

**REVIEW OF FISCAL YEAR 2023 BUDGET REQUEST
FOR THE COAST GUARD AND MARITIME
TRANSPORTATION PROGRAMS**

(117-47)

REMOTE HEARING
BEFORE THE
SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS

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[†]Master Chief Jason M. Vanderhaden did not submit a prepared statement for the record.



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U.S. House of Representatives
Washington, DC 20515

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APRIL 22, 2022

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Coast Guard and Maritime Transportation
FROM: Staff, Subcommittee on Coast Guard and Maritime Transportation
RE: Hearing on "Review of Fiscal Year 2023 Budget Request for the Coast Guard and Maritime Transportation Programs"

PURPOSE

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Wednesday, April 27, 2022, at 10:00 a.m. EDT in 2167 Rayburn House Office Building and via Zoom to examine the President's fiscal year (FY) 2023 budget requests for the Coast Guard and maritime transportation programs. The subcommittee will hear testimony from the U.S. Coast Guard (Coast Guard or Service), the Federal Maritime Commission (Commission or FMC), and the Maritime Administration (MARAD).

BACKGROUND

COAST GUARD

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). 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).

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 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.

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. Admiral Karl Schultz was sworn in as the 26th Commandant of the Coast Guard in June 2018 and will retire from his duty on June 1, 2022.

Fiscal Year 2023 Coast Guard Budget Request

The President's FY 2023 budget request for the Coast Guard¹ compares to the FY 2022 enacted funding level² as shown here:

Coast Guard FY 2022 Enacted to FY 2023 President's Budget Request Comparison

(Dollars in Thousands)

Program	FY 2022 Enacted	President's FY 2023 Budget Request	FY 2022 to FY 2023 Change (\$)	FY 2022 to FY 2023 Change (%)
Operations & Support (O&S)	\$ 9,162,120	\$ 9,620,029	\$ 457,909	5.0%
Environmental Compliance & Restoration (EC&R) ¹	\$ 27,456	\$ 24,386	\$ (3,070)	-11.2%
Medicare-Eligible Retiree Health Care Fund (MERHCF)	\$ 240,577	\$ 252,887	\$ 12,310	5.1%
Procurement, Construction & Improvements (PC&I)	\$ 2,030,100	\$ 1,654,850	\$ (375,250)	-18.5%
Research & Development (R&D)	\$ 7,476	\$ 7,476	\$ -	0.0%
National Coast Guard Museum Grant ²	\$ 50,000	\$ -	\$ (50,000)	-100.0%
Subtotal, Discretionary	\$ 11,517,729	\$ 11,559,628	\$ 91,899	0.8%
Retired Pay	\$ 1,963,519	\$ 2,044,414	\$ 80,895	4.1%
State Boating Safety Grants	\$ 128,987	\$ 132,442	\$ 3,455	2.7%
Maritime Oil Spill Program	\$ 101,000	\$ 101,000	\$ -	0.0%
General Gift Funds	\$ 2,864	\$ 2,864	\$ -	0.0%
Housing Fund ³	\$ 4,000	\$ 4,000	\$ -	0.0%
Subtotal, Mandatory	\$ 2,200,370	\$ 2,284,720	\$ 84,350	3.8%
Total	\$ 13,718,099	\$ 13,844,348	\$ 176,249	1.3%

¹ EC&R funding was incorporated into the Coast Guard's O&S PPA in FY 2019; this row is therefore excluded from the Discretionary Subtotal.

² Museum funding was awarded as a one-time grant in FY 2022 and is not expected to continue on an annual basis.

³ Housing funds appear as a discretionary offsetting fee in the Coast Guard Congressional Justification. Housing funds appear as Administrative Provisions in the Joint Explanatory Statement as multiple line items.

The President requests \$13.8 billion in FY 2023 for the activities of the Coast Guard, including \$11.5 billion in discretionary funding.³ The discretionary request is an increase of \$96 million (0.8 percent) from the FY 2022 enacted level.

Operations and Support

The President requests \$9.620 billion for the Operations and Support (O&S) account in FY 2023, a \$458 million (5.0 percent) increase from the FY 2022 enacted level. 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 the Service's approximately 40,500 active-duty military members, 8,000 reservists, and 9,000 civilian employees.⁴ Included in this request is \$5.1 billion for military pay and personnel support; \$430 million for mission support, including enterprise management and environmental compliance and restoration; and \$3.9 billion for field operations.⁵

¹ White House. *FY 2023 President's Budget*, available at https://www.whitehouse.gov/wp-content/uploads/2022/03/budget_fy2023.pdf.

² Consolidated Appropriations Act, 2022 (Public Law 117-103), available at <https://www.congress.gov/bill/117th-congress/house-bill/2471>.

³ United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*, available at <https://www.uscg.mil/Portals/0/documents/budget/2023/FY%202023%20Congressional%20Justification.pdf?ver=sNVot6ILB-bDynTKEVPTBw%3d×tamp=1648484167362>.

⁴ United States Coast Guard. *2023 Budget Overview: Posture Statement*, available at <https://www.uscg.mil/Portals/0/documents/budget/2023/FY%202023%20Posture%20Statement.pdf?ver=nSIvAr6imO5IsOC3m0PMsg%3d%3d>.

⁵ *Id.*

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 to cover the cost of the 2022 military pay raise (4.6 percent), 2022 civilian pay raise (2.7 percent), 2023 military pay raise (2.7 percent), and 2023 civilian pay raise (4.6 percent).

