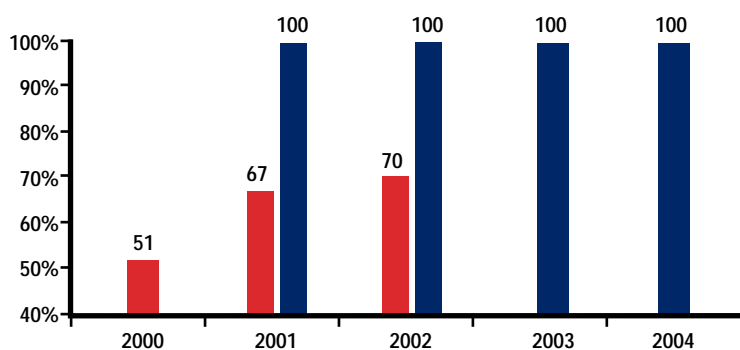
The U.S. Coast Guard — as one of the five military services and a branch of the Armed Forces — provides essential and unique capabilities that support our Nation’s National Security and National Military Strategies. Discussions between the Department of Defense, Department of Transportation, the Navy and the Coast Guard have identified appropriate Coast Guard roles targeted to the Service’s core competencies and unique skills in Maritime Interception Operations, Port Operations, Security and Defense, Coastal Sea Control Operations, Military Environmental Response Operations, and Peacetime Military Engagement. Today, the Coast Guard is playing an ever increasing role in the defense of the nation as a force provider to the Combatant Commanders in support of the global war on terrorism, and at home as the Lead Federal Agency for Maritime Homeland Security addressing the formidable security challenges in our nation’s ports, waterways, coastal areas and maritime approaches.



The Coast Guard’s level of military readiness in 2002 allowed the Service to contribute to numerous successful deployments to the Central Command, European Command and Southern Command Areas of Responsibility. The Service achieved a three percent increase in its combined readiness rating for high endurance cutters, patrol boats and Port Security Units over 2001’s numbers, maintaining combat ready units 70 percent of the time. Many readiness degradations were linked to equipment casualties associated with operating an aging cutter fleet and unit training deficiencies. However, the readiness deficiencies were considered manageable and were quickly closed with an infusion of maintenance support upon notification of an impending deployment requirement.

Recruiting incentives, increases in unit budgets and establishment of a formal training and standardization program have been established to close readiness gaps in Port Security Units. The Coast Guard intends to pursue a number of initiatives to increase military readiness, such as a center for Port Security Unit training, improving Navy/Coast Guard interoperability, and continued participation in military operations, training and readiness exercises in accordance with existing agreements to ensure Coast Guard forces are properly trained, equipped and staffed to meet Combatant Commander requirements.

**Percentage of days the designated number of Critical Defense assets maintain a Combat Readiness rating of 2 or better**

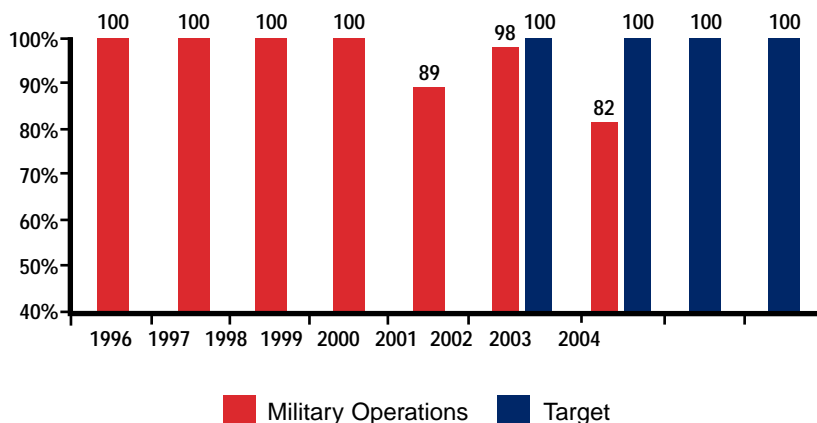


NOTE: FY 2001 results only include 3 quarters of data due to technical difficulties in obtaining data from the Pentagon following damage to the facility sustained from the September 11th attack.

