

U.S. Department
of Transportation

United States
Coast Guard



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DEPARTMENT OF TRANSPORTATION

U.S. COAST GUARD

STATEMENT OF

ADMIRAL ROBERT E. KRAMEK

FY 1996 BUDGET AUTHORIZATION HEARING

BEFORE THE

SUBCOMMITTEE ON OCEANS AND FISHERIES

COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION

UNITED STATES SENATE

~~MARCH 7, 1995~~

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DEPARTMENT OF TRANSPORTATION
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Good afternoon, Mr. Chairman. It is a pleasure to appear before this distinguished committee today to discuss the Coast Guard's fiscal year 1996 budget. I look forward to a long and productive relationship with you, the members and their staffs.

As one of the United State's five armed services, the Coast Guard is a multi-mission organization that serves the nation and protects America's maritime interests. The Coast Guard is a military operating agency that delivers a broad range of services directly to the public each and every day. We respond quickly, efficiently, and effectively to changing national priorities, emergencies, and natural disasters. We are the primary federal agency with maritime law authority for the United States. We are the nation's premier maritime service.

I'm here today representing TEAM COAST GUARD. Our organization is made up of 37,000 military personnel, 6,000 civilian employees, 8,000 Selected Reservists, and 36,000 volunteer Auxiliarists. They are a very, very exceptional group of people. They staff and operate a wide range of operating and support facilities including in excess of: 230 cutters ranging

in size from 65 to 400 feet, 1,000 boats, 200 fixed and rotary wing aircraft, 185 small boat units, 1,000 shore units including Marine Safety Offices, Air Stations, Training Centers and support commands all around the globe.

The Coast Guard has a rich multi-mission heritage steeped in the traditions of seagoing service. This coming August will mark the 205th "birthday" of the Coast Guard ... we are the oldest continuous seagoing service in the United States. The Coast Guard as we know it today was built on a number of building blocks beginning with the formation of the Revenue Cutter Service in 1790. Since then, to save overhead and provide the best service to the public, the Revenue Cutter Service was combined with the U.S. Lighthouse Service and the Life Saving Service to form the Coast Guard in 1915. In 1942, the Bureau of Marine Inspection and Navigation merged with the Coast Guard. We have a strong vision for the future ... one of service to the public, efficiency, strength, and continuous improvement. You can ALWAYS count on the Coast Guard ... we are SEMPER PARATUS - ALWAYS READY.

Our accomplishments are many ... in an average year, TEAM COAST GUARD conducts 44,000 law enforcement boardings, identifying 24,000 violations; seizes 76,000 pounds of marijuana and 62,000 pounds of cocaine; conducts 70,000 search and rescue cases; saves 5,110 lives; assists 120,000 people; saves \$900 million in property; investigates 6,200 marine accidents;

inspects 23,000 commercial vessels; boards 33,000 large vessels for port safety checks; processes 44,000 seaman's documents; responds to 12,400 oil or hazardous chemical spills; services 55,000 aids to navigation; and interdicts over 10,000 illegal migrants. The combined benefits to the public exceed our costs by over four to one.

Our unique, multi-mission, military capability allows us to maximize the use of our assets to the taxpayers' advantage. The best recent examples of our multi-mission flexibility were our leading role in managing the simultaneous mass migration of Haitians and Cubans fleeing their respective countries and our key role with the Department of Defense (DOD) in OPERATION UPHOLD DEMOCRACY. The units and personnel conducting those missions were the very same personnel who conduct many of our other missions everyday. Our high level of training coupled with the multi-mission capabilities of our assets allow us to meet emergent needs such as these whenever and wherever they occur.

