

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
INTRODUCTORY STATEMENT OF ADMIRAL JAMES S. GRACEY
ON THE FY 1984 BUDGET REQUEST
HOUSE OF REPRESENTATIVES SUBCOMMITTEE
ON COAST GUARD AND NAVIGATION OF THE
COMMITTEE ON MERCHANT MARINE AND FISHERIES
OVERVIEW HEARING OF 17 MARCH 1983

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I HAVE WITH ME THIS MORNING THE VICE COMMANDANT, VICE ADMIRAL BENEDICT STABILE, MY CHIEF OF STAFF, REAR ADMIRAL PAUL YOST, THE CHIEF OF THE PROGRAMS DIVISION, CAPTAIN GENNARO DUCA, AND THE CHIEF OF THE BUDGET DIVISION, CAPTAIN ROBERT NELSON.

I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOU THIS MORNING AT THIS OVERVIEW HEARING ON THE COAST GUARD'S BUDGET REQUEST FOR FISCAL YEAR 1984. I WOULD LIKE TO SAY INITIALLY THAT I LOOK FORWARD TO WORKING WITH THE CONGRESS AND THIS COMMITTEE AS WE REVIEW COAST GUARD PLANS AND THE MANY CHALLENGES WE FACE. I WELCOME THE OPPORTUNITY FOR A MEANINGFUL AND COMPLETE DIALOGUE WITH THE MEMBERS OF CONGRESS TO ACHIEVE A MUTUAL UNDERSTANDING OF COAST GUARD PROGRAMS....AND THEIR CONTRIBUTION TO NATIONAL GOALS. I BELIEVE THAT IT IS VITALLY IMPORTANT FOR THE CONGRESS, AND THE PUBLIC TO HAVE A CLEAR UNDERSTANDING OF OUR MISSIONS AND OF THE IMPLICATIONS OF BUDGET DECISIONS THAT ARE MADE.

OUR 1984 BUDGET REQUEST PRESENTS A BALANCED PROGRAM WITH EMPHASIS ON MARITIME LAW ENFORCEMENT, NATIONAL DEFENSE COMMITMENTS, DEPENDABILITY AND SAFETY OF OUR SHIPS, BOATS, AIRCRAFT AND SHORE FACILITIES, AND THE WELFARE AND SAFETY NEEDS OF COAST GUARD PERSONNEL. I BELIEVE THAT THE REQUEST SUPPORTS A REASONABLE LEVEL OF COAST GUARD REQUIREMENTS, AND REFLECTS NATIONAL PRIORITIES, THE CONTINUING CONCERNS OF THE ADMINISTRATION

AND CONGRESS, AND THE RECOMMENDATIONS OF THE ROLES AND MISSIONS STUDY WHICH WE COMPLETED LAST YEAR.

THE OVERALL REQUEST IS CONSISTENT WITH ONE OF THE PRESIDENT'S TOP GOALS....TO HOLD THE OVERALL GROWTH OF FEDERAL SPENDING TO NO MORE THAN THE RATE OF INFLATION. THE \$2.545 BILLION IN BUDGET AUTHORITY REQUESTED REPRESENTS AN INCREASE OF \$79 MILLION WHICH PROVIDES FOR CONTINUATION OF ONGOING PROGRAMS, OPERATION OF NEW SHIPS AND AIRCRAFT, AND PURCHASE OF NEW EQUIPMENT TO IMPROVE MISSION EFFECTIVENESS AND PRODUCTIVITY.