The FY 2023 budget includes an increase of 33 staff positions, 19 full-time equivalents (FTE), and \$6.8 million to fund initiatives in the Coast Guard's Technology Revolution Roadmap.⁶ This comprehensive framework outlines investments required to ensure mission execution supported by reliable, mobile, and integrated technology.⁷ The investments in this request are focused on the sustainment of the rapid application development platform, newly developed mobile applications and telework capabilities, and sustainment of new enterprise applications. The base for this program is seven positions, seven FTE, and \$6.0 million. This funding allows for the rapid development of cyber-secure web-based applications for use by marine inspectors, law enforcement officers, pollution investigators, recruiters, and other field operators across the Coast Guard.⁸ It also provides personnel to support the new capabilities offered by acquisitions programs, including logistics information management and command and control systems. Finally, this request sustains the Coast Guard's increased telework capacity with dedicated personnel and contract services support.⁹

In January of 2020, the Coast Guard opened the Blue Technology Center of Expertise (BTCOE) at Scripps Institution of Oceanography in La Jolla, California.¹⁰ This new Center of Expertise will further act as a unique pipeline to innovation and enable sharing of information between the Coast Guard, private sector, other federal agencies, academia, and non-profit organizations.¹¹ Following the creation of this new center, the President's FY 2023 budget request includes an increase of one full-time position, one FTE, and \$2.5 million to fund personnel and operating costs associated with the BTCOE and the Defense Innovation Unit detachment. This increase establishes a base for these programs.¹²

The Environmental Compliance and Restoration (EC&R) account was moved to the O&S account in FY 2019. The President requests \$24.4 million within O&S for EC&R in FY 2023, a \$3.1 million (or 11.2 percent) decrease from the FY 2022 enacted level. 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.¹³ The \$24.4 million requested for EC&R continues long-term monitoring at 22 sites, begins or continues investigation and remediation site work at 30 sites, and displays a commitment to ongoing identification, investigation, clean-up, and long-term management of contamination from hazardous substances and pollutants for Coast Guard systems, buildings, structures, and assets.¹⁴

The FY 2023 budget request also transfers the coordination of Maritime Operational Threat Response (MOTR; coordinated U.S. government response to threats against the U.S. and its interests in the maritime domain globally)¹⁵ and Spill of National Significance events (SONS; oil spills that are sufficiently large or complex that coordination between federal, state, local, and responsible party resources is required to clean up the spill)¹⁶ to the U.S. Coast Guard as part of the Department of Homeland Security (DHS) effort to realign certain non-statutory functions from

⁶United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

⁷United States Coast Guard. *Tech Revolution: Vision for the Future*, available at <https://www.dcms.uscg.mil/Portals/10/CG-6/roadmap/C5i-roadmap-FINAL-v6.pdf>.

⁸United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

⁹*Id.*

¹⁰United States Coast Guard. *Coast Guard opens new Blue Technology Center of Expertise*, available at <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Acquisitions-CG-9/Newsroom/Latest-Acquisition-News/Article/2065456/coast-guard-opens-new-blue-technology-center-of-expertise/>. January 24, 2020.

¹¹*Id.*

¹²United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

¹³*Id.*

¹⁴*Id.*

¹⁵Department of Homeland Security. *Global MOTR Coordination Center*, available at <https://www.dhs.gov/global-motr-coordination-center-gmcc>.

¹⁶SONS Communications Coordination Workgroup. *Spill of National Significance Executive Reference Guide*, available at https://www.dco.uscg.mil/Portals/9/CG-5R/MER/MER%203/SERG_04_April_2019_FINAL.pdf?ver=2019-06-08-153911-130.

the DHS Office of Operations Coordination and Planning (OPS).¹⁷ While such events are rare when they occur, the Coast Guard is the primary subject matter expert and DHS OPS does not provide dedicated resources in this area. By removing the coordination step within DHS OPS, the Coast Guard will be better positioned to directly seek input from across DHS. The assumption of MOTR and SONS events by the Coast Guard does not include additional resources.¹⁸

The proposed O&S increases are offset by proposed cuts derived through decommissioning certain assets, fee and operational adjustments, annualization of prior-year initiative reductions, and the termination of one-time costs. Specifically, the proposed reductions affecting the O&S account include:

- Asset decommissions and associated personnel reductions: The FY 2023 budget request proposes the decommissioning of four HC-130H Long Range Surveillance Aircraft (\$12.9 million), one 210-foot Reliance Class Medium Endurance Cutter (WMEC; \$10.0 million), temporary disestablishment of one 270-foot Famous Class WMEC crew during an extended Service Life Extension Project (SLEP; \$22.2 million), five 110-foot legacy Island Class Patrol Boats (WPBs; \$6.8 million), and five legacy 87-foot Marine Protector Class Coastal Patrol Boats (\$2.2 million) for a total savings of \$41.2 million in FY 2023.¹⁹
- Operational adjustments: The FY 2023 budget request also proposes savings of \$1.6 million in Coast Guard detailee reductions, \$1.1 million in the consolidation of redundant stations, \$896 thousand in improved boat operations, \$182 thousand in improved management efficiencies, \$775 thousand in improved mission support efficiencies, \$1.0 million from departmental initiatives, and \$488 thousand from rebalanced maritime patrol aircraft operations for an additional savings of \$5.9 million.²⁰

Procurement, Construction, and Improvements

The President requests \$1.655 billion for the Procurement, Construction, and Improvements (PC&I) account,²¹ a \$375 million (18.5 percent) decrease from the FY 2022 enacted level.²² 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. Specifically, the budget request includes \$1.476 billion for sustainment and acquisition of the following assets:

- 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. SLEPs increase in-service vessel service life without significantly modifying capabilities.
 - \$36 million for 47-ft Motor Life Boat SLEP;
 - \$22.5 million for 225-ft Buoy Tender MMA;
 - \$23.8 million for 270-ft Medium Endurance Cutter SLEP;
 - \$7 million for 175-ft Coastal Buoy Tender MMA; and
 - \$4 million for CGC HEALY MMA.
- National Security Cutter (NSC): \$60.0 million for delivery of NSC #10 and continued construction of NSC #11, including Post Delivery Activities (PDA) necessary to make these cutters ready for operation.
- Offshore Patrol Cutter (OPC): \$650 million for the construction of OPC #5, and Long Lead Time Materials (LLTMs) for OPC #6. The acquisition of 25 OPCs, including PDA necessary to make these cutters ready for operations, to replace the Coast Guard's fleet of Medium Endurance Cutters (WMECs), and bridge the capabilities of the NSC and FRC. The delivery of OPC #1 is anticipated to occur in FY 2023.
- Fast Response Cutter (FRC): \$16.0 million for the delivery of FRCs #51–55. Continued construction of FRCs is necessary to replace the Coast Guard's fleet of 110-ft Island Class Patrol Boats (WPBs).
- Boats: \$8.0 million to order/deliver one Long Range Interceptor (NSC #10–11), nine Over-The-Horizons (NSC #10–11, OPCs #1–3, PSC #1), and six Maritime Security Response Team boats.