As you may suspect, our people are the backbone of our service. They provide strong, versatile, flexible response capability ... Military, Civilian, Reservist, Auxiliarist, all essential members managing and operating ships; aircraft; boats; our command, control, and communications network, and logistics systems to respond to all of our many missions from oils spills to illegal migrants, from search and rescue to icebreaking, from port security to boater education. They do it all well,

everyday. Sometimes the mettle of our people is tested to the limit. Recently, one of our rescue swimmers demonstrated the spirit, dedication, and fortitude common in our service. An HH-60 helicopter and a C-130 were dispatched to locate and assist a disabled sailing vessel adrift 350 miles off the coast of North Carolina. The helicopter arrived on scene after midnight ... the weather was extreme ... high winds, 20 foot seas, low temperatures. The rescue swimmer entered the water to assist passengers of the sailing vessel from the water into the rescue basket ... hoisting directly from the vessel was too hazardous. Before all passengers could be recovered, the hoist cable frayed, rendering it unsafe. The helicopter deployed a raft for the swimmer and departed for homebase. The swimmer entered the raft as it drifted away from the sailing vessel. The C-130 orbited overhead, reassuring the swimmer by radio that help was on the way. Despite a survival suit, the swimmer drifted in and out of consciousness due to hypothermia and was rescued five hours later by a Coast Guard helicopter. His body temperature was 92 degrees and he had ingested a considerable amount of salt water. The remaining passengers had stayed aboard the sailing vessel and eventually sailed the boat to safe harbor. The rescue swimmer has fully recovered and is again anxious for action. Thankfully, incidents such as this are infrequent, but this incident exemplifies the strength and dedication of our people, of whom I am very proud.

The Coast Guard performs four distinct, but uniquely interwoven core missions ... Maritime Safety, Maritime Law

Enforcement, Marine Environmental Protection, and National Security. The Coast Guard's focus is to serve the American public ... they expect and deserve the best we can offer for their tax dollar. I am committed to remaining focused on our four fundamental mission areas. Our multi-mission character gives us unique ability to adapt to the often rapidly changing missions and demands placed on our people, aircraft, vessels, and facilities. I am extremely proud of the accomplishments of TEAM COAST GUARD this past year. In fact, Secretary Peña was too, and he awarded the DOT Gold Medal for Outstanding Achievement to all men and women of the Coast Guard for our extraordinary responsiveness, professionalism and service to the American public. I would like to highlight some of our recent accomplishments for which we earned this honor.

The fundamental essence of the Coast Guard is our role as lifesavers and guardians of the sea. Our MARITIME SAFETY mission typifies our rich humanitarian heritage. We are recognized all around the world as THE expert in maritime Search and Rescue (SAR). We are proud of our success in helping prevent maritime accidents, and we also remain ready to respond whenever and wherever disaster strikes. We continue to save lives and property at sea and on our large lakes and rivers ... every day. FY 1994 was an unusual year ... Coast Guard crews conducted over 51,400 search and rescue cases, saved nearly 25,000 lives, assisted over 111,000 other individuals, and saved or assisted property valued at over \$3.7 billion. A large portion of the

lives saved or assisted were migrants in leaky boats and flimsy rafts who would not have survived their journey without Coast Guard assistance.

However, SAR is only one part of this mission ... our efforts in Aids to Navigation (ATON), Commercial Vessel Safety, Icebreaking, Vessel Traffic Services, and deployment of state-of-the-market navigation systems have earned our nation an unparalleled reputation for efficient, safe maritime commerce. Over 90 percent of our foreign trade is moved by water. Coast Guard maritime safety systems and programs are the linchpin in ensuring safe and expeditious movement of vessels within the transportation network. Our aids to navigation program is the finest in the world. Our developing Vessel Traffic Systems will add to that program. Our domestic icebreaking program, which conducted a record setting level of operations last year, is vital to the continuous flow of raw materials, finished goods and fuel oil. Our commercial and recreational vessel inspection programs help ensure safety for the public and the environment.