WE ARE ASKING FOR A MODEST INCREASE OF 134 CIVILIAN POSITIONS WHICH WILL BRING OUR AUTHORIZED FULL TIME PERMANENT CIVILIAN POSITIONS TO 6,174 WITH AN END OF YEAR STRENGTH OF 5,865. AT THE SAME TIME, WE ARE RECOMMENDING A NET DECREASE OF 11 MILITARY BILLETS TO GIVE US TOTAL AUTHORIZED MILITARY BILLETS OF 39,289. WE RECOMMEND CONVERSION OF 41 MILITARY BILLETS IN THE AC&I AND RDT&E APPROPRIATIONS, AND PROPOSE THAT AS MANY OF OUR NEW PERSONNEL NEEDS AS APPROPRIATE BE MET WITH CIVILIAN PERSONNEL. I BELIEVE THAT THIS WILL IMPROVE OVERALL EFFICIENCY AS WE SEEK TO USE MILITARY PERSONNEL FOR OPERATIONAL AND SELECTED SUPPORT FUNCTIONS FOR WHICH THEY ARE PARTICULARLY WELL SUITED.

THIS BUDGET REQUEST DOES NOT INCLUDE FACILITY CLOSURES AS PROPOSED IN LAST YEAR'S REQUEST. WE WILL, HOWEVER, PHASE OUT TWO OLDER 327-FOOT CUTTERS WHICH ARE BEING REPLACED BY THE FIRST TWO OF THE NEW BEAR-CLASS CUTTERS. ONE ICEBREAKER - THE GLACIER - WILL BE DECOMMISSIONED FOR A SCHEDULED MAJOR MAINTENANCE AVAILABILITY. THESE ACTIONS FREE UP ALMOST

500 MILITARY POSITIONS WHICH HAVE BEEN REALLOCATED WITHIN THE APPROPRIATION.

OPERATING EXPENSES

THE OPERATING EXPENSES APPROPRIATION REQUEST OF \$1.688 BILLION IN BUDGET AUTHORITY REPRESENTS A NET INCREASE OF \$81 MILLION. NEARLY \$74 MILLION OF THIS INCREASE IS REQUIRED TO FUND THE INCREASED COST OF DOING BUSINESS AT THE CURRENT LEVEL AND TO PROVIDE FOR THE OPERATION OF NEW FACILITIES. THE REQUEST ALSO INCLUDES ABOUT \$13 MILLION FOR PROGRAM INCREASES WHICH IS OFFSET BY \$9 MILLION IN PROGRAM DECREASES.

FUNDING FOR NEW FACILITIES WILL PROVIDE FOR OPERATION OF THE FIRST 4 OF A NEW CLASS OF PATROL BOATS, FOLLOW-ON SUPPORT OF 3 NEW SURFACE EFFECT SHIPS, OPERATION OF 5 ADDITIONAL NEW MEDIUM RANGE SURVEILLANCE AIRCRAFT AND SUPPORT FOR THE NEW 270-FOOT BEAR-CLASS MEDIUM ENDURANCE CUTTERS. ALSO WE PLAN TO PROVIDE FOR INCREASED DRUG INTELLIGENCE EFFORTS.

PROGRAM INCREASES PROPOSED REFLECT MY DESIRE FOR SIGNIFICANT PROGRESS IN 3 AREAS: DRUG LAW ENFORCEMENT, MILITARY READINESS AND DEPENDABILITY OF OUR FACILITIES. TO ENHANCE OUR DRUG ENFORCEMENT EFFORT, WE SEEK TO AUGMENT OUR PATROL BOATS TO EXTEND SEA ENDURANCE TIME, PROVIDE NEW DETECTION EQUIPMENT AND IMPROVE LAW ENFORCEMENT TRAINING AND CAPABILITY AT SELECTED SHORE STATIONS. IMPROVED READINESS PLANNING AND TRAINING IS PROPOSED IN SUPPORT OF NATIONAL DEFENSE OBJECTIVES. THE REMAINING REQUESTS WILL GO A LONG WAY TOWARD GETTING OUR VESSELS AND SHORE PLANT UP TO FULL OPERATIONAL CAPABILITY AND PROVIDE FOR THE WELFARE OF COAST GUARD PERSONNEL.