¹⁷United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

¹⁸*Id.*

¹⁹United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

²⁰*Id.*

²¹*Id.*

²²Consolidated Appropriations Act, 2022 (Public Law 117–103).

- Polar Security Cutter (PSC): \$167.2 million for the continued construction of PSC #1, the start of construction of PSC #2, and the continued purchase of LLTM for PSC #3.
- \$125 million for the purchase of a commercially available Polar Icebreaker.
- Waterways Commerce Cutter program: \$77.0 million for project planning and LLTM/construction of River Buoy Tender and Construction Tender first articles, and the continued development of government-led design for the Inland Buoy Tender.
- \$15.0 million for a multi-year CGC POLAR STAR SLEP.
- \$182.0 million for aircraft.
- \$82.0 million for other acquisition programs.

The budget request also includes \$180 million for shore facilities and AtoN.²³ This request is a decrease of \$183.2 million (50.4 percent) from the FY 2021 enacted level,²⁴ and a decrease of \$99.7 million (35.6 percent) from the President's FY 2022 budget request.²⁵ 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.²⁶ As of 2018, the deferred maintenance backlog included more than 5,600 projects, while the recapitalization and new construction backlog included 125 projects.²⁷ GAO's analysis of Coast Guard data found that as of November 2018, there were hundreds of recapitalization projects without cost estimates—the majority of recapitalization projects.²⁸ Coast Guard officials told GAO that these projects were in the preliminary stages of development.²⁹ 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.³⁰ The Coast Guard concurred, and in response to Section 5108 of title 14, United States Code, the Coast Guard produced their Unfunded Priorities List (UPL) in order of priority on June 29, 2021.³¹ This included \$992.2 million for Procurement, Construction, and Improvements; and \$121.1 million for Operations and Support, totaling \$1.1 billion across the two accounts.³²

Research and Development

The President requests \$7.5 million in FY 2023 for the Coast Guard's Research and Development (R&D) account, an amount equal the FY 2022 enacted level. 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.³³

The Coast Guard intends to use the requested \$7.5 million in FY 2023 for programs 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.³⁴ Of the funding, \$0.5 million is derived from the Oil Spill Liability Trust Fund as authorized by the Oil Pollution Act of 1990 (33 USC §§ 2701–2761).³⁵

²³ United States Coast Guard. *Fiscal Year 2023 President's Budget: Fact Sheet*, available at <https://www.uscg.mil/Portals/0/documents/budget/2023/FY%202023%20President's%20Budget%20Fact%20Sheet.pdf?ver=gcTYiFH9QRw%3d>.

²⁴ United States Coast Guard. *Budget Overview: Fiscal Year 2022 Congressional Justification*, available at https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022_Congressional_Justification.pdf?ver=YXeBcfwpAIAE7RuU94zRJg%3d%3d.

²⁵ *Id.*

²⁶ Government Accountability Office. *COAST GUARD SHORE INFRASTRUCTURE: Actions Needed to Better Manage Assets and Reduce Risks and Costs*. GAO–19–711T, September 25, 2019.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ United States Coast Guard. *FY 2022 Unfunded Priorities List*, available at https://www.dhs.gov/sites/default/files/publications/uscg_-_fy_2022_unfunded_priorities_list.pdf.

³² *Id.*

³³ United States Coast Guard. *Budget Overview: Fiscal Year 2023 Congressional Justification*.

³⁴ *Id.*

³⁵ *Id.*

FEDERAL MARITIME COMMISSION

The FMC was established in 1961 as an independent agency that regulates ocean-borne transportation in the foreign commerce of the United States.³⁶ The FMC protects shippers and carriers from restrictive or unfair practices of ocean carriers, including foreign-flagged carrier alliances. The FMC also enforces laws related to cruise vessel financial responsibility to ensure cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury or death or for non-performance of a voyage.³⁷

The FMC is composed of five commissioners appointed for five-year terms by the President with the advice and consent of the Senate. The Honorable Daniel B. Mafei was designated Chairman of the Commission by the President in March 2021.

The President's FY 2023 budget request for the FMC³⁸ compares to the FY 2022 enacted funding level³⁹ as shown here:

FMC FY 2022 Enacted to FY 2023 President's Budget Request Comparison

(Dollars in Thousands)

Account	FY 2022 Enacted	President's FY 2023 Budget Request	FY 2022 to FY 2023 Change (\$)	FY 2022 to FY 2023 Change (%)
Office of Inspector General (OIG)	\$485	\$544 [†]	\$70	14.4%
Operations and Administrative Program	\$32,384	\$34,140	\$1,756	5.4%
Total	\$32,869	\$34,684	\$1,815	5.5%

[†] FMC, with concurrence from the OIG, will no longer include a distribution of overhead costs in the allocation of the budget for OIG expenses.

The President requests \$34.7 million in FY 2023 for the activities of the FMC, a \$1.8 million (5.5 percent) increase from the FY 2022 enacted level. This request would permit additional personnel hires (increase of 36 FTE compared to FY 2022 staffing level)⁴⁰ in advance of anticipated retirements in key high-level or hard-to-fill positions. It also includes a projected 4.6 percent pay raise for personnel in FY 2023, information technology and cybersecurity modernization projects, and activities of the Office of Inspector General.⁴¹

MARITIME ADMINISTRATION

MARAD was established in 1950.⁴² It administers financial programs to build, promote, and operate the U.S. flag fleet; manages the disposal of federal government-owned vessels; regulates the transfer of U.S. documented vessels to foreign registries; maintains a reserve fleet of federal government-owned vessels essential for national defense; operates the U.S. Merchant Marine Academy; and administers a grant-in-aid program for state operated maritime academies and other financial

³⁶ Section 46101 of title 46, United States Code, available at <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title46-section46101&num=0&edition=prelim>.

