

COMMUNICATIONS SITREP

August 15- September 29, 2003

**To: Paul Ecker, Jamie Anton
John Phillips, John Hopkins
John Langknecht, Mark Gaspar**

**Cc: Jim McIngvale, Ken Ross, Wendy Kershner, John Ulliman, Rafael Fagundo,
Julie Camardo, Gerry Moorman**

FROM: Margaret Mitchell-Jones

Background – This is the eighth of a bi-weekly situation report covering the status of communications events or activities that have occurred within the past two weeks. **This edition is a triple-issue and covers the past 45 days.** At the end of this report is a brief look-ahead to upcoming events, as they become known. This report will cover events that have impact for ICGS.

MEDIA

Notable Articles Published:

Hill negotiators to reconcile fiscal '04 spending bills for DHS

Aviation Week Homeland Security and Defense - 8/27/03

By: Peter Buxbaum

Summary: **DHS budget** analysis. The House passed its appropriations bill (H.R.2555) on June 24, followed by the Senate on July 24. The House approved a \$ 63.3 million increase over this year's budget to \$ 206 million, while the Senate approved only \$ 185 million.

Regarding Deepwater:

"The Coast Guard's Deepwater modernization project, which includes both equipment upgrades and systems development, would receive \$ 172 million less from the House than from the Senate.

The Senate provided significantly more funding for aircraft, surface vessels, and command and control systems. The Senate Appropriations Committee said the additional funding was necessary "to bring the [Deepwater] program back in line with the original 20-year projected time frame for its completion."

The Coast Guard Wants More Zodiac Boats

The Capital (Annapolis) – Capital Gazette Communications – 8/31/03

By: Business Bulletin – staff & wire reports

Summary: Zodiac has work through 2015 to supply more boats to Coast Guard through Deepwater program, among other programs.

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"The company announced Thursday that it has signed a \$5 million contract to supply support boats the Coast Guard will use aboard its new generation of cutters, the latest in a series of orders from the military that has doubled sales over the last 2 years.

Rick Scriven, vice president of Zodiac's professional product division, said the contract follows on the heels of big orders from the Navy for its Force Protection project, two other boats in the Coast Guard's Deepwater modernization effort and other Pentagon orders.

He said some of the contracts include work that will last through 2015.

Under the newest contract, Zodiac will supply 52 custom-built Hurricane 558 rigid-hull inflatable boats. They'll be built in Washington state and assembled in Vancouver.

The H-558 is an aluminum-hulled RIB that's specially designed to launch from the stern ramp of the new cutters, even in heavy seas.

Measuring 17 feet 9 inches long, the H-558 carries a two-man crew and four-man boarding team, plus equipment.

Although French-owned Zodiac doesn't operate a manufacturing plant in Maryland, the small headquarters office on Kent Island has added three employees to cope with the increase in business.

Contact: www.zodiacmilpro.com"

Coast Guard Fights to Retain War Role; 'Slack-Jawed' Over Criticism From Rumsfeld, Service Cites Its Battle Capabilities

The Washington Post – 8/31/03

By: John Mintz and Vernon Loeb, Washington Post Staff Writers

Summary: *SecDef Rumsfeld criticizes Coast Guard capabilities to support Navy functions in support of national defense.*

"Defense Secretary Donald H. Rumsfeld has all but decided to remove the U.S. Coast Guard from participation in future wars, a prospect that is devastating morale in the maritime service because of its pride at having taken part in most of the nation's armed conflicts over the past 200 years, defense sources said.

Coast Guard officials are trying to get Rumsfeld to reconsider the matter, arguing that they have unique capabilities in guarding U.S. Navy warships in overseas theaters of battle. Ten Coast Guard cutters played that "force protection" role earlier this year during the Iraq war.

"Coast Guard officials are slack-jawed over this," said one defense source knowledgeable about the Pentagon debate on the matter. "This is a moment in Coast Guard history, one that is breaking their hearts."

In recent months Rumsfeld, who is considering a number of radical changes in the organization and structure of the U.S. armed forces, has written several increasingly harsh memos raising questions about the Coast Guard's role in wars,

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officials said." ...

" Any action by Rumsfeld reducing the Coast Guard's military role could raise questions about one of its top priorities in Washington -- its \$ 17 billion Deepwater program, which is set to deliver new ships, planes and helicopters to the service over the next 20 years. The project -- drawn up with the expectation that the Coast Guard would remain a war fighter -- has come under heavy budget pressures.