■ Military Readiness ■ Target

## Military Operations

### Provide Core Military Competencies When Requested 100% of the Time



In the aftermath of the terrorist attacks of 11 September, 2001 the Coast Guard was directly involved with the Joint Staff and the United States Navy implementing the global war on terrorism. In 2002, the Coast Guard deployed resources to meet scheduled and short notice contingency deployments in support of the Department of Defense (DoD) and the State Department (DoS). Additionally, with more than 40 of the world's 70 naval forces structured and focused on performing Coast Guard functions, Combatant Commanders continue to seek U.S. Coast Guard capabilities to support their theater security cooperation initiatives which are intended to promote democratic values and improve the international security environment.

In 2002 the Coast Guard returned to the U.S. Central Command area of responsibility, deploying a Port Security Unit detachment to enhance antiterrorism/force protection capabilities in a key logistics port, and increased its Law Enforcement Detachment presence in the Persian Gulf, expanding the Navy's ability to perform Maritime Interception Operations in support of U.N. Sanctions against Iraq. The Coast Guard also supported an increase in U.S. Southern Command requirements deploying a full Port Security Unit to Guantanamo Bay, Cuba in support of Operation Enduring Freedom and continued its support to U.S. Pacific Command by providing a major cutter to participate in combined training exercises with numerous East Asia nations. However, the increase in operational tempo associated with the Coast Guard's new Maritime Homeland Security posture resulted in the cancellation of a previously scheduled deployment to the U.S. European Command.

The Coast Guard plans to maintain a permanent presence at U.S. Northern Command and increase involvement in State and Defense Department planning cycles to coordinate force allocation processes. The Coast Guard also intends to create two additional Port Security Units to be available for overseas deployments.

## Defense Readiness Funding Profile

(Dollars in millions)

	OE*	CA*
FY98	\$67.9	\$5.0
FY99	\$80.2	\$6.1
FY00	\$45.2	\$11.3
FY01	\$174.6	\$20.1
FY02	\$31.5	\$6.7
FY03	\$88.9	\$23.6
FY04	\$97.4	\$20.4

\* OE: Operating Expenses (includes OE, RT, EC&R) for FY 2002 - FY 2004;  
CA: Capital Acquisitions (includes AC&I, RDT&E, AB) for FY 2002 - FY 2004

# Budget in Brief

(Dollars are in millions) USCG Funding History	FY 2002 Actual	FY 2003 Request	FY 2004 Request
OPERATING EXPENSES <sup>1, 2, 5</sup>	3,857	4,403	4,837
CAPITAL ACQUISITIONS <sup>3</sup>	737	747	797
MISC APPROPRIATIONS			
• Retired Pay	876	889	1,020
• Boating Safety <sup>6</sup>	64	65	64
• Oil spill Liability Trust Fund	68	61	61
<b>Total</b>	<b>5,602</b>	<b>6,164</b>	<b>6,779</b>

Note 1: The Operating Expenses appropriation consolidates funding previously requested in the Operating Expenses, Environmental Compliance and Restoration, and Reserve Training appropriations.

Note 2: The Capital Acquisitions appropriation consolidates funding previously requested in the Acquisition, Construction, and Improvements, Research, Development, Testing, and Evaluation, and Alteration of Bridges appropriations.

<sup>1</sup> FY 2002 OE number includes \$209,150K from P.L. 107-117 DoD Enacted and \$189,000K from P.L. 107-206 Supplemental.

<sup>2</sup> FY 2002 OE number includes a transfer of \$195K from ONDCP pursuant to P.L. 107-67.

<sup>3</sup> FY 2002 CA number includes \$66,000K from P.L. 107-206 Supplemental.