³⁷ Federal Maritime Commission. *Federal Maritime Commission FY 2023 Budget Justification*, available at <https://fmc2.fmc.gov/wp-content/uploads/2022/03/Federal-Maritime-Commission-CONG23-Budget-Submission.pdf>.

³⁸ *Id.*

³⁹ Consolidated Appropriations Act, 2022 (Public Law 117–103).

⁴⁰ Federal Maritime Commission. *FMC FY 2023 Budget Request*, briefing delivered to the H.R. Committee on Transportation and Infrastructure on April 19, 2022.

⁴¹ Office of Inspector General. *Office of Inspector General FY 2023 Justification of Estimates for Congress*, available at <https://oig.hhs.gov/documents/root/1026/FY-2023-HHS-OIG-CJ.pdf>.

⁴² Section 109 of title 49, United States Code, available at <https://www.law.cornell.edu/uscode/text/49/109>.

assistance programs to support the U.S. maritime and shipbuilding industries.⁴³ Lucinda Lessley has served as the Acting Administrator of MARAD since January 2021.

The President's FY 2023 budget request for MARAD⁴⁴ compares to the FY 2022 enacted funding level⁴⁵ as shown here:

MARAD FY 2022 Enacted to FY 2023 President's Budget Request Comparison

(Dollars in Thousands)

Account	FY 2022 Enacted	President's FY 2023 Budget Request	FY 2022 to FY 2023 Change (\$)	FY 2022 to FY 2023 Change (%)
Operations and Training	\$ 172,204	\$ 192,000	\$ 19,796	11.50%
Assistance to Small Shipyards	\$ 20,000	\$ 20,000	\$ –	0.00%
Ship Disposal Program	\$ 10,000	\$ 6,000	\$ (4,000)	-40.00%
Maritime Security Program	\$ 318,000	\$ 318,000	\$ –	0.00%
Title XI—Administrative Expenses	\$ 3,000	\$ 3,000	\$ –	0.00%
Title XI—Loan Guarantees	\$ –	\$ –	\$ –	0.00%
State Maritime Academy Operations	\$ 423,300	\$ 77,700	\$ (345,600)	-81.64%
Cable Security Fleet Program	\$ 10,000	\$ –	\$ (10,000)	-100.00%
Tanker Security Program	\$ 60,000	\$ 60,000	\$ –	0.00%
Maritime Transportation System Emergency Relief Authority	\$ –	\$ –	\$ –	0.00%
Port Infrastructure Development Program	\$ 234,310	\$ 230,000	\$ (4,310)	-1.84%
Total	\$ 1,250,814	\$ 906,700	\$ (344,114)	-27.51%

The President requests \$907 million in FY 2023 for the activities of MARAD,⁴⁶ a \$344 million (27.5 percent) decrease from the FY 2022 enacted level.⁴⁷

MARAD's FY 2023 budget request does not include funding for the:

- Maritime Transportation System Emergency Relief Authority;
- Cable Security Fleet Program (although this program has some funds that carried over from FY 2022); or
- Title XI Loan Guarantees.

Operations and Training

The President's FY 2023 budget requests \$192 million for Operations and Training, an increase of \$19.8 million (11.5 percent) beyond the FY 2022 enacted level. Included in this request is \$87.8 million for academic operating expenses of the U.S. Merchant Marine Academy (USMMA), including the continued implementation of measures to help prevent sexual assault and sexual harassment; \$11.9 million to fund routine and unplanned emergency facility maintenance and repairs of the USMMA's aging buildings and infrastructure; \$10 million for the Maritime Environmental and Technical Assistance program, which advances low carbon alternative energies and technologies that are safe, affordable, and sustainable, while also supporting job growth in clean energy and maritime transportation fields; \$10.8 million for America's Marine Highway grants to support the development, expansion and

⁴³ Department of Transportation. *FY 2023 Budget Highlights: Maritime Administration*, available at https://www.transportation.gov/sites/dot.gov/files/2022-03/Budget_Highlights_FY2023.pdf.

⁴⁴ *Id.*

⁴⁵ Consolidated Appropriations Act, 2022 (Public Law 117–103).

⁴⁶ Department of Transportation. *FY 2023 Budget Highlights: Maritime Administration*.

⁴⁷ Consolidated Appropriations Act, 2022 (Public Law 117–103).

modernization of America's navigable waterways and landslide infrastructure to enable the movement of freight by water; and \$4 million to support program evaluation assessments aimed at improving the efficiency and resiliency of agency core assets and programs.⁴⁸

Assistance to Small Shipyards

The Assistance to Small Shipyards Grant Program provides capital grants to small privately-owned shipyards to expand and modernize shipbuilding capacity, efficiency, and competitiveness. Grant requests routinely exceed available funds. The program received \$20 million in FY 2022, and the President also requests \$20 million in the FY 2023 budget.⁴⁹

Ship Disposal

The President requests \$6 million for the Ship Disposal Program, which is a \$4 million (40 percent) decrease from the FY 2022 enacted level. This program provides for the proper disposal of obsolete government-owned merchant ships maintained by MARAD in the National Defense Reserve Fleet. This request includes \$3 million to maintain the Nuclear Ship SAVANNAH in protective storage according to Nuclear Regulatory Commission license requirements, while decommissioning of the vessel's defueled nuclear reactor, components, and equipment is in progress.⁵⁰ This funding also includes \$3 million for Ship Disposal Program support, including salaries and overhead.⁵¹ The National Defense Reserve Fleet is under the jurisdiction of the House Committee on Armed Services.

Maritime Security Program

The President requests \$318 million for the Maritime Security Program (MSP), which is equal to the FY 2022 enacted level, to maintain a viable commercial fleet that can support a U.S. presence in foreign commerce. Under this program, \$318 million in direct payments are allocated among up to 60 U.S. flagged vessel operators engaged in foreign trade. MSP vessel operators must keep their vessels in active commercial service and provide intermodal sealift support to the Department of Defense in times of war or national emergency. This budget request enables vessel operators to remain active and available for service, and results in \$5.3 million per stipend payment for each of the 60 ships in the program.⁵² Allocating less than \$318 million annually for the program allows U.S. vessels to exit without penalty, and likely would also leave to vessels exiting the U.S. flag registry. The MSP is under the jurisdiction of the House Committee on Armed Services.

