FISCAL YEAR 2009 BUDGET REQUESTS FOR THE UNITED STATES COAST GUARD AND THE UNITED STATES MARITIME ADMINISTRATION

(110–103)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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February 25, 2008

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Coast Guard and Maritime Transportation

FROM: Subcommittee on Coast Guard and Maritime Transportation Staff

SUBJECT: Fiscal Year 2009 Budget Requests for the United States Coast Guard and the United States Maritime Administration

PURPOSE OF HEARING

On Tuesday, February 26, 2008, at 10:00 a.m., in Room 2167 Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will meet to examine the Administration's fiscal year 2009 budget requests for the Coast Guard and the Maritime Administration.

The Subcommittee will receive testimony from the Coast Guard on the service's fiscal year 2009 budget request and the Deepwater acquisition program. The Subcommittee will also receive testimony from the Administrator of the United States Maritime Administration on the Administration's fiscal year 2009 budget request.

BACKGROUND

FY 2009 Coast Guard Budget Request: The President requests $8.8 billion in FY 2009 for U.S. Coast Guard activities, which is an increase of approximately $459 million (5.5 percent) over the total amount enacted in FY 2008 for the service. The Coast Guard's request is designed to sustain the Coast Guard's ability to support America's maritime safety, security, and stewardship interests in FY 2009.

Operating Expenses (OE): The overall budget request for Coast Guard Operating Expenses (OE) in FY 2009 is approximately $6.2 billion, an increase of more than $212 million (3.5 percent) over the FY 2008 enacted level. The OE account comprises more than two-thirds of the Coast Guard's

budget. Funding from this account provides for the safety of the public through the Coast Guard's Search and Rescue and Marine Safety programs, including aids to navigation, pollution response, and waterways management. OE funding also covers the costs associated with the Coast Guard's workforce, which is comprised of 47,368 military and civilian positions. The request covers pay increase for officers and enlisted members (3.4 percent) and civilian employees (2.9 percent) of the Coast Guard.

The Administration has designated $20 million of this request to provide for 276 new marine inspectors in the Coast Guard's marine safety programs. According to the Coast Guard performance budget models, in FY 2006, the Coast Guard spent $527 million for marine safety programs and in FY 2009, they are requesting only $488 million for these programs. However, the Coast Guard has said that these charts in their budget do not accurately reflect the money they actually spend on their various missions.

In FY 2006, funding for Coast Guard polar icebreakers was transferred to the National Science Foundation (NSF), which was then directed to reimburse the Coast Guard for costs associated with the service's operation of its three existing polar icebreakers (POLAR SEA, POLAR STAR, and HEALY). The FY 2009 request again provides operation and maintenance funds for the polar icebreakers through NSF.

Reserve Training: The President requests approximately $130.5 million, an increase of 3.6 percent over the FY 2008 budget, to cover training costs for Coast Guard Reserve personnel. The members of the Coast Guard Reserve are mobilized in the event of a national emergency or disaster. Reservists maintain readiness through mobilization exercises and by undertaking limited duration duty alongside regular Coast Guard members during both routine and emergency operations.

In addition, the Coast Guard Reserve fills critical national security and national defense roles in the Department of Homeland Security and in direct support of the Department of Defense in Iraq, where Reservists manage waterside security around major ports and U.S. military assets. The Coast Guard Reserve continues to be deployed in support of Operation Iraqi Freedom.

Environmental Compliance and Restoration: The President requests approximately $12.3 million for environmental compliance and restoration, a 0.7 percent decrease from the FY 2008 appropriated level. Environmental Compliance and Restoration provides for the clean-up and restoration of previously and currently contaminated Coast Guard facilities, and provides for the design of "fixes" on Coast Guard assets so that they comply with environmental laws established to prevent contamination and damage to the environment.

Acquisitions, Construction, and Improvements (AC&I): The President requests $1.2 billion to fund all planned Coast Guard capital acquisitions in FY 2009, an approximately $212.5 million increase from the FY 2008 appropriated level. These funds support the acquisition, construction, and improvement of vessels, aircraft, information management resources, shore facilities, and aids to navigation.

Of the $1.2 billion request, $990.4 million (an approximately $207.2 million increase from the enacted funding for FY 2008) is for the Deepwater program, the Coast Guard's program to replace or rehabilitate cutters and aircraft utilized primarily 50 miles offshore over a 25-year period.

The budget requests funding for the following projects:

- $353.7 million to complete National Security Cutter #4;
- $115 million to build three Fast Response Cutters; and,
- $86.6 million to build two Medium Patrol Aircraft.

The President's budget has requested $216.7 million for non-Deepwater capital expenses, including only $50 million for shore-based facilities – a figure that is significantly less than amounts historically provided for these capital needs. In FY 2005, for example, Congress appropriated $360 million for non-Deepwater capital expenses to help pay for the maintenance and construction of the Coast Guard's shore-based facilities and equipment. Failure to adequately fund maintenance, repair, and replacement of shore facilities will only result in higher outlays in the future. The FY 2009 budget requests funding for the following shoreside projects:

- $64 million for 14 Response Boats-Medium (to replace the 41 foot Utility Boats);
- $11.6 million for six duplex housing units in Cordova, AK;
- $10.3 million to continue renovations of the cadet barracks at the Coast Guard Academy;
- $14.6 million for continued deployment of a nation-wide automatic identification system for ships, a transponder-based collision avoidance system that will also allow the Coast Guard to track vessels for security purposes;
- $73 million for "Rescue 21," the Service's new "maritime 911" program; and
- $2.5 million for High Frequency (HF) radio modernization and recapitalization.

Research, Development, Test, and Evaluation: The President's budget requests approximately $16 million for Research, Development, Test and Evaluation, a $9 million (36 percent) decrease under the amount appropriated for FY 2008. Specific projects projected for FY 2009 include development of advanced analytical techniques to support the acquisition process, development of new methods and procedures for mass rescue operations at sea, development of new technologies for the recovery of oil and hazardous materials in extreme cold weather conditions, and development of standards necessary to allow for the approval of new aquatic nuisance species prevention systems.

Alteration of Bridges: Created by the Truman-Hobbs Act of 1940 (33 U.S.C. 511 et. seq.), the bridge alteration program provides that the Federal Government will share with a bridge's owner the cost of altering or removing railroad and publicly owned highway bridges that obstruct maritime navigation. No funds are requested for this program in FY 2009. In FY 2008, $16 million was appropriated for this program. Last year, the President's budget proposed to transfer responsibility for the Truman-Hobbs bridge alteration program to the Department of Transportation; however, that request was not renewed this year.

Retired Pay: The President's budget assumes that $1.2 billion will be needed for retired pay in Fiscal Year 2009. This represents a $52 million increase over the fiscal year 2008 enacted level.

PORT SECURITY GRANTS

The President's budget requests $210 million for port security grants for FY 2009. In FY 2008, $388.6 million was available for port security grants.

COAST GUARD

(in millions)

Program	FY2008 Enacted	FY2009 Authorized	FY2009 President's Budget	Diff. of FY2009 Pres. Budget and FY2008 Enacted $	%
Operating Expenses	6,001.3	None	6,213.4	212.1	3.5%
Acquisition & Constr.	987.8	None	1,205.1	217.3	22%
Environmental Compliance	13.0	None	12.3	-.7	-5.3%
Alteration of Bridges	16.0	None	---	--	--
Retired Pay	1,184.7	None	1,236.7	52.0	4.4%
Research & Dev.	25	None	16	9.0	36%
Reserve Training	126.9	None	130.5	3.6	3%
Total	8,354.7	None	8,814	191.1	10.6

MARITIME ADMINISTRATION (MARAD) BUDGET

FY 2009 Maritime Administration Budget Request: The President requests $313.3 million in FY 2009 for Maritime Administration activities, which is a decrease of approximately $21,000 (.03 percent) below the total amount enacted in FY 2008 for the Administration.

Obligations by Program Activities: The President requests $117.8 million for operations and training; $0 for Assistance to Small Shipyards (versus $10 million enacted in FY 2008); $18 million for the Ship Disposal Program; $174 million for the Maritime Security Program; and $3.5 million for the Maritime Guaranteed Loan Program.

Operations and Training: The overall budget request for MARAD's Operations and Training is approximately $117.8 million, a decrease of approximately $4 million (4.2 percent) under the FY 2008 enacted level. Of the $117.8 million, $61.3 million is for the U.S. Merchant Marine Academy (USMMA); $11 million for the State Maritime Schools; and $45.5 million for MARAD operations. Funding from this account supports staff at MARAD headquarters and gateway offices who administer and direct the Federal maritime programs for the operation of the USMMA and financial assistance for the six State maritime schools.

Assistance to Small Shipyards: MARAD did not request funds for Assistance to Small Shipyards in FY 2009. This funding is made available for as grants for capital improvements and related infrastructure at qualified shipyards that facilitate the quality, efficiency, and cost-effectiveness of domestic ship construction for commercial and federal government use as authorized under section

3506 of Public Law 109-163. A total of $10 million was enacted for this program in FY 2008 and is to remain available until expended.

Ship Disposal: The budget includes $18 million for the essential expenses related to the disposal of obsolete vessels in the National Defense Reserve Fleet. This is $1 million (6 percent) less than the FY 2008 enacted level. Of the $18 million, $15 million will support the continuation of obsolete ship disposal activities, which will allow 14 vessels to be moved from inventory, while $3 million will provide funds to bring the Nuclear Ship SAVANNAH nuclear facility into conformance with applicable Nuclear Regulatory Commission (NRC) SAFSTOR standards (inoperable, defueled, and protected long-term storage).

Maritime Security Program: The budget includes $174 million to maintain and preserve a U.S.-crewed, U.S.-flagged merchant fleet to serve the national security needs of the United States. Direct payments are provided to U.S. flag ship operators engaged in U.S. foreign trade. Vessel operators that participate are required to keep the vessels in active commercial service and provide intermodal sealift support to the Department of Defense in times of war or national emergency.

Maritime Guaranteed Loan (Title XI) Program: The budget includes $3.5 million for the program administration of the Maritime Guaranteed Loan Program. No new subsidy funds were requested for new loan guarantees for ship construction. In FY 2008, $8.4 million was enacted for the Title XI Program, of which $5 million (subsidy funding) will remain available until expended. Guaranteed loans are provided for purchasers of ships from the U.S. shipbuilding industry and for the modernization of U.S. shipyards.

Mission

The Maritime Administration's mission is to strengthen the United States' maritime transportation system – including its infrastructure, industry, and labor – to meet the economic and security needs of the nation. MARAD's programs promote the development and maintenance of an adequate, well-balanced United States merchant marine so that it is sufficient to carry the nation's domestic waterborne commerce and a substantial portion of its waterborne foreign commerce and capable of serving as a naval and military auxiliary in time of war or national emergency. MARAD works to ensure the United States maintains adequate shipbuilding and repair services, efficient ports, effective intermodal water and land transportation systems, and reserve shipping capacity for use in time of national emergency.

MARAD's objectives include:

- Commercial Mobility – reducing congestion on the nation's inland waterway, marine, and landside infrastructure;
- National Security – assuring an intermodal sealift capacity to support America's national security interests; and,
- Environment – formalizing environmental considerations in operations and in partnership with other agencies and private stakeholders to streamline processes that lead to environmentally friendly transportation improvements.

MARAD has re-aligned its headquarters offices and will eventually establish offices at 10 of the largest U.S. ports to enable to identify waterway bottlenecks and develop plans to improve

freight movement. MARAD will work with stakeholders, promoting collaboration, and focusing particularly on planning and environmental issues.

Maritime Administrator

The Maritime Administrator is the head of the Maritime Administration (MARAD) and reports to the Secretary of Transportation. The Administrator advises the Secretary of Transportation on commercial maritime matters, strategic sealift, and the U.S. maritime industry. The Administrator is also a liaison with public and private organizations that are concerned with the U.S. maritime industry. As the U.S. maritime policy advisor to the Secretary, the Administrator works with international maritime groups, conducts negotiations, and maintains effective relations with other agencies of the federal government and the public.

Short Sea Shipping

Short Sea Shipping is an alternative form of commercial transportation that utilizes inland and coastal waterways to move commercial freight from major domestic ports to its destination.

Last year, Congress passed the Energy Independence and Security Act of 2007 (P.L. 110-140). Title XI of that Act established a Short Sea Shipping program in MARAD and required the agency to identify short sea transportation projects and routes that will mitigate landside congestion. This includes coordinating resources between U.S.-flag vessel owners, shippers, ports, and state and local governments. This law also made U.S.-flag vessels engaged in short sea transportation between U.S. ports eligible to participate in the Capital Construction Fund Program administered by MARAD. This is a tax deferral program that allows vessel owners to place money in a tax deferred account and withdraw the funds to help finance short sea transportation projects.

MARAD is exploring how it can support the development of a robust short sea shipping system to aid in the reduction of growing freight congestion on U.S. rail and highway systems. MARAD is also looking at the use of public system incentives, vessel financing and construction, and customer requirements for the development of new waterborne transportation services in North America. A Short Sea Shipping Cooperative Program has been formed by MARAD that includes maritime business and community representatives to support projects that advance Short Sea Shipping. A Short Sea Shipping Memorandum of Cooperation has been reached with Canada and Mexico.

Deepwater Ports

The Deepwater Port Act (DWPA) of 1974, as amended by the Maritime Transportation Security Act of 2002, established a licensing system for the ownership, construction, operation and decommissioning of deepwater port structures located beyond the U.S. territorial sea that are used to offload oil and natural gas. The DWPA established the conditions that applicants for licenses must meet, including minimization of adverse impact on the marine environment and submission of detailed plans for construction, operation and decommissioning of deepwater ports. The DWPA also established detailed procedures for the issuance of licenses by the Secretary of Transportation. The Act prohibited the issuance of a license without the approval of the governors of the adjacent

coastal states. The Secretary is required to establish environmental review criteria consistent with the National Environmental Policy Act.

On June 18, 2003, the Secretary of Transportation delegated his authority to issue, transfer, amend, or reinstate a license for the construction and operation of a deepwater port to the Maritime Administrator. As such, MARAD is responsible for determining the financial capability of potential licensees, for preparing the project record of decision (which includes the decommissioning analysis), and for issuing or denying the Deepwater port license. Various other duties specified under DWPA pertaining to the licenses of Deepwater facilities are shared with the Coast Guard. For example, the Maritime Administration and the Coast Guard, in cooperation with other Federal agencies, must comply with the requirements of the National Environmental Policy Act within the time frame established.

The United States holds less than 4 percent of world reserves of natural gas, but it is in plentiful supply worldwide. The need for natural gas will grow as the country's demand for electricity continues to grow, which is why Deepwater Port activity and interest should continue to grow.

PROMOTION OF U.S.-FLAG LIQUEFIED NATURAL GAS TANKERS

The Deepwater Port Act of 1974, as amended through the Coast Guard and Maritime Transportation Act of 2006, directs the Secretary of Transportation to develop and implement a program to promote the transportation of liquefied natural gas to the U.S. on U.S.-flag vessels. The Act also directed the Secretary to give top priority to the processing of deepwater port licenses to LNG facilities that will be supplied with natural gas by U.S. flag vessels. The Act directed that the nation of registry for, and the nationality or citizenship of, officers and crew serving on board vessels transporting natural gas to a deepwater port be considered when granting a license. The Secretary delegated this responsibility to MARAD, which is now the lead federal agency for the licensing of offshore LNG and oil deepwater port terminals and is responsible for ensuring each facility is constructed and operated in a safe and secure manner.

Program	FY2008 Enacted	FY2009 Authorized	FY2009 President's Budget	Diff. of FY2009 Pres. Budget and FY2008 Enacted	
				$	%
Operations and Training	122	None	117.8	(4.2)	-3.4%
Assistance to Small Shipyards	10	None	0	(10)	-100%
Ship Disposal Program	17.0	None	18.0	1	6%
Maritime Security Program	156	None	174	18	11.5%
Maritime Guaranteed Loan Program Administrative Expenses	3.4	None	3.5	.1	3%

Maritime Guaranteed Loan Program Loan Guarantees	5.0	None	0	(5.0)	-100%
Total	313.4	None	313.4	(.1)	.03

PREVIOUS COMMITTEE ACTION

The Subcommittee on Coast Guard and Maritime Transportation held hearings in the first session of the 110th Congress to examine the fiscal year 2008 budgets of the Coast Guard and the Maritime Administration. Various hearings held throughout the 110th Congress have also examined specific aspects of the programs implemented by the Coast Guard (including its Deepwater procurement program and its marine safety program) and the Maritime Administration (including its work to promote short sea shipping and the continued development of a robust maritime workforce).

WITNESSES

Vice Admiral Robert J. Papp, Jr.
Chief of Staff
United States Coast Guard

Master Chief Charles W. Bowen
Master Chief Petty Officer
United States Coast Guard

Mr. Sean Connaughton
Administrator
Maritime Administration

HEARING ON FISCAL YEAR 2009 BUDGET: COAST GUARD, FEDERAL MARITIME COMMISSION & MARITIME ADMINISTRATION

Tuesday, February 26, 2008

HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., at 2167 Rayburn House Office Building, the Honorable Elijah E. Cummings [Chairman of the Subcommittee] presiding.

Mr. CUMMINGS. The Subcommittee will come to order. It is 10:00 o'clock.

Today the Subcommittee on the Coast Guard and Maritime Transportation convenes to examine the Fiscal Year 2009 budgets for the United States Coast Guard and the United States Maritime Administration.

The President has requested $8.8 billion to fund the Coast Guard in Fiscal Year 2009, an increase of approximately $459 million over the Fiscal Year 2008 enacted budget. Included in that overall budget request is a request of $1.2 billion for Coast Guard's capital account, which just over $990 million is requested which is to continue the Deep Water Acquisitions Program. Admiral Allen, the Commandant of the Coast Guard is not able to be with us today. We are joined instead by Vice Admiral Robert J. Papp, the Chief of Staff of the Coast Guard.

We are also honored to be joined by Master Chief Charles W. Bowen, the Master Chief Petty Officer of the Coast Guard.

Last year the Coast Guard achieved many notable accomplishments. In August, the Coast Guard celebrated the saving of a million lives through actions taken both by the Service and by the precursor agencies which were folded into the modern Coast Guard.

In 2007, the Coast Guard also removed some 355,755 pounds of cocaine with an estimated street value of more than $4.7 billion from circulation either by directly seizing the drugs or by causing those who were attempting to smuggle the drugs to the United States, to destroy them before the Coast Guard could seize them. This was an achievement that I marked by hosting a press conference attended by Vice Admiral Papp in my district in Baltimore, a city that knows first-hand the harm caused by illegal drugs.

While we commend the Coast Guard for these achievements, the Service must always be striving forward to meet emerging chal-

lenges, and the post 9/11 world has certainly brought significant challenges. Commandant Allen has often said that he is a transition commandant, and he noted in his 2008 State of the Coast Guard address that his Service is at an inflection point.

Before I speak in more detail about specific elements of the Coast Guard's transition, let me note that I firmly believe that the transition must include growing the Coast Guard from an active duty force of just under 42,000 individuals, and it must include modernizing the assets which the Coast Guard utilizes to conduct its missions. The Coast Guard is undertaking a critical new effort to improve its ability to manage major acquisitions. A new acquisitions directorate has been created under the leadership of Rear Admiral Gary Blore. The President's Fiscal Year 2009 budget requests $9 million for 65 new acquisitions positions to increase the professional staff in that directorate.

I support this request wholeheartedly and believe that the establishment of the Acquisitions Directorate was a significant step towards creating within the Coast Guard a system that can ensure both that taxpayers' money for the Coast Guard Acquisitions is spent effectively and efficiently, and that the Coast Guard can be held and can hold its contractors fully accountable for the use of these precious funds.

That said, I continue to believe that the head of the acquisition function should be a civilian with long professional experience in acquisitions management as called for in the Integrated Coast Guard Reform Act, H.R. 2722, which passed the House by a vote of 426 to nothing. The Subcommittee also continues to be deeply concerned about the achievement of balance between the Coast Guard's critical new Homeland Security missions and its traditional missions as it enters this new era.

As security responsibilities are implemented, safety responsibilities must also be fully met. The Coast Guard indicates that it has requested some 276 new billets for marine inspectors and investigators in the Marine Safety Program. These positions are to be funded with an increase of $20 million in operating funding.

The budget also requests $2.6 million to pay for support to be obtained on a contractual basis to help the Coast Guard complete nearly 100 pending rulemakings. We have been waiting a long time for that rulemaking, and it is something that both sides have been trying to push the Coast Guard to get done, and hopefully this will help.

Obviously, completing the regulatory backlog is a top priority for this Subcommittee. Of particular and personal concern to me is a completion of the rulemaking pending since 2005 that will increase weight standards used to calculate stability on smaller passenger vessels, a proposal that grew out of the tragic capsizing of the Lady D in the Baltimore Harbor in March 2004 that killed five passengers and seriously injured four more.

The addition of the billets to the marine safety is long overdue, and the Subcommittee is eager to understand how these billets will be filled, whether by civilians, uniformed personnel, or some combination of these two, and how individuals filling these billets will be trained to the required standards for that investigator or an inspector position.

In light of the recent report on marine safety issued by Admiral James C. Card, we are also eager to understand what steps the Coast Guard will take to ensure that all inspectors and investigators will meet the highest professional standards, and to ensure that Marine Safety is not treated as a stepchild to operations or other Coast Guard missions.

We will also hear today from the United States Maritime Administration regarding its Fiscal Year 2009 budget request. The Administration is represented by Administrator Sean Connaughton. The President has requested just over $313 million for MARAD's Fiscal Year 2009 budget, a slight decrease of just $21,000 below the enacted Fiscal Year 2008 budget. MARAD is responsible for promoting the United States maritime industry. In fulfillment of that charge, I note with particular interest that MARAD has been taking significant steps to promote the development of short sea shipping, which is a priority for this Subcommittee.

The Energy Independence and Security Act, which passed Congress last year, included a critical new short sea shipping initiative which makes vessels built under the Jones Act in the United States eligible for assistance from the Capital Construction Fund administered by MARAD. I look forward to hearing from the Administrator what MARAD is doing to implement this program.

It is critical that our Nation takes every possible step to make water a mode competitive with roads and rails by supporting the development of short sea shipping. To that end, I strongly believe that we should exempt these voyages from the harbor maintenance tax, as would be accomplished by H.R. 1499. I look forward to continuing to work with Congressman Rangel, Chairman of the Committee on Ways and Means, to advance this legislation.

As we examined in a Subcommittee hearing last year, MARAD is also studying the extent of shortages in the maritime labor force, and we look forward to working with MARAD this year to develop legislative initiatives to promote maritime education and training programs. MARAD has recently developed innovative programs with shipping lines to provide training opportunities for American Maritime Academy cadets on board both a U.S. and international vessels. I applaud MARAD for its many creative new initiatives to fulfill its charge of promoting the U.S. maritime industry.

Finally, the Subcommittee had planned to examine the Fiscal Year 2009 budget request for the Federal Maritime Commission today. At this time the FMC's chairperson's position is vacant, and four current commissioners are collectively exercising executive authority in managing the commission's business. Due to the illness of a commissioner, we have postponed that part of today's hearing until March. However, as the Subcommittee begins its work of reauthorizing the FMC, we eagerly look forward to examining the Commission's recent work.

With that, I recognize the distinguished Ranking Member of this Subcommittee, Congressman LaTourette.

Mr. LATOURETTE. Thank you very much, Mr. Chairman, and thank you for having this hearing today to review the Administrations Fiscal Year 2009 budget request for the Coast Guard and the Maritime Administration.

I also want to thank you, Mr. Chairman, for your cooperation and your staff's cooperation and Mr. Oberstar's, as we continue to work out our final differences on the Coast Guard Reauthorization Act.

At last year's budget hearing, I said that 2008 was shaping up to be a critical year for the future of the Coast Guard. Since that time the Coast Guard has taken responsibilities of the lead systems integrator for the Deepwater Program and has made organizational changes to enhance the Service's in-house acquisition staff.

In the coming year the Coast Guard will also be required to take actions that will impact the capabilities of the Service to carry out all of its many missions. The Coast Guard's proposed budget includes funding to begin the acquisition of the Fast Response Cutter B which will replace the aging and deteriorating 110-foot patrol boat class.

The budget also includes funding to create 276 new marine inspection positions to improve the Service's rulemaking program and to begin planning for the acquisition of new vessels to replace the Coast Guard's inland waterways fleet. I am encouraged that the Coast Guard has recognized these needs in its traditional mission areas, and I look forward to working with them to take these first steps as part of a larger plan to improve mission performance across the Service's entire mission scope.

I am also encouraged by the Administration's request for nearly $1 billion for the Deepwater Program in Fiscal Year 2009. It is extremely important that we continue to fund the Service's Recapitalization Program. Otherwise the Coast Guard will continue to incur rising maintenance and overhaul costs for its legacy assets, and Coast Guard personnel will continue to work on platforms that are deteriorating in condition and less capable to support operational missions.