WE HAVE ALSO REQUESTED \$3 MILLION FOR NEW RESPONSIBILITIES. CERTAIN

STATUTORY DUTIES FOR DETERMINING VESSEL/OWNER FINANCIAL RESPONSIBILITY FOR POLLUTION PREVENTION PURPOSES CURRENTLY ASSIGNED TO THE FEDERAL MARITIME COMMISSION WILL BE TRANSFERRED TO THE COAST GUARD BY EXECUTIVE ORDER AND DELEGATION OF AUTHORITY. ADDITIONALLY, BEGINNING THIS YEAR WE WILL INCLUDE IN OUR PERSONNEL ALLOWANCES ALL PUBLIC HEALTH SERVICE PROFESSIONALS ASSIGNED TO THE COAST GUARD AND WE WILL REIMBURSE PHS FOR CERTAIN ADDITIONAL ADMINISTRATIVE EXPENSES.

ACQUISITION, CONSTRUCTION AND IMPROVEMENTS

IN RECENT YEARS, A LARGE SHARE OF THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS APPROPRIATION HAS BEEN REQUIRED FOR THREE MAJOR CUTTER AND AIRCRAFT PROGRAMS. IN ONE OF THESE PROGRAMS, WE PLAN TO ATTAIN AN IMPORTANT MILESTONE....COMPLETION OF THE MRS AIRCRAFT PROCUREMENT THIS YEAR. WE WILL CONTINUE TO PROVIDE FOR THE CONTRACTUAL REQUIREMENTS OF THE 13 BEAR-CLASS CUTTERS AND THE SHORT RANGE RECOVERY HELICOPTERS WITH SUBSTANTIALLY REDUCED ANNUAL PROGRESS PAYMENTS. WITH REDUCED REQUIREMENTS IN THESE MAJOR ACQUISITION PROGRAMS, THE \$378.6 MILLION REQUESTED IN THIS APPROPRIATION WILL ALLOW FOR NEW VESSEL REHABILITATION INITIATIVES AND GREATER PROGRESS IN RENEWAL OF OUR SHORE FACILITIES.

I INVITE YOUR PARTICULAR ATTENTION TO OUR PLANS TO BEGIN RENOVATION AND MODERNIZATION FOR OUR 378 FOOT HIGH ENDURANCE AND 210 FOOT MEDIUM ENDURANCE CLASS CUTTERS. THESE NEW PROJECTS, TOGETHER WITH CONTINUATION OF THE BUOY TENDER SERVICE LIFE EXTENSION PROGRAM ARE NOW THE FOCAL POINT IN OUR PLANS TO IMPROVE THE RELIABILITY AND CAPABILITY OF OUR OLDER VESSELS AND TO EXTEND THEIR OPERATION INTO THE 1990'S.

WE ARE REQUESTING FUNDING TO CONTINUE RENOVATION OF THE C-130 LONG RANGE SEARCH AIRCRAFT AND COMPLETE FUNDING FOR A NEW SEARCH RADAR FOR THIS FLEET OF HIGHLY CAPABLE AIRCRAFT. TO IMPROVE POLLUTION SURVEILLANCE LAW ENFORCEMENT, WE ALSO PROPOSE TO PURCHASE 5 MULTI-MISSION PRODUCTION AIREYE SENSORS TO BE INSTALLED ON OUR NEW MEDIUM RANGE SEARCH AIRCRAFT.

THIS YEAR WE ARE PROPOSING A THREEFOLD INCREASE IN FUNDING FOR IMPROVEMENTS TO OUR MULTI-MISSION SHORE STATIONS AND AIDS-TO-NAVIGATION FACILITIES... IN AN EFFORT TO ADDRESS CAPITAL NEEDS IN THESE AREAS. THE REQUEST INCLUDES FUNDING FOR FOUR NEW STATIONS LOCATED AT VENICE, LOUISIANA; CRISFIELD, MARYLAND; GULFPORT, MISSISSIPPI; AND CORDOVA, ALASKA. ALSO PROPOSED ARE A NEW HANGER AT CAPE COD AIR STATION TO ALLOW FOR EFFICIENT CONSOLIDATION OF OPERATIONS, NEW REMOTE OPERATING SYSTEMS FOR LORAN STATIONS, AND A BEEFED UP MINOR SHORE CONSTRUCTION PROGRAM WITH IMPORTANT OPERATIONAL IMPROVEMENTS PLANNED.