Homeland Security Secretary Tom Ridge has lobbied the White House to back a Senate plan to provide the project with about \$ 700 million in the coming year, instead of the approximately \$ 500 million favored by the House.

"If this is true [that Rumsfeld is on the verge of removing the Coast Guard from war plans], the Coast Guard would lose the Defense Department as an advocate and partial subsidizer of Deepwater, which could put the program in further jeopardy," said Stephen Flynn, a retired Coast Guard commander who is now a homeland security expert at the Council on Foreign Relations."

(NOTE: FULL TEXT OF ARTICLE ATTACHED TO THE END OF THIS REPORT)

Armed and ready: new assets, technology key to the US Coast Guard's maritime-security plans

Journal of Electronic Defense - Cover Story - August issue, 2003

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BYLINE: McKenna, Ted

Summary: Coast Guard needs new equipment and systems to fulfill their missions. References Deepwater program and also acceleration:

" But despite concerns that the Coast Guard is not receiving enough financial support for the many responsibilities it has, USCG officials say the service is doing just fine and has been able to successfully perform all its required missions to date. "We've certainly, following 9-11, increased our emphasis on maritime homeland security, but those are roles that we've always done," said Commander Michael Sullivan, who helps oversee the Deepwater program, which over a 20-year period will introduce a variety of new cutters, aircraft, and technologies. "We got started in 1790 as a revenue marine service. The first 10 ships that were built in 1790 intercepted smugglers to make sure that they paid their import duties and customs fees. And so here we are, 213 years later, doing virtually the same thing but able to shift our emphasis to the threats that are most destructive. We still recognize that we've got to do, and we still are doing, our traditional functions. So in one sense it may be stretching us a little thinner in many regards."

Major Overhaul

The biggest program under way to provide new technology and physical assets to the USCG is Deepwater, which will give the service up to 91 new ships, 35 fixed-wing aircraft, and 76 unmanned aerial vehicles (UAVs), as well as upgrading 49 existing cutters and 93 helicopters, giving them more advanced systems for communications, surveillance, and command and

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control (see "US Coast Guard Ventures Into Deepwater," JED, August, 2002, p. 24). The dimensions and requirements for the ships and aircraft that make up this program--which is being carried out by the Integrated Coast Guard Systems (ICGS) joint venture of Northrop Grumman (Los Angeles, CA) and Lockheed Martin (Bethesda, MD)--have been established, but contracts for specific ships, aircraft, and technology are being announced gradually. Among the announcements so far, the USCGC Matagorda, a 110-foot Island-class patrol boat, has begun undergoing modernization that will give it new communications capabilities and extend her length 13 feet, among other things. Also, the EADS CASA CN235-300M has been selected as the platform for the service's new maritime-patrol aircraft (see "US Coast Guard Orders MPA," JED, June 2003, p. 18), and a \$ 130-million contract was awarded to ICGS to design and deliver two by early 2006. This spring, Bell Helicopter Textron was selected by the ICGS provide the Vertical Take Off and Landing (VTOL) UAVs for the Deepwater program, with deliveries to begin in 2006 and eventually total 69 aircraft and 50 ground stations (see "Homeland Security Drawing Industry Interest," JED, April 2003, p. 38)."

On The Record: RADM Charles Hamilton, PEO Ships USN

Defense Week – 9/2/03

By: staff reports

Summary: RADM Hamilton discusses developments related to LCS. References relationship between USN and USCG regarding LCS and OPC:

(Date of interview Aug 12, 2003)

On Navy-Coast Guard Collaboration:

Question: How much commonality do you now expect between the LCS and Coast Guard cutters? Northrop didn't get past the last [LCS]down-select. Do you think the hull form will not be the same any more?

Hamilton: The Deepwater project is for the recapitalization of the Coast Guard, so that's maritime patrol aircraft, helicopters, national security cutter, [Offshore] patrol cutter (OPC), and other instantiations of platforms in a netted, distributed force to solve their problem.

I would say that the national security cutter currently is a vessel that Deepwater is working through the detailed design and construction process on, will be influenced but will not be fundamentally altered by LCS. I think the first place that Pat Stillman and I would see a great deal of synergy would be in the operational patrol cutter.

Question: Do you expect the Coast Guard might hold off on deciding their design for the OPC until the Navy makes a decision on LCS?