Despite these improvements, there remains concern that the Coast Guard's traditional missions are not getting the full support they need from the Department of Homeland Security. The Administration's Fiscal Year 2009 budget document estimates that the Coast Guard will spend less on operating expenses for marine safety, aids to navigation, ice operations, marine environmental protection, living marine resources protection, and drug and migrant interdiction than was spent in Fiscal Year 2007.

On the other hand, the breakdown reveals that the Service is expected to spend $1 billion more on operating expenses for port security in Fiscal Year 2009 than in 2007. I understand the importance of port security, and I understand that assigning the use of the Coast Guard's multi-mission assets to a specific mission for budget purposes is as much art as it is science. However, these numbers appear to show a disturbing trend away from traditional missions that we know are important day in and day out, year in and year out. I hope that the witnesses will address the perceptions of many in the maritime industries that these numbers reflect the Coast Guard's decreased priority on these mission areas.

The Coast Guard is a multi-mission service and is unique in the way that it leverages resources and assets across its many missions. I look forward to working with the Coast Guard to vigilantly maintain balance across the Service's missions to assure that safe-

ty, security, and stewardship all receive their fair allocation of resources.

I still also have concerns over the funding levels that are proposed for non-Deepwater acquisitions and construction and funding to address the more than $1 billion backlog in shoreside facility projects and the Administration's continued proposal to transfer ice-breaking funding to the National Science Foundation.

The Subcommittee will also review the request for the Maritime Administration. I look forward to hearing more about how the proposed funding levels will impact MARAD's efforts to establish a Short Sea Shipping Program, as the Chairman has mentioned, that will increasingly utilize our Nation's water highways to move freights and goods. I am concerned that the Agency has not requested any funding for the Title XI loan guarantees for ship construction or grants for capital and infrastructure improvements of small U.S. ship board carriers.

A strong U.S. merchant fleet operated by U.S. merchant mariners enhances our national security and is vital in supporting maritime commerce. I look forward to the witnesses' testimony on how the Administration will continue to support domestic shipbuilding efforts with this request, and I thank you, Mr. Chairman, and I yield back.

Mr. CUMMINGS. Thank you, Mr. LaTourette. It is my understanding that there are no opening statements from our other Members, so therefore we will proceed directly to the testimony.

We now welcome today's panelists Vice Admiral Robert J. Papp, Junior Chief of Staff, United States Coast Guard; Master Chief Charles W. Bowen, Master Chief Petty Officer of the United States Coast Guard; and Sean Connaughton, Administrator of the United States Maritime Administration.

Welcome, gentlemen. We are very happy to have you. We will first hear from Vice Admiral Papp.

TESTIMONY OF VICE ADMIRAL ROBERT J. PAPP, JUNIOR CHIEF OF STAFF, UNITED STATES COAST GUARD; CHARLES W. BOWEN, MASTER CHIEF PETTY OFFICER, UNITED STATES COAST GUARD; SEAN CONNAUGHTON, ADMINISTRATOR, UNITED STATES MARITIME ADMINISTRATION

Admiral PAPP. Good morning, Mr. Chairman, Mr. LaTourette, and distinguished Members of the Subcommittee. It is a pleasure for me to be here this morning. I have submitted my written testimony for the record, and I would like to open with just a few brief comments.

I would like to acknowledge my panel mates. Master Chief Bowen is our senior enlisted member, and he will focus his testimony on the performance and needs of our Coast Guard workforce. The courage, devotion, and commitment of our Coast Guard shipmates to our many missions inspires me and is worthy of the Nation's full support for compensation and benefits commensurate with our Service partners in the Department of Defense.

I would also like to acknowledge the sacrifices of our Coast Guard families who are so supportive while their loved ones serve in harm's way aboard Coast Guard cutters, aircraft, and small boats literally around the world.

We are blessed to have a solid partner in the Maritime Administration under the steady hand of its leader, Administrator Sean Connaughton. Sean is putting together his vision for the maritime industry into action for strong and tested leadership. As a former Coast Guard shipmate, I cannot imagine a better relationship or more supportive colleague. More than anything else, I am grateful for Sean's leadership in support of the U.S. Merchant Marine Academy both as the Maritime Administrator and as a King's Point graduate himself.

I know I speak for all Coast Guard Academy graduates in sharing my gratitude for the existence of at least one college we can beat on the football field. Thank you very much, Sean.

[Laughter.]

Admiral PAPP. The Coast Guard has an extensive and storied history of outstanding service to our Country. Our value to the Nation resides in our multi-mission authorities, resources, and capabilities. The Coast Guard's ability to field versatile platforms and adaptable people with broad authorities is perhaps our Country's most important strength in the maritime environment.

Two thousand seven, as the Chairman noted, was a very good year for us. We saved over 5,000 lives, removed a record $4.7 billion of cocaine from the global narcotics stream, rescued over 6,000 migrants on the high seas, and co-sponsored one of the largest oil spill exercises ever conducted. And we celebrated our one-millionth life saved since Congress passed the Revenue Cutter Act, and President Washington signed it into law on August 4th, 1790.

Despite our successes, we have much to do to prepare for the future. The rapidly growing global maritime transportation system, expanded coastal development, and changing conditions in the Arctic challenge our current capacity and capabilities. Added to this is the specter of transnational terrorism, increased sophistication in human smuggling and drug trafficking, and expeditionary demands to support the global war on terror. These conditions form the basis of Admiral Allen's call to create a Coast Guard that is more appropriately sized, structured, and adaptable to meet our modern 21st century mission demands and responsibilities.

Our Fiscal Year 2009 budget seeks the resources needed to continue our efforts, and I urge your support. Admiral Allen recently stated that one of the biggest challenges facing the Service is capacity. We have multi-mission authorities, capabilities and competencies, but what we need is greater capacity on many fronts. Our budget request starts building that capacity in key areas, most notably our marine safety program.

Despite our robust multi-mission capabilities, the effectiveness of our Service remains threatened by our increasing reliance on outdated, rapidly aging ships, aircraft, and boats and shore infrastructure. The budget request before you sustains service delivery while continuing critical ship, aircraft, and boat-building projects, and focuses on three strategic areas: first, enhancing our marine safety capacity; second, improving command and control; and third, establishing a comprehensive intelligence and awareness regimes.

Our request for 276 additional marine safety personnel will help us meet our growing demand for services that is being driven by the expansion of the marine transportation system, and a mandate

to begin inspecting the Nation's fleet of commercial towing vessels. Additionally, we are requesting funding to help reduce our marine safety and environmental protection regulatory backlog by increasing rulemaking capacity.

The Coast Guard is also requesting continued improvements to our command and control systems, including continued funding of Rescue 21 as well as an increase in multi-mission watt standards to increase our capacity at our Nation's 15 busiest Coast Guard sectors to meet the growing around-the-clock demand for multi-mission services in our busiest ports.

Finally, our request includes new initiatives to both expand and improve our intelligence program and awareness regimes, establishing minimum levels of organic counter-intelligence and cryptologic service capability that are critical to our future success as members of the intelligence community.

In closing, our first Secretary Alexander Hamilton once said, "There is a certain enthusiasm in liberty that makes human nature rise above itself in acts of bravery and heroism." The Coast Guard family, the active-duty civilian auxiliary and reserve embodies Secretary Hamilton's sentiments daily in their actions and through their deeds, brings forth the best in service to America and the best in our human spirit.

I thank you for this opportunity to testify today, and I look forward to your questions.

Mr. CUMMINGS. Thank you very much.

Mr. Bowen.

Chief BOWEN. Good morning, Mr. Chairman, and distinguished Members of the Subcommittee. I have prepared a written statement that has been submitted for the record.

On behalf of the over 49,000 men and woman who make up the active and reserve components of the U.S. Coast Guard, I would like to thank Congress for their support and continued efforts to position America's Coast Guard to be ready to answer the call and execute the mission. I think that the events of the last few years have forced us, all of us, to become more vigilant. Every minute of every day members of our Service are on watch, seven by twenty-four, somewhere on the globe. To stand these watches, to man the boat, ships, and aircraft necessary to execute the mission, to be able to respond to all threats, all hazards, in all environments, we must focus on our people.

Two thousand seven was another exceptional year for the U.S. Coast Guard. The personnel performing our Coast Guard missions did so in demanding conditions beyond precedent. Our men and women performed with courage, sacrifice, and dignity. Over the course of the last year, I have personally visited thousands of Coast Guardsmen all over the world, and I know first-hand what they do.

In the frigid waters off Alaska, Petty Officer Will Milam rescued four terrified survivors despite 15-foot seas and a rupture to his dry suit that allowed freezing water to threaten his own life.

Master Chief Mike Levitt survived the full brunt of a 20-foot ocean wave that tore a full-face helmet completely off his head but still managed to complete the rescue of a man who had been swept off of a jetty in Humboldt Bay, California.

Petty Officer James Huddleston miraculously escaped injury when the military base in Iraq where he was located suffered a mortar attack, but as soon as the attack was over, immediately sprang into action to render aid and comfort to his fellow warriors.

Everyone has a role, whether through mission support or mission execution. It is our people who rise to meet every challenge, and the challenges include our aging infrastructure, including aging cutters and housing. These are quality of life issues that affect the morale and well-being of every member of our Service.

The U.S. Coast Guard is operating a fleet of ships that is on the average extremely old. We have people assigned to 40-year-old ships that still have 30-man berthing areas. Our crews live aboard these ships at least 185 days every year or, in other words, for every year that they are assigned to these cutters, they spend over half of their lives aboard. From a quality of life perspective, living areas aboard these ships must be maintained at least to the standard to which it was built. As these cutters age, that is becoming more and more of a challenge and will require additional funding to accomplish.

Family housing is an important issue for our members and their families. Providing safe, suitable, and affordable housing directly impacts our mission readiness. Inattention to our family and unaccompanied housing units will ultimately lead to health safety and morale concerns that are unacceptable to our members.

At almost every all-hands meeting I hold at unit, someone asks me about transferring their Montgomery G.I. Bill benefits to their family. If this benefit could be transferred to spouses and children, it would be considered a huge step forward for our families' welfare.

In addition, like all military spouses, the unemployment rate of Coast Guard spouses is higher than the general population. Frequent permanent change of station moves often prevent laying down the community roots necessary to obtain good jobs. A Federal Government hiring preference would be a great step forward.

Thank you for the opportunity to appear before you, and thank you for all that you do for the men and woman of the U.S. Coast Guard. I look forward to answering any questions that you might have.

Mr. CUMMINGS. Thank you very much.

Administrator Connaughton?

Mr. CONNAUGHTON. Mr. Chairman, Mr. LaTourette, Mr. Larsen, and Mr. LoBiondo, it is a great pleasure for me to be here this morning to give an overview of the Maritime Administration's budget. And it is a great honor for me to be here as well with Vice Admiral Papp and Master Chief Petty Officer Bowen. We are partners, and we do work very, very closely with the Coast Guard as well as some of the other agencies, Federal agencies involved in maritime transportation and safety and environmental protection.

This has been a very, very busy year for the Maritime Administration. We have attempted to realign some of our offices and programs; we have tried to change direction to make sure that we are a better agency to serve the needs of the industry as well as needs of the United States. I think in many ways we are starting to see

the fruits of that reorganization, that realignment, as well as seeing some success in some of our efforts.

I can go through and give you some idea about some of the initiatives, and you have noted some of them, Mr. Chairman. The fact that we have LNG facilities that are coming online that for the first time are committing to put American seafarers on board the vessels serving those LNG facilities.

We have commitments for U.S.-flag LNGs, and in fact we are going to be announcing just in the next couple weeks another company that is going to commit for U.S.-flag LNG. We are actually starting to have companies come forward even with those who are not directly dealing with, but actually committing to put American seafarers on board their vessels coming here to our Country, which we think is very good for our economy, obviously good for our seafarer base, but also good for security as well.

We have been working very aggressively to increase the number of cadet billets. What we are finding right now is there is a tremendous demand. As you know, Mr. Chairman, you held a hearing late last year about the fact that we need more mariners serving the U.S. industry as well as internationally. So we have been trying to find cadet berths aboard mostly American companies that have foreign-flag vessels. We have already had three sign up, and we have had two more that are pending, which will provide us with several hundred new cadet berths which will obviously assist both the U.S. Merchant Marine Academy and the State maritime schools.

We have also been working very aggressively with you, Mr. Chairman, as well as other interested parties, in trying to retain or recruit young men and women right from the very beginning of high school programs to try to get them interested in the maritime industry and/or any of the military services and naval services.

I think some of the success rate, something I have never seen before from our State schools and U.S. Merchant Marine Academies is the fact that here we are only eight months after graduation from the class of 2007, and we are seeing that over 90 percent of our students are at sea or in the military, which is some of the highest we have ever had. So it is a great story, and it is a great opportunity for us as a Nation.

As you noted, Mr. Chairman, we have been working to actually implement the legislation that you were a leader on, and that is the Marine Highway Program. We found an enormous amount of support among State and local governments as well as within the industry. We are working to implement the legislation that was just recently passed and have draft regulations actually, interim draft regulations, being reviewed right now within the Department of Transportation. Also, we are moving forward on establishing the work group that the legislation ends up calling for.

But we do think this is a great opportunity to not only help the maritime industry but also to help relieve shoreside congestion.

We have also been very, very active on implementation, actually enforcement of the Jones Act, and working very closely with our partners at the Customs and Border Protection as well as the Coast Guard.

We have been very aggressive in dealing with our ship disposal problems. We still have problems in Suisun Bay out in California,

but that has actually, through working with the states of Virginia as well as Texas, we have been able to continue moving ships out of those two fleets, and last year I think we have almost 23 vessels that were moved out last year, which is close to a record of our other two fleets. We continue to move down the number of obsolete vessels in our fleets.

The Maritime Security Program is continuing to be a success. We have seen a turnover in some of the older tonnage coming out and newer tonnage coming in. Part of our Administration's request is for the full funding. That is an additional $18 million into the program to keep that program alive and keep those vessels in the U.S. flag.

In addition, we continue to have a very strong national security role. Last year we added eight new vessels, Fast Sealift Ships to our ready reserve fleet and that, I think from the view of the military has been a very, very big success.

And finally, on the Cargo Preference Programs, obviously, the Maritime Administration continues to have a very strong role in cargo preference. I think if anything, we have been seeing greater and greater utilization of U.S.-flag vessels and making sure that everyone complies with the Cargo Preference Programs.

So we are trying to, in this budget request, Mr. Chairman and Members of the Subcommittee, to actually build on these successes. One of the things I will mention to you is obviously, when we look at the State Maritime Schools, we are trying to double the amount of money that we provide to the students there so we can end up getting more students interested in going to sea and getting licenses. We are obviously asking for additional money into the Maritime Security Program. We continue to add and invest in the U.S. Merchant Marine Academy and, obviously, we do have some money that has been set aside for the Marine Highway Program, at least to set up the program, but that is only $311,000, the least of our budget request.

So thank you very much.

Mr. CUMMINGS. Thank you very much.

Admiral Papp, let me start with you. Just a general question that follows up on what Admiral Allen stated, the Coast Guard speech. Do you believe that the Coast Guard should grow and, if so, what should be the size of the Service to enable it to conduct the missions it is currently expected to perform?

Admiral PAPP. Thank you for that question, sir. I do not know how big the Coast Guard should be, but I certainly think it is time to open up the dialogue in talking about how big the Coast Guard should be. I certainly know that it is too small, and if I can illustrate that with just a small example that is very personal to me, my last assignment before coming here was District Commander in the 9th District, which covers our Great Lakes Region.

The total uniformed force that I had available up to me as the district commander was 2,000 people. Now, that stretches across eight States, about 6,500 miles of shoreline, 1,500 miles of international border carrying out the full mission set of the Coast Guard with 2,000 people. Some people might think that is a lot, but by comparison the city of Cleveland where I had my headquarters had a police force almost the same size for that one city.

The city of Chicago, which is the biggest city up on the Lakes had almost 20,000 first responders between police and fire for one city. We had 2,000 to carry out the full spectrum of Coast Guard missions up there on the Lakes.

Admiral Allen made the statement the other day that the entire uniformed Coast Guard force could fit in the new National Stadium, I corrected him in the press he was short by 200. I guess we leave about 200 people standing room only in the stadium. But the fact of the matter is, we are about the same strength when I came into the Service over 30 years ago. In fact, we went through reductions in the mid-1990s which took about four or five thousand of our people, and since 9/11 we have grown back to the same size we were in the mid-1990s, yet we have picked up all these additional responsibilities, most notably the security mission that has been put on top of all the traditional Coast Guard missions.

Mr. CUMMINGS. The Coast Guard's Fiscal Year 2009 request includes some $20 million for 276 additional marine inspectors. Can you tell us how these billets will be filled, and will they be filled by civilians, uniformed military personnel, or both? And how long would it take to train these folks so that they can be fully prepared to meet the challenges that they face?

Admiral PAPP. Well, it is a significant challenge, and it is a good start; 276 is a good start. I think as Administrator Connaughton appropriately notes in his comments, the marine industry is under stress. We are going to be going after the same people that the marine industry is going after to put out on the ships. For instance, the maritime school graduates are important to our program, and the Administrator correctly notes that industry wants those people as well.

So it is going to be a challenge for us, but we hope to begin the hiring process throughout 2009. We have already committed, we harvested 30 billets within Coast Guard headquarters to put immediately out into the field through this reorganization process that Admiral Allen has directed.

The 276, there will be a split. I can get you the exact split for the record, but I think it is close to 164 or so military and 51 civilian. Some of the additional billets will go toward staffs and support for those billets.

We believe firmly that we need to increase the number of civilians for stability and continuity in our prevention departments across the Coast Guard. So it will be a mix. It will be a challenge for us to hire those people, but we are committed to doing it and we are about the business of getting on with it.

Mr. CUMMINGS. Do you know offhand the number of cadets that we have at the Academy?

Admiral PAPP. At the Coast Guard Academy?

Mr. CUMMINGS. Yes.

Admiral PAPP. It is a little shy of 1,000 people, sir.

Mr. CUMMINGS. A thousand?

Admiral PAPP. Yes, sir.

Mr. CUMMINGS. And do we have the capacity to take on more? With the things that you just said anticipating that you may increase your enlisted means you are going to have to have more offi-

cers and people coming out of the academy, are we prepared to take on more folk in the Academy?

Admiral PAPP. Well, sir, we could probably take on more folks at the Academy, but we also have officer candidate school that we draw people from. We already do have established programs with the maritime academies. We are looking to try and double the number of people that we get from the maritime academies because, quite frankly, those are people who have an expressed interest in working in the industry, working with the industry, and they pick up some very good experience through their curriculum and their underway times while they are in training.

So it would be a mix of all the above. The Coast Guard Academy, the loading of cadets at the Academy, because it is a four-year process, that is sort of our stability, our baseline of officers. We augment when we have additional needs through officer candidate school, direct commissions, and going out to the maritime academies.

Mr. CUMMINGS. Have you read the report on the Coast Guard's marine safety program completed by Admiral Card?

Admiral PAPP. Oh, yes, sir.

Mr. CUMMINGS. You said that with great enthusiasm.

Admiral PAPP. Well, I respect Vice Admiral Card greatly. I was chief of congressional affairs when he was the Vice Commandant, and I worked very closely with him. When Admiral Allen became acutely aware of the problems and the complaints and the concerns of the marine industry, Admiral Card was one of the first people we went to because he has a tremendous reputation with the community and is deeply respected within the Coast Guard as well. He was our first choice, and he went out, this was not Admiral Card going out by himself, he was asked by Admiral Allen to go out there, pull no punches, speak to the industry, get direct feedback, and then come back and report to us.

So not only have I read the report, I have sat down and I talked with Admiral Card. Admiral Card has come in and addressed our senior leadership. We have had multiple meetings with industry and brought Admiral Card into those meetings as well. In fact, just two weeks ago we had senior members from across the industry come in for a two-hour session with the Commandant behind closed doors. Admiral Card was there and helped facilitate a little bit, and then we had dinner with all these gentlemen and ladies as well.

Mr. CUMMINGS. I am going to ask just a few more questions, and then I want to go on to Mr. LaTourette, and then I will come back later to you, Mr. Bowen and Mr. Connaughton.

I know that this is something that Chairman Oberstar, is very, very interested in, but let me just ask you about this report, and I am sure he will have more detailed questions.

This report raises many of the criticisms of the program than have been of concern to the Subcommittee, including the loss of professional competence which is very, very important, as I know you are aware. The limitations that frequent transfers place on the ability of marine safety personnel to develop technical and geographic expertise, and the fact that the industry believes that the Coast Guard marine safety inspectors have lost a desire to work in

partnership with them to achieve safety and what should be complimentary security goals.

How do you, since you had so much interaction and spent, like you said you have had many discussions, how do you respond to Admiral Card's assessment? And what can be done to strengthen the maritime industry as a career, and to ensure that those who choose this career believe, as it is considered by the Coast Guard leadership, to be equal to other career paths?

Admiral PAPP. Well, I go back to my own personal experience that I spoke of up in the Great Lakes, which has a tremendous maritime community up there, some very proud companies that have worked up there and carried on commerce on the Lakes as well as our Canadian partners up there.

A lot of the concerns that were expressed through Admiral Card's report started to come forth during the couple of years that I was up there on the Lakes, and I think that is just a microcosm of what we are experiencing across the entire Country. I do not think it comes as a surprise to folks that our focus shifted at September 11th, 2001. It was not just the Coast Guard shifting its focus. We were given assets, resources, and direction under the Maritime Transportation Security Act to improve security in our ports. I do not think anybody complains about the level of effort and concentration that we gave that over the ensuing six years.

However, we probably did lose sight of our marine safety mission during that time period as well. And while we gained tremendous additional resources, some of those 4,000 to 5,000 people that we gained since September 11th, 2001, many of those were directed at the security missions.

The Coast Guard within our culture takes great pride with getting all our jobs done well, and it embarrasses us when we are both publicly and behind the scenes notified that, hey, you have lost sight of a mission, and you are not doing so well at it. But I think, as you have experienced, once something is called to our attention, it gets concentrated effort by the Coast Guard.

We have called in, like calling in Admiral Card, we have called in some of our own active duty people who were raised within the marine safety program, and we have come up with a very clearly defined plan to work into the future to restore the emphasis on the marine safety program, to honor our U.S. mariners and make sure that they are appropriately served by the Coast Guard and to set in motion career paths within the Coast Guard that will indicate to our people that this is a valued and important mission for the Coast Guard.

Now, that doesn't happen overnight, sir. We did not get into this situation overnight, but I am confident that we have the wherewithal, the dedication and the commitment, to do that. And I, myself, I have been a ship driver all of my career, I have an appreciation for the marine safety program having been a district commander with regulatory captain of the port, officer in charge, marine inspection authorities resident in me, it became abundantly clear that that is a significant important mission, and we need to have experts that can advise senior decision-makers within our Service.

We will do a number of things besides bringing in the people that I talked about. We are going to increase post-graduate studies; we are going to increase industry studies, getting people assigned to industry to work; we are creating centers of excellence where we will develop our young people. And, more importantly and as importantly, the Commandant has looked to me to find ways that we can get more of our young officers out to sea, gaining that at-sea experience so they can apply it, they can learn as mariners, and have an appreciation for it so when they go into their assignments working in the marine industry, they carry that credibility and that experience.

Mr. CUMMINGS. Just as a last thing, listening to what you just said, first of all, let's go back to Katrina. There is absolutely, unequivocally, no doubt that one of the finest moments of the United States Coast Guard was during Katrina. No doubt about it.

There were expectations of Government, and from what I could see the one agency that did exactly what the people expected Government to do was the United States Coast Guard, rescuing over 30 some thousand, 20,000 of whom would have died if it were not for the Coast Guard. I have said that many times.

Where am I going with this? There was an expectation, a high expectation, and the Coast Guard met it. But in other agencies we had situations where, when the rubber met the road, we discovered there was no road. And I think that when you come to marine safety, which is a very, very significant part of what the Coast Guard, part of your mission, I am wondering how do we make sure that we do not fall asleep.

Do you understand what I am saying? Because I want everything to be done the way you all did it with Katrina, I mean, so that you can be what I know you want to be, the best in every single thing that you do. We understand that you are being stretched to the Nth degree. And Mr. LaTourette and all of our Committee Members are trying to figure out every way that we can to make sure that we are not demanding more of you than you can handle.

But I just do not want us to be in a position where maybe in another area that is very important to us you have to get a wake-up call, but the wake-up call then comes after some catastrophe, and then everybody is saying, boy, why didn't we know that? Why weren't we aware of that?

And I just want to make sure—and I think this of all Government agencies, I feel that strongly about this—I want to make sure that we have the mechanisms by which we are constantly reevaluating where we are. Are we up to date? Do we have the kind of equipment that we need? Do we have the personnel? Have we moved to a culture of mediocrity, or where are we so that we do not fall in that hole, that black hole that I saw with Katrina?