TO FACILITATE BETTER POLLUTION RESPONSE CAPABILITY, THE GULF STRIKE TEAM WILL BE RELOCATED TO OUR AVIATION FACILITY AT MOBILE. FINALLY, SEVERAL PROJECTS HAVE BEEN INCLUDED IN THIS APPROPRIATION WHICH ARE AIMED AT SUBSTANTIAL IMPROVEMENTS IN OUR OPERATIONS THROUGH GREATER PRODUCTIVITY AND EFFICIENCY AT COMMUNICATIONS AND TRAINING FACILITIES AND IN AUTOMATED DATA PROCESSING.

ALTERATION OF BRIDGES

TURNING TO THE REMAINING APPROPRIATIONS, \$13.2 MILLION FOR ALTERATION OF BRIDGES OBSTRUCTING NAVIGATION WILL PROVIDE FOR THE GOVERNMENT'S SHARE OF THE COST TO CONTINUE ALTERATIONS ON TWO BRIDGES; THE ILLINOIS RIVER RAILROAD BRIDGE AT PEORIA AND THE POINT PLEASANT CANAL, NEW JERSEY

HIGHWAY BRIDGE. WORK ON A 3RD BRIDGE, WILLAMETTE RIVER NEAR PORTLAND, OREGON WILL CONTINUE WITH PRIOR YEAR FUNDS.

RETIRED PAY

THE RETIRED PAY APPROPRIATION REQUEST OF \$341.3 MILLION IS BASED UPON AN AVERAGE OF 24,191 ON THE RETIRED ROLLS. LEGISLATION BEING PROPOSED BY THE ADMINISTRATION TO OMIT THE 1984 COST OF LIVING ADJUSTMENT WILL REDUCE THIS REQUIREMENT BY \$7 MILLION.

RESERVE TRAINING

THE RESERVE TRAINING PROGRAM PROPOSED AT \$54.8 MILLION WILL SUPPORT A SELECTED RESERVE AT 12,000. I STRONGLY SUPPORT THIS PROGRAM WHICH MUST BE RECOGNIZED AS A VALUABLE CONTRIBUTOR TO NATIONAL SECURITY ESPECIALLY IN THE STRATEGIC MOBILITY ARENA, AND AS A COST EFFECTIVE PEACETIME ASSET IN SUPPORT OF PEACETIME COAST GUARD MISSIONS. I AM PLACING RENEWED EMPHASIS ON INCREASED PARTICIPATION IN READINESS EXERCISES AND OTHER TRAINING TO ENSURE RESERVISTS CAN PERFORM EFFECTIVELY IN THE EVENT OF A NATIONAL EMERGENCY.

RESEARCH, DEVELOPMENT, TEST & EVALUATION

THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION REQUEST TOTALS \$22 MILLION, WHICH REPRESENTS A 10% INCREASE. THIS WILL ALLOW CONTINUATION OF ONGOING PROGRAMS AND PROVIDE FOR AN IMPORTANT NEW INITIATIVE. FOR THE FIRST TIME WE WILL HAVE OUR RDT&E PROGRAM INVESTIGATE DEVELOPMENT OF NEW DRUG INTERDICTION TACTICS. WE WILL ALSO BE LOOKING AT SYSTEMS EVALUATION OF MULTI-MISSION BOATS AND OF SHORT RANGE AIDS TO NAVIGATION.

