



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Sam Graves
Chairman

Rick Larsen
Ranking Member

Jack Ruddy, Staff Director

Katherine W. Dedrick, Democratic Staff Director

April 14, 2023

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Coast Guard and Maritime Transportation
FROM: Staff, Subcommittee on Coast Guard and Maritime Transportation
RE: Coast Guard and Maritime Transportation Subcommittee Hearing on “*Review of Fiscal Year 2024 Budget Request for the Coast Guard*”

I. PURPOSE

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Tuesday, April 18, 2023, at 2:00 p.m. ET in 2253 Rayburn House Office Building to receive testimony on the President’s Fiscal Year (FY) 2024 Budget Request for the Coast Guard in preparation for consideration of annual authorizing legislation for the Coast Guard. The Subcommittee will hear testimony from representatives of the United States Coast Guard (Coast Guard or Service).

II. BACKGROUND

The Coast Guard was established on January 28, 1915, through the consolidation of the Revenue Cutter Service (established in 1790) and the Lifesaving Service (established in 1848).¹ The Coast Guard later assumed the duties of three other agencies: the Lighthouse Service (established in 1789), the Steamboat Inspection Service (established in 1838), and the Bureau of Navigation (established in 1884).²

Under Section 102 of title 14, United States Code, the Coast Guard has primary responsibility to enforce or assist in the enforcement of all applicable Federal laws on, under, and over the high seas and waters subject to the jurisdiction of the United States; to ensure the safety of life and property at sea; to carry out domestic and international icebreaking activities; and, as

¹ UNITED STATES COAST GUARD, *History Timeline*, available at <https://www.history.uscg.mil/home/history-program/>

² *Id.*

one of the six armed forces of the United States, to maintain defense readiness to operate as a specialized service in the Navy upon the declaration of war or when the President directs.³

The Coast Guard is directed by a Commandant, appointed by the President, with the advice and consent of the Senate, to a four-year term.⁴ Admiral Linda L. Fagan was sworn in as the 27th Commandant of the Coast Guard in June 2022.⁵

III. BUDGET FOR THE COAST GUARD

The President's FY 2024 budget request for the Coast Guard and the FY 2023 enacted funding level are shown below.⁶ A comparison to the FY 2023 authorized levels is included in Appendix I.

COAST GUARD FY 2023 Enacted to FY 2024 President's Budget Request Comparison (Dollars in Thousands)				
Program	FY 2023 Enacted	President's FY 2024 Budget Request	FY 2023 to FY 2024 Change (\$)	FY 2023 to FY 2024 Change (%)
Operations and Support (O&S)	\$ 9,700,478	\$ 10,223,488	\$ 523,010	5.4%
Medicare-Eligible Retiree Health Care Fund (MERHCF)	\$ 252,887	\$ 270,359	\$ 17,472	6.9%
Procurement, Construction and Improvements (PC&I)	\$ 1,669,650	\$ 1,550,000	\$ (119,650)	-7.2%
Research and Development (R&D)	\$ 7,476	\$ 7,476	\$ -	0%
Housing Fund*	\$ 4,000	\$ 4,000	\$ -	0%
Subtotal, Discretionary	\$ 11,634,491	\$ 12,055,323	\$ 420,832	3.6%
Retired Pay	\$ 2,044,414	\$ 1,147,244	\$ (897,170)	-43.9%
State Boating Safety Grants	\$ 132,442	\$ 144,340	\$ 11,898	9%
Maritime Oil Spill Program	\$ 101,000	\$ 101,000	\$ -	0%
General Gift Funds	\$ 2,864	\$ 2,864	\$ -	0%
Subtotal, Mandatory	\$ 2,280,720	\$ 1,395,448	\$ (885,272)	-38.8%

*Housing Funds appear as classified as a discretionary offsetting fees fee in the Coast Guard Congressional Justification. This figure reflects the spending of these collections. Housing Funds appear as Administrative Provisions in the Joint Explanatory Statement as multiple line items.