<sup>4</sup> All FY 2002 numbers have rescission costs subtracted from total.

<sup>5</sup> OE Figures exclude accrual and include funding for Tricare for Life.

<sup>6</sup> FY 2003 Boating Safety figure includes \$1M as directed by the Maritime Transportation Security Act of 2002, P.L. 107-295 Section 342.

## Operating Expenses

This appropriation consolidates funding previously requested in the Coast Guard Operating Expenses, Environmental Compliance and Restoration, and Reserve Training appropriations. Funding requested in this appropriation provides for the safety of the public, and the Coast Guard's work force, with an enhanced emphasis on its maritime homeland security mission. The bulk of the funding requested in this appropriation supports the operations of the Coast Guard as it carries out its unique duties as a peacetime operating agency and a branch of the armed forces. To fulfill its mission, the Coast Guard employs multipurpose vessels, aircraft, and shore units, strategically located along the coasts and inland waterways of the United States and in selected areas overseas. Additionally, a portion of the funding requested in this account will be used by the Coast Guard to satisfy environmental compliance and restoration related obligations arising under chapter 19 of title 14 of the United States Code. Finally, another portion requested in this appropriation will support the Coast Guard Reserve Forces, which provide qualified personnel and trained units for active duty in event of conflict, national emergency, or natural and man-made disasters. The reservists maintain their readiness through mobilization exercises, and duty alongside regular Coast Guard members during routine and emergency operations. Reservists will continue to serve as a cost effective surge force for response to human and natural disasters.

<b>FY 2003 Budget Authority:</b>	4,318,456 <sup>1</sup>	
<b>Programmatic Reductions</b>		
Termination of One-time Costs	- 40,420	
Annualization of FY 2003 Management Savings	- 8,110	
<b>Management and Technology Efficiencies</b>		
Scheduled Decommissioning of Two Seagoing Buoy Tenders	- 2,099	
Transfer of Port Vulnerability Assessments to DHS IA&IP <sup>1</sup>	- 11,000	
Subtotal Program Reductions	-61,629	
<b>Built-in Changes</b>		
Mandatory Personnel Entitlements (ACTIVE)	121,793	
Mandatory Personnel Entitlements (SELRES)	2,554	
Increasing Contract Costs	24,858	
<b>Annualizations</b>		
Annualization of FY 2003 Part-year Funding	47,718	
Annualization of FY 2003 Pay Raise (ACTIVE)	19,767	
Annualization of FY 2003 Pay Raise (SELRES)	748	
Annualization of FY 2003 National Defense Authorization Act Entitlements (NDAA)	16,000	
Selected Reserve Training	24,176	
<b>Environmental Compliance</b>		
Clean-Up and Restoration	13,841	
Compliance and Prevention	800	
Mandatory Personnel Entitlements	2,359	
<b>Operational Adjustment</b>		
Increasing Cost of Readiness Capability Sustainment	18,500	
Increasing Operating Fees	5,300	
Tricare For Life	4,968	
Subtotal Built-in Changes	303,382	

<sup>1</sup> Department of Homeland Security Information Analysis and Infrastructure Protection

## Budget in Brief—Continued

Operate New Facilities		
Shore Facility Construction Follow-on	1,682	
Commission and Operate Two Seagoing Buoy Tenders	7,313	
Commission and Operate Four Coastal Patrol Boats	5,716	
Great Lakes Icebreaker Follow-on	989	
47-Foot Motor Life Boat (MLB) Follow-on	2,957	
C-130J Follow-on	6,673	
Ports and Waterways Safety Systems Follow-on	1,715	
GMDSS Alert Processing System Follow-on	69	
Defense Message System Follow-on	590	
Rescue 21 (National Distress & Response System Follow-on)	12,659	
Information Technology Projects Follow-on	4,399	
Subtotal Operate New Facilities	44,762	
New/Enhanced/Restoration Initiatives		
Maritime Domain Awareness		
Intelligence Program	12,230	
Information Sharing & Systems	21,309	
Homeland Security Operations	108,675	
Maritime Search and Rescue/Personnel Safety	26,301	
Subtotal New Initiatives	168,515	
Total FY 2004 Changes	455,030	
Operating Expenses — Total Budget Authority	4,729,000	
Total FY 2004 Request	4,837,008	