Coast Guard has been the nation's principal MARITIME LAW ENFORCEMENT service since 1790. It is important that we maintain that capability. Our recent involvement in alien migrant interdiction operations required that I surge resources from other missions to allow the Administration's policy to be effective. We were very successful. The emergent need for resources to interdict alien migrants has subsided. Therefore, I

have redirected sea and air assets back to their normally assigned missions. As a lead federal agency for drug interdiction, I expect to dedicate approximately 12 percent of our operating funds to this mission in FY 1996 in order to carry out the National Drug Control Strategy. Recently, the CGC VASHON, working with Navy and U.S. Customs Service units near Puerto Rico, interdicted two vessels intending to receive an airdrop of 1,100 pounds of cocaine. CGC VASHON spoiled the recovery, boarded and seized one of the vessels, and retrieved the contraband from the water. Just a few days earlier, CGC VASHON had seized another vessel carrying 6,000 pounds of marijuana and 520 pounds of cocaine. These and other interdictions have been a direct result of efforts by our intelligence coordination network, now involved in over 90 percent of our drug seizures ... these instances of working "smarter" save taxpayer dollars by freeing our assets from less efficient random patrols. To assist us in our enforcement efforts, we seek your support for our legislative proposal for authority to impose sanctions on operators of vessels and aircraft who fail to heed an order by an authorized Federal law enforcement agent to heave to or land.

As you know, we recently removed from service several cutters and aircraft, and implemented other staff reductions in response to Congressional direction to reduce drug law enforcement operations. These actions saved \$21 million in Operating Expenses by removing nearly all Coast Guard single-mission

dedicated drug law enforcement assets, primarily air interdiction assets. With this budget, I can continue to pursue aggressively an effective drug interdiction program and carry out the National Drug Control Strategy.

We continue to dedicate adequate levels of assets to the Caribbean region for Migrant Interdiction Operations. Last year, our continuous presence off the Haitian and Cuban coasts resulted in the safe interdiction of over 64,000 migrants ... over 54,000 in a four month period ... the most intense interdiction operation we have ever accomplished. Illegal migration of aliens from the Dominican Republic and the Peoples Republic of China also continues to be a focus of our migrant interdiction mission.

The enforcement of laws governing living marine resources remains a high priority of our law enforcement program. Our efforts in this area are another investment in our Nation's future. Coast Guard fisheries enforcement operations help protect U.S. fisheries stocks from poaching and promote compliance with domestic fishing regulations. The continued viability of the fishing industry, both commercial and recreational, is heavily dependent upon our ability to strongly enforce fisheries regulations. We intend to do so to protect resources and the interests of the majority of fisherman who make their living while obeying the regulations. This is important, as the fishing industry contributes over \$50 billion each year to our economy. The restoration and maintenance of these vital natural resources

will help boost revenue in the long term through controlled harvesting and prevent the erosion of an industry important to our economic and food requirements.

Improved enforcement and increased customer focus are the keystones of the Fisheries Enforcement Study Plan. This plan includes: improving interagency cooperation and coordination, including improved intelligence gathering and sharing with other Federal and state agencies; establishment of five regional fisheries law enforcement training centers that are actively improving the training and expertise of our fisheries enforcement people; increasing participation on the regional fisheries management councils to improve the enforceability of fisheries regulations. Improved relations with the fishing industry is essential to the success of this program. Dockside boardings to check for routine safety items have proved to be extremely beneficial in preventing maritime accidents and in reducing the impact of enforcement requirements on the operations of legitimate, hard-working fishermen. To ensure a greater level of safety for documented uninspected fishing vessels, we seek your support for legislation that will require operators of those vessels to have a Coast Guard license. Our enforcement efforts at sea will continue to focus on domestic as well as foreign fishermen. Recently the CGC MALLOW, one of our 50 year old buoy tenders, seized the South Korean fishing vessel HAENG BOK No. 309 and its 300 ton catch of tuna. The vessel had been illegally operating within the U.S. Exclusive Economic Zone in the Western

Pacific. This case resulted in a \$1 million fine and the cargo was seized representing a loss of \$2.3 million.