And I do not think that any member of our—nobody in this Country, any of our citizens would have been more pleased with what happened other than during Katrina than other than with the Coast Guard. Do you follow me?

Admiral PAPP. Yes, sir, exactly. When something like Katrina happens, it is an all hands on deck effort by the Coast Guard. I talked about the 2,000 people I had up in the 9th district. I sent 300 people down to Katrina, helicopter crews, boat crews, et cetera.

I short-changed myself in the 9th district in order to respond to the urgent need in the 8th district. And I was like all the other districts around the Coast Guard, there was the need, we sent our forces to where that need was.

However, when we perform like that, we create the misperception in the minds of the public that we can do that as a service on a sustained basis which takes us back to the capacity problem that I talked about in response to your first question, sir.

So the wake-up call in terms of dealing with the marine industry is, in a form, Katrina, and we have created over time this misperception that we can do everything with the little bit of resources that we have. We can do the marine safety function. I do not think there is a better agency to be able to perform the mission; however, we also need the capacity to do that. This budget request sets us down that course by getting 276 people into the system to start responding to that.

We have experts. We have people with experience that we can call upon. They are over-subscribed. We need to start filling the system with new people moving through the pipeline to replace those pros that we have right now and build the capacity to take us into the future.

Mr. CUMMINGS. Thank you very much.

Mr. LaTourette?

Mr. LATOURETTE. Thank you very much, Mr. Chairman. Thank all of you for your testimony and, Admiral, I last saw the Chairman of the Full Committee, Mr. Oberstar, in Akron, Ohio, last Wednesday, and, just sort of a blast from your past, I asked him if he wanted to go up to the Grand River to see the Neah Bay working, and, sadly, he had other things to do and could not join us, but, as usual, the Neah Bay and the folks in Cleveland do a great job.

Master Chief, I want to start with you. Last year the authority of the Coast Guard to enter into public/private partnerships relative to the acquisition of housing expired. Now the construction of housing depends upon a direct appropriation to the Service. The President's budget, I think, has $13 million for the acquisition of housing in New York and Alaska.

I guess the first question would be, is the expiration of the Coast Guard's authority under Title XIV, have you seen an impact on the ability to house people in the Coast Guard? And, secondly, if you have, I would ask you how it affects operational readiness, retention, and morale.

Chief BOWEN. Well, first, our housing inventory itself is over 40 years old. It is old, it costs a lot of money to maintain, it is difficult to maintain. So our folks, while our housing people do a great job with what they have, and I think it is adequate, in some places it is just barely adequate. And when you look at other places, the other military services, for instance out in Hawaii, I was just recently out there, and we transferred a whole bunch of houses to the Army because they were going to be able to go into a PPV situation. And because of that PPV situation we are going to be able to enter into that with them.

These houses that are being built, I took tours of them, these things are beautiful, for our junior petty officers. I mean, absolutely

gorgeous places that are safe, a huge quality of life for all of the folks out there in Hawaii. But Coast Guard-wide we cannot do that. And even though the public/private venture authorities, they lapsed, we were never able to take part in that because of the CBO scoring that has impacted.

But I will tell you, PPV, I have looked at military bases all over the world where that is going on, it is absolutely a success, and I would love to see our Coast Guard people be more involved with that.

Mr. LATOURETTE. Thank you very much, Chief. I'll just tell you on my last visit to the station in Fairport, they took me down into the basement, and you have to have a lantern on your head, and I think it was built about the time that that part of the world was facilitating the Underground Railroad. It was an old station.

Admiral, I heard what you said in response to the Chairman's question, and I know that you heard what I said during my opening remarks that there is at least a perception when the budget request has a billion dollars less for what would be traditional Coast Guard missions and a billion dollars more than in 2007 was the year I referenced for port security and more homeland security.

And so I think what the Chairman was talking about and what I was attempting to get at, there is at least a perception that again, and the Chairman cited Katrina, and I think that a lot of Members of this Committee did not think it was the right decision when FEMA was wrested from the jurisdiction of this Committee and put over into the Department of Homeland Security.

I do not know that it caused all the problems that we saw relative to FEMA's response, but I do think it caused some of the problems. And I think the perception and what we are worried about is that the same thing is occurring because of the demands of homeland security, potentially, on the Coast Guard's missions. I would just ask for your thoughts.

Admiral PAPP. Yes, sir. What you are seeing is a forward projection of our mission cost model. Now, the mission cost model was developed to be able to demonstrate that we are spending our money across the various missions. We, of course, get our money from various appropriations, but because the Coast Guard is so multi-mission in comparison to almost every agency within the Service, we then have to be able to go back and demonstrate where we have been spending our money across these various mission areas.

So this model was developed in order to demonstrate past spending and how it was allocated and distributed across those mission areas. Unfortunately, what we have been asked to do is then use that to project ahead where we are going to spend.

I do not believe that that is an accurate way of portraying it, because what it does is it takes trends that have developed over the past five or six years and projects them into a future year, which is not necessarily the case because, obviously, post-9/11 we spent a lot of money on security operations. We spent a lot of money on high-value assets—boats, aircraft, ships, et cetera—which elevates the costs in comparison to something which is people-centric like the marine safety program. The cost of sending a cutter to sea with various missions for security is much higher than paying for a ma-

rine inspector. So if you project those costs that have been developed over the last five years ahead, it is going to disproportionately give you an impression that we are not spending as much money on a certain program.

The way to really get into it is, where are we directing, where are our new starts, where are we spending the money? And I would say spending money on 276 people, that is the largest block of people that we are buying in this 2009 budget for the marine safety program.

Mr. LATOURETTE. It is a little akin, I think, if you are a homeowner, and if your roof was leaking and this year you had to put a new roof on it, and it was a $12,000 expense that would not necessarily be reflected that every year you spend $12,000 with roofs.

But although I have heard and I understand your answer, I think that I agree with you that the marine safety bump-up of 276 is a wonderful thing, but you still have to have money to do things. I think you get the point, and I get the point.

I thank you and I thank the Chairman.

Mr. CUMMINGS. We are very pleased to have the Chairman of our Full Committee, Mr. Oberstar.

Mr. OBERSTAR. Mr. Chairman, since Mr. Larsen was here first, I would like you to call on him.

Mr. CUMMINGS. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman, and thank you, Mr. Chairman, both.

Mr. Connaughton, the first question is for you. In the Northwest, the marine industry total economic output is about $362 million. It supports about 4,000 jobs, total wages about $148,500,000. Part of that, not all of it—certainly, a part of that is the existence of small, relatively smaller shipyards, smaller, certainly, than the ones I saw in Mr. Taylor's district a few weeks back.

Yet the budget that has been proposed is zero dollars for assistance for small shipyards. But I think I recall in the staff memo there was $10 million approved in the Fiscal Year 2008 budget and zero for 2009. Can you talk a little bit about why there is zero this year, $10 million last year, what is going on with that?

Mr. CONNAUGHTON. Yes, sir, Mr. Larsen. The program, actually this is the first year that we have had appropriations actually for this program. So as you understand, obviously, our budget request overall went in through our department, through up to OMB back in September, August, September of last year.

Mr. LARSEN. Sure.

Mr. CONNAUGHTON. So our authority to actually implement this program predated that; however, the first appropriations that we saw was this December.

So we have moved very quickly, sir, to implement the program, and we have issued Federal Register notices announcing the program. Yesterday, we had the deadline for submitting applications. We were still getting quite a few applications. Yesterday, we had the Fed-Ex man and woman waiting out there with full boxes of them. So obviously, sir, we are going to see how this program works but this is the first time, again, that we have ever had it, and this is why there was no money requested for it.

Mr. LARSEN. So it is possible that if it is seen as successful from a merits point of view in terms of the applications that you see this year, and using that $10 million, that it may catch fire, if you will?

Mr. CONNAUGHTON. Well, sir, I think, obviously, when we are putting together our budget request, we are given general targets, we are trying to fit within those targets. This is a brand new program. We have never had the opportunity to really judge whether it is successful now, so we will see how that goes, sir.

Mr. LARSEN. Okay, thanks.

Admiral Papp, questions for you about icebreakers and ice operations, might be a surprise hearing from me. In your posture statement, your posture statement highlights polar presence and capabilities as one of your top five strategic priorities. The ice operations in the 2009 budget, as I understand it, despite that commitment, actually has a budget request for ice operations that is a $15 million decrease from Fiscal Year 2008.

The only evidence in the budget that I am able to see, particularly, that is an increase as your polar presence and capabilities, it is a line item request for polar high latitude study. Am I reading this right, or what can I divine from the proposed budget relative to ice operations and the commitment from the Coast Guard?

Admiral PAPP. Sir, I am going to have to get back to you on that $15 million line item because I am just not certain where the comes from. I would have to look into that.

The fact of the matter is that the National Science Foundation still manages the operating funds for our three polar breakers. It is a very difficult situation for us to deal with. We ended up having polar sea on standby this year. I did not get the mission to break out McMurdo, so it was on standby in case the commercially-leased icebreaker broke down. And we are currently looking for opportunities perhaps in the Arctic this summer to do a mission in order to keep that crew trained and ready to go.

Mr. LARSEN. Can you be more clear for the Committee about what this NSF operations authority has on, the impact that it has on the Coast Guard?

Admiral PAPP. Yes, sir. This is about $45 million which pays for the operations of the vessels. In other words, the Coast Guard pays for the people who are on the ships, but in order to get operating funds to take the ship away from the pier on any mission, we get mission orders from the National Science Foundation which, then, they transfer the money back to us to operate the ships.

Mr. LARSEN. To operate the ships for the National Science Foundation?

Admiral PAPP. Yes, sir.

Mr. LARSEN. What place in line, then, does the Coast Guard sit with icebreakers when it is NSF or Coast Guard? Who comes first?

Admiral PAPP. Well, the polar breakers, primarily Healy, which is an Arctic breaker, it was designed to be in the Arctic, gets all its missions from the National Science Foundation. It was designed for scientific purposes.

Polar Sea and Polar Star were designed as pure icebreakers and primarily for the breakout of McMurdo and any other operations in the Arctic as well. National Science Foundation manages those missions, and as it stands right now, they have the alternative of

going to, in this case, a foreign country to lease an icebreaker from them rather than using our icebreaker for the mission.

Mr. LARSEN. And then you have to sit and wait until NSF makes a decision about which asset they might use?

Admiral PAPP. That is correct, yes, sir.

Mr. LARSEN. If I may, Mr. Chairman, just quickly, regarding the Arctic, Foreign Affairs magazine has an article this month written by a former lieutenant commander of the Coast Guard about the Arctic, and I commend it to your reading if you have not read it already.

Can you give us, can you give me an idea of where the Coast Guard is headed with the Arctic in terms of concept of operations when we might be seeing something more specific on a con-ops for the Arctic, and what that might mean for budget time frames?

Admiral PAPP. Yes, sir. That is the high latitude study that we are talking about there. You know, 14 U.S.C.—I used to joke about this on the Great Lakes because we dealt with ice a lot up there—14 U.S.C. talks about the waters of the United States, and it doesn't say whether it is hard water or soft water; it is just the Coast Guard is responsible for it.

So what we are faced with now is that for years we have had hard water up there, and now it is receding and creating soft water. Therefore, an increase in activity up there, whether it is, you know—we have projections of cruise ships, oil exploration and other things, plus other people, whether it is fishing, we have responsibilities to carry out our mission sets in the Arctic now as well where open water is developing.

This presents us with new challenges. Both boats and aircraft have to be prepared for working in low temperatures. We have done some exploration up there in terms of flying a C-130 to the North Pole. Admiral Gene Brooks, the 17th district commander, has been directing various projects. We are going to put a couple of small boats, a helicopter and some other resources up in the north this year, and we will see what it takes for us to operate up in those latitudes and then take those results and start projecting for the future in terms of what capabilities and capacities we need up there.

Mr. LARSEN. Thank you, and, Mr. Chairman, I would appreciate your indulgence. I just wanted to be sure that got on the record. I am sure most of us on the Committee are aware of all of this, but it is something a few years out we are going to be dealing with on the Committee, and special interests in the Pacific Northwest as well.

Mr. CUMMINGS. Thank you very much.

Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman, and thank you Mr. Larsen for that very thought-provoking line of inquiry.

Mr. Chairman, I just want to compliment you on the manner in which you have conducted your responsibilities as the Chair of this Subcommittee. You have seized the issues and mastered the subject matter, done the Committee proud, and the Coast Guard, and all of those who depend on the Coast Guard for their service. You have done a superb job.

Admiral Papp, I think one of the previous times you and I were together was up in Duluth for the commissioning of the Alder, and retirement of its predecessor, resplendent in whites on a glorious sunny day in the Harbor of Duluth. Well, the sun is not shining much up there this year, and it is a hell of a lot colder than it was back then, the retirement of the Sun-Do.

Now, the Coast Guard budget submission, budget request is $8.8 billion, a little bit of an up-tick from previous year, $459 million up. But now, if I have the numbers right—I think I do—the authorized personnel level for Coast Guard is 45,500, and you are at 41,800. Is that correct?

Admiral PAPP. Yes, sir, that is correct.

Mr. OBERSTAR. And in response to or a request for a statement you made is, we have to increase the size of our personnel, but we do not know how much.

Admiral PAPP. Yes, sir, that was my statement.

Mr. OBERSTAR. Why don't you know how much?

Admiral PAPP. Well, sir, we have been working incrementally and developing those personnel needs that we can fit within our budget top-line authority over the last few years. We have not projected ahead of what should the maximum size of the Coast Guard be. I think that is something that, is a decision that has to be made not just within the Coast Guard.

Certainly, we could put some thoughts to that process and come up with numbers. I think we all believe that we are not big enough, but how much Coast Guard can we buy? How much Coast Guard can the Country afford I think is properly discussed between the Administration and the Congress with input from us.

Mr. OBERSTAR. Well, with input from the Coast Guard, but that input is probably going to be sub rosa, because I think you in the Coast Guard know what you need.

When I came to Congress in 1975, I served on Coast Guard Committee, Subcommittee then, and continuously through all those years until now, I am Chairman of the Full Committee. The Coast Guard authorized level and actual level of personnel in 1975 was 39,000. Congress has added 27 functions, new functions, to the Coast Guard's responsibility in all those years, and the Coast Guard has known all along what it has needed to do, but each successive Office of Management and Budget has prevented the Coast Guard from submitting to the Congress its list of needs to be fully operational.

In years past, we have been able to get blank sheets of paper under the door, over the transom as we use to say, there are no transoms anymore. Too bad. We need transoms for unsigned papers to be sent over. And so I think it is a great disservice to the Coast Guard to keep loading new functions on and have either Congress either unwilling to fund them, or an Administration unwilling to request of the Congress the money needed.

You have roughly 5,000 officers and 35,000-plus enlisted personnel. I think there was a higher ratio of, well, certainly a different ratio of officers to enlisted 30-plus years ago than today. Do you think this is an ideal number? Do you think we need more, or one more of the other?

Admiral PAPP. I think we need more across the board, sir. Let me start with the enlisted side. Once again, I hate to keep going back to my time on the Great Lakes, but that is my experience, so I can speak about that with authority.

Mr. OBERSTAR. Go back, with relish.

Admiral PAPP. Yes, sir.

Mr. OBERSTAR. They were good years.

Admiral PAPP. Yes, sir. And as I recall, I think that was a very warm spring day in May in Duluth about 40 degrees, as I recall. I had 41 small boat stations up there. Not a one of those stations was probably fully resourced to conduct the search and rescue mission. And we know that. We have been trying to come up with station staffing standards for years trying to determine what is the right mix, what is the right number. We never got there for search and rescue, and now we have added the security operations on top of that.

So, intuitively, obviously, we do not have enough people to do all the things that we want to do. Now, how many should that be? Sir, I just do not know.

Mr. OBERSTAR. And you are either not prepared or not permitted to tell the Committee what that number should be. And the spirit of the Coast Guard, semper paratus, I think you are always prepared. But I will say, and you need not comment on it, but you are not being permitted to tell us what the needs are.

Compare the mission of the Coast Guard pre-Department of Homeland Security to its current Department of Homeland Security responsibilities. How do you view the changes in the mission and responsibilities of the Coast Guard today compared to pre-Homeland Security?

Admiral PAPP. Well, sir, as I give you that answer I have to not let stand a statement. If I knew how big the Coast Guard should be, I would tell you.

Mr. OBERSTAR. You would tell us?

Admiral PAPP. Yes, sir.

Mr. OBERSTAR. Well, then, tell us in a very short period of time.

Admiral PAPP. If there is anybody in the Coast Guard who would know how big the Coast Guard should be, as Chief of Staff of the Coast Guard, I would know that. We do not have a set figure, nor is there anyone who is preventing us from saying anything. We have not just been given the task, given the resources that we have, the preparations for hearings, budget preparation, et cetera, we are devoting all our resources that we have within Coast Guard headquarters in preparation for each year's budget cycle.

If given the task to come up with how big should the Coast Guard be, we certainly would relish taking on that task. But I can assure you that we have not given any brainpower to how big, what is the maximum number, nor has anybody directed us to, nor has anybody told us not to discuss it. In fact, OMB has been in on the meetings and in on the State of the Coast Guard speech when Admiral Allen talked about the Coast Guard being larger, and we have received no rebukes, no comments, no concerns at all.

I think everybody recognizes that in an unconstrained environment, the Coast Guard should be bigger. I think we all agree.

Mr. OBERSTAR. But now we are in this new era of homeland security, you know the Coast Guard should be bigger, you should be planning for those new responsibilities and the personnel needed. So come back to us soon. The appropriation process is beginning. In two weeks we are going to bring a Coast Guard authorization bill to the House Floor after a long delay of negotiating with Admiral Allen over the marine safety function. We are going to move ahead with the bill.

Admiral PAPP. Yes, sir.

Mr. OBERSTAR. And I am pleased to see that the budget projects 276 new marine inspectors, but we will have standards for those inspectors in this legislation when we finally get it through the Congress.

So tell me, come back to my point about how you view the mission. What are your changed responsibilities in the homeland security era, in just a couple of minutes?

Admiral PAPP. It has been a sea change, sir. As you know, I was Chief of Congressional Affairs in the year before September 11th, 2001. I was up here the week before September 11th working with the Appropriations staff. We had already lost about 4,000 to 5,000 people during the mid-1990s and, quite frankly, the budget that was going forward for us in 2001 was going to force us to release even more people from the Coast Guard and have us lay up and retire assets. If it was not for September 11th, 2001, we would probably have even a more reduced Coast Guard with an inability to take up our entire mission set.

Post-9/11, with the additional responsibilities brought on by the Maritime Transportation Security Act, has seen immense growth. As I stated earlier, approximately 5,000 people regained into the Coast Guard, but the direction has been from both the Administration and the Congress to focus on security operations. And we have taken that on like we take on any other mission, with full force.

And now we are looking back and, with the oversight of your Committee and the Subcommittee, have been reminded as well by the marine industry that perhaps we lost sight a little bit on that mission. So we are devoting significant resources to restore our performance in that mission area as well.

Mr. OBERSTAR. What I am getting at is that homeland security function requires the Coast Guard to have a near police-type operation, constant patrol, constant surveillance and personnel on the water, at sea, in the ports. And that changes the nature of the Coast Guard mission and requires more personnel.

You say you have shifted largely 5,000 personnel. That is in response to Mr. LaTourette's comment about FEMA. What happened with FEMA is 250 of their top, most seasoned personnel were redistributed throughout the new Department of Homeland Security, and $500 million of their budget lopped off the top and shipped elsewhere. And that made FEMA vulnerable right at the time they needed those personnel, they needed the seasoned, experienced people the most, at the time of Katrina.

So we do not want that to happen to Coast Guard. We want the Coast Guard to continue. As I cautioned the President in the meeting, Mr. Young, at the time Chairman of the Committee, and I were at the White House, on a discussion of the Homeland Security

Department, are you going to provide enough funding for the Coast Guard to carry out its historic missions of rescue and safety and tending to the navigational needs of our maritime community, and this new mission of homeland security? And the President was rather surprised and said, well, we'll attend to that. Well, they have not. These budgets do not reflect this new responsibility.

On the equipment, you are underway with the 41 utility boat construction. You have 14 response boats to replace the 41-foot utility boats, and you are underway of a fast response cutters arching back to our hearing on Deepwater, so now the plans are to scrap eight of those cutters. Is that right?

Admiral PAPP. Those are the eight 123-foot cutters that were converted. They were 110-foot cutters, and we added onto them.

Mr. OBERSTAR. You did.

Admiral PAPP. Yes, sir, and they were found structurally unsound for service. And the fast response cutter will be the replacement for not only those but the remainder of the fleet of 110-foot patrol boats.

Mr. OBERSTAR. Now, we have information in Committee that the Pacific Area and the Atlantic Area commands have analyzed the number of small boats they need. You have not provided that information. I request you to submit that information to the Committee.

Admiral PAPP. Yes, sir.

Mr. OBERSTAR. To the Subcommittee. It will be distributed to all Members.

So we need more, the Coast Guard needs more resources, to deal with the LNG and other high-rise facilities that are under development. Are you prepared to deal with those needs?

Admiral PAPP. Well, we have numerous needs, and the operational commanders should be looking out there for potential things that come in the future.

I think we would make the case that LNG does not necessarily equate to a responsibility or a need for increased capacities for simply the Coast Guard. This is something that should be probably appropriately shared with industry and the municipalities that have the facilities. I do not think that a Federal solution is necessarily the only solution or should be the primary solution; it should be a shared responsibility for security.

Mr. OBERSTAR. Okay. Now, in 2003, the Coast Guard signed a contract for 700 25-foot Defender boats but have acquired only 409 of that number. Why didn't you follow through with the whole contract?

Admiral PAPP. Well, that has been a great contract, and that boat has certainly been serving us well. Once again, we look at what we can fit into the budget amongst competing needs across the entire missions spectrum of the Coast Guard. Now, these boats are something that serve multiple missions out there. They carry marine inspectors out to do boardings for inspections; they carry out law enforcement patrols; they carry out search and rescue. It has been a great boat.

But also along with that comes people. When we order new boats, there is also people that come along with it. We ordered in Fiscal Year 2008, we are ordering 26 additional boats, but that car-

ries with it 238 FTE, and we are also buying some additional boats for recapitalization, I think 10 or a dozen additional boats.

We buy out of two funds.

Mr. OBERSTAR. Let me interrupt at that point because I don't want to keep other Members waiting, but when you did the analysis of a need of 700-plus Defender boats, you obviously at the same time understood you needed personnel to man those vessels, and you had a personnel number in mind. Now you are saying that because of personnel limitations we could only get up to 409 of those vessels. There is a disconnect between the personnel planning and the equipment planning.

Admiral PAPP. I do not think so, sir. I think it is just these are management decisions that we are confronted with on a yearly basis.

Mr. OBERSTAR. Well, subsequently to the decision to order 700, somebody said, well, we are not going to have enough people, so we cannot buy the additional ships.

Admiral PAPP. We enter into a lot of contracts, sir, that have a maximum number or options for so many. We do not necessarily buy all those. We set up a contract with an initial estimate, and then options to continue buying over the course of the contract. We just have not reached the maximum number of boats on this particular contract.

Mr. OBERSTAR. Well, there certainly is a disconnect. Either the Administration has failed to provide the funding, Congress has failed to appropriate the funds, something has fallen short.

I am going to come back to icebreakers. We have had for a change good cold winters in the Great Lakes region. We have needed more icebreaking. That is why we have the Mackinaw. But just 10, 12 days ago the harbor icebreakers in the Duluth-Superior harbor were unable to clear a path for taconite-carrying vessels to move out.

They asked for the Mackinaw, but we are told that Mackinaw cannot be spared, and that the harbor icebreakers would do, and they did not. Why was not the Mackinaw available for duty?

Admiral PAPP. Well, I would have to get back to you with the specifics on that. I do not know where the Mackinaw is on any given day, sir. We have multiple operations going on up there. There is Operation Taconite, there is Operation Coal Shovel, there are three separate icebreaking operations going on, and at any one time the district commander has to decide what the best allocation of those resources are. Perhaps she was working in the Straits, could not get up to the locks in time, or was diverted to another mission. I am not sure, but we can certainly find that out for you.

Mr. OBERSTAR. Well, the Lakes folks are very unhappy about the misallocation.

And, Mr. Connaughton, I do not want you to feel neglected over there.

Mr. CONNAUGHTON. It is okay, sir.

Mr. OBERSTAR. Quiet moments, a reflective moment. We have an Act at present signed into law, authority for Short Sea Shipping Program on the Great Lakes. I would like to know what the Maritime Administration is doing to implement that legislative directive.

Mr. CONNAUGHTON. Mr. Chairman, first, thank you very much for your personal leadership on this item as well as everyone on the Subcommittee and the Committee. We appreciate very much your showing leadership interest in this.