Hamilton: I talked about the marriage of the Coast Guard and the Navy at the PEO level and to suggest how strong that marriage is, as part of the selection process for the three designs that we just picked, we had multiple levels of Coast Guard leadership involved in that selection. That will replicate itself in the April 2004 timeframe when we go to the next down-select.

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The Coast Guard is in lock step with us and they are helping get to the final solution center. They're A, fully informed; and B, influencing how that will all play out."

Global Update: Military Aircraft

Overhaul & Maintenance – September 03

By: Staff Reports

Summary: Overview of O&M upgrade programs across all services for air assets. Includes mention of HU-25 upgrades and references Deepwater program:

"HU-25 Falcons On May 22, Northrop Grumman Corp.'s California Microwave Systems (CMS) business unit redelivered the last of 15 upgraded Dassault HU-25 Falcon surveillance aircraft to the U.S. Coast Guard, from its Hagerstown, Md., facility. Roll-out of HU-25D tail number 2105 marked completion of a \$ 44 million modernization contract awarded to CMS in March 2000. With Telephonics, Wescam, Raytheon and Northrop Grumman Electronic Systems as principal subcontractors, CMS delivered nine "C+" variants, fitted with Northrop Grumman's AN/APG-66(V)2 surveillance radar, followed by six HU-25Ds equipped with Telephonics' AN/APS-143 inverse synthetic aperture radar. All 15 aircraft received new Wescam MX-15 forward-looking infrared (FLIR) sensors and Raytheon OASIS tactical work-stations for USCG operators.

"The HU-25 sensor upgrade system provides the Coast Guard with an exponential improvement in mission performance and effectiveness," said Cmdr. Bill Hucke, chief of the USCG's Systems Management Division and upgrade program manager. "The fully-integrated mission system markedly improves the crew's ability to detect, classify and identify targets of opportunity and prosecute myriad Coast Guard missions. This highly successful program provides a solid baseline for development of a mission system for future Deepwater assets." The far-reaching Deepwater acquisition project will replace the Coast Guard's ships, aircraft, command and control, and logistics systems, from a contract awarded to a Northrop Grumman/Lockheed Martin partnership in June 2002."

Interviews:

None scheduled for this period.

PRESS RELEASES

NG-Sperry Marine - ICGS now reviewing press release for approval from Sperry Marine, with NG/NGSS.

ICGS – **CAMSLANT** installation -ICGS also now reviewing and getting team approval on press releases for CAMSLANT installation (first legacy shoreside comms install),

Industry Day – getting final approval to release (quote approval).

United Defense/Bofors - ICGS reviewed and approved press release regarding the 57 mm gun for the NSC. Approved for release 9/25/03.

Logo & Advertising Approvals:

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ICGS (with NG and LM) issued “no objection” to a logo request by **L-3** (Utah) – an incentive award patch for subcontract capture team (internal use only. Since they are not under contract). ICGS approved a logo request by **BHT** (Eagle Eye) – internal usage golf shirt patch.

ICGS has not approved advertising by **EADS** – a “team” advertisement including the CASA CN-35 and the HH-65 (Eurocopter), language supporting the Deepwater program and ICGS logo. ICGS worked with EADS on the language and all requests were met. However, Lockheed Martin, as the **issuer of the subcontract has not approved** advertising (must approve prior to ICGS consideration). LM must also pass CASA advertising through their legal department for review and approval (not required for other subs). EADS is requesting approval to release and is running advertising without the ICGS logo until approval can be received.

Contract Award Notifications:

CLIN 30bb United Defense Bofors 57mm gun subcontract award announced. Bell Helicopter Textron (VUAV) letter contract definitized (letter award was announced February 2003). Amount \$9,721,969. Period of performance Nov 2002 – Dec 2003.

Congressional Activity

House and Senate conference on FY04 HLS Appropriations bill, September 17, 2003. At issue difference between House (marked FY04 to \$530 million) and Senate (marked FY04 to \$702 million) versions.

NOTE: Confereed \$668 million. Full Congress voted and approved on 9/25/03.

GAO Audit

GAO has visited CG HQ, Avondale and Moorestown. GAO presented preliminary findings to ICGS leadership team on September 9th and to Congress on September 11th. GAO also presented to Coast Guard Chief of Staff September 15th. Outstanding deliveries from CG to GAO will be delivered by end of September. GAO plans to provide a written report, possibly with testimony, in the March 2004 timeframe.