MARINE ENVIRONMENTAL PROTECTION continues to be a highly visible mission because of national concerns about all forms of pollution. We have continued implementation of the Oil Pollution Act of 1990 (OPA 90) to prevent, prepare for, and respond to oil pollution incidents. This program is the most comprehensive environmental protection effort we've ever undertaken. One of the most significant components of the Act is the requirement for vessel Certificates of Financial Responsibility (COFR). I am pleased to report the Interim Final Rule for COFR's became effective last July. Deadlines for compliance are staggered over a three year period, the first being December 28, 1994 for self-propelled tank ships. COFR's are a major step toward ensuring responsible parties in industry are financially prepared to respond to pollution incidents. In response to the provisions of OPA 90, a safety net has been crafted of vessel response plans; Area Contingency Plans detailing Federal, state, and local government response capabilities; and the National Preparedness for Response Exercise Program (PREP) to organize Federal and state agencies, along with industry to continuously test those response plans. And to meet the challenges of a truly overwhelming incident, the multi-agency National Incident Task Force was organized to bring national resources to bear on such catastrophes as the recent devastating pipeline ruptures, spills and fires in Houston, Texas. Recently, a shipping company was

convicted of a felony violation of the Act to Prevent Pollution from Ships and the Oil Pollution Act of 1990 for intentionally dumping engine parts, wooden pallets, chemical cleanser, and plastic shrink wrap into the Mississippi River. The company faces stiff fines and penalties for its actions.

The Coast Guard is a significant NATIONAL SECURITY asset. We have been involved in every major conflict involving U.S. maritime forces since 1790. Recently, we worked alongside our DOD counterparts in OPERATION UPHOLD DEMOCRACY. In fact, Coast Guard ships were the first units to enter Port-Au-Prince harbor to set buoys to ensure the safe passage of the large combatants and troop ships into the harbor. Our Port Security Units helped secure and later patrol principal Haitian ports to ensure cargo and personnel offload and recovery operations were properly protected.

I have recently testified before the Roles and Missions Commission for the Armed Forces. They like the way we are organized and may model some organizational plans using the Coast Guard as an example. We remain trained and ready to support DOD and the Joint Commands.

BUDGET STREAMLINING

Our responsibilities to the public include not only our statutory missions, but fiduciary responsibilities as well. President

Clinton, Secretary Peña, and this Congress have set aggressive agendas to "streamline" government and reduce the Federal deficit while maintaining or improving service to the public. The American people want a less intrusive, leaner and more effective government. Indeed, the federal government must change materially to fulfill this mandate. The proposal for organizational and programmatic reform announced on December 19, by the Secretary and the President outlined a restructured Department of Transportation with the objectives of returning more choice and authority to the states and local governments, consolidation of departmental programs and organizations, streamlining and eliminating duplication. I strongly support the objectives of the President and the Secretary. The Coast Guard's FY 1996 budget request helps fulfill those objectives. I seek your strong support for our plan and for the legislative tools we need to execute key elements of that plan.

The Coast Guard's FY 1996 budget request is consistent with the Administration's priorities. Most importantly, I believe it provides the resources we need to continue to deliver essential services to the public. In developing our fiscal year 1996 resource adjustments, we again employed specific criteria to ensure that we made good business decisions. Specifically, our reduction efforts aim to sustain our level of service while continuing to:

- o Reduce overhead and administrative costs.
- o Minimize organizational and management layers.

- o Examine opportunities to exploit existing and emerging technologies that could improve mission efficiency and productivity.

- o Reduce or eliminate older, maintenance intensive, and relatively low productivity assets, while preserving and replacing, where necessary, the infrastructure we need to serve the taxpayers more efficiently.