### Operating Expenses – Historical Funding Profile

1998	1999	2000	2001	2002	2003	2004
\$2,714.9	\$3,044.9	\$2,779.0	\$3,595.2	\$3,857.0	\$4,402.9	\$4,837.0

FY 2002 - FY 2004 figures include OE, EC&R and RT.

## Capital Acquisitions

This appropriation includes funding previously requested in the Coast Guard Acquisition, Construction, and Improvements and Research, Development, Test, and Evaluation and the Alteration of Bridges appropriations. Funding requested in this account will support the Coast Guard's continuing plans for fleet expansion and improvement and research into improved Coast Guard technology, systems and methods.

The majority of the funding requested in this account provides for the acquisition, construction, and improvement, of vessels, aircraft, information management resources, shore facilities, and aids to navigation required to execute the Coast Guard's missions and achieve its performance goals.

**Vessels** – In 2004, the Coast Guard will continue to acquire multi-mission platforms that use advanced technology to reduce life cycle operating costs. The Great Lakes icebreaking replacement project will continue.

**Deepwater** – The Deepwater capability replacement project continues with full scale development. In 2004, the Coast Guard will continue to acquire and build the selected integrated deepwater system.

**Other Equipment** – In 2004, the Coast Guard will invest in numerous management information and decision support systems that will result in increased efficiencies. Rescue 21 (formerly known as National Distress and Response System Modernization Project (NDRSMP)), will continue.

Additional funding requested in this account supports the Coast Guard's Research and Development program, which includes the development of techniques, methods, hardware, and systems which directly contribute to increasing the productivity and effectiveness of Coast Guard's operating missions. The Coast Guard has focused new R&D projects on improvements to maritime homeland security in the port domain while continuing research in other vital Coast Guard mission areas, including marine environmental protection and response, risk assessment and competency; and human error reduction and fatigue analysis. No new funding is requested for alteration of bridges in 2004.

### FY 2004 Request (dollars are in the thousands)

Vessels and Critical Infrastructure Projects	
Great Lakes Icebreaker (GLIB) Replacement	\$ 2,000
41' Utility Boat and Non-Standard Boats Replacement Project (RB-M)	12,000
Enforce Security Zones — 9 Additional 87' Coastal Patrol Boats	52,500
Subtotal — Vessels	66,500
Deepwater Project	
Integrated Deepwater Systems	500,000
Other Equipment	
Defense Messaging System (DMS) Implementation	4,500
Rescue 21 (NDRSMP)	134,000
Subtotal — Other Equipment	138,500
Personnel and Related Support Costs	
CA Core	500
Direct Personnel Costs	69,500
Subtotal — Personnel	70,000
Research, Development, Testing and Evaluation	22,000
<b>Total FY 2004 Capital Acquisitions Request</b>	<b>797,000</b>

### Capital Acquisitions – Historical Funding Profile

1998	1999	2000	2001	2002	2003	2004
\$395.9	\$624.4	\$779.0	\$413.8	\$737.0	\$747.0	\$797.0

FY 2002 - FY 2004 figures include AC&I, RDT&E and BRIDGES.