Advertising

Plan executed to support increased visibility for IDS during House/Senate Conference.

Print: *The Hill* – Add weeks of 9/1 (“Fish”), 9/8 (“95,000” or “24/7”) and 9/17/03 (House/ Senate conference date) -- *jr. page*

CQ Weekly – Add weeks of 9/1 (“Drug”), 9/8 (“SAR”), 9/15 (“95,000”) – *full page*

Radio: Move entire planned rotation to September, go dark in October (air 30x in September, beginning September 1 through 15, M-F drivetime am and pm)

EVENTS

Event to Celebrate Delivery of USCGC MATAGORDA – Dec 2003 or Jan 2004

Waiting more fidelity on actual delivery of Matagorda before an event can be planned. The understanding is that ship #2 (Metompkin) and #3 (Padre) are due to be delivered in January and February 2004, respectively.

Action:

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1. MMJ will coordinate proposed date with ICGS/NGSS/HBJV (T.R. Hamblin).
2. Once date presented to and approved by KO (Cathy Martindale) team working issue will be CG ICA (Jim Mathieu), G-D Comms (Mike Sullivan), G-D Government Liaison (Rex Hayes), G-D Contracts (Rick Yatto, Cathy Martindale). MMJ participating on behalf of ICGS.

Trade Show

DSEi – September 9-12, 2003, London U.K. – Notes and Overview

Deepwater had a large booth at DSEi; “Team Deepwater” space 131 in the “American Pavilion” was paid for by CBIS (Commerce) with CG funds and Commerce sent two personnel to assist with booth duties (Becca Ross, Jen Erschen). Also working in the booth were LCDR Beshears, John Cotton of Anteon, Major Greg Hanville of USMC, Rich Turner of LM, MMJ of ICGS, Jason Colosky and Greg Giddens of USCG. We had subcontractors also in the Deepwater booth: CASA Spain (Paco Calzada), BHT (Jeff Cromar). Booth design by LM John Lesser and it was excellent – 3 plasma screens showing Deepwater video (new), VUAV flight demos. Models of all surface assets and large models of VUAV (1/2 scale) and CASA. In the future, we should have other subcontractors represented.

Mr. Giddens presented overall Deepwater brief on official DSEi program, speaking in a panel to the topic of “domestic resilience.” LCDR Troy Beshears spoke to the unmanned platform symposium, regarding unmanned platform usage – plans and developments for the USCG. Both presentations were excellent. Further Mr. G hosted a social at the Deepwater booth for visiting delegations, media (few attended) and exhibitors. The reception was well-attended and visibility of Deepwater at DSEi was excellent.

Deepwater subcontractors also exhibiting at DSEi:

On the show floor were MTU, FLIR, UDI, L-3, Northrop Grumman Sperry Marine, NG (Gobal Hawk), LM (various divisions), EADS, AgustaWestland, Rolls Royce, Wescam, Raytheon, Caterpillar, BAE. There may have been others.

Observations: This show is a defense systems and historically maritime show. Public media characterized it as an “arms show” and perhaps as a result, there were several public demonstrations and tight security all around the show, which took place during the second anniversary of 9/11. All of the large international defense contractors were exhibiting and official and military delegations from around the world attended. (Visited the booth: Norwegian Delegation, Swedish Delegation, Indian Navy delegation, NIPO, UK MOD delegation, Pakistani delegation, French delegation, among others). Recommend to participate in the show in the future.

Future Trade Show

Pacific 2004 – February 4- 6, 2004 – Sydney Australia -

<http://www.ideea.com/pacific2004/embassy/>

Deepwater will have a booth at Pacific2004. Booth design by LM. **MMJ working with organizers to secure speaking slot on official program for RADM Patrick Stillman and LCDR Troy Beshears.** This may be an excellent show to also present NSC update (will coordinate with Dick Sandifer and Jamie Anton).

Metro Video – Interactive CD – UPDATE

VIDEO COMPLETE on July 30. It is being well received. Copies available from MMJ.

CD Rom is in final stages of beta testing. CD Rom should be available for first proof mid-August, with **ETD of CD Rom by mid October.**

ICGS/IDS Awards Program Development

Executive Awards Committee met 8/13/03 (Jerry Lober/Paul Ecker/Kevin O'Neill/MMJ/John Hopkins/Jamie Anton. Report of discussions delivered to team 8/18/03.