The Coast Guard is already responding to the call for smaller, better government at less cost. I believe the Coast Guard is the taxpayers' best investment. Our return on investment is four to one, with potential for better return through streamlining and investment. By streamlining our infrastructure and investing in new, high technology assets, we will be able to provide essential services to the public at less cost. We have done a great deal already. In FY 1994 and FY 1995 we streamlined the Coast Guard by reducing our recurring need for people and funding. Streamlining initiatives in those budgets eliminated over 1,250 full-time equivalents and produced over \$200 million in annualized savings. Our FY 1996 budget request is the second phase in a multi-year streamlining plan ... we propose streamlining initiatives that eliminate nearly 1,100 full time equivalents and produce over \$100 million in recurring savings. In fact, this budget request represents the smallest Coast Guard workforce since the mid 1970's, performing a broader scope of missions. We propose to eliminate less productive programs and facilities, combine others to fully utilize

capabilities of all assets and to acquire state-of-the-market systems. To accomplish this, our budget request includes cutter decommissionings, aircraft resitings, small boat unit consolidation and realignment, and the continued acquisition of new, high-tech assets such as seagoing and coastal buoy tender replacements, buoy boat replacements, and several communications, vessel traffic and information systems.

Specifically, our FY 1996 budget includes reductions, which when fully annualized, total over \$100 million; and it provides for essential Coast Guard infrastructure investment critical to maintaining efficient service. For example, our request proposes streamlining initiatives that would ...

- o reduce administration and overhead in thirteen separate areas totalling nearly \$11 million.

- o reduce operating resources including: decommissioning three cutters and reducing crew size on others; reducing selected maintenance and ammunitions needs; and closing, releveling and consolidating small boat units for a total savings of over \$14 million.

- o capitalize on beneficial application of technologies through efficiencies made possible by state of the market communications and information systems and postal system improvements for a total of over \$11 million.

These and other initiatives included in our budget are essential to meeting Presidential and Congressional reduction goals. I need your help to carry out our plan.

The Coast Guard is a people-intensive operating agency that delivers services directly to the public...about two-thirds of our budget pays and provides for our people ... therefore, a major portion of savings must include reduction in the size of our workforce. This budget proposes to reduce our workforce by nearly 750 people. However, it takes time to reduce the workforce by such magnitude. We are employing a structured plan, similar to that of DOD, to ensure mission performance is not degraded significantly and that our people are treated fairly, equitably, and with parity to other military services. In some areas, our missions are changing. Therefore, it is imperative that our remaining workforce possess the right skills in the right jobs and operate modern, efficient equipment. This budget seeks funds to help us do that. Personnel management programs including recruiting and retention tools will help us to continue to streamline our workforce fairly in selected specialties while attracting and retaining personnel needed to match our operational streamlining initiatives. We will continue to do all we can make the Coast Guard leaner while sustaining our effort to become an even better employer of choice for the entire spectrum of the nation's personnel resource pool.

PRESIDENT'S FISCAL YEAR 1996 BUDGET REQUEST

To summarize the President's FY 1996 budget request for the Coast Guard, a total of \$3.833 billion is requested. The request breaks down as follows: \$2.618 billion for Operating Expenses;

\$428 million for Acquisition, Construction and Improvements; \$30 million for Boat Safety; \$64.9 million for Reserve Training; \$25 million for Environmental Compliance and Restoration; \$22.5 million for Research, Development, Test and Evaluation; \$2 million for Alteration of Bridges; \$582 million for Retired Pay; and \$60 million for the Emergency Fund.

OPERATING EXPENSES

Our FY 1996 request for our Operating Expenses (OE) Appropriation continues rigorous "streamlining" initiatives. The \$2.62 billion requested will fund continued operation and maintenance of a wide range of multi-mission vessels, aircraft, shore units, and aids to navigation. This request contains no new initiatives and accommodates nearly \$84 million of non-discretionary increases, such as pay raises and cost of living adjustments, plus \$7.5 million to operate equipment and maintain buildings put into service last year. To offset these costs, we have identified nearly \$82 million in reductions. Again, these will total over \$100 million when fully annualized. As I mentioned earlier, our FY 1996 budget represents the second installment in a multi-year streamlining plan. Of note, this budget year's installment includes a small boat station streamlining process that relevels resources, reduces redundancies and consolidates low workload sites, provides additional resources where service demand has outstripped response capacity ... and produces budgetary savings. This process has been favorably endorsed by GAO as one that "should provide the Coast Guard and the Congress with a

reasonable basis for determining the appropriate number of stations and resources for those stations." I highlight this as an example of our continuing efforts to streamline the Coast Guard, while maintaining our level of services to the public. This is a good business decision; however, these benefits exist only when this system is treated as a whole. I ask for your support in maintaining the synergistic national benefits of this process.