MY OBJECTIVE IN THIS PROGRAM IS TO CONCENTRATE ON PROJECTS IN AREAS OF HIGH PAYOFF WHERE WE HAVE A UNIQUE INTEREST. WE DO NOT PLAN TO DUPLICATE OR COMPETE WITH WORK WHICH SHOULD BE THE RESPONSIBILITY OF THE PRIVATE SECTOR. IT IS OUR INTENTION TO CONTINUE OPERATION OF AN R&D CENTER AND TO SHIFT STAFFING TO A GREATER PROPORTION OF CIVILIANS.

NATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND

THE NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND IS FUNDED AT \$45 MILLION IN CONTRACT AUTHORITY. WE ARE SEEKING THE FULL LIMIT OF \$15 MILLION FOR RECREATIONAL BOATING SAFETY ASSISTANCE ONLY AND ARE REQUESTING APPROPRIATIONS TO LIQUIDATE CONTRACT AUTHORITY IN THAT AMOUNT. EXPERIENCE HAS REINFORCED MY STRONG BELIEF THAT THE STATES MUST BE INVOLVED IN RECREATIONAL BOATING SAFETY AND THAT THESE FUNDS WILL ENCOURAGE AND SUPPORT THIS INVOLVEMENT. I VIEW THIS PROGRAM AS ONE OF SIGNIFICANT IMPORTANCE TO THE SAFETY OF THIS NATION'S 60 MILLION BOATERS.

NO AUTHORITY IS REQUESTED TO INCUR OR LIQUIDATE OBLIGATIONS FOR FACILITIES IMPROVEMENT PROGRAMS. THIS IS CONSISTENT WITH ADMINISTRATION POLICY ON OTHER TRANSPORTATION FORMULA GRANT PROGRAMS THAT FUNDING OF FACILITIES USED BY A LIMITED SEGMENT OF THE POPULATION IS APPROPRIATELY LEFT TO LOCAL GOVERNMENTS AND THE PRIVATE SECTOR.

OTHER FUNDS

FOR THE POLLUTION FUND WE ARE REQUESTING \$7 MILLION IN PERMANENT AUTHORITY AS WE HAVE IN PREVIOUS YEARS. FOR THE OFFSHORE OIL POLLUTION COMPENSATION FUND AND THE DEEPWATER PORT LIABILITY FUND, WE ARE AGAIN REQUESTING APPROPRIATION OF SUCH SUMS AS MAY BE NECESSARY, AS OPPOSED TO DEFINITE AMOUNTS. HOWEVER, LANGUAGE IS PROPOSED TO LIMIT OBLIGATIONS IN

THESE TWO FUNDS TO \$60 MILLION AND \$50 MILLION RESPECTIVELY.

USER CHARGES

THE ADMINISTRATION WILL SHORTLY TRANSMIT A LEGISLATIVE PROPOSAL FOR USER FEES TO RECOUP THE DIRECT COSTS OF SELECTED SERVICES THE COAST GUARD PROVIDES. I SUPPORT THE CONCEPT OF USER CHARGES AND I HAVE GIVEN MUCH PERSONAL ATTENTION TO THE ADMINISTRATION'S PROPOSAL, WHICH I BELIEVE TO BE REASONABLE. I URGE THE CONGRESS TO GIVE IT SERIOUS CONSIDERATION.

MR. CHAIRMAN, I HAVE BRIEFLY HIGHLIGHTED THE AREAS OF MAJOR INTEREST OF OUR REQUEST. IN A PERIOD WHEN NO GROWTH BUDGETS ARE THE NORM, AND DEMANDS FOR NEW AND HIGHER LEVEL OF COAST GUARD SERVICES ARE FREQUENT, I BELIEVE THAT THIS REQUEST IS BALANCED AND REASONABLE.

THIS CONCLUDES MY PREPARED STATEMENT. I WILL BE GLAD TO RESPOND TO THE COMMITTEE'S QUESTIONS.