Action:

1. Presentation to PMT scheduled. Recommendation is to execute 2-tier approach (formal plaque, presented monthly, and informal award (e.g., certificate, other item) presented informally, monthly.
2. ICGS has budgeted \$2000. Suggest CG do same (Paul Guinee).
3. MMJ to present award plaque designs to PMT before ordering and manufacture.
- 4.

Deepwater Annual Report

Deepwater 1-yr annual report is in proof/final edit stage. After approval, **final should be available by September end.**

CG Foundation Activities

New York Dinner – ICGS is NY CG Foundation Dinner underwriter. Details to include 4 seats at head table (NG VIP+ spouse, LM VIP+ spouse), with Foundation leadership (Jim Caraway, Barbara Richards), Dinner Hosts (Joseph J. Grano, Richard Grasso), Commandant (*invited*) and Secretary Ridge (*invited, not yet confirmed*), also all with spouses. Underwriting also include limited invitations to VIP reception in advance of dinner, prominent program mention, and six (6) tables of ten (10) – 3 each LM and NG. Details to follow. Sponsor page advertisement for the dinner program was designed and submitted to the Foundation on 9/25/03.

Upcoming Events (90 Day Look Ahead)

September

- 3 RADM Richard Houck, Resource Director, visit Moorestown
- 4 CG Caucus Breakfast – Bullfeathers – Gene Taylor (D-4th/MS), host
Deepwater presentation by Jamie Anton/Jay Dragone (arranging by NG)
- 8-10 Deepwater Industry Days, Rosslyn, VA (NGSS lead)
- 9-13 DSEi trade show – Deepwater briefings, International Booth, London U.K.
- 15 ICGS Board Meeting – 300 M Street
- 29** PEO-RADM Stillman address to CG HQ – Deepwater Update (with models, ICGS reps present) – ~~8:30 am – 10:00 am at CG HQ Cafeteria~~ **RESCHEDULED**

October

- 3 ICGS QPMR - SIPO
- 4 Coast Guard Ball – Hyatt Regency, Crystal City

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- 6 RADM Dave Belz, RADM Jeff Hathaway, RADM Larry Hereth, RADM Ralph Utleigh, Mr. Geoffrey High, Mr. Greg Giddens visit Moorestown.
- 7 PEO-D keynote speaker "Performance Based Acquisition"
Ritz Carlton Tysons
- 8 DEMO - 57 mm gun demo (not live fire), Dahlgren VA (details tbd)
- 8-9 NDIA – US/Swedish Defense Council – Grand Hyatt – Washington D.C.
"New U.S. Program Management Model- Role of LSI" – PEO-D speaker
- 9 CG Foundation reception, Seattle, WA (ICGS not present)
- 15 VUAV PDR (*tentative*)
- 15 DHS Investment Review Board – Deepwater Presentation – PEO-D to present
- 16 CG Foundation dinner, New York, NY – ICGS Underwriter
- 19-20 Flag Conference – PEO-D, Dd – Portsmouth Virginia
- 21 MPA PDR (*tentative*)
- 22 ICGS Fall Event – Industry gathering – The Dandy Dinner Cruise

November

- 1 Navy League winter meeting dinner, Marriott Crystal City Gateway
- 11 MPA System Development and Demonstration delivery
- 13 SMI CONFERENCE – EEZ Deepwater (The Hatton, London) – PEO-D Keynote Speaker
- 20 CG Foundation dinner, Miami, FL – ICGS Sponsor
- 22 CG Commandant departs for European visit – plans include visits to Spain (CASA), Sweden (Bofors, Kockums), UK. Schedule evolving. Planned return December 4th.

December

- 3 MPA #1 PDR
- 7 VUAV Concept & Technology Development delivery date
- 15 Matagorda delivery date – 123 ship #1 [destination Key West]
SRP boat #1 delivery date.
- 27 VUAV TRR

Coast Guard Fights to Retain War Role

'Slack-Jawed' Over Criticism From Rumsfeld, Service Cites Its Battle Capabilities

By John Mintz and Vernon Loeb
Washington Post Staff Writers
Sunday, August 31, 2003; Page A07

Defense Secretary Donald H. Rumsfeld has all but decided to remove the U.S. Coast Guard from participation in future wars, a prospect that is devastating morale in the maritime service because of its pride at having taken part in most of the nation's armed conflicts over the past 200 years, defense sources said.