³ 14 U.S.C. § 102.

⁴ 14 U.S.C. § 302.

⁵ UNITED STATES COAST GUARD, *Biographies*, available at <https://www.uscg.mil/Biographies/Display/Article/3048180/admiral-linda-l-fagan/>.

⁶ UNITED STATES COAST GUARD, FY 2024 CONGRESSIONAL BUDGET JUSTIFICATION (2023), available at https://www.uscg.mil/Portals/0/documents/budget/2024/Coast_Guard_FY2024_Congressional_Justification.pdf [hereinafter BUDGET JUSTIFICATION]; *Consolidated Appropriations Act, 2023*, Pub. L. No. 117-238 [hereinafter 2023 CAA].

FY 2024 Coast Guard Budget Request:

The President requests \$13.5 billion for FY 2024 for the activities of the Coast Guard, including \$12.1 billion in total discretionary funding.⁷ The FY 2024 request for discretionary funding represents an increase of \$421 million (3.6 percent) from the FY 2023 enacted level.

Operations and Support (O&S):

The President requests \$10.2 billion for the O&S account for FY 2024, a \$523 million (5.4 percent) increase from the FY 2023 enacted level.⁸ The O&S account supports the day-to-day activities of the Coast Guard including administrative expenses, support costs, travel, lease payments, and the operation and maintenance of infrastructure and assets. The O&S account also funds personnel compensation and benefits for approximately 44,000 military personnel and 9,000 civilian employees.⁹ Included in this request is \$5.4 billion for military pay and personnel support; \$433 million for mission support, including enterprise management and environmental compliance and restoration; and \$4.4 billion for field operations.¹⁰

The O&S budget request includes increases in funding to cover follow-on costs for the operation and maintenance of newly acquired assets and technology and increases in other administrative expenses such as an increase to cover the cost of the 2023 military pay raise (4.6 percent), 2023 civilian pay raise (4.6 percent), 2024 proposed military pay raise (5.2 percent), and 2024 proposed civilian pay raise (5.2 percent).¹¹ Like other military services, the Coast Guard has fallen short of its recruiting targets and is approximately 4,800 members short across its workforce.¹² To address these challenges, the Coast Guard requests \$12 million to fund additional personnel and offices to augment the Coast Guard's recruiting efforts.¹³

The President requests \$24.7 million within O&S for environmental compliance and restoration (EC&R) funding in FY 2024, a \$358,000 increase from the FY 2023 enacted level.¹⁴ The EC&R funding provides for the clean-up and restoration of contaminated Coast Guard facilities, and for the remediation of Coast Guard assets to ensure they are safe to operate or can be decommissioned in compliance with environmental laws. The requested funding for EC&R continues long-term monitoring at 29 sites and begins or continues investigation and remediation site work at 33 sites.¹⁵

⁷ BUDGET JUSTIFICATION, *supra* note 6.

⁸ *Id.*

⁹ *Id.*

¹⁰ UNITED STATES COAST GUARD, 2024 BUDGET OVERVIEW: POSTURE STATEMENT, *available at* https://www.uscg.mil/Portals/0/documents/budget/2024/Coast_Guard_FY2024_Posture_Statement_FINAL.pdf [*hereinafter* 2024 BUDGET OVERVIEW: POSTURE STATEMENT].

¹¹ BUDGET JUSTIFICATION, *supra* note 6.

¹² *Id.*

¹³ UNITED STATES COAST GUARD, 2024 BUDGET FACT SHEET, (Mar. 13, 2023), *available at* https://www.uscg.mil/Portals/0/documents/budget/2024/FY2024_Budget_Fact_Sheet.pdf.

¹⁴ BUDGET JUSTIFICATION, *supra* note 6.