## Historical Funding Profile (Dollars in millions)

Funding Profile (Dollars in millions)	Boat Safety <sup>①</sup>			Retired Pay <sup>②</sup>	Oil Spill Recovery <sup>③</sup>
	Discretionary	Mandatory	Total		
FY98	\$35.0	\$20.0	\$55.0	\$653.2	\$59.3
FY99	\$0	\$64	\$64	\$684.0	\$65.8
FY00	\$0	\$64	\$64	\$730.3	\$61.8
FY01	\$0	\$64	\$64	\$778.0	\$76.2
FY02	\$0	\$64	\$64	\$876.4	\$67.8
FY03	\$0	\$65	\$65	\$889.0	\$61.2
FY04	\$0	\$64	\$64	\$1,020.0	\$61.2

### ① Boat Safety

Boating Safety funds provide \$59 million for grants to States and national nonprofit public service organizations to develop and carry out recreational boating safety programs, and \$5 million for Coast Guard coordination of the National Recreational Boating Safety Program, established by the Federal Boat Safety Act of 1971, as amended.

### ② Retired Pay

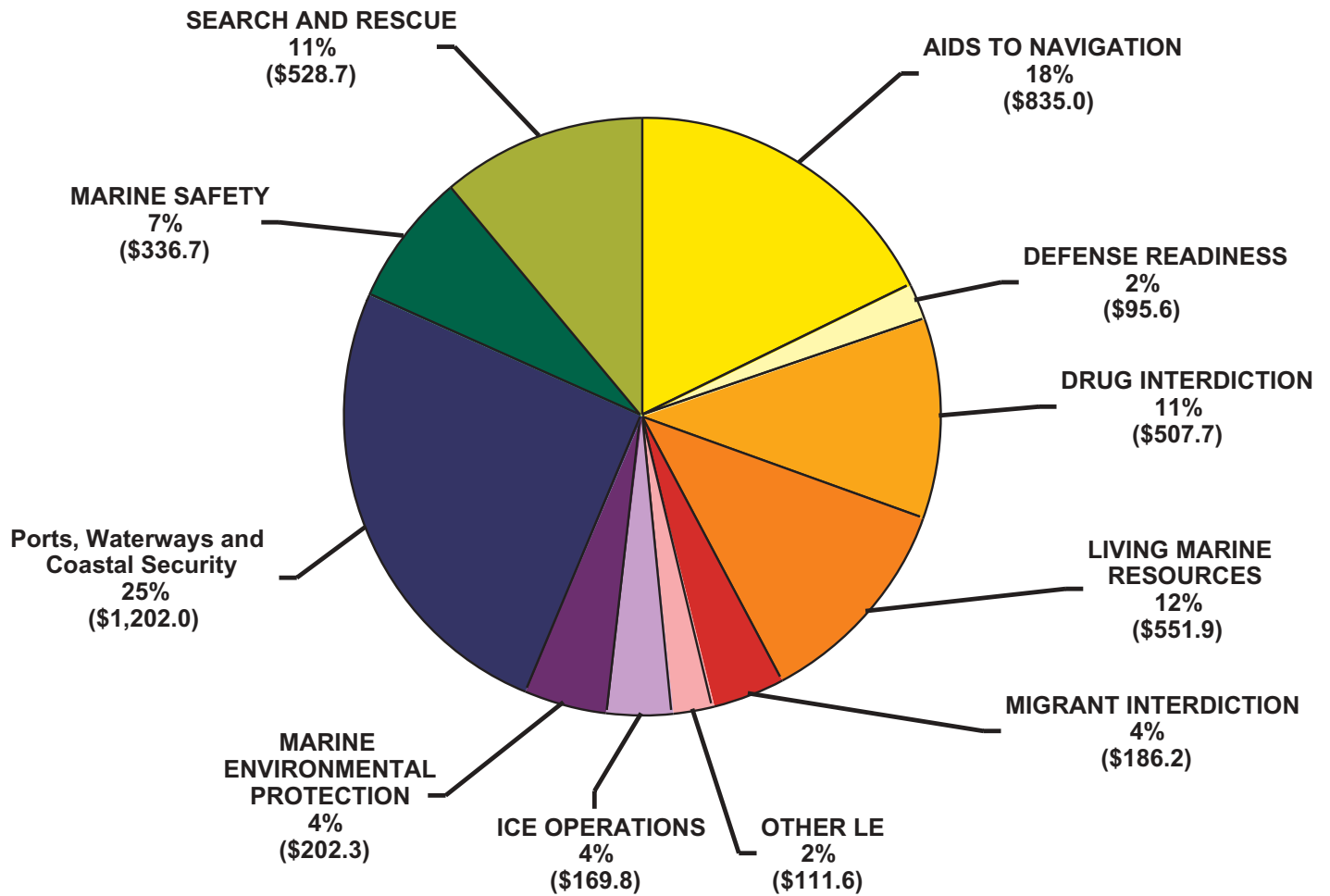
This appropriation provides funding to pay retired military personnel of the Coast Guard, Coast Guard Reserve and members of the former Lighthouse Service. It also makes payments to their survivors pursuant to the Retired Serviceman's Family Protection Plan and the Survivor Benefits Plan, payments for career status bonuses under the National Defense Authorization Act for Fiscal year 2000, the medical care of retirees and dependents — formerly financed by the Department of Health and Human Services under the Dependent's Medical Care Act — has been funded under this account.

