

FILE

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DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
STATEMENT OF ADMIRAL JAMES S. GRACEY
ON THE FY 1986 BUDGET REQUEST
SUBCOMMITTEE ON TRANSPORTATION
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
16 APRIL 1985

MR. CHAIRMAN, I AM PLEASED TO HAVE THIS OPPORTUNITY TO MEET WITH YOU AND OTHER MEMBERS OF THIS SUBCOMMITTEE TO REVIEW AND DISCUSS THE COAST GUARD FISCAL YEAR 1986 BUDGET REQUEST. ACCOMPANYING ME ARE THE VICE COMMANDANT, VICE ADMIRAL BENEDICT STABILE; MY CHIEF OF STAFF, REAR ADMIRAL DONALD THOMPSON; THE CHIEF OF THE PROGRAMS DIVISION, CAPTAIN ROBERT NELSON; AND THE CHIEF OF THE BUDGET DIVISION, CAPTAIN KENT WILLIAMS.

OUR OVERALL REQUEST, TOTALING ABOUT \$2.54 BILLION IN BUDGET AUTHORITY, ALLOWS A CONTINUATION OF PLANS TO MODERNIZE AND IMPROVE THE EFFICIENCY OF THE COAST GUARD'S CAPITAL PLANT; TO INCREASE THE CAPABILITY OF EXISTING RESOURCES THROUGH SENSOR ADDITIONS AND COMMAND AND CONTROL ENHANCEMENTS; AND TO REDUCE ADMINISTRATIVE OVERHEAD THROUGH CONSOLIDATIONS AND OTHER ECONOMIES.

THIS REQUEST REPRESENTS A BALANCE BETWEEN THE NEED TO LIMIT FEDERAL BUDGET GROWTH AND THE REQUIREMENT TO SUPPORT PRIORITY PROGRAMS VITAL TO THE NATIONAL INTEREST; PARTICULARLY THE COAST GUARD'S THREE BASIC MISSIONS: MARINE SAFETY, DEFENSE READINESS, AND LAW ENFORCEMENT.

THE BUDGET REQUEST PROVIDES FOR A NET REDUCTION OF 620 MILITARY BILLETS AND 213 CIVILIAN POSITIONS. TO EFFECT MANY OF THOSE, WE WILL FOCUS ON REALIGNING SUPPORT ACTIVITIES AND REDUCING ADMINISTRATIVE OVERHEAD THROUGH STAFF CONSOLIDATIONS. THE A-76 PROCESS WILL ALSO REMAIN A MAJOR TOOL IN SEEKING PERSONNEL ECONOMIES AND PRODUCTIVITY IMPROVEMENTS THROUGH REVIEWING SUPPORT ACTIVITIES THAT ARE NOT INHERENTLY GOVERNMENTAL IN NATURE, WITH A VIEW TO HAVING THEM PERFORMED BY PRIVATE SECTOR FIRMS UNDER CONTRACT. WHERE OPERATING PROGRAM CHANGES ARE PROPOSED. . .AS IN THE COMMERCIAL VESSEL SAFETY PROGRAM OR GREAT LAKES SEARCH AND RESCUE. . .THEY WILL BE ACHIEVED BY THE CONSOLIDATION OF ACTIVITIES OR THROUGH OTHER PROGRAM EFFICIENCIES.

WE WILL ONCE AGAIN SEEK USER FEES FOR CERTAIN COAST GUARD SERVICES. IT IS ANTICIPATED THAT IN FISCAL YEAR 1986 THE FEES BEING PROPOSED WILL GENERATE HALF-YEAR RECEIPTS OF ABOUT \$236 MILLION. IN FISCAL YEAR 1987, THE FIRST FULL YEAR OF IMPLEMENTATION, RECEIPTS WOULD INCREASE TO A LEVEL OF ABOUT \$476 MILLION AND THEN REMAIN AT THAT LEVEL IN THE OUT-YEARS.

WE HAVE ALSO INCLUDED A NUMBER OF MANAGEMENT IMPROVEMENT INITIATIVES IN THIS BUDGET TO HELP KEEP US WITHIN THE PRESIDENT'S "FREEZE" GUIDELINES. WE ARE LOOKING FOR IMPROVED PRODUCTIVITY . . .AS WE ALWAYS HAVE. IT IS THE ULTIMATE PAYOFF. . .THE TANGIBLE RESULT OF THE MANAGEMENT AND LEADERSHIP ATTENTION THE COAST GUARD HAS TRADITIONALLY APPLIED TO ITS AFFAIRS.

