

CRS Report for Congress

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Coast Guard Legislation in the 107th Congress

Martin R. Lee
Specialist in Environmental Policy
Resources, Science, and Industry Division

Summary

In the 107th Congress, the Coast Guard Authorization Act of 2001, House-passed H.R. 1699, would authorize the agency's programs for FY2002. The House has also passed H.R. 1099, Coast Guard Personnel and Maritime Safety Act, containing various personnel, maritime safety, advisory group, and miscellaneous provisions. S. 951, reported (S.Rept.107-89) on October 31 by the Senate Commerce, Science, and Transportation Committee, has similar authorization levels as H.R. 1699 and some of the provisions in House-passed H.R. 1099. Another bill, H.R. 2481, the Omnibus Maritime Improvement Act of 2001, was reported (H.Rept. 107-243) by the House Committee on Transportation and Infrastructure on October 16, 2001, and sequentially referred to the House Committee on Armed Services. It contains numerous provisions on Coast Guard operations and activities. H.R. 2481, as reported, includes certain housing and maritime safety provisions; S. 1214, as reported, would establish a seaport security program. P.L. 107-20 (H.R. 2216), the FY2001 emergency supplemental appropriations bill, increased FY2001 Coast Guard funding by \$92 million. A terrorism FY2001 supplemental of September 21, 2001, P.L. 107-38, included \$18 million for the recall of Coast Guard reservists. For FY2002 funding, Congress has approved the conference report (H.Rept. 107-308) on H.R. 2299, the DOT appropriations bill. In October, the Administration requested \$203 million in additional funds for Coast Guard security activities; the House and Senate have approved their versions of H.R. 3338, Division B. The House passed \$145 million, the Senate \$285 million. A conference is expected soon. This report will be updated as events warrant.

Introduction

Congress generally authorizes the programs of the U.S. Coast Guard for 2-year periods, and appropriates annually in the Department of Transportation bill.¹ In the 106th Congress, both bodies passed authorizing legislation, but the conference was not completed by the end of Congress. An FY2002 authorization was passed June 7, 2001 by

¹ For a discussion of FY2002 appropriations, see CRS Report RL31008, *Appropriations for FY2002: Department of Transportation and Related Agencies*.

the House. H.R. 1699 would authorize \$5.3 billion for all Coast Guard programs. Another bill, H.R. 1099, the Coast Guard Personnel and Maritime Safety Act, has already passed the House and has been referred to the Senate. A Senate authorization bill, S. 951, introduced May 24, 2001, would authorize Coast Guard programs at \$5.2 billion. It was reported October 31, 2001 (S.Rept. 107-89) by the Senate Committee on Commerce, Science, and Transportation. Another House bill, H.R. 2481 reported (H.Rept 107-243) on October 16, 2001 by the Committee on Transportation and Infrastructure, includes numerous provisions on Coast Guard operations.

In passing H.R. 1699, the House agreed to an amendment that specifies that any new Coast Guard vessel be constructed in the United States with U.S. steel or iron with certain limitations.

The Coast Guard is a multi-function agency with a mission to protect people, the environment, and U.S. economic interests in coastal and ocean waters. For a full description of responsibilities, see [<http://www.uscg.mil/services.html>]. Establishment of the U.S. Economic Zone to 200 miles seaward and the related geographic expansion of U.S. responsibilities to deepwater greatly transformed the Coast Guard's operations. Increased duties related to high seas illegal drug trafficking and immigration have added to the agency's obligations and increased the complexity of the issues it faces. Key acts included the 1998 Western Hemisphere Drug Elimination Act (P.L. 105-277, title VIII), the Anti-Drug Abuse Acts of 1988 (P.L. 100-690), and the Maritime Drug Law Enforcement Act (P.L. 99-570). Congress continues to be concerned with how the agency is responding operationally to these new demands and managing plans to replace many of its aging vessels and aircraft. Increased responsibilities since September 11 have elevated this concern.