Coast Guard officials are trying to get Rumsfeld to reconsider the matter, arguing that they have unique capabilities in guarding U.S. Navy warships in overseas theaters of battle. Ten Coast Guard cutters played that "force protection" role earlier this year during the Iraq war.

"Coast Guard officials are slack-jawed over this," said one defense source knowledgeable about the Pentagon debate on the matter. "This is a moment in Coast Guard history, one that is breaking their hearts."

In recent months Rumsfeld, who is considering a number of radical changes in the organization and structure of the U.S. armed forces, has written several increasingly harsh memos raising questions about the Coast Guard's role in wars, officials said.

Rumsfeld has expressed dissatisfaction with the fact that last year, when the Pentagon asked whether the Coast Guard could send cutters to the Persian Gulf to protect Navy ships, Coast Guard officials declined, citing budget pressures. But, earlier this year, they jumped at the chance to send their cutters to the Mediterranean Sea and the gulf for the same mission.

"Rumsfeld has a point, asking the Coast Guard, are you in or out on this, and can I count on you when I need you?" said a defense source familiar with the controversy.

Rumsfeld has also noted that the Coast Guard has its hands full attending to its homeland security mission along U.S. coastlines, waterways and harbors.

Coast Guard officials declined to comment when asked about Rumsfeld's actions, said a spokesman, Lt. Cmdr. Jeff Carter.

The Coast Guard, which traces its roots to 1790, when Congress authorized the construction of 10 boats to be formed into "a fleet of cutters," sent ships to Iwo Jima and Normandy in World War II. Its cutters sank more German U-boats than the Navy did in that war.

In its lobbying efforts in Washington, the Coast Guard has also proudly promoted its cutters' service in the Vietnam War and the Persian Gulf War. Earlier this year, in the largest Coast Guard military deployment since Vietnam, it sent 1,250 personnel to serve in the Iraq war. Its cutters protected U.S. Navy ships, guarded Iraqi oil terminals in the gulf and escorted humanitarian deliveries at the Iraqi port of Umm Qasr.

The Coast Guard's wartime service has been a central feature in its sense of itself -- its invariable self-

definition is as "a military multi-mission maritime service."

But Coast Guard officials have also acknowledged they present a complex profile not well understood by the public. For a century, the Coast Guard's main jobs have been largely regulatory, overseeing the operation of U.S. ships and ports, protecting fisheries and rescuing boaters.

Then on Sept. 11, 2001, the Coast Guard reordered its mission, declaring the job of preventing terrorists from attacking U.S. shipping and waterways to be its central task -- even as members of Congress from coastal communities demanded that it also attend to its traditional boating safety and rescue obligations.

Meanwhile, Coast Guard officials tried to keep their oar in the war-fighting business. As if things were not jarring enough for the 38,000-person service, in March, the same month the United States went to war, the Coast Guard was transferred from the Transportation Department to the new Department of Homeland Security.

Last week, Homeland Security officials offered words of support for the Coast Guard during a trying time.

Asked for comment on Rumsfeld's deliberations, department spokesman Brian Roehrkasse said: "The Coast Guard has a rich history in both maritime and military service going back 200-plus years. It possesses unique military capabilities no other service has."

But Rumsfeld has pointedly asked why Navy ships need the Coast Guard to defend them, and why the Navy cannot protect itself in wars overseas.

"From the outside, it may seem the Navy has the capabilities to do that," said a defense official involved in the dispute. "But the concern [of some in the Pentagon] is whether they really do have the capability. The feeling is they don't. . . . The concern is to ensure that the secretary of defense is fully informed what's given up if the Coast Guard is separated from the Navy" on such overseas missions.

Any action by Rumsfeld reducing the Coast Guard's military role could raise questions about one of its top priorities in Washington -- its \$17 billion Deepwater program, which is set to deliver new ships, planes and helicopters to the service over the next 20 years. The project -- drawn up with the expectation that the Coast Guard would remain a war fighter -- has come under heavy budget pressures.

Homeland Security Secretary Tom Ridge has lobbied the White House to back a Senate plan to provide the project with about \$700 million in the coming year, instead of the approximately \$500 million favored by the House.

"If this is true [that Rumsfeld is on the verge of removing the Coast Guard from war plans], the Coast Guard would lose the Defense Department as an advocate and partial subsidizer of Deepwater, which could put the program in further jeopardy," said Stephen Flynn, a retired Coast Guard commander who is now a homeland security expert at the Council on Foreign Relations.

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