Title XI Loan Guarantees—Administrative Expenses

The President requests \$3 million for administrative expenses to carry out the guaranteed loan program, which is equal to the FY 2022 enacted level. The Title XI Loan Guarantee Program helps to promote the growth and modernization of the U.S. shipyard industry by providing additional opportunities for vessel construction and modernization, including repowering that may otherwise be unavailable to ship owners.⁵³ The program is under the jurisdiction of the House Committee on Armed Services.

State Maritime Academies

The President requests \$77.7 million for the six State Maritime Academies (SMA), which is a decrease of \$345.6 million (81.6 percent) compared to the FY 2022 enacted level. This request includes \$35 million for vessel management, logistics, and maintenance oversight to support integration of National Security Multi-Mission Vessels (NSMMV) into the schoolship fleet of training vessels; \$30.5 million to maintain the six legacy SMA training ships; \$6 million in direct payments to the schools; \$2.4 million for student tuition assistance; and \$3.8 million for training ship fuel assistance. The decrease of \$345.6 million is primarily due to the completion of construction of the sixth NSMMV. SMA Operations provides federal assistance to the six SMAs, to help educate and train mariners and future leaders to support the U.S. marine transportation system. These graduates promote commerce in the United States and aid in the national defense by serving in the merchant marine. The SMA Operations request funds student financial assistance, direct assistance to each of

⁴⁸ Department of Transportation. *FY 2023 Budget Highlights: Maritime Administration*.

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

the six SMAs, and support of new training vessels under the NSMMV program. SMAs are under the jurisdiction of the House Committee on Armed Services.

Tanker Security Program

The FY 2023 request for the Tanker Security Program (TSP) is \$60 million, an amount equal to the FY 2022 enacted level. TSP provides direct payments to U.S. Flagship product tankers capable of supporting national economic and Department of Defense contingency requirements. The purpose of this program is to provide retainer payments to carriers to support a fleet of militarily useful, commercially viable product tankers sailing in international trade, as well as assure access to a global network of intermodal facilities.⁵⁴ The program will also sustain a base of U.S. Merchant Mariners to support national security requirements during times of urgent need. The program is under the jurisdiction of the House Committee on Armed Services.

Port Infrastructure Development Program

The President requests \$230 million for the Port Infrastructure Development Program (PIDP), a decrease of \$4.3 million (1.84 percent) from the FY 2022 enacted level. This request is in addition to the \$450 million investment in advance appropriations provided in FY 2023 under the bipartisan Infrastructure Investment and Jobs Act (Public Law 117–58).⁵⁵ The PIDP provides grants for coastal seaports, inland river ports, and Great Lakes ports infrastructure to improve the safety, efficiency, or reliability of the movement of goods, and to reduce environmental impacts in and around ports.⁵⁶

WITNESS LIST

- Admiral Karl L. Schultz, Commandant, United States Coast Guard
- Master Chief Jason M. Vanderhaden, Master Chief Petty Officer of the Coast Guard, United States Coast Guard
- The Honorable Daniel B. Maffei, Chairman, Federal Maritime Commission
- Ms. Lucinda Lessley, Acting Administrator, Maritime Administration

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

REVIEW OF FISCAL YEAR 2023 BUDGET REQUEST FOR THE COAST GUARD AND MARITIME TRANSPORTATION PROGRAMS

WEDNESDAY, APRIL 27, 2022

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COAST GUARD AND
MARITIME TRANSPORTATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:02 a.m. in room 2167 Rayburn House Office Building and via Zoom, Hon. Salud O. Carbajal (Chair of the subcommittee) presiding.

Members present in person: Mr. Carbajal, Mr. DeFazio, Mr. Larsen of Washington, Mr. Sean Patrick Maloney of New York, Mr. Gibbs, Dr. Van Drew, and Mr. Graves of Louisiana.

Members present remotely: Mr. Auchincloss, Mr. Lowenthal, and Ms. Malliotakis.

Mr. CARBAJAL. I ask unanimous consent that the chair be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

I also ask unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, please keep your microphones muted unless speaking. Should I hear any inadvertent background noise, I will request that the Member please mute their microphone.

And to insert a document into the record, please have your staff email it to DocumentsT&I@mail.house.gov.

Good morning, and welcome to today's hearing on the review of fiscal year 2023 budget requests for the Coast Guard and maritime transportation programs. Today, we will hear directly from the Commandant and Master Chief Petty Officer of the Coast Guard, the Chair of the Federal Maritime Commission, and the Acting Administrator of the Maritime Administration on the President's budget request and agency priorities.

We begin with testimony from the Coast Guard, which has nearly 40,500 Active Duty military members, 8,000 reservists, and 9,000 civilian employees who carry out the Service's missions, including port and waterway security, marine environmental protection, border safety, and search and rescue, among others.

Despite the agency's importance as one of the six branches of our military, the Coast Guard is chronically underfunded and over-

extended, even during its largest recapitalization effort since World War II. To ensure our servicemembers have the equipment, personnel, and support systems they need to complete their missions and return home safe, the Service must be supported with every available resource.

Following the Coast Guard, I look forward to hearing from the FMC on how it plans to address supply chain issues and ensure fairness in ocean shipping. The agriculture industry, which includes many farmers and growers in my home State of California, continues to be negatively impacted by these supply chain issues. As the Federal agency tasked with enforcing international shipping regulations, FMC has key authorities which allow it to secure an even playing field for participants in maritime commerce and continue to promote American jobs.