Coast Guard Authorization Legislation for FY2002

Legislation passed by the House and Senate in the 106th Congress, H.R. 820, would have authorized the programs for FY2000 and FY2001, but conference action was not completed by the end of the Congress. House-passed H.R. 1699 and Senate-reported S. 951 are the main reauthorizations bills. Table 1 shows the major differences in their proposed authorization levels.

Following May 3, 2001 hearings the House Transportation and Infrastructure Committee's Subcommittee on Coast Guard and Navigation ordered H.R. 1699 reported. The full committee ordered the bill reported on May 16, 2001; the House passed it June 7. The bill authorizes a total of \$5.3 billion for all Coast Guard programs in six major accounts. A similar Senate bill, S. 951, reported October 31 by the Senate Committee on Commerce, Science, and Transportation (S.Rept. 107-89). Table 1 shows their recommended authorization levels compared to FY1999, the last year for which programs were authorized.

**Table 1. Major Coast Guard Activities Authorized
(in billions of dollars)**

| Account | FY1999 (last year authorized) | FY2002 H.R. 1699, as passed | FY2002 S. 951, as reported |
|--|--|--|---|
| Operation and Maintenance | 2.854 | 3.683 | 3.633 |
| Acquisition and Construction | 0.510 | 0.659 | 0.669 |
| Research, Development, Test, Evaluation | 0.018 | 0.022 | 0.022 |
| Retired Pay | 0.692 | 0.876 | 0.876 |
| Alteration of Bridges | 0.026 | 0.016 | 0.016 |
| Environmental Compliance | 0.026 | 0.017 | 0.017 |
| TOTAL Authorization | 4.126 | 5.273 | 5.223 |

* Totals may not add due to rounding.

Operations and Maintenance. H.R. 1699 as passed by the House would authorize Coast Guard operation and maintenance activities at \$3.7 billion for FY2002. In reporting H.R. 1699, the House Transportation and Infrastructure Committee stated “the Coast Guard needs additional resources in the FY2002 budget to avoid the destructive cycle of budget shortfalls, operational cuts and end-of-year supplemental funding bills.”² S. 951 would authorize this account at \$3.6 billion.

Acquisition, Construction, Improvements. House-passed H.R. 1699 would authorize Coast Guard acquisition activities, construction and capital improvements at a FY2002 level of \$659.3 million. The Senate bill’s level is \$669.0 million.

For FY2002, H.R. 1699 authorizes \$338 million from this account for implementing Phase II of the Deepwater Capabilities Replacement Project, which seeks to enhance the Coast Guard’s abilities on the high seas. This is a critical year for this \$10 billion project since the first contracts for actual construction will be awarded in the Second Quarter of FY2002. The House also authorizes \$42 million to fund the Coast Guard National Distress and Response System as well as \$63 million to support Coast Guard housing/facility improvements and aids to navigation.

Other Portions of the Authorization. H.R. 1699, as passed, would authorize Coast Guard research, testing, development and related activities at a \$21.7 million for FY2002; S. 951, at \$22 million. For mandatory retirement benefits, the authorized amount is \$876 million under both House and Senate bills for FY2002. Under both bills, alteration of bridges would be authorized at \$16 million; specific FY2002 authorizations are included in the House bill for the Burlington Northern Sante Fe Railroad Bridge in

² H.Rept. 107-79, p. 4.

Burlington, Iowa. For complying with environmental laws and performing environmental restoration activities, H.R. 1699 and S. 951 levels are \$17.0 million FY2002.

Military Strength and Training. The House bill would increase the authorized number of active-duty personnel from 38,038 previously to 44,000 in FY2002. The Senate bill would set the level at 40,000.