This has obviously been a program that we have been working on. The passage of this legislation gives us, for the first time, some statutory grounding to move this program forward. Right now we do have draft regulations. The legislation calls for interim rules to be published within, I think, two or three months. We do have draft regulations that are in circulation right now within the Department. Hopefully, we will be able to get those out close to the deadline.

In addition, we are moving forward in actually establishing the working group that your legislation calls for that would bring in public and private stakeholders as well as the Federal Government agencies interested in this issue. And so we are moving forward.

In this budget request we had already asked for some money within our Operations and Training Account for the Short Sea Shipping Marine Highway Program. It is our hope that as we move forward and we start to show the viability of this program, that we will be able to grow this program.

We have right now had tremendous, tremendous support from State and local governments. We have essentially changed our focus, reached out to the various metropolitan planning organizations, and we have many of them who are actually on board trying to help us make some of these projects a reality, a way to get trucks off the road, a way to get some of the environmental benefits that we think that marine transportation brings to the mix, and the fact that, obviously, it is a great way to create maritime jobs and, obviously, economic activity.

So again, we appreciate very much your support and your leadership on this. I think we are moving forward in the right direction.

Mr. OBERSTAR. Thank you. I am very encouraged that you are on track on those, on the regulations. There is great interest among Great Lakes mariners in shipping activities. One of the great benefits is going to be to relieve the congestion in Chicago where it takes 48 hours for a trainload of containers to move 7 miles through the city of Chicago. Moving containers over the Lakes, bypassing the choke point of Chicago, can speed the movement of goods, lower their cost, and provide new economic activity throughout the Great Lakes. And that's one of the benefits of the Short Sea Shipping initiative.

And I will not elaborate on it at this point but thank you, Mr. Chairman. Any information you provide in your next benchmark, please send me that information. I will share it with my Great Lakes colleagues.

Mr. CONNAUGHTON. Thank you, sir, we will.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. Mr. Taylor?

Mr. TAYLOR. [Remarks off microphone.]

Mr. CUMMINGS. Mr. Bishop?

Mr. BISHOP. Thank you, Mr. Chairman, and Mr. Taylor, thank you as well.

Mr. Connaughton, Shell recently put out a press release in which they were announcing that they were going to begin to recruit U.S. mariners to staff their growing fleet of LNG vessels. In that press release you were quoted as saying "The growing worldwide demand in the LNG industry, including domestic proposals like Broadwater, create a significant opportunity for U.S. mariners, the U.S. maritime industry, and coastal communities throughout the country." Should I take that as an endorsement on your part for the Broadwater proposal?

Mr. CONNAUGHTON. You could take that as an endorsement of the concept of putting Americans on LNG no matter what flag, sir. Obviously, Shell is a company that we have been working with in the context of a fleet that is growing in LNG. One of the reasons it is growing is because, obviously, it is starting up facilities and importation facilities in different parts of the country, most particularly Broadwater.

But we have been working with Shell, other entities have been working with Shell to get Americans on board because we do believe, given the statute that exists today, that encourages the use of Americans, encourages the use of American vessels, is something that is good for safety, it is good for security, it is good employment opportunities for U.S. mariners, sir. And that is what we are after.

Mr. BISHOP. Thank you. But you are not specifically endorsing Broadwater, therefore?

Mr. CONNAUGHTON. Sir, the Maritime Administration is responsible for the licensing activities for offshore facilities.

Mr. BISHOP. Right.

Mr. CONNAUGHTON. This facility is, obviously, a FERC facility. We do not get involved with the FERC facilities. We do not endorse or not endorse. Obviously, they are working through their process.

Mr. BISHOP. Thank you. In 2006, we amended the Deep Water Port Act of 1974 to require the Secretary of Transportation to implement a program that would promote the transportation of LNG on U.S.-flag vessels, and it also directed that LNG facilities that would be serviced by U.S.-flag vessels be given priority in licensing decisions.

Would you recommend the same policy to the FERC? That is to say, when the FERC is licensing a facility in State waters, would you urge the FERC to give priority in terms of licensing decisions to facilities that would be serviced by U.S.-flag vessels?

Mr. CONNAUGHTON. Sir, I think that, obviously, we are administering the statute you have referred to, and we think that uniformity in any of these applications should be one of the goals in licensing, whether onshore or offshore facilities. We think that at least we have found—because this is not a mandate—but simply asking the question to put Americans on board, simply asking the questions for them to consider having U.S. vessels has actually been very successful because nobody has actually asked before.

By showing them the cost structure, by showing them the safety and the security and the environmental benefit that we think go along with it, as well as they recognize that the various communities that are being looked at for LNG facilities, it is different when they know that maybe one of their friends, neighbors, or relatives are on those vessels.

And so we think it makes sense, we have seen great success. We are about to announce another company that is going to commit to U.S.-flag, and it is just simply asking the question. And I think everyone should ask that question.

Mr. BISHOP. I thank you for your efforts in that regard.

Admiral Papp, I want to sort of pick up on the line of questioning that Chairman Oberstar was pursuing, but I want to focus it, specifically, on Broadwater. And, by the way, I do have interests other than Broadwater, although I suspect that at least Mr. Connaughton wonders whether there is anything else on my mind.

The Waterway Suitability Report that the Coast Guard produced relative to the Broadwater application said that the facility, if it were licensed and constructed, it would require the Coast Guard to have either a 87 or 110-foot coastal patrol boat. And it said the Coast Guard would need to add 62 additional people, 62 additional personnel.

So my question to you is, if, in fact, Broadwater were to be licensed and constructed and the Coast Guard was then presented with a need for either an 87 or 110-foot vessel, how does the Coast Guard handle that? Do you come to us and add to your capital procurement request for that vessel? Do you redeploy it from within your existing fleet?

And the same question for the personnel: How do you accommodate a new need for 62 additional personnel? Do you redeploy, or do you come to us with an increase in your end strength?

Admiral PAPP. Well, sir, there are a number of ways you can go about that. You are correct, though, it would be a new start for us. I would say this is analogous to what we are doing with the Navy in terms of providing security for the ballistic submarines as they go out of Kings Bay. Out on the West Coast, the Navy actually bought us 87-foot patrol boats and provides reimbursable money to pay for the crews and for the boats and crews that support the security operations for the ballistic missile submarines.

When Captain Boynton did that study, I think he, like any other good Coast Guardsman, were looking at, okay, security needs provided, the Coast Guard will step up to the plate, and this is what we would need to do it. As we have gone through the process and we look at additional areas, we really take the view at this point that this has to be a shared responsibility.

Mr. BISHOP. Can I engage you on that?

Admiral PAPP. Yes, sir.

Mr. BISHOP. Because in response to one of Chairman Oberstar's questions, you talk about a shared responsibility, and you talked about industry and the municipalities having a piece of the responsibility.

Now, in the case of the facility with which I am the most familiar, the FERC has the sole jurisdiction for deciding decisions; local government has no jurisdiction and no say. Suffolk County has no say, the towns have no say.

So wouldn't it be adding insult to injury to go to these municipalities that are doing everything they can to fight off this facility and say, oh, by the way, you now need to help us provide for the safety and security of this facility, and you have to put this onto

the real property tax base of your municipality, whatever it is. Isn't that a little tough sell?

Admiral PAPP. Sir, I hate to sit here and give you headlines, but as a Coast Guard officer, it is really out of my jurisdiction. As a taxpayer or citizen, I think I would agree, philosophically, that if the municipalities are not asking for it, then the burden should not be placed on them.

What I am talking about is a more general philosophy that, depending upon the circumstances in any given area, whether it is industry, whether the State or other locale has come together to develop a facility, then it ought to be a shared response in terms of providing security.

Nuclear plants, to me, seem analogous to this. That was a big concern of mine when I was a district commander. Once I visited the nuclear plants I found out there really was not any need for the Coast Guard. They have regulations, they have security firms, et cetera, some very strict guidelines that they go by that are put out there by the Nuclear Regulatory Commission. And I would say that LNG terminals, to me, represent a similar thing. There ought to be a set of rules, established guidelines, and then that the people who are responsible for the facility provide the security.

Mr. BISHOP. Thank you very much. Thank you for indulging my extra time, Mr. Chairman.

Mr. CUMMINGS. Thank you very much.

Ms. Richardson?

Ms. RICHARDSON. Thank you very much, Mr. Chairman.

Building upon our Chairman Oberstar and also now Mr. Bishop, I would also concur that your position of partnership of responsibility regarding LNG facilities might need to be reevaluated. In my district, Long Beach, California, there was a potential siting of LNG, and there still is much discussion, and I will tell you from those proposals that it is still, though, the ultimate responsibility of the Coast Guard to protect the coast.

The provider, the private provider, whether it is Shell, whether it is Conoco-Phillips, whether it is Mobil, whoever it is, they view and they testify that their responsibility is to ensure that their site is safe. But they are not responsible in terms of which boats physically come in, whether someone else comes in and seeks to attack or put some explosive device or whatever it might be on their physical site. So I think for us to assume that it is an equal partnership might be very short-sighted and something for further discussion of this Committee.

The three questions that I have are, number one, regarding the alteration of bridges. Currently, there are no funds that are requested for this program in Fiscal Year 2009, whereas in Fiscal Year 2008, $16 million was appropriated for this program. This is according to the Truman-Hobbs Act of 1940, and I will also tell you in my district we have the Gerald Desmond Bridge, and that bridge currently has a diaper hanging underneath it due to the fact that the larger ships now of the size of the ships that are coming in, the bridge is really not sufficient in its height to be able to allow for these ships to come through.

So my first question would be, what have you thought about in terms of actually having allocations in the Fiscal Year 2009 budget for the alteration of bridges?

Admiral PAPP. Ma'am, we put nothing in the budget. We had no plans for any specific bridges, and that is the budget that we put forward, and I do not have much to amplify beyond that.

Ms. RICHARDSON. Okay. Would you agree, though, that, given the larger sizes of the ships, there are going to have to be alterations to various bridges across this Country?

Admiral PAPP. Certainly, as a general statement, if we have larger ships coming into ports and currently that waterway is restricted because there is a bridge there, then the port, the locale, should enter into negotiations with whoever owns the bridge. The Coast Guard gets involved later on in terms of evaluations through our bridges program in determining the effects on the waterway, et cetera. And that is where we have our involvement.

Ms. RICHARDSON. Well, according to our document, it says that created by the Truman-Hobbs Act of 1940, the Bridge Alteration Program provides that the Federal Government will share with the bridge owners the cost of altering or removing railroad and publicly-owned highway bridges that obstruct maritime navigation.

So I have two other questions, but I would ask that you reevaluate what this Act actually states, which says that there should be a shared role. And I can tell you, as I said, in my area that it is being required from a navigational perspective.

Admiral PAPP. Yes, ma'am, and I would like to look into that a little bit further and provide you an answer for the record.

Ms. RICHARDSON. Thank you, sir.

Mr. CONNAUGHTON. Ma'am, if I could just throw one thing in, the Administration did request that part of the program be split from the Department of Homeland Security back to the Department of Transportation regarding some of these issues on actual replacement of bridges. That request is still out there and, obviously, waiting for authorization.

Ms. RICHARDSON. Well, according to our notes it says that last year the President's budget proposed to transfer the responsibility of the Truman-Hobbs Bridge Alteration Program to the Department of Transportation; however, that request was not renewed this year.

Mr. CONNAUGHTON. Actually, I think it is still the Department's, still the Administration's position, but I will come back and confirm that to you, ma'am. I think there is legislation pending to do that.

Ms. RICHARDSON. Thank you. I have two other very short questions. When we talk about the safety of the harbors, I would like to ask you a question about the role of the fire boats. Given the larger sizes now of many of the ships that are coming through, if we have a disaster again, an explosion, et cetera, many of the fire boats within these communities are not sufficient to reach completely across over the ships. Have you guys had any discussions about that?

Admiral PAPP. I certainly have not had any discussion. I suspect that that is something that is done regionally. We have area maritime safety committees. Each one of our captains of the port gets industry together. We can certainly solicit across our captains of

the port and see where they have had any of these discussions and once again provide information for the record for you.

Ms. RICHARDSON. I would appreciate it.

And my final question is really, I think, something you will like, something to help you. I noted in the testimony it said that currently our Coast Guard members are not receiving adequate health care responses, meaning that DOD and TRICARE managers are aware of an issue, but apparently the access to the health care is not appropriate for our members.

And I am referring to Mr. Bowen's testimony on page 5, and you say, ''We have made significant progress with TRICARE over the past few years. With your continued support we hope to ensure that this positive trend continues.'' What specifically are you asking us to do to help you with this matter?

Chief BOWEN. I think I should answer that, ma'am. What we have made progress with is boundaries. We have a lot of places where Coast Guard people are geographically separated from providers. For instance, on islands that may be within the 100-mile limitation on actually getting paid for dependents to go with their loved one if they have to go for some hospitalization or something like that.

Actually, Congress has helped us on that just recently. In the future, I will tell you right now, there is a growing issue that I am collecting information on with geographic—for instance, in Astoria, the providers are across a mountain range within 100 miles, yet still it is displaced. We are collecting information, and we will be working with our Congressional Affairs staff to maybe work towards next year getting it changed that it will help those folks out just like you just helped us out with the island situation.

Ms. RICHARDSON. I would just urge you to advise us as quickly as possible. Don't wait until next year. Those are things we are more than happy to assist you with if we can.

Chief BOWEN. Yes, ma'am.

Ms. RICHARDSON. Thank you.

Mr. CUMMINGS. Thank you very much, Ms. Richardson. Mr. Taylor?

Mr. TAYLOR. Thank you, Mr. Chairman, and thank our panel for being with us today.

Admiral Papp, I am going to start with you. If I hired someone to build a house for me, and then I hired that same person to put an addition on that house, within the course of putting in an addition on that house they ruined my house, made it uninhabitable, I would seek redress from the person who built it and put that addition on it.

That's the analogy I am using on your 110 to 123s. I am really not happy, for an agency that has really done so well, particularly as the Chairman mentioned, starting with Hurricane Katrina, and has a history of doing things the right way, as a representative of the taxpayers, I certainly cannot be pleased with what happened and the lack in what appears to be an effort by the Coast Guard to sweep this under the rug and pretend like it never happened.

Now, maybe the ships were old to begin with. If that is the case, why did the Coast Guard propose extending them? If they were not obsolete to begin with and the same person who built them came

up with a performance spec, not your spec, but their spec, to stretch them—and as I was told by one of your captains, literally from the time they engaged the clutches, the hull started deforming, the engines no longer lined up with the shafts, and they knew almost immediately they had a problem. I cannot understand why the Coast Guard has not held the contractor accountable.

The second thing I cannot understand is, the Corps of Engineers I know has language where, if they are displeased with the action of a contractor, until that first problem is resolved, they have the legal authority to ban that contractor from bidding on further work with the Corps. I think that is a very reasonable approach to take, and I am surprised that the Coast Guard has not asked for that in this instance.

We are talking about what? Eighty million dollars of disputed money. We are talking about eight ruined ships. And, quite frankly, I have to believe that if it was your money or my money, we would be a lot more demanding in straightening this out than what I have seen out of the Coast Guard. I really do expect you guys to do better, and it is not going to go away.

And yes, I am aware that the person that did the work is a major contributor to the President. It is public record. That doesn't make it right, and it needs to get fixed. Every time you or someone from your organization comes before this panel, I am going to ask the same question: what are you doing to make it right?

I have been in touch with Admiral Sullivan of the Navy's NAVSEA program, and he says for a million dollars he can do a definitive analysis of the 110s, what went wrong, and what it would take to fix them. Then we as a Nation, can make a judgment whether or not our money is better spent fixing them or more appropriately, if the contractor's money is better spent fixing them, or if we are better off just having the contractor reimburse our money plus the cost of destroying those vessels.

It is my intention to offer that as an amendment when your authorization bill comes up. I think the present situation, again, you and I would never treat our own money that way; we should not treat the taxpayers' money that way.

Secondly, on your replacement for the 41s, $4.5 million for boats sounds like a heck of a lot of money, or at least that is according to the brief I have in front of me. So if someone could walk me through that, I would appreciate it. Congressman LoBiondo, your former Chairman and a great Member of this Committee, expresses in a conversation some challenges that they are having in his part of the world with abandoned vessels, and I know it is not unique to New Jersey. We have a problem down my way, certainly, in the bayou country. I was curious if the Coast Guard had ever considered some sort of a drop-off point where people could present the Coast Guard with a quit-claim deed to that vessel and be absolved of it? The analogy being it is a heck of a lot easier to have someone bring their litter to a common dump than having to go along the highway and pick it up, scattered all over the place. I have to believe that we, as a Nation, would find it less expensive to do things that way, and I am curious if the Coast Guard has ever explored that.

Administrator Connaughton, again, let me start by thanking you for working with us on the Wounded Warrior Program. We have received, as you know, a favorable letter from the Secretary of the Navy. I have a similar request out with the Secretary of the Army. I think we can do a lot of good things. I think we can help these wounded warriors get their lives back in order, give them an opportunity to teach young people at your Academy. We would hope that all of the academies would follow suit with this. As the Commandant has pointed out, it is not just for people with master's degrees, it would be for wrestling coaches, baseball coaches. I would certainly encourage the other Members of this Committee as they visit people at Walter Reed or Bethesda and make them aware of this opportunity. Again, it could not have happened without your cooperation. I want to thank you for that.

I see in the memo, and I am going to quote the memo, and you tell me whether or not it is correct: "A Port Act of 1974, as amended through the Coast Guard Maritime Transportation Act of 2006, directed the secretary of transportation to develop and implement a program to promote the transportation of liquified natural gas to the U.S. on U.S.-flag vessels. The Act also directed the Secretary to give top priority to the processing of deep water port licenses to LNG facilities that will be supplied with natural gas by U.S.-flag vessels." Is that an accurate statement?

Mr. CONNAUGHTON. Yes, sir, it is.

Mr. TAYLOR. And to what extent are you working to make that happen?

Mr. CONNAUGHTON. We are being very aggressive in the applications that we receive to implement that law. We have right now three companies, three different applications that we have approved that have at the minimum committed to 25 percent U.S. citizen crew members.

We have another applicant that has committed to two U.S.-flag LNGs for their proposed facility off the coast of Southern California. And we are working with two other applicants right now, one who has already given us in writing a commitment to have a U.S.-flag LNG for their proposed application. We will announce who that is within the next month or so, sir.

The other application we are working on for another applicant has indicated that they are leaning towards also committing to a U.S.-flag application for their application.

Mr. TAYLOR. Administrator Connaughton, I am curious when you—I mean the law says U.S.-flag vessel. When you agree to only 25 percent of the crew and apparently waiving the requirement on the vessel, don't you think you are setting the bar pretty low compared to what the law says?

Mr. CONNAUGHTON. Well, sir, the law actually says that they will get preference. And so what we have been attempting to do is work with the applicants for some U.S. presence, some U.S. commitment on their applications.

We were able to do that. That is a minimum of 25 percent. We have also gotten commitments from other companies. As Mr. Bishop notes, Shell has committed that they will, even though they have no applications pending before us to actually put American mariners on board their vessels. But, sir, that law is not right now

a requirement for us to mandate U.S.-flag vessels. So everything that we get, we get within the context of encouraging these operators to consider American and to actually get some commitment for some American content.

So we have been more recently, I am going to say, successful now starting to get U.S.-flag commitment, just basically because, I think, they are starting to show, we can show the numbers right now, given the strength of the dollar, given the various costs involved in the normal LNG operation, that there is not a very vast price differential anymore. And so that is what we have been trying to show them in an economic case as well.

But, sir, again it is not mandatory. That language is for us to encourage them.

Mr. TAYLOR. Mr. Chairman, may I ask one last question for the record?

Mr. Connaughton, I am curious, I thought the Jones Act was pretty clear about transportation between U.S. ports. I was curious how the system of allowing lighters that go between super tankers and U.S. ports, how they were allowed to be foreign-flag vessels when they, at least in my way of thinking, do not make a true foreign voyage. I realize there are a number of vessels that are already allowed to do this, and that's water under the bridge. But as those vessels need to be replaced either under OBRA 90 and just because of obsolescence, is there any move within your organization to try to close that loophole?

Mr. CONNAUGHTON. Sir, the way the cabotage laws are, well, the way they read and the way they have been implemented is, if it is a vessel offshore, it is not considered a point or place in the United States unless it is within the territorial waters. So when you see right now a lightering occurring on a larger vessel in the Gulf of Mexico, that larger vessel is not considered a U.S. port or place.

A facility is. And that is why we are starting to see contracts going forth for the construction of shuttle tankers for some of these new facilities in the deep part of the Gulf of Mexico. Because once they have a buoy or once they have any sort of fixed structure on the bottom, that fixed structure becomes a point or place in the United States. So those vessels have to be U.S.-flag to transport the oil into the refineries.

However, again, a vessel that is just simply lightering or hovering off the coast of the United States is not considered a point or place under the way the law is written right now.

Mr. TAYLOR. Okay. Thank you, Mr. Chairman.

Mr. CUMMINGS. Thank you.

Just a few more questions, Admiral Papp, just on Deepwater. Can you give us an update on the national security cutter, and what are the results of the test and trials being performed on the ship?

Admiral PAPP. I would be glad to, sir.

Mr. CUMMINGS. Briefly.

Admiral PAPP. What a tremendous ship. It is exceeding our expectations on the machinery trials. It just completed its builders trials, and we will be getting a Navy in-serve team aboard during the month of March to do our acceptance trials, and we will be ac-

cepting it for the Coast Guard probably some time late April, early May.

Mr. CUMMINGS. And what contractual obligations, if any, may be unmet at the time of delivery? You know that is something that we have been very concerned about.

Admiral PAPP. Yes, sir. Clearly, I think machinery-wise the ship is going to be outstanding. It will have very few discrepancies compared to most lead ships. We are having some small concerns right now about information insurance. We are going through the TEMPEST inspections. We suspect that we can solve all those problems. They may not be completely solved at the time when it comes to make the decision to accept. However, you have to balance that against keeping it in the shipyard and incurring additional costs.

We can have the builders come to the ship after delivery and continue. The ship is, basically, under warranty, so we can continue to get work done, but we need to get that ship and that crew underway and start pushing it to the limits and seeing what it can do for our Country.

Mr. CUMMINGS. And what is the status of the TEMPEST testing?

Admiral PAPP. They are continuing with the testing right now. We have discovered some problems. As I say, we think they are all solvable. It may require some minor rerouting of wiring, insulation to cabinets, et cetera. But it is stuff that is technologically feasible and I think easily resolved.

Mr. CUMMINGS. Have there been further assessments made of the potential problem with the ship's hull fatigue life?

Admiral PAPP. Yes, sir. We have come up with a solution for hulls three through eight. It is probably going to cost about $5 million per ship, which in the overall cost of the ship is not highly significant, a fairly simple design change for those ships.

Now, for hulls one and two, Burtoff and Washee [phonetically] we will have to do some work after they are delivered. We are continuing to go through the process to determine exactly what we will need to do to those two ships. In fact, when Burtoff is delivered, she will be instrumented so that we can take various readings as she goes through exercises. It is something that we do not have to correct immediately; it can be done over a series of yard periods throughout the life of the ship.

Mr. CUMMINGS. Mr. Connaughton, back in October during a Subcommittee hearing on the Mariner Work Force, you spoke to the Subcommittee about a survey that you planned on conducting of the entire U.S. vessel operating industry to assess the extent of workforce. Back then you were waiting for approval, and I am just wondering what is the status of that, and have you received approval? Has the survey been sent to the industry? If so, can you comment on the results of the survey?

Mr. CONNAUGHTON. Yes, sir. Actually, shortly after the hearing, we were given final approval to go forward with the survey. It has been sent out to the industry. We are getting comments back. We have gotten quite a few responses to the survey, not as many as we thought we would get, and we are now trying to explore whether there are problems with the mail service because all of our mail obviously has to get irradiated. And we are trying to track down whether the responses are not as heavy as we thought because

they are potentially still in the pipeline trying to get to us. To be very blunt, we quite often do not get mail for two to three months after things have been mailed to us, which is probably around the time frame we are talking about right now.

So it is out, sir. We will be very happy to provide you a copy of what we sent out to the industry.

Mr. CUMMINGS. Please do.

Mr. CONNAUGHTON. And we will give you an idea about what, so far, the responses are.

Mr. CUMMINGS. Mr. LaTourette?

Mr. LATOURETTE. Thank you, Mr. Chairman. Just two questions, one for you, Administrator Connaughton, and then one for you, Admiral.

Customs and Border Protection have announced their intention to reinterpret the regulations relative to the foreign-flag cruise ships that travel between one or more ports. Under the current regulations, foreign-flag vessels can call on multiple U.S. ports in voyages that begin and end at the same U.S. port and make a qualifying port call.