OPERATING EXPENSES

THE OPERATING EXPENSES APPROPRIATION REQUEST FOR JUST OVER \$1.78 BILLION IS TO FUND THE OPERATION AND MAINTENANCE OF COAST GUARD SHIPS, AIRCRAFT, AND SHORE UNITS, INCLUDING FACILITIES ACQUIRED THROUGH CAPITAL INVESTMENTS IN RECENT YEARS. THE LIMIT IN THE APPROPRIATION LANGUAGE FOR FUNDING MILITARY COMPENSATION AND BENEFITS WILL PROVIDE FOR THE 38,220 FULL-TIME EQUIVALENT PERSONNEL REQUESTED. FUNDING WILL ALSO ALLOW OPERATION OF 2 LEASED AND 3 COAST GUARD OWNED AEROSTATS. . .MOBILE, TETHERED-BALLOON, RADAR SURVEILLANCE SYSTEMS. . .FOR USE IN OUR DRUG INTERDICTION EFFORT. ALSO, IN FY 1986 WE WILL BEGIN OPERATING 4 NEW 270 FOOT MEDIUM ENDURANCE CUTTERS, 1 NEW 140 FOOT ICEBREAKING TUG, 2 NEW HC-130 LONG RANGE SEARCH AIRCRAFT, 26 NEW SHORT RANGE RECOVERY HELICOPTERS AND THE FIRST 10 OF OUR NEW 110 FOOT PATROL BOATS.

THE TOTAL AMOUNT FOR OPERATING EXPENSES INCLUDES \$15 MILLION PROVIDED FROM THE BOAT SAFETY ACCOUNT. FISCAL YEAR 1986 IS THE FIRST YEAR FOR THIS FUNDING OFFSET WHICH WAS AUTHORIZED BY THE DEFICIT REDUCTION ACT OF 1984. ANOTHER \$57.927 MILLION OF THE APPROPRIATION TOTAL IS PROPOSED TO BE FUNDED BY TRANSFER FROM THE FISHERIES LOAN FUND.

ACQUISITION, CONSTRUCTION AND IMPROVEMENTS

THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS APPROPRIATION REQUEST FOR \$303.1 MILLION IN BUDGET AUTHORITY IS TO FUND CAPITAL IMPROVEMENTS, INCLUDING AIRCRAFT PROCUREMENTS; CUTTER ACQUISITIONS, RENOVATIONS, AND MODERNIZATION; AND REPLACEMENT AND RENOVATION PROGRAMS AT SELECTED SHORE FACILITIES.

THIS BUDGET PROVIDES FOR THE CONSTRUCTION OF 1 REPLACEMENT RIVER TENDER. IT WILL ALSO ALLOW US TO RENOVATE AND MODERNIZE 3 MORE 210 FOOT MEDIUM ENDURANCE CUTTERS, 2 OTHER 378 FOOT HIGH ENDURANCE CUTTERS, AND 1 POLAR ICEBREAKER. 42 OF THE 96 SHORT RANGE RECOVERY (SRR) HELICOPTERS ARE TO BE DELIVERED BY THE END OF FY 1986. RENOVATION AND REPLACEMENT OF OBSOLETE SHORE FACILITIES WILL ALSO CONTINUE. PARTICULAR EMPHASIS WILL BE PLACED ON UPGRADING SHORE FACILITIES TO INSURE ADEQUATE SUPPORT FOR BOTH NEW AND RENOVATED HIGH AND MEDIUM ENDURANCE CUTTERS. PROJECTS HAVE ALSO BEEN INITIATED TO PROVIDE ELECTRONIC DATA PROCESSING AND COMMUNICATIONS TO MORE COAST GUARD COMMANDS TO ENHANCE PRODUCTIVITY AND MANAGEMENT AND COMMAND DECISION-MAKING.

ALTERATION OF BRIDGES

THE \$5.2 MILLION REQUESTED FOR ALTERATION OF BRIDGES WILL PROVIDE FOR THE GOVERNMENT'S SHARE OF THE COST TO CONTINUE ALTERATIONS ON THE WILLAMETTE RIVER BRIDGE, PORTLAND, OREGON.

RETIRED PAY

THE RETIRED PAY APPROPRIATION REQUEST OF \$340.5 MILLION IS BASED UPON AN AVERAGE OF 24,298 ANNUITANTS ON THE ROLLS. THE REQUEST REFLECTS THE PRESIDENT'S LEGISLATIVE PROPOSAL TO FOREGO COST-OF-LIVING ADJUSTMENTS FOR 1986.

RESERVE TRAINING

THE RESERVE TRAINING PROGRAM, PROPOSED AT \$61.5 MILLION, WILL SUPPORT THE SELECTED RESERVE AT A CONTINUING LEVEL OF 12,500 PEOPLE. THE COAST GUARD RESERVE IS A VALUABLE CONTRIBUTOR TO OUR NATIONAL SECURITY, ESPECIALLY IN THE AREAS OF STRATEGIC MOBILITY AND DEFENSE READINESS. IT IS ALSO A COST-EFFECTIVE ASSET IN SUPPORT OF PEACETIME COAST GUARD MISSIONS.

