

**Statement of
The Honorable Elijah E. Cummings, Chairman
Subcommittee on the Coast Guard and Maritime Transportation
Hearing on
“Fiscal Year 2010 Budget Requests for the United States Coast
Guard, United States Maritime Administration and Federal
Maritime Commission”
May 13, 2009**

The Subcommittee convenes today to examine the fiscal year 2010 budget requests for the Coast Guard, Federal Maritime Commission, and the federal Maritime Administration.

The President has requested just under \$9.5 billion in fiscal year 2010 to fund the U.S. Coast Guard. This request would provide an increase of approximately \$371 million – 4.1 percent – over the service’s enacted fiscal year 2009 budget.

The President has requested \$6.55 billion for Coast Guard operating expenses in fiscal year 2010, an increase of more than \$361.2 million – 5.8 percent – over the fiscal year 2009 enacted level.

The President has requested just under \$1.4 billion to fund all planned Coast Guard capital acquisitions in fiscal year 2010, an approximately \$100.6 million decrease from the fiscal year 2009 appropriated level.

Of this requested amount, \$1.05 billion is requested for the Deepwater program, an approximately \$72 million increase from the enacted funding for fiscal year 2009.

The budget requests only \$340 million for non-Deepwater capital expenses, including only \$10 million for the repair of shore-side facilities and the recapitalization of aids-to-navigation.

The American Recovery and Reinvestment Act provided \$98 million for the rehabilitation of Coast Guard shore and cutter assets, of which the service has announced \$88 million will go to shore facilities.

However, the service has a backlog of shore facility repair needs exceeding \$1 billion, and many Coast Guard personnel continue to work in trailers or in rapidly aging buildings. To be frank, some work in sub-standard conditions, and I continue to believe that this backlog must be reduced to ensure that all Coast Guard personnel work in safe and modern facilities.

The fiscal year 2010 budget request can accurately be described as “austere.” While it would fund the operation of new assets recently acquired by the Coast Guard and would fund the addition of 74 new positions in the marine safety function in addition to the 276 positions added in last year’s budget, the President’s request does not appear to fund any broad new Coast Guard initiatives and even contains a slight reduction in the service’s overall authorization of military positions.

While we obviously strongly support the addition of new personnel to the marine safety program, other mission areas are also stretched and I continue to believe that the Coast Guard's resources – particularly its personnel resources – must be more closely aligned with its mission needs.

The President requests \$24.5 million in fiscal year 2010 for Federal Maritime Commission activities, which is an increase of approximately \$1.7 million – 7.5 percent – over the total amount enacted in FY 2009 for the Commission.

The Commission is typically composed of five Commissioners appointed to five-year terms by the President with the advice and consent of the Senate. The Chairman's position has been vacant since 2006; one Commissioner resigned in 2008.

Next month, another Commissioner will leave the Commission when his five-year term expires; his departure will leave only two Commissioners to be responsible for the management of the agency.

The effective administration of the Commission has been a major concern to this Subcommittee. The economic downturn in the world economy is reducing shipping volumes, which may create new regulatory issues for the Commission to consider. We look forward to examining these issues today.

Regarding the U.S. Maritime Administration, the President has requested \$345.5 million in fiscal year 2010 funding for MARAD's activities, which is an increase of just over \$32 million above the level of funding provided in fiscal year 2009.

The largest increase occurs in the request for MARAD's Operations and Training budget, which would grow by \$29.5 million. This account supports the U.S. Merchant Marine Academy, provides limited support for the state maritime schools, and funds MARAD's operations.

I am pleased that the President has requested \$174 million for the Maritime Security Program, which provides direct payments to U.S.-flagged ship operators in the foreign trade to ensure that these vessels are available to the Department of Defense in times of war or national emergency. I strongly support this funding as it is critical to the preservation of a U.S.-flagged ocean-going fleet.

The President did not request funding for the Assistance to Small Shipyards program in fiscal year 2010. MARAD received \$98 million from the American Recovery and Reinvestment Act to make grants under this program, and the agency has already received more than 400 grant applications, totaling more than \$1 billion. Such a large number of applications demonstrates a wide demand among small shipyards for modernization support.

The President requested only enough funding for the Title XI Guaranteed Loan Program to enable MARAD to administer outstanding loan guarantees; no funding to support new loan guarantees was requested.

Under this program, loan guarantees are available to those purchasing ships from the U.S. shipbuilding industry and for the modernization of U.S. shipyards. The U.S.-flagged

ocean-going fleet is aging and the industry will likely need assistance if these vessels are to be replaced with new and modern vessels. We look forward to the opportunity today to examine all of these budget requests in detail.

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