

STATEMENT
OF
CAPTAIN WARREN G. LEBACK
MARITIME ADMINISTRATOR
ON
BEHALF OF
THE
MARITIME ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
BEFORE THE
SUBCOMMITTEE ON COMMERCE,
JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES
OF THE COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
IN SUPPORT OF
FISCAL YEAR 1991 APPROPRIATION
MARCH 5, 1990

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Mr. Chairman and members of the subcommittee:

I am pleased to appear before you for the first time as Maritime Administrator to discuss the Maritime Administration's 1991 budget request. The Maritime Administration is responsible for the promotion of a strong U.S. merchant marine for carriage of U.S. foreign and domestic commerce and for national defense purposes. To carry out this responsibility we strive to assure: (1) an active fleet of U.S.-owned and operated commercial vessels; (2) a sufficient supply of trained and efficient personnel to man these ships; (3) a reserve fleet of cargo vessels which can be activated during national emergencies; and, (4) support to other maritime-related activities that further the national interests of the United States.

Overview

Our merchant marine has declined to the point where U.S.-flag liner ships carry only about 19.4 percent of the Nation's international liner trade. The Departments of Defense and Transportation are concerned about the declining sealift capability available to meet national security requirements. However,

there are no easy solutions to remedy the progressive decline of our merchant fleet during the past 25 years. This budget will provide for payment of existing long-term contracts for Operating-Differential Subsidies, will maintain the Agency's operations and training needs, and will provide full support for the Ready Reserve Force (RRF) to meet Department of Defense requirements.

Despite developments in the Warsaw Pact nations, the RRF program still has a high priority, and continues to be a key part of the Nation's overall defense strategy of sealift readiness and rapid reinforcement. It supplies about one-third of all U.S. strategic sealift capacity and over half of our capability to move specialized military equipment by sea. The ability to deploy forces and equipment rapidly to reinforce forward-deployed troops becomes even more important in light of the proposed reductions in conventional forces. Lack of financial support for the readiness and adequacy of the RRF would jeopardize our ability to deploy U.S. forces and unit equipment without allied assistance. As you know, the RRF program was in competition with other high priority non-defense demands during 1990 and the appropriation was well below the request. The program is now classified in the national defense category, and funding is again requested at the levels commensurate with the need.

In summary, we are requesting for 1991 an appropriation to liquidate contract authority of \$261,200,000 for Operating-Differential Subsidies which is an increase of \$35,330,000 over 1990; \$71,687,000 for Operations and Training, an increase of \$6,637,000; and \$225,000,000 for the Ready Reserve Force, an increase of \$136,000,000.

Operating-Differential Subsidies (ODS)

An appropriation to liquidate contract authority of \$261,200,000 is requested which will pay for an estimated subsidy program of 61 liner and 38 bulk ships. The requested increase of \$35,330,000 is for two purposes: (1) to make up for 1990 costs which were not covered in the President's budget for 1990; and (2) a comparable increase of \$19,680,000 for the estimated cost of 1991 operations.

Operations and Training (O&T)

An appropriation of \$71,687,000 is requested which is an increase of \$6,637,000 over the 1990 appropriation. The requested increase consists of \$2,250,000 to annualize the amount transferred from Ship Construction unobligated balances in 1990, \$2,200,000 for unavoidable cost increases, and \$2,000,000 to initiate replacement of the radar simulator at the Merchant Marine Academy which is used for mandatory training of midshipmen in the proper use of shipboard radar.

We will continue to pursue implementation of a plan for sharing of two training ships by the five oceangoing State marine schools. The replacement ship for the New York State Maritime Academy has been delivered to the school. This vessel and the recently renovated PATRIOT STATE would be shared among the five schools. The Maritime Administration's 1990 Authorization Act (P.L. 101-115) requires an additional study of maritime training which will be completed in time for such implementation. Our request does not prejudice any conclusions from this study. No additional funds are required for ship

sharing as funds saved from maintaining a reduced number of ships will be used to offset the costs of ship sharing. Considerable savings will result from not replacing the other three ships in future years.

Ready Reserve Force (RRF)

An appropriation of \$225,000,000 is requested for this account, which is an increase of \$136,000,000 over the 1990 appropriation. The full amount of the 1990 appropriation request of \$239,000,000 was not opposed by the Appropriations Committees. However, it was stated that increased funds for 1990 were not available from the limited amount allocated for domestic discretionary spending. The 1991 budget request classifies this account to the Defense-related activities function (Code 054).

The level requested in this budget has been developed in conjunction with the Navy and is fully supported by the Department of Defense. The budget supports maintenance of the ships currently in the RRF and achieving the long-term Defense Department objective of 142 ships in 1994.

The amount requested in 1991 includes \$49,400,000 for Fleet Additions, \$171,600,000 for Maintenance and Operations, and \$4,000,000 for Facilities. The funding for Fleet Additions will result in an increase of five ships; three tankers by upgrade, and one RO/RO and one tanker by acquisition for a total of 105 ships by the end of 1991. The Navy requirement of 142 ships in 1994 remains unchanged.

The funding for Maintenance and Operations will permit resumption of test activations to assess maintenance and activation capabilities and procedures (\$16,000,000), provide sufficient funds to maintain the ships in the force (\$147,183,000), and fund special programs principally the spare parts program (\$8,417,000).

This concludes my prepared statement and I will be pleased to answer any questions that you may have.

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