RESEARCH, DEVELOPMENT, TEST & EVALUATION

THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION REQUEST TOTALING \$23.0 MILLION IS CONSISTENT WITH THE LEVEL APPROPRIATED IN FISCAL YEAR 1985. THIS APPROPRIATION IS DIRECTED TOWARDS IMPROVING THE EXECUTION OF EXISTING MISSIONS AND PROGRAMS ALONG WITH DEVELOPING THE CAPABILITIES ANTICIPATED FOR FUTURE MISSION REQUIREMENTS. THE PROGRAM TAKES A TWO-PRONGED APPROACH: HARDWARE, SYSTEM, AND PROCEDURES DEVELOPMENT TO INCREASE THE PRODUCTIVITY AND EFFECTIVENESS OF OUR PEOPLE; AND EXPANSION OF OUR KNOWLEDGE BASE FOR TECHNICAL SUPPORT TO OUR OPERATING AND REGULATORY MISSIONS. AMONG THE THINGS WE ARE TRYING TO ACCOMPLISH WITH THE COAST GUARD R&D PROGRAM IS ENHANCE THE PRODUCTIVITY OF OUR HIGH-INVESTMENT OPERATING UNITS.

SUCCESS IN PROJECTS OF THIS TYPE SHOWS UP IN LATER BUDGET YEARS AS COST AVOIDANCE. EXAMPLES OF OUR INITIATIVES IN THIS AREA INCLUDE STUDIES OF: THE MOST COST EFFECTIVE AND PRODUCTIVE MIX OF VESSEL TYPES WITH WHICH TO REPLACE OUR AGING PATROL BOAT FLEET; SENSORS FOR OUR OPERATING FACILITIES; COMMAND AND CONTROL DATA SYSTEM APPLICATIONS AND INTEGRATION; AND NEW MATERIALS AND TECHNIQUES TO HELP IMPROVE SAFETY AT SEA.

BOAT SAFETY ACCOUNT

THE BOATING SAFETY REQUEST IS FOR \$28.6 MILLION. OF THAT TOTAL, \$13.6 MILLION PROVIDES FINANCIAL ASSISTANCE TO STATES FOR THE DEVELOPMENT AND IMPLEMENTATION OF A COORDINATED NATIONAL RECREATIONAL BOATING SAFETY PROGRAM. THIS CONTINUES THE FUNDING LEVEL AT THE AMOUNT APPROPRIATED FOR FISCAL YEAR 1985. THE REMAINING \$15.0 MILLION IS PROVIDED FOR USE IN THE OPERATING EXPENSES APPROPRIATION, AS NOTED EARLIER.

OTHER FUNDS

FOR THE POLLUTION FUND WE ARE INCLUDING \$7.0 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 REQUESTING \$1 MILLION FOR EACH APPROPRIATION AND A MAXIMUM OBLIGATION LIMIT IN THESE TWO FUNDS OF \$60 MILLION AND \$50 MILLION, RESPECTIVELY.

SUMMARY

THE TOTAL DOLLAR LEVEL OF THE REQUEST BEFORE YOU REPRESENTS JUST A SMALL INCREASE FROM LAST YEAR AND PERSONNEL LEVELS ARE ACTUALLY LOWER. YET, EVEN WITH THIS NO-GROWTH BUDGET, WE WILL SAIL MORE SHIPS AND FLY MORE PLANES THAN LAST YEAR. WE WILL DO ALL OF THOSE THINGS BY WORKING SMARTER. . .BY USING A COMBINATION OF TECHNICAL IMPROVEMENTS AND MANAGEMENT INITIATIVES TO MAKE US EVEN MORE COST-EFFECTIVE.

WE WILL ALSO CONTINUE TO MEET INCREASING PROGRAM RESPONSIBILITIES, PARTICULARLY IN THE AREAS OF DRUG LAW ENFORCEMENT AND DEFENSE READINESS. . .CONTINUING WHAT I BELIEVE IS OUR WELL-JUSTIFIED REPUTATION FOR PRODUCTIVITY, IN THE TRUEST SENSE OF THE WORD.

IN KEEPING WITH THE PRESIDENT'S DETERMINATION TO CONTROL GOVERNMENT SPENDING AND REDUCE THE DEFICIT, OUR BUDGET IS A FRUGAL ONE. WE'RE NOT ASKING FOR ONE MORE DOLLAR. . .OR ONE MORE PERSON. . . THAN WE NEED TO DO OUR JOB. AS YOU REVIEW OUR BUDGET REQUEST, I FEEL CONFIDENT YOU WILL FIND THAT IT PROPERLY BALANCES THE NEED TO SEEK ECONOMIES AND COST-EFFECTIVENESS WITH THE REQUIREMENTS TO MAINTAIN OUR STATUTORY RESPONSIBILITIES IN THE AREAS OF MARITIME SAFETY, LAW ENFORCEMENT AND DEFENSE READINESS. CERTAINLY, THOSE WERE OUR GOALS AS WE PREPARED IT. I LOOK FORWARD TO WORKING WITH THIS COMMITTEE AS WE TRY TO MEET THE FISCAL CHALLENGES FACING ALL OF US IN GOVERNMENT THIS YEAR.

MR. CHAIRMAN, THIS CONCLUDES MY PREPARED STATEMENT. I'LL BE
HAPPY TO RESPOND TO ANY QUESTIONS THE COMMITTEE MAY HAVE.