¹⁵ *Id.*

The proposed O&S increases are offset in part by proposed cuts derived through decommissioning certain legacy assets that will result in a total cost savings of \$29.1 million and 167 full-time equivalent positions.¹⁶ Specifically, the FY 2024 budget request proposes the decommissioning of:

- Five HC-130H Long Range Surveillance Aircraft (\$9.8 million);
- One 210-foot Reliance Class Medium Endurance Cutter (\$4.2 million);
- Two 110-foot legacy Island Class Patrol Boats (\$1.7 million); and
- Six MH-65 helicopters (\$13.4 million).¹⁷

Procurement, Construction, and Improvements (PC&I):

The President requests \$1.6 billion for the PC&I account, a \$120 million (7.2 percent) decrease over the FY 2023 enacted level.¹⁸ The PC&I account funds the acquisition, procurement, construction, rebuilding, and physical improvements of Coast Guard owned and operated vessels, aircraft, facilities, aids-to-navigation (AtoN), communications and information technology systems, and related equipment.¹⁹ Specifically, the budget request includes funding requests for sustainment and acquisition for several assets under PC&I which are broken down below.²⁰

In-Service Vessel Sustainment:

Major Maintenance Availabilities (MMA) ensure in-service vessels continue to meet their designed service life through the recapitalization of hull, mechanical, electrical and electronic systems that have been identified as the highest contributors to maintenance costs and operational availability degradation.²¹ Service Life Extension Programs (SLEPs) increase the service life of in-service vessels without significantly modifying capabilities. The budget requests: \$43 million for 47-ft Motor Life Boat SLEP; \$46.2 million for 270-ft Medium Endurance Cutter SLEP; \$17.8 million for 175-ft Coastal Buoy Tender MMA; and \$13 million for CGC Healy SLEP.²²

National Security Cutter (NSC):

The budget requests \$17.1 million for class wide activities, post-delivery of an 11th NSC and program close-out costs.²³ The Coast Guard's Program of Record (POR) originally called for eight NSCs to replace the Service's fleet of twelve high endurance cutters. The NSCs were originally intended to operate in excess of 185 days per year to maximize operational capability, but based on crewing and maintenance concerns, the Coast Guard now intends to operate the

¹⁶ 2024 BUDGET OVERVIEW: POSTURE STATEMENT, *supra* note 10.

¹⁷ BUDGET JUSTIFICATION, *supra* note 6.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² BUDGET JUSTIFICATION, *supra* note 6.

²³ *Id.*

vessels for a maximum of 185 days per year.²⁴ Congress has funded eleven vessels. The tenth vessel is scheduled for delivery later this year.²⁵

Offshore Patrol Cutter (OPC):

The budget requests \$579 million for the construction of OPC #6, and Long Lead Time Materials (LLTMs) for OPC #7.²⁶ The Coast Guard’s POR calls for 25 OPCs to replace the Service’s aging fleet of 29 Medium Endurance Cutters (WMECs).²⁷ The delivery of OPC #1 is anticipated to occur in FY 2023.

Fast Response Cutter (FRC):

The budget requests \$20 million for production management costs and post-delivery activities. The Coast Guard’s POR calls for a total of 65 FRCs to replace the Service’s fleet of 110-ft Island Class Patrol Boats (WPBs). To date, 50 vessels have been commissioned into service.²⁸ Delivery of hulls 51 through 54 is anticipated to occur in FY 2023.²⁹ Funding for an additional four FRCs is included in the Coast Guard’s Unfunded Priority List (UPL), which would be hulls 66 through 69.³⁰

Boats:

The budget requests \$6.5 million to support the acquisition, development and management of production, delivery, and warranty support for multi-mission cutter and shore-based boats.³¹

Polar Security Cutter (PSC):

The budget requests \$170 million to advance procurement of the PSC.³² The service’s POR calls for three PSC to replace the service’s two heavy icebreakers — only one of which is still operational. The first PSC is expected to be delivered between 2026 and 2027. The program has been subject to significant delays. At the end of last year, V.T. Halter Marine, the yard that was awarded the contract, was purchased by Bollinger Shipyards.³³

Commercially Available Polar Icebreaker:

The budget requests \$125 million for the purchase of a commercially available Polar Icebreaker.³⁴

²⁴ UNITED STATES COAST GUARD, REPORT TO CONGRESS: ANALYZING COST AND PERFORMANCE FOR NATIONAL SECURITY CUTTER OPERATIONAL EMPLOYMENT (on file with Comm.).