ACQUISITION CONSTRUCTION AND IMPROVEMENTS

Adequate investment is essential to the vitality of our service. We cannot become more efficient if we are not permitted to replace old, maintenance intensive equipment or employ new technology including management information systems. Secretary Peña and I must rely on having a properly capitalized asset base as we reorganize the Department and streamline the Coast Guard ... investment now is more important than ever if we are to realize required savings in operating funds. The Coast Guard's Acquisition, Construction, and Improvements (AC&I) appropriation funds the procurement of new ships, aircraft, information systems and shore facilities, the assets most critical to our delivery of service to the public. We simply must continue to replace our older assets with state-of-the-market equipment and efficient shore facilities to realize the savings in personnel and operating costs needed to meet outyear reduction targets. However, the pressures of these targets must not force us to mortgage our future. We must continue to make capital

investments now. Clearly, investment now will "pay dividends" later. Let me give one example. Our new seagoing and coastal buoy tenders will replace inefficient, 50 year old ships with modern, high-tech vessels. We will replace the combined fleet of 37 ships with 30 ... the new ships will be faster, have oil cleanup capability, icebreaking capability, automated to operate with smaller crews. After the fleet is fully on line, these new buoy tenders will save about \$25 million in operating funds annually ... a capital investment which yields future savings -- that makes good business sense.

We are requesting \$428 million for our AC&I account, which will meet our needs this year. Although our request represents an increase over the amount appropriated last year, it is substantially less than the average amount we have estimated we need to recapitalize over the long term. Currently, the Coast Guard's capital plant replacement value is approximately \$18 billion. Using historically proven lifecycle estimates, our recapitalization rate is about \$610 million per year. I ask for your support this year in getting us back to a lean, but more workable AC&I funding level than previous appropriated levels by supporting the administration's requested funding levels. It is important that we invest in the Coast Guard's future.

BOAT SAFETY

For fiscal year 1996, we are proposing a shift in funding to support State recreational boating safety programs. The BOAT

SAFETY Appropriation was established to provide financial assistance for states' recreational boating safety programs in order to encourage greater state participation and uniformity in boating safety efforts. These funds are currently appropriated from the Boat Safety Account within the Aquatic Resources (Wallop-Breaux) Trust Fund as discretionary funds. Although this appropriation only supports state recreational boating safety programs and national non-profit public service boating safety grants, it is scored against the Coast Guard's discretionary budget. Similar funding at the Department of Interior is scored as mandatory funding. The appropriation is funded completely from trust fund monies derived from motorboat fuel taxes paid by the boating public and the appropriation is used solely to support those state efforts.

Our FY 1996 budget recommends \$30 million in mandatory budget authority be provided for funding assistance to the states' recreational boating safety programs, to cover administrative costs of the program, and to fund the non-profit public service organization grant program in support of recreational boating safety. Our request proposes to eliminate funding for state boating safety grant programs from the discretionary Boat Safety Account appropriation. The request presumes and depends on the enactment of authorizing legislation to provide the transfer of additional funds from the permanently-appropriated Sport Fish Restoration Account, also within the Aquatic Resources (Wallop-Breaux) Trust Fund. The Coast Guard acknowledges the significant