Last, but not least, I look forward to MARAD discussing its plans to revitalize the American maritime industry, from ports and infrastructure to our shrinking U.S.-flag fleet and the availability of merchant mariners. Acting Administrator Lessley has done a phenomenal job facilitating efforts to upend the toxic culture that has allowed sexual assault and harassment to fester within the maritime industry. Her leadership on EMBARC and her work to bring industry along is remarkable and does not go unnoticed. We have a long way to go, but I believe her leadership in the passage of the Safer Seas Act, of which I am an original cosponsor, will help protect future mariners and bring justice to victims.

Ms. Lessley: Chair DeFazio and I stand ready to help you.

MARAD oversees vital grant programs, including the Maritime Security Program, the new Tanker Security Program, META, and the Port Infrastructure Development Program, which give maritime users the opportunity to improve the safety, efficiency, and reliability of their operations shoreside and at sea. This benefits mariners, the U.S. economy, and our irreplaceable natural environment.

To give one example, META, the Maritime Environmental and Technical Assistance Program, supports the research, development, installation, and use of new carbon technologies that are safe, affordable, and sustainable. Investing in such innovations is crucial to positioning the United States as a leader in the global marketplace and reducing our carbon pollution within the transportation sector.

For MARAD, I am particularly interested in how the Port Infrastructure Development Program will support the Morro Bay wind energy project offshore in my district, building out the port infrastructure to receive and transmit this energy, as well as creating laydown space for shoreside wind turbine staging. It is of critical importance and will take a significant investment. This project is especially timely for areas in my home district, such as San Luis Obispo County, that may need Federal assistance to take full advantage of this budding energy industry.

I will end my remarks here by thanking our witnesses and attendees for their participation.

I want to especially thank Commandant Admiral Schultz, as he will be retiring from his position in June. Admiral Schultz has given his entire career in service to this country and has been a

knowledgeable and genial leader for the Coast Guard in his work with us in Congress for the past 4 years.

I wish you a fulfilling next chapter of your life.

I hope today's testimonies and the discussions that follow will call Congress' attention to priorities within America's vital maritime domain.

[Mr. Carbajal's prepared statement follows:]

Prepared Statement of Hon. Salud O. Carbajal, a Representative in Congress from the State of California, and Chair, Subcommittee on Coast Guard and Maritime Transportation

Good morning, and welcome to today's hearing on the "Review of Fiscal Year 2023 Budget Request for the Coast Guard and Maritime Transportation Programs."

Today, we will hear directly from the Commandant and Master Chief Petty Officer of the Coast Guard, the Chair of the Federal Maritime Commission, and the Acting Administrator of the Maritime Administration on the President's budget request and agency priorities.

We begin with testimony from the Coast Guard, which has nearly 40,500 Active Duty military members, 8,000 reservists, and 9,000 civilian employees who carry out the Service's missions, including port and waterway security, marine environmental protection, boater safety, and Search and Rescue, among others. Despite the agency's importance as one of the six branches of our military, the Coast Guard is chronically underfunded and overextended even during its largest recapitalization effort since World War II.

To ensure our servicemembers have the equipment, personnel, and support systems they need to complete their missions and return home safe, the Service must be supported with every available resource.

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Last but not least, I look forward to MARAD discussing its plans to revitalize the American maritime industry, from ports and infrastructure, to our shrinking U.S. flagged fleet, and the availability of merchant mariners.

Acting Administrator Lessley has done a phenomenal job facilitating efforts to upend the toxic culture that's allowed sexual assault and harassment to fester within the maritime industry. Her leadership on EMBARC and her work to bring industry along is remarkable and does not go unnoticed.

We have a long way to go, but I believe her leadership and the passage of the Safer Seas Act, of which I am original cosponsor, will help protect future mariners and bring justice to victims. Ms. Lessley: Chair DeFazio and I stand ready to help you.

MARAD oversees vital grant programs including the Maritime Security Program, the new Tanker Security Program, META, and the Port Infrastructure Development Program, which give maritime users the opportunity to improve the safety, efficiency, and reliability of their operations shoreside and at sea. This benefits mariners, the U.S. economy, and our irreplaceable natural environment.

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From MARAD, I'm particularly interested in how the Port Infrastructure Development Program will support the Morro Bay wind energy project offshore of my district. Building out the port infrastructure to receive and transmit this energy, as well as creating laydown space for shoreside wind turbine staging, is of critical importance and will take a significant investment. This project is especially timely for areas in my home district such as San Luis Obispo County, who may need federal assistance to take full advantage of this budding energy industry.

I will end my remarks here by thanking our witnesses and attendees for their participation. I want to doubly thank the Commandant, Admiral Schultz, as he will be retiring from his position in June. Admiral Schultz has given his entire career in service to this country, and has been a knowledgeable and genial leader for the Coast Guard in his work with us in Congress for four years. I wish you a fulfilling next chapter of your life.

I hope today's testimonies and the discussions that follow will call Congress' attention to priorities within America's vital maritime domain.

Mr. CARBAJAL. Now I would like to call on the subcommittee ranking member, Mr. Gibbs.

Mr. GIBBS. Thank you, Mr. Chairman. And thanks to our witnesses for being here today.

First of all, I congratulate the Commandant, Admiral Schultz, as he completes his long service to the Nation this next month. He has done much to repair the damage done to the Service's budget by the Budget Control Act and has begun what will be a long road to upgrading the Coast Guard's digital capabilities to those needed by a 21st-century law enforcement, marine safety, and environmental stewardship Service.

I am sure I speak for all my subcommittee colleagues in wishing you well as you leave the Coast Guard, which you have served for more than 40 years. Congratulations. I wish you all the best.

While we do celebrate your service in the Coast Guard, I have to mention the issues the Guard must address in your absence. Since you appeared before the subcommittee last July, nothing seems to have happened with respect to completing the regulations implementing the recommendations of the Atlantic Coast Port Route Study. I look forward to hearing whether we are in any danger of seeing those regulations made final in the near future, or will the Coast Guard continue to defer those to the Interior Department. I continue to believe the Coast Guard should take its role as the primary Federal agency responsible for maritime navigation safety seriously, rather than act as an adjunct permit reviewer for the Department of the Interior.