FY2002 Coast Guard Funding

The Coast Guard appropriation is constrained, and its management challenged, by increased responsibilities for drug and illegal immigrant interdiction on the high seas as well as by its aging water craft and aircraft. Enhanced responsibilities in the wake of September 11th have greatly added to Coast Guard duties. The Administration requested \$5.056 billion for Coast Guard funding in FY2002. Compared to the \$4.511 billion appropriated in FY2001, the FY2002 request was \$545.2 million, or 12% more. The House approved \$5.03 billion (H.R. 2299; H.Rept. 107-108), \$60 million less than requested. In addition to these discretionary funds, there are mandatory funds of \$64 million for State Boating Safety grants and \$61.2 million from the Oil Spill Liability Trust Fund. The Senate approved \$5.102 billion (H.R. 2299; H.Rept. 107-108, amended by S. 1178, in the nature of a substitute.) The conferees (H.Rept. 107-308) included \$5.03 billion for the Coast Guard. This is marginally less than the Senate-approved amount, marginally more than the House amount, and \$25.3 million, or 0.5% less than requested.

P.L. 107-20 (H.R. 2216), the FY2001 emergency supplemental appropriations bill, increased FY2001 Coast Guard funding by \$92 million. A terrorism FY2001 supplemental of September 21, 2001, P.L. 107-38, included \$18 million in additional FY2001 funds for the recall of Coast Guard reservists. An October 16, 2001 OMB request sought \$203 million, including \$116 million to support national defense and homeland security functions, \$52 million to provide port and homeland security, \$33 million for expenses to conduct necessary port vulnerability assessments, expand and support port security units and increase maritime threat assessment capability, and \$2 million for support costs for Coast Guard chemical and biological strike teams. House-passed H.R. 3338, the Defense Appropriations bill in Division B, the FY2002 Supplemental, would increase the Coast Guard's operating appropriation by \$144.9 million, funds directly in support of September 11-related activities ; the Senate-reported substitute (S.Rept. 107-109) included \$273 million. On December 7, the Senate Committee substitute was ruled out of order by the Chair. The same day the Senate passed the Byrd /Stevens/Inouye amendment to H.R. 3338, which included \$285.35 million for the Coast Guard in Division B, Transfers from the Emergency Response Fund Pursuant to P.L. 107-38. In this bill, the Senate included roughly \$70 million in additional funds over the President's request, citing the strain on regular Coast Guard operations such as drug interdiction, fisheries enforcement, search and rescue. The Senate version also includes about \$51 million to cover pay and benefit costs associated with the National Defense Authorization Act, which would impose a budget shortfall on the Coast Guard, a problem that has occurred in earlier fiscal years too. In addition, the Senate version includes about \$22 million for port security. It is expected that conferees will consider these differences soon.

The FY2001 budget request sought to allow the Coast Guard to continue its activities against drug smuggling and recapitalize aircraft and vessel fleets. The requested \$3.38 billion (\$197.8 million, or 6% more than FY2001) would have been allocated to

operation and maintenance of a wide range of ships, boats, aircraft, shore units, and aids to navigation. The House approved \$3.38 billion for operation and maintenance; the Senate approved \$3.43 billion; and the conferees \$3.38 billion. There had been special concern about the adequacy of the the proposed level of funding on Coast Guard operations, and even more concern after September 11. Another major component of the request would assign additional funds for acquisition, construction, and improvement; the Administration sought \$659.3 million, \$245.2 million or 59% more than current year funding. The House approved \$600 million, \$59.3 million less than requested; the Senate approved \$669.3 billion; and, the conferees \$636.4 million. For complying with environmental regulations and cleaning up contaminated Coast Guard sites, the budget sought and conferees approved \$16.9 million, the same as current year funding. The \$15.5 million requested and approved for altering bridges would be the same as current year funding. The \$21.7 million approved by the House and Senate for research and development was the same as current year funding and the amount requested, and slightly more than the \$20.2 million approved by the conferees. The allocation approved for retirement pay will be \$876.3 million, the same as requested and 13% greater than FY2001. The Administration requested, and conferees approved, \$83.2 million to train, support, and sustain a ready military Selected Reserve Force of 8,000 members for direct support to the Department of Defense. Other Coast Guard requested funding includes \$50 million for spill clean-up and initial damage assessment, available without further appropriation from the Oil Spill Liability Trust Fund.