accomplishments and value of the states' boating safety programs and desires to ensure stable funding for such programs without compromising the Coast Guard's ability to deliver other essential operational services to the public. As a result of the fiscal year 1995 Coast Guard appropriation, approximately \$20 million in funds which would have been deposited in the discretionary Boat Safety Account will roll over to the mandatory Sport Fish Restoration Account. Under proposed legislation included within the Coast Guard's 1995 Authorization Bill, this \$20 million would be combined with \$10 million in mandatory funds currently provided under the Oceans Act of 1992, and transferred to the Secretary of Transportation for allocation by the Coast Guard to the states for boating safety programs. The Coast Guard will no longer derive funds for our operating programs from the Trust Fund, but we will continue to oversee and coordinate the National Boating Safety Program as supported by our Operating Expenses appropriation. Likewise, the Coast Guard Auxiliary will continue to conduct courtesy inspections of recreational boats and offer boating safety courses. And of course, the Coast Guard's network of coastal multi-mission stations, aircraft, and cutters will continue to stand always ready to assist the recreational boater in time of need.

RESERVE TRAINING

Our request for \$64.9 million for the COAST GUARD RESERVE will maintain the Selected Reserve force at a strength of 8000. Essential support for mobilization requirements in strategic

outload ports and direct defense support requirements will be maintained at a level consistent with DOD planning and mobilization requirements. Equally important, is our Reserve component's role as an essential element of our ability to respond to national emergencies. They are an equal partner with our active-duty, civilian and auxiliary members in "Team Coast Guard."

Our Reserve forces have more than proven their worth working alongside our active duty regulars during the Haitian and Cuban mass migrations; responses to natural disasters such as hurricanes, floods, and earthquakes; and in implementing a new plan for even more involvement in our day-to-day operations. I have implemented policy to more fully utilize our reserve forces to augment our active duty personnel in conducting the full range of our missions. Reserve and active duty personnel will share common facilities, training programs and personnel management systems to reduce redundant overhead and capitalize on unique capabilities of our reserve personnel. The Ninth Coast Guard District, which manages the Great Lakes region, prototyped this concept with great success. This concept will become reality Coast Guard-wide. Additionally, I have directed that at least one multi-mission small boat unit per district be staffed and run by a reserve crew. The Ninth District has staffed Station Plum Island (seasonal) on Lake Michigan for years this way. Another example of "Team Coast Guard" at work.

ENVIRONMENTAL COMPLIANCE AND RESTORATION

The President's FY 1996 request included \$25 million to continue our Environmental Compliance Restoration (EC&R) program for Coast Guard site restoration and other compliance related action required to comply with Executive Order 12088 and Federal, state, and local environmental laws and regulations. Over \$13.5 million of our request would fund remediation of the most serious contamination problems at sites in Alaska, North Carolina, and 74 less problematic sites throughout the Coast Guard as well as continue our aids to navigation battery remediation program. The Coast Guards backlog of sites requiring remediation exceeds \$200 million. Nearly \$6 million of this appropriation will be dedicated to proactive environmental compliance activities. A large portion of these funds will be spent on baseline studies for most Coast Guard installations to meet the November 1995 permit deadline of the Clean Air Act. Failure to procure these permits would place our installations in violation and at risk of shutdown by regulators. The balance of the request would fund compliance programs and personnel costs.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The President's FY 1996 request included \$22.5 million to continue the Coast Guard's Research, Development, Test and Evaluation (RDT&E) program. These funds would be used to examine how scientific and technological developments may be used to solve problems encountered in the performance of Coast Guard missions or how those developments may present opportunities for improving mission performance. Examples of our RDT&E program

allowing us to work more effectively are: the Laptop Automated Aid Positioning System which allows us to more quickly and accurately position aids to navigation; application of the differential global positioning system to significantly improve accuracy of navigation for all mariners and improve the speed with which the Coast Guard positions aids to navigation; Self Locating Data Marker Buoys which reduce on scene time of our aircraft during search and rescue cases; and miniaturization of an ion scanning device (reduce from 200 pounds to 25 pounds to ease portability) proven to be extremely effective in detecting even trace amounts of contraband aboard vessels. These, and many other projects, are helping us develop and apply technology to reduce cost and more effectively employ our people and operational assets.