I was heartened to see the fiscal year 2023 increase in the request for the Coast Guard's operating and support account. But as always, I am extremely disappointed in the perennial reduction in the procurement, construction, and improvement account. The account falls from an appropriated level of more than \$2 billion in fiscal year 2022 and a House-passed authorized level of \$3.4 billion in fiscal year 2023 to a requested appropriations level of \$1.6 billion for fiscal year 2023. That level of funding will not even allow the Coast Guard to hold steady on the billions of dollars of shore-side construction and maintenance needs, prevent the Service from falling further behind in its IT infrastructure, and allow progress in the Service's far-behind-schedule cutter acquisition program.

I urge the Commandant to assure his legacy by telling us that he supports the acquisition of a 12th National Security Cutter before that production line grows cold, and the opportunity is lost.

I will work to see that the Congress steps in yet again to reverse the budget request's harmful impact on the Coast Guard's acquisition budget, and in turn, protect the Service's future mission capabilities. Like last year, I noticed no funds are requested for the new Great Lakes icebreaker. I will work with my Great Lakes colleagues to correct this oversight. I am also interested in whether

a common hull design could be used for a Great Lakes icebreaker in the notional Arctic Security Cutter, if the Coast Guard remains committed to a two-size polar icebreaker program. I think that could make sense.

A provision included in H.R. 6865 sets minimum standards for alternative oil spill response planning criteria in western Alaska. The section provides new authority that only applies if the Coast Guard determines that the national planning criteria don't apply in western Alaska. The Coast Guard has refused to set such criteria, thus leaving it to Congress to do the job. I regret that the Coast Guard has had difficulty understanding the plain language of this section, and I look forward to continuing to work with the Service on this issue.

An unprecedented surge of imported cargo is pressure-testing the U.S. supply chain. Both the House and Senate have passed ocean shipping reform measures at the behest of the beleaguered importers and exporters who are finding their products late in reaching their destinations. Thus far, as I understand it, the Federal Maritime Commission has found no collusion or illegal anti-competitive manipulation of vessels and equipment.

However, I look forward to hearing from our former colleague, and now Federal Maritime Commission Chairman, Dan Maffei, to describe what resources the Commission needs to assure that a robust, effective, ongoing ocean shipping regulatory program is maintained.

I am pleased again to see a former Coast Guard and Maritime Transportation Subcommittee staffer, Lucinda Lessley, back today as the Acting Maritime Administrator. I look forward to hearing today what actions the Maritime Administration is taking to tighten down cargo preference regulations and ensure that all Federal agencies abide by these important mandatory set-asides of cargo for carriage on U.S.-flagged vessels. I am also interested to hear if MARAD has received availability determination requests in regard to the increased rate of discharge from the Strategic Petroleum Reserve.

[Mr. Gibbs' prepared statement follows:]

Prepared Statement of Hon. Bob Gibbs, a Representative in Congress from the State of Ohio, and Ranking Member, Subcommittee on Coast Guard and Maritime Transportation

Thank you, Mr. Chairman, and thank you to our witnesses for being here today.

First, congratulations to Commandant Admiral Schultz as he completes his long service to the Nation in the next month. He has done much to repair the damage done to the Service's budget by the Budget Control Act and has begun what will be a long road to upgrading the Coast Guard's digital capabilities to those needed by a 21st century law enforcement, marine safety, and environmental stewardship service. I'm sure I speak for all my Subcommittee colleagues in wishing you well as you leave the Coast Guard in which you have served for more than 40 years.

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as the primary federal agency responsible for maritime navigation safety seriously, rather than act as an adjunct permit reviewer for DOI.

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Mr. GIBBS. Thank you, Mr. Chairman. I yield back.

Mr. CARBAJAL. Thank you, Mr. Gibbs. I now would like to call on the chairman of the Transportation and Infrastructure Committee, Mr. DeFazio.

Mr. DEFazio. Thank you, Chairman Carbajal. Thanks for this important hearing today.

All of the witnesses here before us today play a vital role—the Coast Guard, the Federal Maritime Commission, the Maritime Administration—in our Marine Transportation System. As an ocean-going nation, we have tremendous needs in this area.

I want to start the same way as the subcommittee chair and the ranking member did, by congratulating the admiral and thanking him for his strong leadership.

Chief, thank you. These were pretty tough and turbulent times for the Coast Guard, and you have gotten through it in good shape. So, for whatever you are going to do next, best wishes.

I would also like to congratulate—although she is not yet confirmed, I expect will be confirmed—Admiral Linda Fagan, who is not here today, as the next Commandant, and, I think, will be a tremendous successor to Admiral Schultz. I look forward to working with her during my remaining time in Congress.

For the fiscal year 2023, Coast Guard has requested \$13.82 billion. This is a 1.3-percent increase over last year. Now, that is better than what you proposed last year, which was a 0.3-percent increase. But given the current rate of inflation, which the Coast Guard is going to be subjected to in many ways, from shoreside costs to fuel for the ships, I really don't think that that is going to be an adequate amount of funding.

I also have ongoing concerns expressed by others about the problems on your shoreside infrastructure, particularly the inadequate housing. We have inadequate childcare. Those are complaints I hear a lot. And in areas where there is inadequate housing, members of the Coast Guard have to go into the private market. Rents are skyrocketing. It is very difficult. And if we want to do what we need to do to recruit and retain our Coasties, we have got to do better for their working conditions. That is really a tremendous concern.

When I was in Coos Bay, when the Commandant was there—I think it was a year ago last summer to get the award—we saw what they were doing to renovate some housing. It was a start. But we need to do a heck of a lot more of that.

You are proposing to recruit 4,200 people this year. That is a pretty high number. I hope you can achieve it. But then, once we achieve it, we want to keep them. We want them to do full careers.

So, as you know, during the shutdown I was very upset about the lack of pay for the Coast Guard, and I attempted to move legislation to prohibit that from happening in the future, but was unsuccessful at that point in time.

The decrease in funding for shore facilities and aids in navigation is puzzling to me, with the backlog we have. I want to learn more about how you came to \$180 million. I assume it was the trolls over at OMB putting pressure on you. But anyway, I would be interested in plumbing the depths of that.