²⁵ CONG. RESEARCH SERV., R42567, COAST GUARD CUTTER PROCUREMENT: BACKGROUND AND ISSUES FOR CONGRESS (2023), available at <https://crsreports.congress.gov/product/pdf/R/R42567>.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ BUDGET JUSTIFICATION, *supra* note 6.

³⁰ UNITED STATES COAST GUARD, FY 2024 UNFUNDED PRIORITIES LIST (2023), available at https://www.uscg.mil/Portals/0/documents/budget/2024/Unfunded_Priorities_List_FY2024.pdf [hereinafter 2024 UPL].

³¹ *Id.*

³² BUDGET JUSTIFICATION, *supra* note 6.

³³ CONG. RESEARCH SERV., RL34391, COAST GUARD CUTTER PROCUREMENT: POLAR SECURITY CUTTER: BACKGROUND AND ISSUES FOR CONGRESS (2023), available at <https://crsreports.congress.gov/product/pdf/R/RL3439>.

³⁴ BUDGET JUSTIFICATION, *supra* note 6.

Waterways Commerce Cutter Program:

The budget requests \$98 million to support project management and production activities associated with the current recapitalization of the Coast Guard's fleet of inland tenders and barges.³⁵

Great Lakes Icebreaker:

The budget requests \$55 million to support the acquisition program of a heavy icebreaker that would operate on the Great Lakes during the winter months.³⁶

Aircraft:

The budget requests \$114.8 million for aircraft, which includes funding for missionization of 14 HC-27Js received from the United States Air Force, program administration activities for the HC-130J aircraft, sustainment of MH-65 and MH-60 helicopters, and installation of small unmanned aircraft systems (UAS) capability on the NSC fleet.³⁷ In its UPL, the Coast Guard included \$138.5 million for the purchase of one missionized HC-130J.³⁸ The Coast Guard currently has three unfunded aircraft of the 22 HC-130Js called for in its program of record. The Service also requests \$113 million in its UPL for 4 MH-60T helicopters.³⁹

Other Acquisition Programs:

The budget requests \$100.6 million for other acquisition programs, including \$25.3 million to update the service's antiquated IT technology.⁴⁰ The Service's UPL includes \$11 million for a new mariner credentialing system. The current system was established in the early 1990s.⁴¹ It is a limiting factor as our Nation seeks to increase the pool of licensed mariners.

Construction and Facilities Maintenance:

The budget request also includes \$144 million for shore facilities and AtoN.⁴² This request is a decrease of approximately \$271 million from the FY 2023 enacted level.⁴³ The Coast Guard estimates that there is a \$1 billion deferred shore facility maintenance backlog, while the Government Accountability Office (GAO) approximated that number at \$2.6 billion in February 2019 (likely higher today), according to Coast Guard information.⁴⁴ As of 2018, the deferred maintenance backlog included more than 5,600 projects, while the recapitalization and new construction backlog included 125 projects.⁴⁵ GAO's analysis of Coast Guard data found that as of November 2018, there were hundreds of recapitalization projects without cost estimates — representing a majority of recapitalization projects.⁴⁶ Coast Guard officials told GAO that these

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ 2024 UPL, *supra* note 30.

³⁹ *Id.*

⁴⁰ BUDGET JUSTIFICATION, *supra* note 6.

⁴¹ 2024 UPL, *supra* note 30.

⁴² BUDGET JUSTIFICATION, *supra* note 6.

⁴³ 2023 CAA, *supra* note 6.

⁴⁴ GAO, GAO-19-711T, COAST GUARD SHORE INFRASTRUCTURE: ACTIONS NEEDED TO BETTER MANAGE ASSETS AND REDUCE RISKS AND COSTS (2019), available at <https://www.gao.gov/assets/gao-19-711t.pdf>.