ALTERATION OF BRIDGES

I have requested \$2 million for the Alteration of Bridges appropriation to continue work on the alteration of the Burlington Northern Railroad bridge over the Mississippi River at Burlington, Iowa. As you know, this appropriation was established to provide federal funds to pay a share of the cost to alter or remove bridges determined to be unreasonably obstructive to navigation on the navigable waters of the United States. Our FY 1996 budget requests no appropriation of funds for alteration of highway bridges. Consistent with Appropriations Committees' direction in our FY 1994 budget, funds for alterations to highway bridges would be derived from the

Discretionary Bridge Program of the Federal Highway Administration. Our 1995 Authorization bill includes language that would allow funds transferred from the Federal Highway Administration to address these obstructive highway bridges. Railroad bridges would continue to be funded through the Truman-Hobbs "Alteration of Bridges" appropriation.

OUTYEAR STREAMLINING PLANS

In general, the FY 1995 and FY 1996 budgets have included streamlining initiatives which could be planned and executed in a relatively short timeframe. As we look just over the horizon, I believe more substantial planning and longer timeframes will be required to implement the more difficult streamlining initiatives necessary to meet our outyear target reductions. Continued streamlining and in some cases, restructuring offers the greatest potential to achieve the savings we seek. The Coast Guard recognizes this and has undertaken an unprecedented effort to examine the possibilities of how the Coast Guard may be modified to an even more efficient and effective organization through streamlining our organizational and training infrastructure. I have thoroughly reviewed preliminary streamlining plans. My preliminary expectations are to reduce overhead through restructuring of Headquarters and field commands including Area Offices, Maintenance and Logistics Commands and District Offices. We are also examining the possibility of combining two or more of the four major training facilities currently in use. Additionally, we are taking a very close look at transferring Coast Guard functions off of Governors Island. We would maintain

current direct services to the public through units relocated to lower cost facilities in the New York area. Other operating units would be relocated closer to their primary operating areas. Regional oversight commands would be relocated to other Coast Guard facilities to leverage overhead. I expect to pass my recommendations to the Secretary this Spring with an expectation to begin to realize savings in FY 1997. The results will be sound business decisions and will be in concert with Secretary Peña's plans to restructure the Department of Transportation to better meet the nation's transportation needs now and in the next century.

This budget has been developed to allow us to meet our responsibilities and help to reduce the federal deficit. It also supports my vision for the Coast Guard. I am committed to the Coast Guard being a strong intermodal partner in the Department of Transportation and to building on our reputation as the world's premier maritime service. To accomplish those objectives, we must attract, train, and retain the best workforce possible. To that end, parity with DOD in all pay and compensation matters is extremely important. We must continue to aggressively pursue our quality management programs and derive the most possible benefit from our people and material assets. We must recapitalize our equipment and exploit technology to the fullest to enhance mission performance, allow us to streamline our organization, and ensure our future capability. We must have adequate operating funds ... without them, we won't be able to

sustain the services the public depends upon and expects from the Coast Guard. Additionally, I seek your support for our request for \$28.3 million as an Emergency Supplemental request for FY 1995. Those funds are essential to our recovery from the unprecedented high operational tempo in the Caribbean region last year. The long-term material condition of our operating assets depends on accomplishing maintenance deferred as a result of those operations.

In closing, I look forward to working with the members of this distinguished committee. I am delighted that the Coast Guard is now part of this committee. We are already building close working relationships with your staffs and stand ready to work with them in supporting this budget. I ask for your help by passing the Coast Guard's Authorization bill which contains many important provisions, including legislative proposals for critical programs such as Boating Safety, regulatory reform, personnel management initiatives, and Auxiliary liability protection. Mr. Chairman, I share your deep concern in keeping the Coast Guard Semper Paratus ... I look forward to your strong support.

I would be happy to answer any questions you may have.