### ③ Oil Spill Recovery, Coast Guard

The Oil Spill Liability Trust Fund provides a source of funds for removal costs and damages, including assessment of damaged natural resources, paying claims and for federal expenses necessary to administer the Fund. In accordance with the provisions of the Oil Pollution Act of 1990, the fund may finance annually up to \$50 million of emergency resources and all valid claims from injured parties resulting from oil spills. The \$61.2 million request consists of \$50 million for emergency response costs, \$10 million for payment of claims and \$1.2 million for the Oil Spill Recovery Institute.

## Operating Expenses Budget by Major Programs—FY 2004

(Dollars in Millions)



Note: Graph does not include (RT and EC&R).

## Balance Sheet

Below is a summary statement—comparable to financial reports issued by private and nonprofit sector organizations—to show the United States Coast Guard's financial position.

(Dollar amounts in thousands)		(Dollar amounts in thousands)	
Cash and other monetary assets	\$ 2,595,798	Accounts Payable and Other Liabilities (Funded)	\$ 609,062
Investments		Accounts Payable and Other Liabilities (Unfunded)	390,033
Oil Spill Liability Trust Fund	\$ 1,007,378	Federal Employee and Veteran's Benefits Payable (Unfunded)	29,072,483
Aquatic Resource Trust Fund	0	Environmental and Disposal Liabilities (Unfunded)	94,146
Gift Fund	1,361	Total Liabilities	\$ 30,165,724
Total Investments	1,008,739	Unexpended Appropriations	\$ 2,163,048
Accounts Receivable:		Cumulative Results of Operations	22,595,010 *
Oil Spill Liability Trust Fund	\$ 104,986	Total Net Position	20,431,962 *
All Other	132,894		
Total Accounts Receivable	237,880		
Other Assets	77,386		
Inventory/Operating Materials and Supplies	1,042,378		
Plant, Property, and Equipment (PP&E)			
Vessels	\$ 2,131,812	Total Liabilities and Net Position	\$ 9,733,762
Aircraft	617,663		
Buildings and Structures	1,092,471		
Land	40,195		
Small Boats	198,868		
Electronics	53,140		
Construction in Progress	586,792		
Other Assets	50,640		
Total PP&E	4,771,581		
Total Assets	\$ 9,733,762		

\* Negative figure

“We are the shield of freedom.”





# The United States Coast Guard

## America's Shield of Freedom



The United States Coast Guard is a multi-mission, military, maritime service committed to protecting America. Every day, teams of highly dedicated men and women use their training, skills, and intelligence to make a difference securing our homeland, saving lives, enforcing the law, protecting the environment and keeping vigilant watch. Now, more than ever, the Coast Guard provides opportunities where people can learn, grow, and serve the American people protecting the homeland, keeping America safe.

**Commandant  
U.S. Coast Guard  
Washington, D.C. 20593**