The CPB, along with—and you can correct me if I am wrong—the strong support of MARAD, has proposed to require that cruise ships stop at a foreign port for not less than 48 hours and that time spent at foreign ports be greater than the time spent in the United States ports. The proposals proponents have reasoned that the reinterpretation would limit competition to three cruise vessels that have been reflagged under the U.S. flag and operate exclusively in Hawaii. Of the three vessels, only one has already been withdrawn from the U.S. registry, and the vessel's operators have also announced their intention to remove a second vessel.

The question is why are we protecting one ship, and it is not so much the ships that I am concerned about. Even though I do not live in Florida I could see a situation where everybody in Miami is happy, but they no longer stop in the smaller ports like Key West. And you are going to adversely affect the economy.

So what are you thinking?

Mr. CONNAUGHTON. Sure, sir. The Administration's position is a very strong support of the cabotage requirements and very strong support of the Jones Act. And the President has said that on numerous occasions.

What essentially transpired in Hawaii was legislation that Congress passed in 2003 provided for the allowance of these three vessels to come in and join the trade there and become U.S.-flag cruise vessels. Shortly after those vessels started operating out there, we saw a very large increase in foreign-flag tonnage operating from the West Coast to Hawaii. Those vessels were leaving from places like Los Angeles and San Diego, taking, actually advertising Hawaiian cruises, taking 14-day cruises following the same itinerary against the U.S.-flag operators when they arrived out in the Hawaiian Islands, returned back to the mainland via Encinada. In fact, one of the operators actually pulled into Encinada at 2:00 a.m. in the morning and left at 3:00 a.m., and that was their regular itinerary.

It was quite obvious at that time that there was an effort to avoid the enforcement, in fact, actually to violate the Passenger

Vessel Services Act. We brought this to the attention of the Customs Service. The Customs Service investigated it and actually asked both operators who were engaged in these trades to cease their operations. They chose not to do so. Customs then came forward with this interpretative rule.

In the process of coming forward with the interpretative rule, obviously, there was, I am going to say, now greater recognition that there may be other operations that are doing similar types of itineraries, although they are very small percentages of the overall market. In fact, when we went back and took a look, even though there has been a great hew and cry about this issue, let's just say out of the California trades, those involved in this Hawaiian, West Coast Hawaiian trade, I think is only one or two percentage of the total passengers actually embarked in California overall.

So we are working with Customs and Border Protection. They are the lead on this. We think they have done an exceptional job, sir, in trying to bring this issue to conclusion. There are discussions going on in the Administration about how to actually move forward for final regulations or a final rule, our final interpretative rule, and that is what is being worked on right now.

Essentially, what we have uncovered is that there is a violation of the cabotage requirements, and we are attempting to close that loophole. But, overall, it is a very small percentage of the foreign operators who are operating out of U.S. ports for foreign cruises.

Mr. LATOURETTE. Thank you very much.

And to you, Admiral, the Coast Guard still has significant mission hour shortfalls for its air patrols. Has the Coast Guard looked at interim measures to fill this gap until the CASA aircraft are fully on line and delivered?

Admiral PAPP. No, sir. What we are doing is pushing ahead with the CASA, which, by the way, is demonstrating great capability. Just last week there was a crash of two F-15s in the Gulf of Mexico, and we happened to have a CASA, or the Sea Guardian aircraft out there on training mission. It identified fishing boats in the area through its identification system. It controlled a KC-130 tanker, two other F-15s. It vectored a fishing boat in to recover one of the Air Force pilots and then actually located the second pilot, but had to leave scene.

It is going to be a tremendous aircraft for us, and we are devoting all our efforts in getting them out there as quickly as possible to fill the void that we have.

Mr. CUMMINGS. Thank you. Any other questions? There being none, this hearing is called to an end, and thank you very much.

[Whereupon, at 2:01 p.m., the Subcommittee was adjourned.]

SUBCOMMITTEE ON COAST GUARD & MARITIME TRANSPORTATION

"Fiscal Year 2009 Budget Requests for the United States Coast Guard and the Maritime Administration"

February 25 – 10:00 a.m.
Room 2167 Rayburn House Office Building

Script of Chairman Elijah E. Cummings

The Subcommittee will come to order [GAVEL].

Today, the Subcommittee on Coast Guard and Maritime Transportation convenes to examine the fiscal year 2009 budgets of the United States Coast Guard and the United States Maritime Administration.

The President has requested $8.8 billion to fund the Coast Guard in fiscal year 2009 – an increase of approximately $459 million over the fiscal year 2008 enacted budget.

Included in that overall budget request is a request of $1.2 billion for the Coast Guard's capital account – of which just over $990 million is requested to continue the Deepwater acquisitions program.

Admiral Allen, the Commandant of the Coast Guard, is not able to be with us today. We are

joined instead by Vice Admiral Robert J. Papp, the Chief of Staff of the Coast Guard. We are also honored to be joined by Master Chief Charles W. Bowen, the Master Chief Petty Officer of the Coast Guard.

Last year, the Coast Guard achieved many notable accomplishments.

In August, the Coast Guard celebrated the saving of a million lives through actions taken both by the service and by the precursor

agencies that were folded into the modern Coast Guard.

In 2007, the Coast Guard also removed 355,755 pounds of cocaine with an estimated street value of more than $4.7 billion from circulation – either by directly seizing the drugs or by causing those who were attempting to smuggle the drugs to the United States to destroy them before the Coast Guard could seize them.

This was an achievement that I marked by hosting a press conference attended by Vice

Admiral Papp in my district in Baltimore – a city that knows first-hand the harm caused by illegal drugs.

While we commend the Coast Guard for these achievements, the service must always be striving forward to meet emerging challenges – and the post-9/11 world has certainly brought significant challenges.

Commandant Allen has often said that he is a transition Commandant and he noted in his 2008

"State of the Coast Guard Address" that the service is at an "inflection point."

Before I speak in more detail about the specific elements of the Coast Guard's transition, let me note that I firmly believe that the transition must include growing the Coast Guard from an active-duty force of just under 42,000 individuals – and it must include modernizing the assets which the Coast Guard utilizes to conduct its missions.

The Coast Guard is undertaking a critical new effort to improve its ability to manage major

acquisitions. A new acquisitions directorate has been created under the leadership of Rear Admiral Gary Blore. The President's fiscal year 2009 budget requests $9 million for 65 new acquisitions positions to increase the professional staff in that directorate.

I support this request and believe that the establishment of the acquisitions directorate was a significant step toward creating within the Coast Guard the systems that can ensure both that taxpayer money for Coast Guard acquisitions is spent effectively and efficiently

and that the Coast Guard can be held – and can hold its contractors – fully accountable for the use of these funds.

That said, I continue to believe that the head of the acquisitions function should be a civilian with long professional experience in acquisitions management – as called for in the *Integrated Coast Guard Reform Act*, H.R. 2722, which passed the House by a vote of 426 to 0.

The Subcommittee also continues to be deeply concerned about the achievement of balance

between the Coast Guard's critical new homeland security missions and its traditional missions as it enters this new era. As security responsibilities are implemented, safety responsibilities must also be fully met.

The Coast Guard indicates that it has requested 276 new billets for marine inspectors and investigators in the marine safety program. These positions are to be funded with an increase of $20 million in operating funding. The budget also requests $2.6 million to pay for support to be obtained on a contractual basis to

help the Coast Guard complete nearly 100 pending rulemakings.

Obviously, completing the regulatory backlog is a top priority for the Subcommittee. Of particular and personal concern to me is the completion of the rulemaking – pending since 2005 – that will increase weight standards used to calculate stability on small passenger vessels – a proposal that grew out of the tragic capsizing of the LADY D in Baltimore harbor in March 2004 that killed 5 passengers and seriously injured 4 more.

The addition of billets to marine safety is long overdue, and the Subcommittee is eager to understand how these billets will be filled – whether by civilians, uniformed military personnel, or some combination of these two – and how individuals filling these billets will be trained to the required standards for an investigator or an inspector position.

In light of the recent report on marine safety issued by Admiral James C. Card, we are also eager to understand what steps the Coast Guard will take to ensure that all inspectors and

investigators meet the highest professional standards – and to ensure that marine safety is not treated as a stepchild to operations or other Coast Guard missions.

We will also hear today from the United States Maritime Administration regarding its fiscal year 2009 budget request. The Administration is represented by Administrator Sean Connaughton.

The President has requested just over $313 million for MARAD's fiscal year 2009 budget –

a slight decrease of just $21,000 below the enacted fiscal year 2008 budget.

MARAD is responsible for promoting the U.S. maritime industry. In fulfillment of that charge, I note with particular interest that MARAD has been taking significant steps to promote the development of short sea shipping – which is a priority for this Subcommittee.

The *Energy Independence and Security Act,* which passed Congress last year, included a critical new Short Sea Shipping Initiative which

makes vessels built under the Jones Act in the United States eligible for assistance from the Capital Construction Fund administered by MARAD. I look forward to hearing from the Administrator what MARAD is doing to implement this program.

It is critical that our nation takes every possible step to make water a mode competitive with roads and rails by supporting the development of short sea shipping.

To that end, I strongly believe we should exempt these voyages from the Harbor Maintenance Tax, as would be accomplished by H.R. 1499. I look forward to continuing to work with Congressman Rangel, Chairman of the Committee on Ways and Means, to advance this legislation.

As we examined in a Subcommittee hearing last year, MARAD is also studying the extent of shortages in the maritime labor force and we look forward to working with MARAD this year

to develop a legislative initiative to promote maritime education and training programs.

MARAD has recently developed innovative programs with shipping lines to provide training opportunities for American maritime academy cadets on-board both their U.S. and international vessels.

I applaud MARAD for its many creative new initiatives to fulfill its charge of promoting the U.S. maritime industry.

Finally, the Subcommittee had planned to examine the fiscal year 2009 budget request for the Federal Maritime Commission (FMC) today.

At this time, the FMC Chairperson's position is vacant and the four current Commissioners are collectively exercising executive authority and managing the Commission's business.

Due to the illness of a Commissioner, we have postponed that part of today's hearing until March.

However, as the Subcommittee begins the work of reauthorizing the FMC, we eagerly look forward to examining the Commission's recent work.

With that, I recognize the Ranking Member, Congressman LaTourette.

Statement of
Chairman James L. Oberstar
Hearing on
Coast Guard Budget and Authorization for
Fiscal Year 2009
February 26, 2008

Mr. Chairman, thank you for scheduling today's hearing on the Coast Guard's budget and authorization for fiscal year 2009. We are still working on the authorization bill for fiscal year 2008.

I applaud you Mr. Chairman for the Coast Guard hearings you held last year to include Deepwater, Marine Safety and Administrative Law Judges.

I would also like to commend the Coast Guard for their record year in 2007. Last year they celebrated one million lives saved since their inception in 1790. They also seized over 350,000 pounds of cocaine with a street value of over $4.7 billion, setting a new maritime drug interdiction record.

The Coast Guard has experienced tremendous growth in the past 7 years. In FY 2000 their operating expense budget was $2.7 billion, today it's $5.5 billion. In FY 2002 the Coast Guard's capital budget was $389 million. In FY 2007 it was $1.3 billion. For Fiscal Year 2009, in the President's Budget, they are requesting $8.8 billion.

The Committee continues to be concerned about the decline in resources for traditional missions of the Coast Guard including, aids-to-navigation, icebreaking,

marine environmental protection, drug interdiction, migrant interdiction, defense readiness and protection of living resources. The amounts requested for these programs for FY 2009 are all lower than the amounts that were appropriated in FY 2008. Although the amounts for the remaining missions of search and rescue, marine safety and ports, waterways and coastal security were increased for FY 2009, the Committee remains concerned that the increases are not enough.

There are challenges before us. We must ensure that the Coast Guard has the resources, the tools, and the direction from Congress so that they can effectively carry out all of their missions for the American people.

MARAD has also achieved impressive results in the past year. Since last October, Mr. Connaughton has signed agreements with several shipping companies to provide training opportunities for American maritime academy cadets onboard their U.S. and international vessels. He has also been working with foreign LNG companies to employ U.S. mariners on LNG vessels that will serve the United States and working with them to register their new vessels under the U.S. flag. These initiatives will boost the economy and ensure the U.S. will remain competitive within the international maritime realm.

Last year, Congress directed MARAD to develop a Short Sea Transportation program, to identify short sea transportation routes, and to make U.S.-flag vessels engaged in short sea transportation eligible for participation in the Capital

Construction Fund (CCF) program. I am anxious to hear from Mr. Connaughton his plans for successfully implementing this new program.

I look forward to working with you and Ranking Members Mica and LaTourette and to develop a bipartisan Coast Guard Authorization Act of 2008 that can be supported by the Full House.

Thank you.

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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

CHARLES W. BOWEN
MASTER CHIEF PETTY OFFICER OF THE COAST GUARD

ON THE

COAST GUARD FISCAL YEAR 2009BUDGET REQUEST

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2008

INTRODUCTION

Good morning Mr. Chairman and distinguished members of the Committee. I am the Coast Guard's senior enlisted member and am honored to be here to discuss our fiscal year 2009 budget request. I serve alongside the most capable and dedicated workforce in the U.S. Government and am pleased to discuss their needs and other Coast Guard priorities with your Committee today.

WORKFORCE COURAGE, SACRIFICE AND COMMITMENT

The U. S. Coast Guard is responsible for protecting the Nation against a wide array of threats and vulnerabilities. We take these responsibilities very seriously. Our Commandant, Admiral Thad Allen, is committed to ensuring that Coast Guard personnel are the best trained and most versatile workforce in government; equipped with the most capable fleet of multi-mission ships, aircraft, boats and command and control systems available.

I am very proud of the accomplishments of our service members. On behalf of the over 49,000 men and women who make up Active and Reserve components of the Coast Guard, I would like to thank Congress for their support and continued efforts to help us position America's Coast Guard to answer the call, to execute the mission, and to be *Semper Paratus*.

The events of the last few years have forced our Nation to become more vigilant. Every minute of every day, members of the Coast Guard are on watch 24/7 around on the globe. To operate the boats, ships, and aircraft necessary to execute the mission, to be able to respond to all threats, all hazards, in all environments, we must focus on our People.

The Coast Guard performed exceptionally during 2007 as in previous years. Last year the men and women of the Coast Guard celebrated over one million lives since 1790. We responded to over 27,000 search and rescue cases and saved over 5,000 lives. We seized over 350,000 pounds of cocaine – with an estimated street value of $4.7 billion dollars. The Coast Guard shined for America every day. At any given time, Coast Guard members may be rescuing victims trapped in the most harrowing of circumstances, inspecting commercial ships for safety of operation on the high seas, preparing community volunteers to assist with future response efforts or boarding vessels suspected of illicit activity.

The personnel performing our Coast Guard missions did so in extraordinarily demanding conditions. Our men and women performed with courage, sacrifice, and dignity and are eager to answer the Nation's call now and into the future. Over the course of the last year I have personally visited thousands of Coast Guardsmen all over the world and know firsthand what they do. I would like to share with you three examples of Coast Guardsmen placed in extraordinary circumstance. Their individual responses to each situation were exemplary. In our workforce, the quality of these individuals is the rule rather than the exception. Here are some examples of workforce heroism:

Petty Officer Wil Milam demonstrated extraordinary bravery as part of a Coast Guard helicopter crew working out of Dutch Harbor, Alaska. Upon receiving word that a fishing vessel was in distress, the crew launched despite winds gusting up to 35 knots and obscured visibility. Arriving on scene the helicopter crew located a life raft that was holding 4 terrified survivors. As

the rescue swimmer, Petty Officer Milam was deployed into the 15 foot seas. The rescue took two sorties due to a rupture in Petty Officer Milam's dry suit that allowed the frigid arctic seawater to enter. Experiencing exhaustion and hypothermic conditions himself, Petty Officer Milam persevered and rescued all four persons from certain death.

Master Chief Mike Leavitt displayed extraordinary heroism while facing 20-foot crashing waves to rescue a man who had been swept off a jetty in Humboldt Bay California. Master Chief Leavitt displayed leadership and courage under the most harrowing circumstances. During the course of the rescue operation, an ocean wave broke with such force that it ripped a full-face helmet completely off of his head. Master Chief Leavitt and his team continued the rescue and recovered the victim. That person is alive today because of Master Chief Leavitt and his team's courage and perseverance.

Petty Officer James Huddleston, on temporary assignment to the Atlantic Area Redeployment Assistance and Inspection Detachment in Iraq, displayed gallantry under fire during a mortar attack. Enemy rounds landed within yards of Petty Officer Huddleston, killing and wounding soldiers in the area. He miraculously escaped injury and immediately sprang into action to render aid and comfort to fellow warriors after the attack.

During 2007, over 800 Coast Guard active and reserve personnel deployed around the world in support of the Global War on Terrorism. Our continued deployment of six 110' patrol boats, two law enforcement detachments, and supporting personnel bolstered the ability of the naval component commander in the Arabian Gulf to secure the sea lanes, prosecute terrorism at sea, train Iraqi naval forces and protect Iraq's vital off-shore oil infrastructure.

Eight Coast Guard Health Services Technicians deployed as members of a joint military – civilian medical staff on the USNS COMFORT for a 120-day humanitarian mission to provide medical care to communities in 12 Latin American countries where medical care is in short supply or only available for affluent citizens.

These are just a few of many examples of the selfless dedication of the Coast Guard workforce. Here are their needs in the future.

INFRASTRUCTURE

The Coast Guard fleet is the 37th oldest fleet of 39 similar fleets in the world. As a priority, we need to replace aging vessels, aircraft and shore infrastructure as quickly as possible. The cost of maintaining and operating outdated assets is continually increasing, as are major unplanned maintenance evolutions and reductions in readiness. Vital shore infrastructure required to maintain our front line assets is also in critical need of renovation, repair and/or replacement. Ultimately, the future operational success of the Coast Guard is dependent upon a comprehensive recapitalization of front line operational assets and shore/support infrastructure.

Legacy cutter sustainment is a continuing challenge of particular importance to me. Beyond the need for system upgrades that will improve mission performance, our cutters need to be sustained for the sake of our people. Coast Guardsmen spend on average 185-days away from homeport every year. For the period that they are assigned to these cutters they spend over half

their lives living aboard. From a quality of life perspective, living areas onboard these ships must be maintained at least to the standard to which they were built. Space will necessarily be limited in a legacy cutter's 30-person berthing area, and these cutters will never match the six-person berthing areas of the new National Security Cutter, but we must at a minimum continue to provide a safe, clean environment for our people to live in. As these cutters age, this is becoming more of a challenge and will require additional funding in years to come.

Shore side infrastructure is also critically important to workforce quality of life. At work and on duty our people live and spend significant portions of their lives in our shore structures. During one unit visit in an aging facility the crew showed me a shop-room where a 6-foot geyser regularly shoots up from a floor drain after a hard rain. Such situations are all too common, as we attempt to keep our aging infrastructure operational with insufficient funds.

The Coast Guard is currently overseeing construction of cutters BERTHOLF (WMSL 750) and WAESCHE (WMSL 751), the first two National Security Cutters of the Integrated Deepwater System (IDS) acquisition program and the first new high endurance cutters in over 35 years. These cutters will meet the Coast Guard's multi-mission responsibilities in homeland security, national defense, marine safety, and environmental protection, and will strengthen operational readiness, capacity and effectiveness. Six-person state rooms, a state of the art mess deck, and an actual onboard gym are just a few of the features that will increase quality of life for our crews and provide stark contrast to the conditions on our legacy cutters. They are equipped with an aft launch and recovery area for two rigid hull inflatable boats; an expansive flight deck able to accommodate a range of aircraft; and state-of-the-art command and control systems. In December, BERTHOLF successfully completed its first sea trial and is well on its way to becoming a member of our fleet.

Your continued support of the IDS program is vital to the success of the modernization of the Coast Guard fleet and the well-being of our people.

CHILD CARE

In July 2006, we took an important step forward in establishing a partnership with the General Services Administration (GSA) to make childcare more affordable for Coast Guard families. This partnership was created to assist members with locating state-licensed, center-based or home-based child care facilities. Additionally, a tuition assistance program providing up to $4,500 per child per year became available to qualifying personnel for child care services received at commercial child care facilities nationwide. From July 2006 to the present, over 600 additional children have been enrolled in the child care subsidy program, and 550 Coast Guard families have received childcare subsidy benefits. Moving forward, we are working to expand our subsidy program and increase childcare access. This is especially important in remote areas where DoD or other government facilities may not be available.

HEALTHCARE

The Coast Guard's unique mission set often requires assignment to geographically remote locations. Approximately 50% of our members and their families are more than 50 miles from the nearest DoD Military Treatment Facility (MTF). These members and their families must rely upon the TRICARE provider network or more specifically, TRICARE Prime Remote. Unavailability of a MTF usually means no established TRICARE network. Moreover, due to the nature of our missions, our members are often assigned to high cost resort areas. In these areas,

many haven't been able to locate TRICARE participating providers simply because the providers are reluctant to accept the low TRICARE reimbursement rate. DoD and TRICARE managers are aware of these issues and are working to address them. We have made significant progress with TRICARE over the past few years and with your continued support we hope to ensure that this positive trend continues.

Available healthcare is one of the most important issues affecting Coast Guard families today. Military healthcare is the cornerstone of our quality of life benefit system, and one that is critical to beneficiaries.

HOUSING

As I have testified before, housing remains a major concern for our workforce. Providing our members the opportunity for suitable, affordable and safe housing directly impacts mission readiness. A member should not have to be concerned for the safety of their family while they're on a mission. The state of Coast Guard owned housing is of particular interest and concern to me. The vast majority of Coast Guard personnel collect Basic Allowance for Housing (BAH) and reside in private sector housing. However, there are some locations where private sector housing is insufficient to meet our requirements and it is necessary for the Coast Guard to provide housing.

Currently, the Coast Guard owns approximately 4,400 family houses and 227 unaccompanied personnel housing (UPH or barracks) facilities. The average age of Coast Guard housing is 40+ years, and we have a maintenance and recapitalization backlog in excess of $400 million for these housing projects. Examples of our aging inventory include 200 family homes in Aguadilla, Puerto Rico, and a 200 room Unaccompanied Personnel Housing (UPH) facility located in Staten Island, New York, both of which are inadequate for our current needs.

The Coast Guard needs to maintain housing in both locations, and the improvement projects will remain priorities. Inattention to our family and unaccompanied housing units will ultimately lead to health, safety and morale concerns that are unacceptable to our members and their families.

As an example, we recently started a rehabilitation project to repair the problems at the UPH in New York. These housing issues are an indicative subset of the aging shore facility infrastructure throughout the Coast Guard.

On a more positive note, the Coast Guard will begin construction on new housing in Cordova, Alaska this summer. This is a phased project, so with your support in FY09, the project in Cordova will continue. I also seek your support for a critical housing project for Coast Guard Station Montauk, New York, that will allow the Coast Guard to acquire homes in an extremely tight housing market on eastern Long Island. Both projects will solve housing needs in their respective locations that cannot be solved through other methods. Your support of these projects will allow us to take care of Coast Guard locations in dire need of new or recapitalized housing.

The Coast Guard considered entering into two public-private venture (PPV) projects in Alaska and New Jersey. However, due to Congressional Budget Office (CBO) scoring practices, the Coast Guard decided not to pursue these projects. Specifically, the CBO scoring would require the Coast Guard to obligate the full cost of these projects as new budget authority at the time of the lease agreements. This made the ability to execute PPV projects cost prohibitive and was a major setback for Coast Guard housing. We are now forced to rely on traditional funding resources which are extremely limited and must be competed against other priority operational projects. We are committed to seeking and implementing alternative solutions to improve the state of housing for our personnel. It is a top priority and we seek your support to improve the quality of Coast Guard housing.

Additionally, your continued support of annual BAH increases has positively impacted the vast majority of our personnel. Sufficient housing allowances permit our members to obtain housing within the local economy which, in turn, reduces the need for Coast Guard-owned housing. Of course, this only benefits those people who are assigned to areas with adequate private sector housing.

In areas where there is a shortage of both private and government housing (e.g. remote or resort areas), the Coast Guard declares the area a Critical Housing Area (CHA). This allows members the choice to move their family to their new duty station and try to find housing, or, leave their family where housing and support are available to them without affecting their housing allowance. The Coast Guard currently has 22 locations declared as CHAs; we also honor the 4 areas declared a CHA by the Navy.

LEADERSHIP AND TRAINING

I mentioned last year that our Leadership Advisory Council (LAC) had identified Leadership and Management Training school (LAMS) as essential to standardizing leadership training for members preparing to assume supervisory positions. I am pleased to announce inclusion of LAMS as a performance-based requirement for advancement to First Class Petty Officer (E-6). Investing time in our people and developing our future leaders is always the right thing to do. To help our organization modernize, we must adopt a comprehensive approach to developing leaders that fully acknowledges the significance of effective leadership in attaining mission success. Successful completion of LAMS is the first step. Developing these skills in all Coast Guard personnel will result in the continuous improvement necessary for us to remain ready for all threats and all hazards.