⁴⁵ *Id.*

⁴⁶ *Id.*

projects were in the preliminary stages of development.⁴⁷ From that report, the GAO recommended that the Commandant of the Coast Guard employ models for its asset lines to predict the outcome of investments, analyze trade-offs, and optimize decisions among competing investments.⁴⁸ In addition to the amount included in their budget request, the Coast Guard included \$694.3 million in their FY 2024 UPL for shore facility maintenance.⁴⁹

Research and Development:

The President requests \$7.5 million in FY 2024 for the Coast Guard's Research and Development (R&D) account, an amount equal to the FY 2023 enacted level.⁵⁰ The R&D account supports improved mission performance for the Service's 11 statutory missions through applied research and development of new technology and methods.

The Coast Guard intends to use the requested \$7.5 million in FY 2024 to develop technologies and systems that improve operational presence and response, as well as perform technology assessments to inform the early stages of the acquisition process. Of the funding, \$500,000 is derived from the Oil Spill Liability Trust Fund as authorized by the Oil Pollution Act of 1990 (33 U.S.C. § 2701-2761).⁵¹

IV. WITNESSES

Admiral Linda L. Fagan
Commandant
United States Coast Guard

Master Chief Heath B. Jones
Master Chief Petty Officer of the Coast Guard
United States Coast Guard

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ 2024 UPL, *supra* note 30.

⁵⁰ BUDGET JUSTIFICATION, *supra* note 6.

⁵¹ *Id.*

Appendix I: COAST GUARD FY 2023 Enacted to FY 2024 President’s Budget Request Comparison

COAST GUARD FY 2023 Enacted to FY 2024 President's Budget Request Comparison (Dollars in Thousands)					
Program	FY 2023 Authorized ⁵²	FY 2023 Enacted ⁵³	President's FY 2024 Budget Request ⁵⁴	FY 2023 to FY 2024 Change (\$)	FY 2023 to FY 2024 Change (%)
Operations and Support (O&S)	\$ 10,750,000	\$ 9,700,478	\$ 10,223,488	\$ 523,010	5.4%
Environmental Compliance and Restoration (EC&R)**	\$ 24,353	\$ 24,359	\$ 24,717	\$ 358	1.5%
Medicare-Eligible Retiree Health Care Fund (MERHCF)	\$	\$ 252,887	\$ 270,359	\$ 17,472	6.9%
Procurement, Construction, and Improvements (PC&I)	\$ 3,477,600	\$ 1,669,650	\$ 1,550,000	\$ (119,650)	-7.2%
Research and Development (R&D)	\$ 14,681	\$ 7,476	\$ 7,476	\$ -	0%
Housing Fund*	\$	\$ 4,000	\$ 4,000	\$ -	0%
Subtotal, Discretionary	\$	\$ 11,634,491	\$ 12,055,323	\$ 420,832	3.6%
Retired Pay	\$ 2,044,414	\$ 2,044,414	\$ 1,147,244	\$ (897,170)	-43.9%
State Boating Safety Grants	\$	\$ 132,442	\$ 144,340	\$ 11,898	9%
Maritime Oil Spill Program	\$	\$ 101,000	\$ 101,000	\$ -	0%
General Gift Funds	\$	\$ 2,864	\$ 2,864	\$ -	0%
Subtotal, Mandatory	\$	\$ 2,280,720	\$ 1,395,448	\$ (885,272)	-38.8%
Total	\$	\$ 13,915,211	\$ 13,450,771	\$ (464,440)	-3.3%
*Housing Funds are classified as discretionary offsetting fees. This figure reflects the spending of these collections. Housing funds appear as Administrative Provisions in the Joint Explanatory Statement as multiple line items.					

⁵² James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263.

⁵³ 2023 CAA, *supra* note 6.

⁵⁴ BUDGET JUSTIFICATION, *supra* note 6.