A prominent issue has been the Coast Guard's management of a major planned replacement of aging and outmoded high seas vessels and aircraft, with a special emphasis on improving the Coast Guard's capabilities on the high seas or in deep waters. Only planning and analysis funds were included for FY1998 through FY2001. Key dates include July 2001, when industry teams are supposed to submit their design and construction proposals, and the second quarter of FY2002, when the Coast Guard will award the contracts to begin the replacement program. For FY2002, \$338 million was requested; the final version included \$320 million. Actual purchases of nearly \$10 billion are anticipated over a 20-year period beginning in FY2002. In approving the bill, Congress included legislative language requiring a capital investment plan for the Coast Guard. CRS Report 98-830, *Coast Guard Integrated Deepwater System: Background and Issues for Congress*, discusses the issues associated with the program.

Other Legislation

Coast Guard Personnel and Maritime Safety Act. On March 22, 2001, the House passed under suspension of the rules, H.R. 1099, the Coast Guard Personnel and Maritime Safety Act of 2001. It includes several personnel provisions in title I, five provisions on maritime safety in title II, provisions renewing six advisory groups in title III, and twelve miscellaneous provisions. Noteworthy among the miscellaneous provisions is section 420 requiring vessels to notify the Coast Guard before entering the territorial sea, whereas they are currently required to notify before approaching a port.

Omnibus Maritime Improvement Act. H.R. 2481 was reported (amended) October 16, 2001 by the Committee on Transportation (H.Rept. 107-243) and sequentially referred to the Committee on Armed Services. It includes certain housing and various safety provisions.

Port and Maritime Security Act. S. 1214 was reported September 14, 2001, by the Committee on Commerce, Science, and Transportation (S.Rept.107-64.). It would amend the 1936 Merchant Marine Act amend the Merchant Marine Act, 1936, to establish a program to ensure greater security for United States seaports.

Key Policy Issues: New Pressures and the Coast Guard's Response

At the same time that the Coast Guard has assumed significantly increased responsibilities for high seas enforcement, its deepwater-capable cutters and aircraft are aging and increasingly inadequate. To address this, the Coast Guard launched a major acquisition program called the Integrated Deepwater System which would require an estimated \$9.6 billion acquisition program over 20 years beginning in FY2002. CRS Report 98-830, *Coast Guard Integrated Deepwater System: Background and Issues for Congress*, describes the state of the Coast Guard fleet, Coast Guard's plans and some of the issues associated with the deepwater program. In May 3rd testimony before the House Subcommittee, the General Accounting Office remains critical of the Coast Guard's approach to this project. The conferees have approved \$320 million for the deepwater program and included bill language prohibiting obligation of these funds until the Department of Transportation satisfies several criteria. Additional bill language requires that future budget submission include more detail and estimate obligations for 5 years.

While this ambitious replacement plan challenges the Coast Guard, everyday operations -- already challenged before September 11-- appear to be even more so now. To support current operational demands, the Coast Guard has had to shift funds from other priorities and estimates that drug interdiction and fisheries enforcement have been reduced by 25% or more since September 11. The Coast Guard Commandant has said that "this increased level of security is not sustainable with our current level of assets." At a December 6th House Transportation and Infrastructure, Subcommittee on Coast Guard and Navigation hearings, Members, the Secretary of Transportation, and the Commandant of the Coast Guard expressed concern over the Coast Guard's ability to balance all its responsibilities. Supplemental funding may address some of the immediate shortfalls, but long-term strategic planning and budgeting appears necessary in light of what the Commandant calls the "new normalcy." Key to the Coast Guard's enhanced role in national security will be how its functions, and is funded, in the nation's new homeland security effort. Such bills as H.R. 1158, the National Homeland Security Agency Act, and S. 1534, the Department of National Homeland Security Act, propose broad governmental reorganizations which include the Coast Guard.

References

Congressional Research Service. *Integrated Deepwater System: Background and Issues for Congress*. CRS Report 98-830.

General Accounting Office. *Coast Guard Actions Needed to Mitigate Deepwater Project Risks*. GAO-1-659T. May 3, 2001. 17p.