RECRUITING

Only 28% of the general population is eligible to be recruited for military service. Despite this and despite the increased operational and personnel tempos by all components of our Service, our recruiters continued to enlist young people attracted by our missions. The Coast Guard succeeds through the courage, devotion and sacrifice of our people. Our Service members epitomize the Coast Guard's core values of honor, respect, and devotion to duty in words and deeds. We have over 370 dedicated individuals assigned to our recruiting offices; the key to mission execution begins here.

FY07 was an impressive year. Coast Guard recruiters attained 100% of the active duty enlisted requirement and, for the first time in our history, met the enlisted Reserve mission requirement as well. More than 29,000 citizens applied for approximately 4,000 positions. We also continued to excel at diversifying our workforce. We achieved the second highest percentage of active duty minority accessions (35.7%) in the history of the Coast Guard. Recruiting can be a difficult and sometimes thankless task. Our recruiters are doing a superb job and are more than meeting the challenge.

RETENTION

Not only are we recruiting a quality workforce, but more importantly we are retaining a quality, diverse workforce. Overall current retention rates within our officer and enlisted communities are 93 and 88.7%, respectively. As a public service organization, it is essential that we retain a workforce that reflects the changing face of our country. By continuing to increase diversity we improve our mission performance, enhance our ability to communicate effectively with the public and spark innovation. We are committed to remaining an "Employer of Choice" for our people and their families and for those considering making the Coast Guard a career.

EDUCATION BENEFITS AND SPOUSAL EMPLOYMENT

During the 2008 State of the Union Address, President Bush mentioned a potential expansion of education benefits, along with a new hiring preference authorization for spouses. These are issues of great concern to Coast Guard families. At almost every "all-hands" meeting I hold at units the question of Montgomery G.I. Bill benefit "transferability" is asked. The ability to transfer the benefit to spouses and children would be considered a huge step forward for our family's welfare. In addition, like all military spouses, the unemployment rate of Coast Guard spouses is higher than the general population. Frequent Permanent Change of Station moves often prevent laying down the community roots necessary to obtain good jobs. The Federal government hiring preference would be a major step forward.

CONCLUSION

Coast Guard personnel are doing more than we've ever asked them to do in more places than we've ever asked them to go. By asking more of them, we are asking more of their families. We must continue to support the programs and initiatives we presently have in place, and they must continue to evolve as the needs of our families change.

The Coast Guard is populated with anonymous every day heroes. Ordinary people who through foresight, circumstance, determination, innovation or seized opportunity, do extraordinary things in pursuit of a cause beyond themselves. Some make the headlines – most don't. They all have one thing in common – on a daily basis they get the job done no matter the sacrifice. It takes a special kind of person to wear the uniform of the United States Coast Guard. With honor, respect and devotion to duty they are ALWAYS READY to answer the call.

Mr. Chairman, thank you for the opportunity to appear before you and for all that you do for the men and women of the Coast Guard. I look forward to your questions.

U.S. DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION

STATEMENT OF

SEAN T. CONNAUGHTON
MARITIME ADMINISTRATOR

BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD
AND MARINE TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

ON THE

MARITIME ADMINISTRATION'S BUDGET REQUEST
FOR
FISCAL YEAR 2009

FEBRUARY 26, 2008

Mr. Chairman and Members of the Committee:

I welcome the opportunity to appear before you today to discuss the Maritime Administration's budget request for Fiscal Year 2009.

We are seeing important and exciting changes in the U.S. maritime industry, and at the Maritime Administration. The marine transportation industry is a highly sophisticated, global, intermodal transportation network that is absolutely vital to America's economy and continued prosperity. The industry is in a period of renewal and expansion. The Class of 2007 graduates from the Nation's maritime academies found many more opportunities for employment in the maritime industry than they have found in years past. Private industry is pointing the way toward greater use of our waterways to relieve congestion on the landside transportation system.

A half-century ago, the maritime industry pioneered the use of the container, now the standard instrument of trade all over the world. That paved the way for double-stacked trains and the development of door-to-door logistical operations, software and tracking systems. This evolution transformed the way we think about the business of moving freight and people, and has completely altered the transportation landscape and the role of transportation in our lives. Marine transportation is now a system of systems—an integrated network, not just within the United States, but around the world. It must operate seamlessly.

The Maritime Administration is developing a framework to help guide decisions on federal, state, local, and private involvement and investment in the overall Marine Transportation System. To that end, the Maritime Administration has realigned its headquarters offices, and established presence at the major U.S. gateway ports. These offices, which will eventually be located at 10 of the largest American ports, will identify bottlenecks and ways to improve freight movement. They will work with all stakeholders, promoting collaboration, and focusing particularly on planning and environmental issues.

The Maritime Administration's efforts this year have focused on issues with great possibilities for transforming the maritime industry and the transportation system: greater use of the nation's waterways, or the Marine Highway; initiatives that provide more opportunities for training and employment of American mariners; and facilitating the upgrading of port infrastructure.

In order to help ensure continued competitiveness, we must continue to tailor our maritime policy to the challenges of the 21st century. At this time, I would like to address the Maritime Administration's operations and training budget, summarize other provisions contained in the President's budget, and mention some of the Maritime Administration's accomplishments during the past year.

Operations and Training

The total budget request for the Maritime Administration for FY 2009 is $313,379,000, $117,848,000 of which is for the agency's operations and training. Operations and training activities include the costs incurred by headquarters and region staffs in the administration and direction of the various Maritime Administration programs such as the Maritime Security Program; port, intermodal and environmental activities; maritime labor, training and safety activities; monitoring compliance with cargo reservation statutes; administration of capital construction funds; and negotiation of agreements, understandings and arrangements to reduce barriers that restrict American access to foreign ports and markets.

The operations and training funds requested also include $61,358,000 for the operation of the United States Merchant Marine Academy (USMMA, Academy) at Kings Point, New York, and $10,987,000 for continuing assistance to the six state maritime academies. In FY2009, funding of $26,794,000 is requested for salary and benefits at the Academy, an increase of $1.1 million. The funding request for Academy operations is an increase of $3.5 million, spread over several different operational areas. Some of the areas funded under this budget activity include: the Academy food service contract; uniforms; medical requirements; IT hardware replacements and improvements; equipment for accreditation; janitorial services; transportation leases; environmental and occupational safety; and maintenance and repair needs.

The FY 2009 budget request for the Academy proposes funding for the Capital Improvements Master Plan (CIP) in the amount of $8.2 million to support high-priority

maintenance and repair projects such as Americans with Disabilities Act renovations; new roofs for Academy buildings; and other priority maintenance and repair projects. Major capital improvements have been postponed while we reexamine priorities in the CIP and complete resolution of financial management issues with Academy administration.

The USMMA and the six State maritime schools are the only educational institutions that produce merchant marine officer graduates with a four-year bachelors degree. These graduates have completed coursework in marine engineering and navigation; obtained a U.S. Coast Guard merchant marine officer's license; and practical shipboard training. They have first-hand experience in the mariner's environment, thus enabling them to enter this professional workforce with confidence and self-reliance. In peacetime, they create and operate efficient, cost-effective marine transportation systems. In times of conflict, they crew the ships that support our troops.

Since we are on the topic of the Academy and State schools, I cannot miss the opportunity to stress the importance of maritime education and training. In today's global economy, the maritime transportation system is becoming an even more vital part of our Nation's prosperity than it has ever been before. In 2006, foreign trade accounted for nearly 22 percent of our gross domestic product (GDP). Estimates project that by 2020, foreign trade will account for almost 35 percent of our national GDP. This will continue to place an emphasis on the marine transportation system as 95 percent of all foreign trade is moved by ship.

With an expanded reliance on foreign trade to the American economy, it is critically important to encourage and sustain American involvement and investment in the marine transportation system. This is important for the economy during times of peace and a matter of survival during times of war or national emergency.

Without trained and qualified people, the marine transportation industry cannot perform its essential role in the U.S. economy. Such a workforce must include licensed and unlicensed seamen, shore side and shipyard workers and managers and operators of ships and facilities. This need is especially acute given the global shortage of skilled seafarers.

An assessment of the current pool of licensed seafarers shows an adequate supply of officers for the current manning of the U.S. Jones Act fleet as well as the strategic sealift needs of our military. However, the ability to meet these needs is quickly reaching a critical juncture. Today, nearly 7,000 licensed American officers exist to crew our Jones Act and strategic sealift fleets with only 3,000 having sailed in the past two years. The average age of a licensed officer is over 42 years old and the average has gotten older over the past few years. The average Master and Chief Engineer is 51 years old, while the average Third Mate or Third Assistant Engineer (entry-level positions) is 33 and 35 years old, respectively.

All of these factors lead to one conclusion; the United States must increase its pool of qualified licensed officers in the next ten years or face drastic repercussions for both national and economic security. Those repercussions include an inability to move the military in time of war or emergency and the loss of an American presence in the international maritime sector. The FY 2009 request indicates the Administration's support for both the USMMA and the State Maritime Schools, and specifically addresses this concern by proposing to enhance the Student Incentive Payments (SIP) program at the State Maritime Schools with an administrative provision that amends the program to increase the annual SIP payment to students from $4,000 to $8,000 per academic year.

Maritime Security Program

The primary purpose of the Maritime Security Program (MSP) is to provide the Department of Defense (DOD) with assured access to commercial U.S.-flag ships crewed by U.S. citizen mariners to support national security requirements during war or national emergency. DOD recognizes the importance of a strong partnership with the commercial maritime industry to ensure our nation's defense and transportation needs are met. The MSP also ensures that the intermodal assets of current U.S.-flag ship operators will be readily available to DOD, and plays an important role in ensuring that our nation has enough mariners. The MSP fleet contributes approximately 2,400 mariner positions which are critical for national security crewing requirements. With a diminished U.S.–flag merchant marine, a substantial portion of the pool of U.S.-citizen mariners would disappear, impairing our ability to crew Ready Reserve Force ships and other government-owned ships needed for national security.

Recently, MSP ships have contributed greatly to Operation Enduring Freedom and Operation Iraqi Freedom. A total of 79 U.S.-flag commercial ships (including 63 current or former MSP ships) have either been employed by the Military Sealift Command (MSC) or the Military Surface Deployment and Distribution Command (SDDC) to transport military cargo. SDDC reports that since September 11, 2001, U.S.-flag commercial ships have delivered over 360,000 twenty foot equivalent units (TEUs) of containerized equipment and supplies to support U.S. troops in Iraq and Afghanistan. In addition, 34 of the 63 MSP ships utilized by MSC and SDDC also supported the rebuilding of Iraq.

Under the FY2009 request, the MSP would continue to be authorized at its full funding level of $174,000,000. The Maritime Security Act of 2003 authorized 60 ships for the MSP with payments up to $2.9 million per ship for FY 2009. These funds will solely provide for payments to MSP operators for the 60 enrolled ships. Program administration salaries and benefits are funded by the Operations and Training account.

MSP participants signed operating agreements with the Maritime Administration that provide for escalation of MSP payments to $2.9 million per ship per year in FY 2009. Escalating payments were designed to offset the impact of inflation and to

provide incentive for MSP operators to reinvest and upgrade their MSP fleet with newer, more modern and efficient vessels. Since October 1, 2005, ten MSP ships have been replaced with newer ships and an additional 19 ships currently in the program will be replaced with newer vessels before the MSP authorization expires in 2015.

Ship Disposal

By law, the Maritime Administration serves as the U.S. Government's disposal agent for merchant-type vessels of 1,500 gross tons or more, and has custody of approximately 120 obsolete ships owned by the Federal government that are available for disposal. These obsolete vessels are located at the James River Reserve Fleet site in Virginia, the Suisun Bay Reserve Fleet site in California and the Beaumont Reserve Fleet site in Texas

These vessels pose a risk to the local environment due to the presence of residual fuel, asbestos and solid polychlorinated biphenyls (PCBs); therefore, the disposal of these obsolete vessels continues to be one of the Maritime Administration's highest priorities. Our budget contains a request for $18,000,000 in FY 2009 for ship disposal. Specifically, funding of $15 million would enable the Maritime Administration to dispose of 14 vessels from our inventory and defray costs to develop and implement a risk mitigation plan for compliance with the National Invasive Species Act, and for testing and containment requirements related to the Clean Water Act.

Funding of $3 million would allow the agency to continue activities required to bring the Nuclear Ship Savannah (NSS) nuclear facilities into conformance with Nuclear Regulatory Commission SAFSTOR standards. SAFSTOR is the pre-decommissioning condition in which a non-operating nuclear power plant is safely husbanded for the period of time between cessation of operations and dismantlement, disposal and license termination. The NSS was originally laid-up and placed in retention long before the industry gained any substantial SAFSTOR experience. As a consequence, it is now known that the NSS requires additional work before it can be considered satisfactory for an additional period of extended retention. Such work includes the reduction of transient combustibles, reduction of radiological inventory, maintenance of the facility containment structure, and continued routine radiological surveillance and monitoring.

The Maritime Administration will continue to investigate all alternatives to expedite the disposal of its obsolete vessels at the least cost, and where possible on a cost-recovery basis, while giving consideration to worker safety and the environment. We intend to continue to utilize domestic recycling as the primary ship disposal method and will dispose of high and moderate priority ships that are available for disposal during FY 2009 through domestic recycling. Disposals through artificial reefing, deep sinking of ships with the U.S. Navy and donation to not-for-profit groups will also be used to the maximum extent possible. As opportunities arise, we will also continue to work with domestic and international organizations to accomplish vessel condition assessments,

hazardous materials identification, waste stream minimization, and applied technology testing on our obsolete vessels. We anticipate that in the future these activities could result in improved overseas hazardous materials remediation and ship recycling and lead to additional opportunities for environmentally safe and cost-effective vessel disposal internationally. Currently, there are no foreign facilities qualified to compete for future ship recycling contracts.

Recently, Congress again stressed the importance of ship recycling in the National Defense Authorization Act of 2008, which requires that within 30 days of enactment, the Secretary of Transportation convene a working group to review and make recommendations on best practices for the storage and disposal of obsolete vessels owned or operated by the Federal Government. This authority has been delegated to the Maritime Administrator, who will convene the working group. I have already issued invitations to participate in the first meeting of the working group, which will take place in early March. Participants will include senior representatives from the Coast Guard, the Environmental Protection Agency, the National Oceanic and Atmospheric Administration, the United States Navy, and other Federal departments, and agencies. Concerned State environmental agencies may also be requested to participate. Among the vessels to be considered by the working group are federally owned or operated vessels that are to be disposed of or recycled; to be used as artificial reefs; or to be used for the Navy's Ship Sinking Exercise Program (SINKEX).

The working group will examine current storage and disposal policies, procedures, and practices for obsolete vessels owned or operated by Federal agencies; examine Federal and State laws and regulations governing such policies, procedures, and practices and any applicable environmental laws; and within 90 days after the date of enactment of the Act, submit a plan to Congress to improve and harmonize practices for storage and disposal of such vessels, including the interim transportation of such vessels. The plan will include a description of existing measures for the storage, disposal, and interim transportation of obsolete vessels owned or operated by Federal agencies in compliance with Federal and State environmental laws in a manner that protects the environment; a description of Federal and State laws and regulations governing the current policies, procedures, and practices for the storage, disposal, and interim transportation of such vessels; recommendations for environmental best practices that meet or exceed, and harmonize, the requirements of Federal environmental laws and regulations applicable to the storage, disposal, and interim transportation of such vessels; recommendations for environmental best practices that meet or exceed the requirements of State laws and regulations applicable to the storage, disposal, and interim transportation of such vessels; procedures for the identification and remediation of any environmental impacts caused by the storage, disposal, and interim transportation of such vessels; and recommendations for necessary steps, including regulations if appropriate, to ensure that best environmental practices apply to all such vessels.

As soon as practicable after the date of enactment of the Act, the head of each Federal department or agency participating in the working group, in consultation with the other Federal departments and agencies participating in the working group, shall

take such action as may be necessary, including the promulgation of regulations, under existing authorities to ensure that the implementation of the plan provides for compliance with all Federal and State laws and for the protection of the environment in the storage, interim transportation, and disposal of obsolete vessels owned or operated by Federal agencies.

The Act requires the Secretary of Transportation and the Secretary of Defense, in consultation with the Administrator of the Environmental Protection Agency, ensure that environmental best practices are observed with respect to the storage, disposal, and interim transportation of obsolete vessels owned or operated by the Department of Defense and that requirements of environmental law are to be complied with in the implementation of Section 3503.

To facilitate taskings of the working group, the Maritime Administration also has undertaken substantial environmental management actions to upgrade its ship disposal program. For example, the Environmental Excellence Initiative, inaugurated one year ago, includes an interdisciplinary and comprehensive study to recommend best management practices for the fleet for incorporation into our action plan and the Environmental Assessment of fleet management and disposal. These efforts, as well as closer coordination with other interested agencies, also will facilitate the working group and the adoption of a unified Federal position before various state interests and assist in the resolution of the current lawsuit brought by the Natural Resources Defense Council.

As you can see, Mr. Chairman and Members of the Panel, we have put a great deal of thought and effort into determining the best options for disposing of the backlog of obsolete NDRF vessels. We are making progress. Since October 1, 2007, seven vessels have departed the fleet sites – six of those since January 1, 2008. I appreciate your continued interest and request your support in this matter, and assure you that ship disposal is of utmost importance to the Department.

The National Defense Reserve Fleet and the Ready Reserve Force

The National Defense Reserve Fleet (NDRF) was established in 1946 to meet reserve sealift requirements for emergencies and national defense purposes. NDRF vessels are primarily located at three anchorages: James River, Virginia; Beaumont, Texas; and Suisun Bay, California. There are currently 236 ships in the NDRF, 44 of which comprise the Ready Reserve Force (RRF). RRF ships are maintained in various states of readiness by commercial ship managers and can sail in either 5 or 10 days. The Maritime Administration also assumed management of 8 Fast Sealift Ships from the Military Sealift Command in FY08. These vessels will become permanently assigned to the RRF commencing FY09.

The majority of RRF ships are located at port facilities along the East, West and Gulf coasts of the country in proximity to likely loadout ports established by the DOD. When activated, RRF ships are fully crewed by civilian merchant mariners working to support DOD missions. Our RRF ships are called upon to play a critical role delivering supplies to support our troops and to provide assistance during other crises. In the

Gulf War, Somalia, Haiti, Bosnia, and hurricane-ravaged Central America, the RRF carried out DOD support missions. Ten NDRF vessels participated in relief and recovery efforts during Hurricanes Katrina and Rita, where NDRF vessels served over 260,000 meals and provided 83,165 bed rotations over a six month period.

Readiness and reliability of ships in the RRF are carefully measured. Readiness is demonstrated by conducting maintenance sea trials during the year, and tested by conducting "No-Notice" turbo activations at the order of DOD. The Maritime Administration's goal is to successfully activate the RRF ships under no-notice conditions 100% of the time. In FY 2007, there were 8 such tests with all of them meeting or exceeding their activation timelines. Consistent, high operational reliability is also essential for effective support of DOD, and the goal is to maintain 98% operational reliability. During FY 2007, the RRF achieved a reliability of 99.5% with 17 ships being called and operated for 1,711 days with only 8 days of unscheduled downtime.

America's Marine Highways

Over two billion tons of goods produced or consumed in the United States move through our nation's ports and waterways each year. This volume is expected to more than double over the next 20 years. The number of waterway recreational users is also expected to grow by over 65 percent to more than 130 million annually in the next 20 years, and high-speed ferry transportation is experiencing rapid growth in response to land-transport congestion.

An important element of our Marine Transportation System (MTS) is "short sea transportation." The recently-enacted Energy Independence and Security Act of 2007 (Energy Bill) directs the Secretary of Transportation to "establish a short sea transportation program." This law represents significant progress for America's Marine Highway, and provides another valuable tool for the Department's initiative to reduce congestion.

The primary focus of the Energy Bill is to expand the production of renewable fuels, reduce dependence on oil, and address global climate change, along with increasing energy security and expanding the production of renewable fuels. When establishing the program, the Secretary of Transportation is directed to designate short sea transportation projects to mitigate landside congestion. Eight actions will be necessary to implement the bill:

- Designation of short sea transportation routes as extensions of the surface transportation system;
- Designation of projects if they offer waterborne alternatives that reduce congestion;
- Memorandums of agreement between the Secretary and other Federal entities to transport federal cargoes via designated project services;
- Consultation with Federal, state and local governments to develop strategies to encourage the use of short sea transportation for passengers and cargo;

- Consultation with shippers and transportation logistics entities to develop proposals for short term incentives;
- Establishment of a board of Federal, state and local governmental entities to identify and seek solutions to impediments hindering use of short sea transportation;
- Conducting research regarding environmental and transportation benefits, technology, vessel design and other improvements to reduce emissions, increase fuel economy and lower costs, and identify solutions to impediments to specific designated projects, and;
- Making Short Sea Transportation vessels qualified for Capital Construction Fund benefits.

The Maritime Administration has already begun work on this important initiative. We are working with the Department to implement interim regulations by March 16, 2008, as required by the Energy Bill, with final regulations due by October 1, 2008. A report to Congress is also required by December 19, 2008. Successful implementation of this program will require both commitment and resources. I have directed my staff to identify the personnel and funding requirements for submission in future budget proposals. The President's 2009 budget includes new funding of $311,000 to further initiatives to relieve congestion at the nation's ports and to promote short sea shipping. Examples of specific activities intended to increase use of America's Marine Highway include helping to identify adequate terminal facilities for proposed operations; bringing shippers and carriers tog ether to generate cargo commitments; identifying appropriate Federal cargoes; and removing other disincentives to the Marine Highway.

Shipbuilding

As you know, the Maritime Administration administers a Government guaranteed loan program, commonly referred to as the Title XI program. Title XI loan guarantees enable shipowners and shipyards to borrow private sector funds on more favorable terms than might otherwise be available. The Budget requests $3.5 million for administration of this program and to manage the existing loan portfolio.

Conclusion

Recent years have presented MARAD with significant challenges, which I expect to continue in FY 2009. I believe that the Maritime Administration is up for these challenges, and welcome the opportunity to continue our role in preserving both economic and national security. Your continued support will help us to do our part in our mission. This concludes my prepared statement. I would be happy to address any questions you may have at this time.

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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

VICE ADMIRAL ROBERT J. PAPP
CHIEF OF STAFF

ON THE

COAST GUARD BUDGET REQUEST FOR FISCAL YEAR 2009

BEFORE THE

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE

U. S. HOUSE OF REPRESENTATIVES

26 FEBRUARY 2008

INTRODUCTION

Good morning Mr. Chairman and distinguished members of the committee. I am pleased to be here and discuss the President's fiscal year 2009 budget request for the Coast Guard.

I would like to open by drawing your attention to the written testimony of Skip Bowen, Master Chief Petty Officer of the Coast Guard. He will tell you of the courage and commitment of the exceptional men and women of the United States Coast Guard. We have never fielded a more talented or devoted team, and it is crucial we keep faith with our obligations and their expectations for adequate compensation, housing, healthcare, childcare, education and other benefits. It is also imperative we keep pace with our fellow armed services as they strive for important new benefits and key reforms for veterans. Please embrace Master Chief Bowen's statement for the record, listen to his words, and share my enthusiasm for our exceptional Coast Guard team.

Before discussing the details of the request, I would like to explain how I view the roles and missions of the Coast Guard and the strategic direction in which Admiral Allen is taking the Service. The Coast Guard sources and operates to strategy, and our fiscal year 2009 request directly supports our strategic imperatives.

ROLES AND MISSIONS

The U.S. Coast Guard is one of the five Armed Services of the United States and the only military organization within the Department of Homeland Security (DHS).

Responsibilities
The U.S. Coast Guard is the principal Federal agency responsible for maritime **safety, security, and environmental stewardship**. As such, the Coast Guard protects vital economic and security interests of the United States including the safety and security of the maritime public, our natural and economic resources, the global transportation system, and the integrity of our maritime borders. The Coast Guard is committed to addressing all threats and all hazards throughout the maritime domain including in U.S. ports and inland waterways, along the coasts, on the high seas, and in other regions where U.S. maritime equities are at stake.

Service to the Public
The Coast Guard's value to the Nation resides in its multi-mission authorities, resources, and capabilities. The Service's **safety, security, and stewardship** missions are integrated like a tightly-knit fabric; valued for its protective durability and light weight. The Service's operational model is flexible, efficient, and effective across a wide range of complex maritime scenarios. Indeed, the Coast Guard's ability to field versatile platforms and personnel with broad authorities is the U.S. Government's most important strength in the maritime environment, adjacent coastal areas, and inland waterways. The Service is unique in the Nation and in the world.

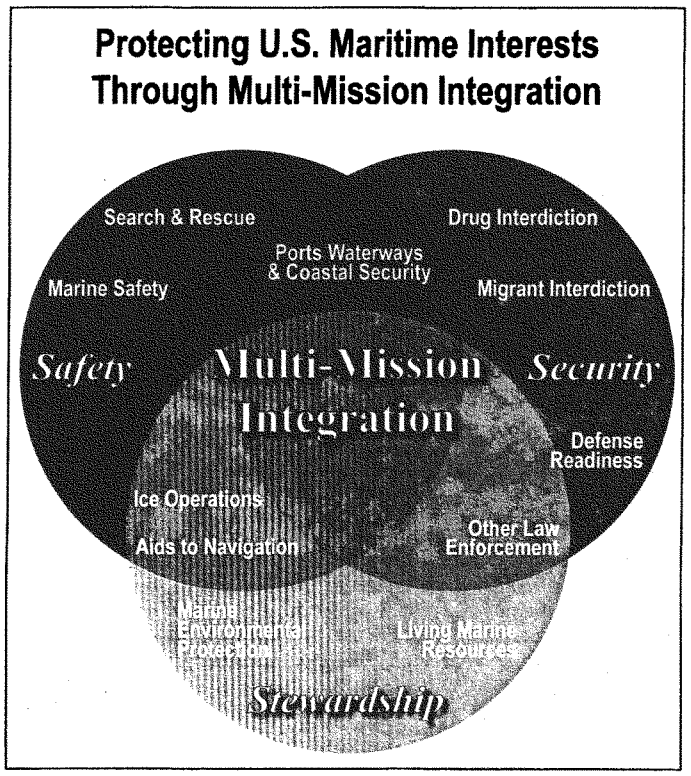
Coast Guard roles and missions are *enduring* - long standing responsibilities, accrued over two centuries of service. They are inherently governmental, serve the collective good and accomplished most effectively by a single Federal maritime force. The Coast Guard creates value for the public through solid prevention and response efforts. Activities involving oversight and regulation, enforcement, maritime presence, and public and private partnership foster increased maritime safety, security, and stewardship. Additionally, ***unified, immediately-***

deployable and adaptive force packages are always poised and available to respond to attacks, disasters, and casualties.

Multi-Mission Integration
Effective maritime governance hinges upon an integrated approach to safety, security, and stewardship.

The United States is a maritime nation, reliant upon the seas for trade, security, and access to critical natural resources. To protect our maritime interests, the U. S. Government must safeguard our sovereignty and protect the environment, facilitate the safe transportation of people and cargo, rescue people in distress, and preserve marine resources for future generations. None of these objectives is independent – they are interlocking challenges requiring an in-depth understanding of the maritime domain as a system of inter-related public and private activities.

The Coast Guard is ideally-structured to meet these challenges and advance the Nation's maritime interests. Today, as in the past, the Coast Guard continues to leverage its multi-mission structure, diverse capabilities, and established partnerships to protect the American public and global marine transportation system.



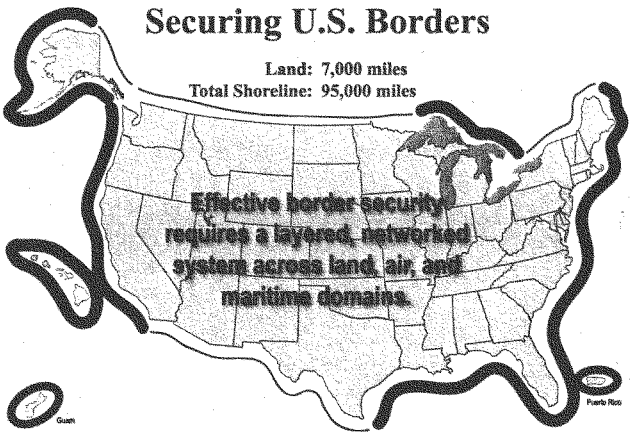
STRATEGIES FOR SUCCESS IN THE MARITIME DOMAIN

Strategic Context: Emerging Threats

America's security, resilience and economic prosperity are intrinsically-linked to the oceans. Our maritime domain is larger than our land domain, providing shipping channels, recreational opportunities and access to natural resources that help to sustain the Nation and the world. *The maritime domain is also vulnerable to a wide range of threats and challenges. The U.S. Coast Guard must be prepared to meet these challenges today and in the future.*

Border Security

The United States has over 95,000 miles of shoreline that is in parts international border, coastal shipping route, tourist and recreation attraction, and home to a variety of economic enterprises. Criminals and terrorists seek to exploit the maritime border by smuggling people, weapons, illicit drugs and other items into the country. As controls over our land and air borders tighten, the sea borders become an attractive alternative for greater exploitation. The key to effective border security is a layered, networked system across the land, air, and maritime domains. *We must look beyond our borders to defeat threats far from our shorelines through the continual maturation of maritime security regimes, awareness, and operational capabilities.*



Safety & Security of the Marine Transportation System (MTS)

The global MTS is a complex, inter-connected system of public and private seaports, waterways, terminals, intermodal trans-shipment points, vessels, and people. This system is the economic lifeblood of the global economy and critical to U.S. national economic and security interests. Total global maritime cargo volume has tripled over the past 10 years, and seaborne trade through U.S. ports is expected to double by 2025. *The Coast Guard must have the capabilities and authorities needed to ensure the continued safety, security, and efficiency of the rapidly-growing global MTS.*

Transnational Terrorists and Criminals
Terrorists and criminals, including modern-day pirates, regularly seek to exploit the maritime domain and global transportation network. WMD, contraband smuggling, armed hijacking, and small vessel threats such as water-borne improvised explosive devices (WBIEDs) present the greatest terrorism and security risks to maritime commerce. Additionally, today's trafficking of illegal drugs and migrants is becoming increasingly sophisticated. *Defeating transnational terrorists and criminals in the maritime domain requires effective use of the Coast Guard's broad authorities and adaptable multi-mission capabilities.*

Expanded Use of the Arctic and Other Regions
Changing environmental conditions and advances in technology are expanding activity in the Arctic region, U.S. Exclusive Economic Zone (EEZ), and Outer Continental Shelf (OCS). The potential for access to new energy reserves and more efficient shipping routes is fueling demand. The U.S. EEZ covers over 3.4 million square nautical miles of ocean territory and is among the most valuable and productive natural resources on Earth. Continued growth in commerce, tourism and exploratory activities is increasing risks to mariners and eco-systems while challenging law enforcement regimes, operational capabilities, and conventional assumptions of sovereignty. *The U.S. Coast Guard must be capable of protecting America's interests in the Arctic Region, EEZ and OCS.*

Coastal Development
Coastal regions and ports have in recent years become heavily-developed and densely-populated. Catastrophic incidents, whether natural or man-made, have enormous consequences in coastal areas that quickly disrupt regional, national, and global commerce. The devastation of Hurricanes Katrina and Rita illustrates the potential scope of coastal disasters. *The Coast Guard must continue to provide immediately-deployable and adaptive force packages to mitigate the safety, security, and environmental impacts of catastrophic events.*

The Coast Guard is best-suited to address these challenges through its comprehensive, complementary authorities, flexible and adaptive operational capabilities, and centuries of expertise protecting America's national interests.

In the near term, the Coast Guard will defeat these threats by:

- *recapitalizing operating assets and sustaining aging infrastructure;*
- *enhancing our Marine Safety Program;*
- *improving command and control capabilities; and*
- *establishing comprehensive intelligence and awareness regimes.*

Strategic Intent: The Way Ahead
The Coast Guard sources and operates to strategy. Our near-term decisions are guided by a family of strategic documents outlining organizational imperatives and executive intent as articulated in the National Security Strategy and National Strategy for Homeland Security. These include *The National Strategy for Maritime Security*, the *DHS Strategic Plan, The Coast Guard Strategy for Maritime Safety, Security, and Stewardship,* and the joint, ground-breaking *A Cooperative Strategy for 21st Century Seapower* co-authored by the Navy, Marine Corps and Coast Guard. We will continue to refine strategy and doctrine to guide response and enforcement activities in the future. *Implementation of strategy requires effective integration of budget, programs, policy, and legislation.*

Coast Guard Modernization Strategy
The Coast Guard is modernizing its legacy command and control structures, support systems, and business practices to ensure continued superior mission execution in a changing global environment. Integral to this modernization effort is new authority to realign field-level leadership positions for improved service delivery.

Strategic modernization is designed to create efficiencies that make the Coast Guard more capable of addressing 21st Century threats and challenges. The strategic modernization effort will improve resource allocation, financial management, risk management, training, and unity of effort within the DHS and across multiple layers of government. It will strengthen Headquarters and field alignment, improve readiness management, and greatly enhance mission execution in all areas.

Legislative Priorities - Coast Guard Authorization Act of Fiscal Year 2008
The Administration is seeking authorities to enhance the organization and operations of the Service and, by extension, the maritime safety, security, and stewardship of the United States. The more significant provisions of the *Coast Guard Authorization Act* would facilitate—

- ***The Coast Guard's strategic modernization effort***, by increasing alignment with other armed forces and Federal agencies, ensuring greater organizational flexibility, and enhancing command, control and system support improvements.

- ***The Government's prosecution of maritime alien smugglers.*** The recent escalation of lucrative maritime human smuggling operations poses a significant threat to the lives of migrants and our national security. Although the Coast Guard continues to improve its ability to detect and interdict smugglers, current law impedes prosecution.

- ***The protection and fair treatment of seafarer witnesses.*** This provision would facilitate the availability of foreign seafarer witnesses for Coast Guard investigations and support seafarers abandoned by shipowners in the United States. This provision fits into the Coast Guard's overall efforts to ensure the fair treatment of all seafarers in all circumstances.

The House of Representatives is poised to consider these provisions when it takes up H.R. 2830, the "Coast Guard Authorization Act of 2007." Although we have some important concerns with the H.R. 2830, we strongly support these provisions of the bill and note that a swift enactment of a bill that includes these provisions would significantly improve safety, security, and stewardship in the maritime domain.

Strategy for our People
The Coast Guard succeeds through the courage, devotion, and sacrifice of its people. Our Service members epitomize core values of honor, respect, and devotion to duty in words and deeds. Our future success hinges upon our ability to continue building competencies to meet emerging demands and mission responsibilities.

Our goal is to foster and deploy an energetic, diverse, well-educated, highly-capable workforce of active, reserve, and civilian personnel dedicated to mission execution and Coast Guard core values, supported by the Nation's premier volunteer organization, the U. S. Coast Guard Auxiliary.

Strategic Budget Priorities for Fiscal Year 2009
In order to meet emerging threats and growing demand for services, the Coast Guard is focusing on the following major strategic areas in fiscal year 2009. Our comprehensive effort to address these challenges requires coordinated budget, program, policy, and legislative action.

- ✓ Recapitalizing Operating Assets and Sustaining Aging Infrastructure;
- ✓ Enhancing the Marine Safety Program;
- ✓ Improving Command and Control Capabilities;
- ✓ Establishing Comprehensive Intelligence and Awareness Regimes

Recapitalizing Operating Assets and Sustaining Aging Infrastructure
The Coast Guard needs to replace aging vessels, aircraft, and shore infrastructure. The cost of maintaining and operating the out-dated assets is continually increasing, as are major unplanned maintenance evolutions and reductions in readiness. Vital shore infrastructure required to maintain our front line assets is also in critical need of renovation and repair. Ultimately, the future operational success of the Coast Guard is dependent upon a comprehensive recapitalization of front line assets and shore and support infrastructure.

In December 2007, the aging Medium Endurance Cutter USCGC ACUSHNET suffered a catastrophic mechanical casualty resulting in the loss of a significant portion of the propulsion shaft and the attached propeller. The cause of this damage is unknown and the cutter is now out of service awaiting extensive repairs. The ACUSHNET is a World War II veteran, originally commissioned as a U.S. naval salvage vessel in 1944. Though numerous modifications and refits to the ship have taken place over the past 60 years, ACUSHNET still uses the engine-order-telegraph system commonly used by ships of the 1940's to control engine speeds. Despite her 64 years of valiant service, the ACUSHNET is a preeminent example of the Coast Guard's need to recapitalize.

Enhancing the Marine Safety Program
The success of the marine transportation system hinges upon an integrated approach to safety, security, waterways management, and environmental protection. The goals in preventing or responding to safety and security incidents in our ports and waterways are the same: save lives and protect property, the environment, and the global economy. We recognized the threat posed to our nation by radical extremists and took prompt and substantial action to fortify our ports, waterways, coastal areas, and maritime infrastructure after 9/11. Today, with maritime security needs better-addressed, we are continuing our long-standing efforts to enhance safety of the maritime transportation system.

The maritime industry is experiencing unprecedented growth and intermodal complexity, while also facing increased risk from transnational threats. The Coast Guard is acting now to improve marine safety capacity and performance, enhance service delivery to mariners, and expand outreach and advisory mechanisms. As a result of a comprehensive Marine Safety program review, the Coast Guard established a roadmap to improve the effectiveness, consistency, and responsiveness of the program to promote safe, secure, and environmentally sound marine transportation. This roadmap includes reinvigorating industry partnerships, improving mariner credentialing services, bolstering inspector and investigator capacity, improving technical competencies through new marine safety Centers of Excellence, and expanding rulemaking capability to ensure we meet current and future program needs. Additional details on the Coast Guard's strategy to enhance marine safety can be found under the "Marine Safety" tab at http://homeport.uscg.mil.

Improving Command and Control Capabilities
The maritime environment continues to grow in complexity as the global transportation system matures. The Coast Guard faces a critical need to update its command and control capability to better identify and classify safety and security threats in the maritime realm and coordinate an integrated response.

Polar Presence and Capabilities
Recent years have seen a significant increase in Polar activity, including efforts by multiple Arctic nations to define and claim Arctic seabed and access to natural resources. Energy security needs, protection of U.S. sovereignty, increased Arctic shipping, prevention and response activities, as well as the growing need for Arctic domain awareness will increase the tempo of Coast Guard operations in the region. The Coast Guard is often the sole federal presence in the Arctic and the only entity positioned and capable of protecting U.S. sovereignty while supporting scientific research. The Coast Guard is aggressively considering alternatives to improve and sustain operational presence in the Polar Regions.

Establishing Comprehensive Intelligence and Awareness Regimes
Collecting, fusing, and sharing intelligence is critical to securing the border and protecting the Nation against determined terrorists and criminals. It is equally important to safeguard our intelligence resources from compromise and exploitation. As a member of the Intelligence Community, the Coast Guard must be fully and properly vested in equipment and intellectual capital capable of meeting responsibilities of intelligence collection, information sharing, long-range tracking, and interagency partnerships.

FISCAL YEAR 2009 BUDGET REQUEST

The Coast Guard's FY 2009 budget request sustains service delivery and continues critical recapitalization efforts while focusing on: *enhancing marine safety, improving command and control, and establishing comprehensive intelligence and awareness regimes. Budget request highlights include:*

Recapitalizing Aging Vessels, Aircraft, and Shore Infrastructure
Integrated Deepwater System (IDS) Surface Assets
$540.7M
The budget requests $540.7M for the following IDS surface asset recapitalization or enhancement initiatives:

- Completion of National Security Cutter #4.....$353.7M
- Production of three Fast Response Cutters.....$115.3M
- Operational enhancement of five Medium Endurance Cutters.....$35.5M
- Operational enhancement of three 110-foot Patrol Boats.....$30.8M
- Offshore Patrol Cutter requirements analysis.....$3M
- Development/production of IDS Cutter Small Boat.....$2.4M

Integrated Deepwater System (IDS) Air Assets
$231.3M
The budget requests $231.3M for the following IDS surface asset recapitalization or enhancement initiatives:

- Delivery of two HC-144A Maritime Patrol Aircraft.....86.6M
- HH-65 conversion to modernized components, cockpit, and enhanced interoperability for 22 aircraft $64.5M
- HH-60 engine sustainment and avionics, wiring, and sensor upgrades for eight aircraft $52.7M
- HC-130H avionics and sensor upgrades for nine aircraft and one center wing box replacements $24.5M
- Unmanned Aircraft System project analysis.....$3M

Integrated Deepwater System (IDS) Other
$218.4M
The budget requests $218.4M for the following IDS equipment and services:

- Upgrades to IDS command, control, computer, intelligence, surveillance, and reconnaissance (C4ISR) items $88.1M
- Government Program Management for contract oversight and execution.....$58M
- Development of logistics capability & facility upgrades.....$37.7M
- Systems Engineering and Integration funds.....$33.1M
- Prevention of IDS asset obsolescence by replacing aging technology.....$1.5M

Depot Level and Emergency Maintenance
$29.2M
The budget requests $29.2M for urgent extraordinary maintenance requirements including vital crew safety needs on cutters, emergency maintenance, and post-casualty maintenance. Specifically, this request funds overhauls of habitability, sanitary, electrical, fire/flooding alarm systems and asbestos/lead remediation on cutters; restores required cutter dockside scope and intervals, restores aircraft repair intervals, funds required spare parts replenishment; and funds unanticipated repairs on legacy cutters and aircraft, unscheduled drydocks/dockside availabilities, and fire damage remediation.

Inland River Assets
$9M
The budget requests $4M in critical maintenance and renovation funding to address emergency safety and habitability needs on 25 aging Aids to Navigation (AtoN) cutters. This project will serve as a bridging strategy to future replacement. The $5M AC&I request will be for survey and design funding to chart a suitable course of action which may include additional sustainment measures and/or a multi-mission replacement due to obsolescence. Although originally designed specifically for ATON work, many of these vessels serve as a critical Federal presence on the inland waterways.

Response Boat-Medium (RB-M)
$64M
The budget requests $64M for 14 boats to replace the aging 41-foot utility boat (UTB) and other non-standard boats with an asset more capable of meeting the USCG's multi-mission requirements.

Shore Facilities and ATON Recapitalization Projects
$50M
The budget requests a total of $50M, an increase of $12.1M over FY 2008. The Coast Guard occupies more than 22,000 shore facilities with a replacement value of approximately $7.4B. The FY 2009 funding is crucial to maintaining safe, functional and modern shore facilities that efficiently and effectively support USCG assets and personnel. FY 2009 projects include:

- Sector Delaware Bay – Construct new consolidated facilities; upgrade work spaces and living quarters.....$13M
- CG Housing Cordova, AK - Six new duplex units.....$11.6M
- CGA Chase Hall - Renovate cadet barracks.....$10.3M
- AIRSTA Cape Cod - Replace runway lighting.....$5M
- Waterways ATON Infrastructure.....$4M
- TISCOM - Construct a 5,000 square-foot addition.....$2.5M
- Survey and Design – Planning and engineering of outyear shore projects.....$2.1M
- Station Montauk - Purchase three housing units.....$1.6M

Operation & Maintenance (O&M) of Surface and Air Assets
$40.2M / 199 positions
The budget requests a total of $40.2 million to fund O&M of the following cutters, boats, aircraft and associated subsystems delivered through the IDS acquisition project:

- Four HC-144A aircraft.....$24M
- C4ISR upgrades for legacy cutters, boats, aircraft, and operations centers $7.1M
- National Security Cutters #1 - #2.....$5.6M
- Fast Response Cutter (FRC-B) Primary Crew Assembly Facility ...$1.4M
- FRC-B #1.....$1.2M
- Airborne Use of Force aircraft & equipment.....$0.8M

Enhancing the Marine Safety Program
Marine Inspection Program
$20M / 276 positions
The budget requests $20M for 276 additional Marine Inspectors to address growth in maritime commerce and the Nation's regulated vessel fleet, including the inspection of approximately 5,200 towing vessels mandated by the FY 2004 Coast Guard Authorization Act. Inspection and investigation demand is expected to increase as a result of additional Liquefied Natural Gas ships and facilities, towing vessel examinations, non-tank vessel response plan reviews, ballast water management oversight, and regulatory development. This initiative is critical to maintaining the safety and efficiency of the Nation's MTS.

DHS Regulatory Program
$2.6M
The budget requests $2.6M to fund additional contract support and improve rulemaking throughput and capacity. Before 9/11, there were 59 Coast Guard rulemaking projects outstanding. In the year following 9/11, this backlog increased to 75 and now stands at approximately 100 rulemaking projects. This initiative provides much needed technical writers and environmental and economic analyses critical to the development of safety, security, and environmental protection regulatory regimes. In the interim, we are completing a rulemaking review and reform project and implementing performance measures to maximize throughput.

Improving Command and Control
Rescue 21
$87.6M / 97 positions
The budget requests $87.6M to continue full rate production of towers and equipment for sectors including Great Lakes, Hawaii, Guam, and Puerto Rico. This request also includes funding for one additional watch section (five persons) at 15 of the busiest Sector Command Centers. Rescue 21 replaces the existing National Distress and Response System and enhances the Coast Guard's ability to execute all of its missions through improved communications and command and control capabilities in the coastal zone. The additional watchstanders included in this request support the increased capability provided by Rescue 21 and ensure proper monitoring of the additional communications circuits and coordination of response operations.

Situation Unit Watchstanders
$6.3M / 101 positions
The budget requests $6.3M for additional watchstanders at Sectors, Districts, Area, and Headquarters Command Centers to meet increasing operational demands and support the additional vessel monitoring, information collection and interagency coordination capability provided by the Command 21 initiative. The additional watchstanders are responsible for fusing intelligence and information with vessel movements and other port activities to increase Maritime Domain Awareness (MDA) and maintain a thorough, integrated local tactical picture.

Acquisitions Directorate Personnel Increase
$9M / 65 positions
The budget requests $9M to complete consolidation of the Integrated Deepwater System, the existing Acquisition Directorate, the Head Contracting Authority, and the procurement policy staff into a combined Acquisition Directorate (CG-9). This request provides funding for 65 personnel to perform the lead system integrator role for all acquisition projects, and develop lifecycle support plans for newly delivered Deepwater assets. This initiative complement's the Acquisition Directorate's formal assignment of technical authority to the Directorates for Engineering & Logistics, Personnel, and Information Management for all acquisition projects.

Establishing Comprehensive Intelligence and Awareness Regimes
Nationwide Automatic Identification System (NAIS)
$25.5M / 10 positions
The budget requests $14.6M to provide Initial Operational Capability for Increment Two of NAIS, providing receive coverage out to 50 nautical miles and transmit coverage out to 24 nautical miles for CG Sectors Hampton Roads, Delaware Bay, and Mobile. This request also includes $10.9M for network operating and maintenance requirements for Increment One of NAIS already installed in 55 ports and nine coastal areas.

MAGNet 2.0
$12.3M / 17 positions
The budget requests $12.28M for Maritime Awareness Global Network (MAGNet) 2.0. MAGNet 2.0 provides the intelligence information technology capability that serves as a data repository, fusion platform and enterprise-sharing device to consolidate information from 20 separate national level sources and provide timely intelligence and maritime related information to operational commanders, interagency, and port partners. MAGNET is a proven, robust intelligence-sharing architecture.

Command 21
$1M
The budget requests $1M for Command 21 to continue the survey and design, software development and project management initially funded in FY 2008. Command 21 provides an integrated system of "surveillance and notice" to meet the requirements of the Maritime Transportation Security Act (MTSA) and the SAFE Port Act, which states, *"the Secretary shall establish interagency operational centers for port security at all high-priority ports...."* Command 21 will support interagency operations centers at Coast Guard Sectors by providing information-sharing and situational awareness tools to close the gaps in our current port and coastal surveillance capability while facilitating greater cooperation and coordination with port partners.

Cryptologic Service Group & Direct Support
$3.3M / 46 positions
The budget requests $3.34M to establish three Coast Guard Cryptologic Service Groups and five Direct Support Teams for deployment on legacy cutters. Cryptologic capabilities greatly contribute to the number of successful security and intelligence-related missions at-sea, including security and law enforcement interceptions, vessel boardings, and drug and migrant interdictions. DOD's current personnel support for Coast Guard cryptologic needs terminates in FY 2009.

Counter-Intelligence (CI) Service Initiative
$2.0M / 29 positions
The budget requests $2M to bring the Coast Guard's Counter-intelligence Service to a minimum staffing level necessary to execute counter-intelligence activities. A functional counter-intelligence service will preserve the operational integrity of the Coast Guard by shielding its operations, personnel, systems, facilities, and information from the intelligence activities of foreign powers, terrorist groups, and criminal organizations.

Fiscal Year 2009 Organizational Reinvestments
The Coast Guard's FY 2009 budget request creates efficiencies which shift resources to support new assets scheduled for delivery in FY 2009 and offset required annualizations from FY 2008 program initiatives.

Organizational Reinvestments
($139.4M) / (295 positions)
FY 2009 savings include:

- Termination of FY 2008 one-time costs.....($36.2M)
- Management Efficiencies.....($68.2M)
- Decommissioning of six aging aircraft.....($22.4M)

- Decommissioning of four aging cutters.....($9.5M)
- Annualization of FY 2008 Management of Technology Efficiencies.....($3.1M)

Migrating LORAN-C to DHS Directorate for National Preparedness and Protection
LORAN-C Modernization
($34.5M) / [294positions]
The administration of the LORAN-C program will migrate to the DHS National Protection and Programs Directorate (NPPD) in preparation for conversion of LORAN-C operations to Enhanced LORAN (eLORAN). NPPD will oversee the development of eLORAN to provide national backup capabilities for position, navigation, and timing. The 2009 request reflects transfer of LORAN-C operations to NPPD, however the Coast Guard will continue operation of the system in 2009 on a reimbursable basis.

UNPRECEDENTED SERVICE TO THE PUBLIC DURING FY 2007

The President's fiscal year 2009 budget request for the Coast Guard builds on our recent mission successes. Coast Guard professionals delivered unprecedented operational service and record results for the American public in 2007:

- Celebrated *one million lives saved* since the Service's inception in 1790.
- Seized/removed a record 355,000 lbs of cocaine, 12,000 lbs of marijuana, and 350 pounds of heroin from the global narcotics stream, including a 33,359 lbs cocaine seizure from the Panamanian flagged motor vessel GATUN -- the largest cocaine seizure in Coast Guard history.
- Responded to over 27,000 Search and Rescue cases and saved over 5,000 lives.
- Supported the Global War on Terror through both Operation Iraqi Freedom and Operation Enduring Freedom with over 800 active and reserve personnel deployed around the world.
- Interdicted over 6,000 migrants attempting to gain illegal entry to the United States.
- Interdicted and seized six Chinese High Seas Drift Net (HSDN) vessels during the 2007 multi-national HSDN enforcement campaign, Operation North Pacific Watch.
- Conducted 44,896 domestic commercial vessel certification or general compliance inspections, 38,837 of which were on commercial vessels requiring a Certificate of Inspection for operation.
- Completed 8,840 Port State Control safety and environmental examinations and 8,814 International Ship and Port Facility Security Code examinations of foreign vessels arriving at U.S. ports.

- Collected biometric information from over 1,100 migrants in the Mona Pass using state-of-the-art handheld scanners. As a result of integration with the US-VISIT database, 257 migrants with criminal records were identified and 72 were brought ashore for prosecution under U.S. laws. Under this program, migrants with criminal histories were detained and prosecuted instead of repeatedly repatriated.

- Asserted U.S. rights of sovereignty, facilitated maritime commerce and supported Operation Deep Freeze (a 40- nation collaborative research project) in the Polar Regions.

- Protected and safely escorted 75 military sealift movements carrying over 6,000,000 square feet of indispensable military cargo in support of ongoing Global War on Terror operations.

- Partnered with FEMA, DHS and other agencies to revise and improve the National Response Plan, now referred to as the National Response Framework.

Established the Deployable Operations Group (DOG)

- Aligned all Coast Guard deployable, specialized forces under a single, unified command, providing "one-stop shopping" for Coast Guard and interagency partners seeking adaptive, tailored force packages for rapid response to worldwide threats. The DOG encompasses 3,000 Coast Guard personnel from 12 Maritime Safety and Security Teams, one Maritime Security Response Team, two Tactical Law Enforcement Teams, eight Port Security Units, and the National Strike Force.

Conducted a Major National Environmental Stewardship Exercise

- Co-sponsored (with EPA) the largest SONS exercise to date, involving 11 states, 14 federal agencies, two Coast Guard Districts, four Coast Guard Sectors, 15 industry partners, and over 5,000 emergency management personnel.

Created the Centralized Acquisition Directorate

- Created a centralized acquisition directorate to be responsible for the Coast Guard's major acquisition projects. As part of this reorganization, the Coast Guard implemented the *Blueprint for Acquisition Reform* to enhance mission execution, creating a more responsive, competent and efficient acquisition organization. Since inception, program execution, contracting practices, research and development, and industry oversight have significantly improved.

- Commenced an Alternatives Analysis for major Deepwater assets, designated technical authorities for Hull, Mechanical, Engineering and C4ISR design review, and resolved many outstanding contractual issues on the National Security Cutter through an acquisition and academic best-practice known as a Consolidated Contracting Action (CCA).

Recapitalized Aging Assets, Maintaining & Improving Capability

- Improved Search and Rescue capability by establishing state of the art Rescue 21 VHF-FM communications systems in three additional major coastal areas.

- Achieved NAIS "receive" capability in 55 ports and nine coastal waterways. The NAIS system substantially enhances MDA by providing the ability to continuously track the movement of AIS-equipped vessels both within and in the approaches to major ports.

- Leveraged existing organic maintenance capability to complete successful Mission Effectiveness Projects (MEPs) on four 210-foot/270-foot Medium Endurance Cutters (MECs) and one 110-foot Patrol Boat (WPB). MEP replaces obsolete, unsupportable and maintenance-intensive systems allowing for the continued operation of the current MEC and WPB fleets in a more economical manner until they are replaced by more capable IDS assets. Post-MEP MECs have shown a 22% improvement in Percent of Time Free of major casualties.

- Completed replacement of engines on 95 HH-65 helicopters on budget and ahead of schedule. This replacement increased aircraft power by 40%, significantly increasing aircraft capability and operating safety margins.

- Established an in-house maintenance capability to overhaul HC-130s at the Aircraft Repair and Supply Center in Elizabeth City, NC. In 2007, the Coast Guard achieved the best C-130 quality and schedule for Progressive Structural Inspections in agency history. This directly resulted in higher availability rates, fewer operational gaps, and the ability to respond quickly to mandated inspections of an aging aircraft.

CONCLUSION

As a maritime Nation, our security, resilience, and economic prosperity are intrinsically linked to the oceans. Safety and freedom of transit on the high seas are essential to our well-being, yet are very fragile. Moreover, threats to border security, growth in the global marine transportation system, expanded use of the Arctic, and burgeoning coastal development are challenging conventional paradigms. The Coast Guard is *ideally-suited* to address these and other challenges through its comprehensive, complementary authorities, flexible and adaptive operational capabilities, and centuries of experience protecting America's national security interests. *The Coast Guard's integrated approach to safety, security, and stewardship remains the most effective method of governance in the maritime domain.*

The people of the Coast Guard delivered record national results in 2007. Punctuated by the celebration of over *one million lives saved* since 1790 and removal/seizure of over 350,000 pounds of cocaine, "*Semper Paratus*," the Coast Guard motto, guides our effort every day and in every mission. Our men and women performed with courage, sacrifice and dignity, and are eager and prepared to answer the Nation's call now and into the future.

As our Nation faces the long-term struggle against radical extremism in a period of persistent conflict, the Coast Guard must be prepared to conduct operations across a broad spectrum of threats and hazards. We must position America's Coast Guard to answer the call, to be *Semper Paratus* and to execute the mission. While much has been achieved, developing comprehensive maritime safety, security, and stewardship regimes for the Nation remains a work in progress. Our fiscal year 2009 budget request and current legislative priorities are critical steps in the right direction.

Thank you for the opportunity to testify before you today. I am pleased to answer your questions.

Statement of the Fleet Reserve Association
On the

Fiscal Year 2009 U.S. Coast Guard Budget

Submitted to

Subcommittee on Coast Guard and Maritime Transportation
United States House of Representatives

February 26, 2008

THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest enlisted organization serving active duty, Reserves, retired and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel, their families and survivors. In addition to serving as a leading advocate on enlisted personnel and quality of life programs on Capitol Hill the Association also sponsors a National Americanism Essay program, awards over $90,000 in scholarships annually and provides disaster and/or relief to shipmates and others in distress.

The Association is also a founding member of The Military Coalition (TMC), a 35-member consortium of military and veterans organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA celebrated 83 years of service in November 2007. For over eight decades, dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, other members of the Uniformed Services plus their families and survivors, while protecting their rights and privileges. CHAMPUS, now TRICARE, was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (USSBP). More recently, FRA led the way in reforming the REDUX Retirement Plan, obtaining targeted pay increases for mid-level enlisted personnel, sea pay for junior enlisted sailors and hazardous duty incentive pay for U.S. Coast Guard boarding teams. FRA also played a leading role in advocating recently enacted predatory lending protections for service members and their dependents.

FRA's motto is: "Loyalty, Protection, and Service."

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

INTRODUCTION

Mr. Chairman and distinguished members of the Subcommittee, the Fleet Reserve Association (FRA) appreciates the opportunity to present its recommendations on the United States Coast Guard's FY 2009 Budget.

Prior to addressing these issues, FRA wishes to thank Congress for the generous pay, health care and benefit enhancements enacted in recent years. Improved wounded warrior transition and support services are very important as are other benefit improvements which are essential to maintaining the all-volunteer force and military readiness.

Coast Guard parity with DoD personnel programs remains a high priority for FRA, and the Association notes continuing challenges within the Coast Guard to adequately fund previously authorized active and reserve people programs.

US COAST GUARD AUTHORIZATION

FRA strongly recommends that Congress pass the FY 2007 US Coast Guard Authorization (H.R. 2830 and S. 1892). Authorization legislation is fundamental to Congressional budgeting and effective oversight of federal agencies.

The legislation addresses several important personnel related issues. These include emergency leave retention authority whereby service members would be allowed to retain leave they would otherwise forfeit due to support of major disasters or other emergencies declared by the President; legal assistance authority for Coast Guard Reservists that establishes parity among all similarly situated Reservists who have served on active duty for more than 30 days under mobilization authority and makes them eligible for legal assistance upon release from active duty; and authority for reimbursement for certain medical-related travel expenses when a service member is stationed on an INCONUS island and his/her family member is referred to a specialty care provider off-island that is less than 100 miles from the primary care provider.

In addition, both bills authorize end strength of 45,500, and make Coast Guard retirees eligible for the Armed Forces Retirement Home (AFRH). The Senate bill includes a policy change authorizing recreational facilities to be included in the public/private venture (PPV) program similar to service housing projects. The Senate bill also changes the vice commandant position from a 3-star position to a 4-star position, which will better align the Coast Guard with the other armed forces.

END STRENGTH

According to the 2008 U.S. Coast Guard Posture Statement, the Coast Guard end strength is currently at 41,873 active duty and 8,100 Reservists and has been at that level for several years even though the Coast Guard has been tasked with additional responsibilities in recent years. The Coast Guard took over the National Capitol Region Air Defense (NCRAD) mission in September of 2006, and there have been increased demands with the passage of "The Coast Guard and Mari-

time Transportation Act of 2006." Even modest increased active duty end strength in FY 2009 would immediately translate to a higher level of mission effectiveness. FRA supports adequate end strength to meet growing operational Coast Guard requirements and notes there are annual limits to increasing Coast Guard end strength due to recruiting and training limitations. According to Admiral Thad Allen in his recent State of the Coast Guard Address, "There has been no material change in the Coast Guard's end strength in the past 50 years despite more demands and the current era of persistent challenges."

PAY

Congress has for the past few years improved compensation that, in turn, enhanced the recruitment and retention of quality personnel in an all-volunteer environment. Adequate and targeted pay increases for middle grade and senior petty and noncommissioned officers have contributed to improved retention, morale and readiness. With a uniformed community that is more than 50 percent married, satisfactory compensation helps relieve much of the tension brought on by demanding operational tempos.

For FY 2009, the Administration recommended a 3.4 percent across the board basic military pay increase which is equal to the Employment Cost Index (ECI). FRA strongly supports pay increases that are at least 0.5 percent above the ECI (3.9 percent in FY 2009) to close the 3.4 percent gap between civilian and uniform services pay. Previous annual 0.5 percent higher than ECI raises reduced the pay gap with the private sector from 13.5 percent in FY 1999 to 3.4 percent today.

Assuming authorization by the Armed Service Committee, FRA urges the Subcommittee to authorize funding of annual active duty pay increases that are at least 0.5% above the ECI, to help close the pay gap between active duty and private sector pay and ensure adequate appropriations to fund these increases in the Coast Guard's budget.

HEALTH CARE

The FRA wants to ensure adequate funding for Coast Guard Health Care Fund (HCF) in order to meet readiness needs, fully fund TRICARE, and improve access for all beneficiaries regardless of age, status or location, and is concerned by the nearly $15 million cut in the FY 2009 budget request.

The Department of Defense is proposing a significant increase in fees paid by retired uniformed services beneficiaries, including doubling or tripling enrollment fees for TRICARE Prime, a new Tricare Standard enrollment fee and tripling or quadrupling other TRICARE Standard fees. The Task Force on the Future of Military Health Care in its recently released final report urged Congress to shift higher health care costs to retirees, including TRICARE-for-Life (TFL) beneficiaries, through higher fees, deductibles and pharmacy co-pays that would be adjusted regularly to cover the cost of health care inflation. The initial TFL annual enrollment fee proposed is $120. These recommendations have been endorsed by the Department of Defense and the Administra-

tion's FY 2009 budget assumes revenue from these fees. The FRA believes strongly that these proposed increases are disproportional, inequitable, inappropriate and unwise.

Eroding benefits for career service can only undermine long-term retention/readiness. The men and women serving in the Coast Guard today are very conscious of actions by Congress affecting those who preceded them in service. One reason Congress enacted TRICARE-for-Life in 2001 is that the Joint Chiefs of Staff at that time said that inadequate retiree health care was affecting attitudes among active duty troops. The FRA believes strongly that the Defense Department has not sufficiently investigated and implemented other options to make TRICARE more cost-efficient without shifting costs to beneficiaries, and strongly supports Representative Chet Edwards' and Representative Walter Jones' legislation, "The Military Retirees Health Care Protection Act" (H.R. 579.)

Due in large part to the unique range of geographic locations to which they are assigned, Coast Guard personnel and their families often struggle to find medical providers who accept TRICARE beneficiaries. While implementation of TRICARE Prime Remote alleviated many of these problems, costs associated with the standard benefit and low reimbursement rates can make finding a health care provider a daunting task in many areas. And, Coast Guard personnel who choose to receive care at DoD Military Treatment Facilities (MTFs), may have to travel long distances for care. FRA is concerned that low reimbursement rates will continue to make health care access a significant challenge for Coast Guard personnel stationed in remote locations.

The FRA urges the Subcommittee to authorize full funding for health care benefits to ensure access for all beneficiaries, and support "The Military Retirees Health Care Protection Act" (H.R. 579).

Reserve Health Care – FRA is grateful to Congress for allowing Reservists to purchase TRICARE Reserve Select (TRS) coverage per the FY 2007 National Defense Authorization Act. However, a recent (Sept. 2007) GAO report indicates that TRS beneficiaries are paying too much for coverage ($81/month for an individual and $253/month for family coverage) and was incorrectly based upon the basic Blue Cross/Blue Shield option for FEHBP. GAO found that DoD estimates were 72% higher than the average actual single member cost, and 45% higher than average family cost. The annual individual premium should have been $48/month instead of $81/month and the corresponding family premium would have been $175/month instead of $253/month.

GAO recommended that DoD stop basing TRS premiums on Blue Cross/Blue Shield adjustments and use the actual costs of providing the benefit. DoD concurred with the recommendations and says, "it remains committed to improving the accuracy of TRS premium projections." However, GAO observed that DoD has made no commitment to any timetable for change.

The Association believes our obligation to restrain health cost increases for Selected Reserve members who are increasingly being asked to serve their country is important, and these members deserve better than having their health premiums raised arbitrarily by a formula that has no relationship to actual costs. FRA strongly recommends support for reducing TRS premiums im-

mediately to $48/month (single) and $175/month (family), with retroactive refunds to those who were overcharged in the past.

PERMANENT CHANGE OF STATION (PCS) ALLOWANCES

The Association urges this Subcommittee to be aware of the need to upgrade permanent change-of-station (PCS) allowances to better reflect the expenses Coast Guard members are forced to incur in complying with government-directed relocations, including shipment of a second vehicle at government expense to overseas accompanied assignments. And if enhancements are authorized by the Armed Services Committee, FRA urges authorization of funding in the Coast Guard's budget to fund these enhancements.

Shipment of POVs – Expanding the number of privately owned vehicles (POV) a military family can ship during a PCS from one vehicle to two for duty assignments in Alaska, Hawaii and US Territories is another FRA supported initiative. This is an issue of particular concern to Coast Guard personnel stationed in these locations since many married personnel have spouses who also work.

Weight Allowances – FRA also recommends modifying PCS household goods weight allowance tables for personnel in pay grades E-7, E-8 and E-9 to coincide with allowances for officers in grades 0-4, 0-5, and 0-6, respectively. These allowances are needed for Coast Guard personnel to more accurately reflect the normal accumulation of household goods over the course of a career.

Dislocation Allowance – Moving household goods on government orders can be costly. Active duty personnel endure a number of permanent changes of station (PCS) during a career in uniform. Each move requires additional expenses for relocating and establishing a new home.

Currently retiring personnel are *not* entitled to a dislocation allowance despite the fact that his or her orders can be construed as a permanent change of station reflecting a management decision to order the member's retirement or transfer. Providing the member is moving to a new location, the retiring Coast Guardsman will face the same expenses as if transferring to a new duty station.

FRA believes a dislocation allowance should be authorized for personnel retiring from active duty. After serving 20 or more arduous years of service, retiring personnel moving their household locations in excess of 50 miles from their final duty station, should be entitled to a dislocation allowance equal to at least one month of basic pay.

HOUSING

FRA urges reform of housing standards that inequitably depress Base Allowance for Housing (BAH) rates for mid-to-senior enlisted members. The vast majority of Coast Guard personnel and their families use private housing and collect BAH and FRA believes that there is an urgent need to update the standards used to establish housing allowance rates. Only married E-9s now qualify for BAH based on local single family home costs. As a minimum, the BAH standard (single-

family detached house) should be extended over several years to qualifying service members beginning in grade E-8 and subsequently to grade E-7 and below as resources allow. If authorized by the Armed Services Committee, FRA strongly urges commensurate authorization and funding in the Coast Guard budget.

FRA strongly supports the scheduled FY 2009 improvements to Coast Guard housing at Cordova, Alaska and Montauk, New York as well as improvements at the USCG Academy barracks (Chase Hall) and notes that these projects are addressed in the stalled FY 2007 Coast Guard Authorization Bill.

CHILD CARE

The availability and accessibility of affordable child care is a very important quality of life issue for Coast Guard personnel and their families. Coast Guard child care centers operate under the same standards for care as similar DoD facilities.

High cost child care can often be attributed to the fact that most of the unit locations preclude access to DoD and Coast Guard child development centers. FRA understands that the Coast Guard had to limit access to child care in September 2007 due to a lack of funding, and stresses the importance of adequately funding this important program.

The Coast Guard continues to explore ways to assist with child care costs to members in remote, high cost areas. FRA welcomes the July 2007 Coast Guard partnership with the General Services Administration (GSA) in order to assist the Coast Guard in locating state licensed, center-based or home-based child care facilities to help address this important issue.

EDUCATION BENEFITS

President Bush called for transferability of MGIB benefits for certain military personnel in the 2008 State of the Union Address, however, no funding was included in the budget for this initiative. Increased funding for personnel benefits in the President's FY2009 budget will help enhance various education programs, specifically the Tuition Assistance Program which enables the Coast Guard to maintain parity with DoD. Tuition Assistance is a high priority for the active and Reserve forces and is a key element associated with successful recruiting initiatives. Enhancements to this program and the Montgomery GI Bill (MGIB) have significantly impacted recruiting and retention efforts.

FRA continues to advocate for the creation of a benchmark for the MGIB so benefits will keep pace with the cost of an average four-year college education.

Coast Guard senior enlisted personnel are among the thousands of service members who came on active duty during the Veterans Education Assistance Program (VEAP) era (1977-1985) and do not qualify for the MGIB. FRA urges authorization of an open enrollment period giving certain enlisted leaders the opportunity to sign up for increased educational benefits provided by the GI

Bill, as envisioned in "The Montgomery GI Bill Enhancement Act" (H.R. 4130) sponsored by Rep. Tim Walberg.

Too often the MGIB is characterized exclusively as a form of compensation or as a "recruiting tool." However, FRA would argue that it is also an investment in our Nation's future. Military personnel can use the MGIB on active duty to aid in their professional development, giving them the tools to become better leaders, mentors and representatives of their respective services. Many veterans who opted to leave the military and use the GI Bill to further their education have gone on to become highly productive members of our society paying more taxes, returning more revenue to the U.S. Treasury than what they might have been able to without a degree, and easily more than what was spent paying for their education.

Our Nation has a responsibility to ensure the MGIB investment remains a relevant supplement to completing one's education, as it continues to reap the benefits. The military has a well-deserved reputation for taking young Americans and transforming them into better citizens. Giving them the tools to excel in the academic environment has, and will continue to result in building upon that transformation.

MGIB-SR – The Selected Reserve MGIB has failed to maintain a creditable rate of benefits with those authorized in Title 38, Chapter 30. In 1985 MGIB rates were established at 47% of active duty benefits. The rates have fallen below 29% of the active duty benefits. While the allowance has increased they failed to keep pace with the cost of college.

FRA stands four-square in support of our Nation's Reservists. To provide an incentive for young citizens to enlist and remain in the Reserves, FRA recommends that Congress enhance the MGIB-SR rates to the intended level for those who choose to participate in the program.

Academic Protection for Reservists – There are cases where Reservists, attending higher institutions of learning, called to active duty in the defense of the Nation and its citizens, lose credits or pre-paid tuition costs because they did not complete the course of instruction. FRA believes Congress should adopt legislation requiring colleges and universities to retain and reactivate the credits and prepaid costs for the Reservists upon demobilization.

RESERVE EARLY RETIREMENT

FRA is disappointed that the effective date of a key provision in the FY 2008 NDAA, the Reserve retirement age provision that is reduced by three months for each cumulative 90-days ordered to active duty is effective upon the enactment of the legislation and NOT retroactive to 7 October 2001 as addressed in the floor amendment to the Senate version of the bill. Consistent with TMC, FRA strongly endorses "The National Guardsmen and Reservists Parity for Patriots Act" (H.R. 4930), sponsored Rep. Joe Wilson (S.C.), and if enacted commensurate support and funding for this in the U.S. Coast Guard.

MANDATE TRAVEL COST RE-IMBURSEMENT

FRA appreciates the FY 2008 NDAA provision (Section 631) that permits travel reimbursement for weekend drills, not to exceed $300, if the commute is outside the normal commuting distance. The Association urges the authorizing Subcommittee to make this a mandatory provision. This is a priority issue with many enlisted Reservists who are forced to travel lengthy distances to participate in weekend drill without any reimbursement for travel costs. Providing travel reimbursement for drill weekends would assist with retention and recruitment for the Reserves – something particularly important to the increased reliance on these personnel in order to sustain our war and other operational commitments. If authorized, this enhancement should also be authorized and funded via the Coast Guard's budget.

FAMILY READINESS

It is often said that the military recruits the service member, but retains the family. As our Nation asks more from its all-volunteer force, at least 50 percent of who are married, family support has never more important.

As stated by Master Chief Petty Officer of the Coast Guard Skip Bowen in a recent FRA article, "Family readiness in the Coast Guard is unique to the other services. For the other branches of the military, family readiness is more geared towards a deployment. While the Coast Guard does have units that deploy in the same manner that DoD services deploy, the main difference is that the Coast Guard is deployed 100% of the time."

He also referenced the Coast Guard Ombudsman program which is directly related to families. Volunteers provide much needed support and our military spouses can benefit from their services if they are at their home duty station and their loved one is on a ship that goes out. While some may think of the Coast Guard as a "home-based operation," many Coast Guardsmen deploy from where they live and spend significant time away from home – anywhere from 185 to 230 days out of the year. The Ombudsmen are there to provide information for the spouses, and the spouses need to understand how the program works. FRA strongly supports the authorization of adequate resources to support this important program.

FRA also supports enhanced awareness initiatives and the President's call for hiring preferences for military spouses. Frequent Permanent Change of Station moves often prevent the establishment of roots in the local community necessary to obtaining good jobs. A federal government hiring preference would help alleviate that predicament.

EXCHANGE/MWR PROGRAMS

The Coast Guard relies heavily on vital non-pay compensation programs to provide for the health and well-being of its personnel and their dependents, and to ensure good morale as well as mission readiness.

The Coast Guard's Morale, Welfare, and Recreation (MWR) program and the Coast Guard Exchange System (CGES) provide important services to members and their families. Proceeds from CGES sales generate funds for MWR programs including retail stores, fitness centers, gymnasiums, libraries and child development centers. All indirectly support the Coast Guard's mission while helping ease the challenges and rigors of often demanding duty assignments.

FRA asks that Congress provide appropriate funding support for CGES and MWR programs to ensure the well-being and morale of all Coast Guard personnel and their families.

CONCLUSION

Mr. Chairman, the FRA appreciates the opportunity to submit its views for the record on pay, health care and other programs important to Coast Guard personnel. The Association salutes you and members of your distinguished Subcommittee for effective oversight of our Nation's all-important fifth Armed Force, and for your untiring commitment to the men and women serving so proudly in our United States Coast Guard.

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