I am constantly trying to deal with the Office of Management and Budget. We would be much better off without them, but that is for another day.

With regards to the Maritime Administration, MARAD is vital for the successful management of our maritime shipbuilding industries. I am constantly trying to see that we build more U.S. ships, and also that we have a more competitive shipping industry.

I note that the cartel of three major shippers made more money last year than they made over the last decade. And yet we don't think there is some collusion or price gouging or taking advantage of the excuses of the pandemic. It is a real problem.

And I want to learn more about the decrease in your Port Infrastructure Development Program requests, compared to the 2022 enacted. It all starts with port capacity. In fact, I am advocating at this point for a mega-project so that we can have a new container port. It would be the first direct ship-to-rail container port on the west coast. Obviously, very efficient, very environmentally

responsible. And that would be in Coos Bay, Oregon. And it could add 10 percent to west coast capacity. There is not a lot more land area in L.A.-Long Beach, and it is a heck of a long steam up the Columbia River to Portland. Coos Bay has a lot of advantages, if the administration has the vision to move forward with that, and I am hopeful they will. The President did mention it when he was in Portland last week.

But I am pleased to see an increase in the operations training budget, and some of this goes to the Merchant Marine Academy, and again, we need a lot of repairs for aged buildings and facilities and dorms and things there.

And I am also pleased to support the EMBARC measures which have been designed to protect cadets against sexual assault and sexual harassment. Last year, the Academy faced a lot of scrutiny regarding its culture of safety, for good reason. Fortunately, I have witnessed steadfast leadership of MARAD's Acting Administrator, Ms. Lucinda Lessley, during this time, and she has worked diligently to motivate a major cultural shift at the Academy, despite resistance. And I have every confidence that she will continue to lead capably, with competence and integrity, and hold steadfast on the changes we need.

For the Federal Maritime Commission, I am pleased to see a 5.5-percent increase requested for overall funding. As the ranking member mentioned, we haven't found collusion, but we know there is collusion, and we are dealing with shipping cartels. And you need those resources to enhance your oversight enforcement capabilities, and that is critically needed to lower the cost of shipping, which is going to help with inflation. I look forward to hearing from all of our witnesses today.

[Mr. DeFazio's prepared statement follows:]

Prepared Statement of Hon. Peter A. DeFazio, a Representative in Congress from the State of Oregon, and Chair, Committee on Transportation and Infrastructure

Thank you, Chair Carbajal. The Coast Guard, Maritime Administration, and Federal Maritime Commission all play vital roles in safeguarding the economical movement of \$5.4 trillion in our marine transportation system, and I have stressed for decades that we need to provide robust funding to these three agencies who are critical to our national security and economic sustainability.

I would like to start by commending Admiral Schultz for his strong, steadfast leadership of the Coast Guard. For the past four years, you have steered the Coast Guard on a steady course through unprecedented, turbulent waters. Through your vision, the Coast Guard has emerged more ready, relevant, and responsive during these tough times. Your retirement is well-earned. Thank you for your service to your country, Admiral Schultz.

I'd also like to congratulate Admiral Linda Fagan on her historic nomination as the next Commandant of the Coast Guard. I couldn't be more pleased with her nomination to succeed Admiral Schultz and am confident she will command the Coast Guard with honor, integrity, and great devotion. I look forward to working together.

For fiscal year 2023 the Coast Guard has requested \$13.82 billion, just a 1.3 percent increase in its overall budget relative to the fiscal year 2022 enacted level, including a 0.8 percent or \$95.9 million increase in discretionary spending. I am encouraged by the Coast Guard's request this year versus last when the Coast Guard's budget request was a mere 0.3 percent increase from the fiscal year 2021 enacted level. However, given the Coast Guard's diverse array of missions and increasing responsibility, 1.3 percent is simply not enough.

My primary concern is the servicemembers and the deplorable, dilapidated buildings they must work and live in on a daily basis. Inadequate housing and childcare

are a persistent complaint amongst servicemembers. If we want to increase retention and diversity, we must do more to support our Coast Guard members. I'm also concerned with the downward trend in recruiting. The Service has set an ambitious goal to recruit 4,200 new servicemembers in 2022. This is a huge undertaking for a service that has only 320 recruiters and I look forward to an update on progress made to meet this goal.

I am also deeply concerned with the 35.6 percent decrease in funding requested for shore facilities and aids to navigation. This is particularly alarming in light of the Coast Guard's estimated \$3 billion shoreside infrastructure maintenance backlog. This deficit has grown after many years of underfunding, and I am interested to learn more about how the Coast Guard arrived at just \$180 million needed to address the backlog.

With regards to the Maritime Administration, MARAD is vital to ensuring successful management of U.S. maritime and shipbuilding industries. During the unprecedented events of the past couple of years, we have seen that maritime commerce provides a direct lifeline to the economy. Today, I am curious to learn more about the decrease in MARAD's Port Infrastructure Development Program request compared to the fiscal year 2022 enacted level. If we are going to provide for a resilient supply chain, it all starts and ends with port capacity.

However, I am pleased to see an increase of \$19.8 million or 11.5 percent over the fiscal year 2022 enacted level for MARAD operations and training. This amount includes \$99.7 million dedicated to the U.S. Merchant Marine Academy, which is expected to fund some much-needed maintenance and repairs to the Academy's aging buildings, and most importantly, to support new EMBARC measures which have been designed to protect cadets against sexual assault and sexual harassment while at sea.

In the last year, the Academy has faced great scrutiny regarding its culture and safety, and for good reason. Fortunately, we have been witness to the steadfast leadership of MARAD's Acting Administrator, Ms. Lucinda Lessley. She has worked diligently to motivate a major cultural shift at the Academy despite significant resistance. I have every confidence that Ms. Lessley will continue to lead with competence and capability to benefit the Academy and MARAD at-large.

Turning to the Federal Maritime Commission, I am pleased to see a 5.5 percent increase requested for its overall funding. I believe it's clear that the Commission needs additional resources to enhance its oversight and enforcement capabilities due to disruptions to the global supply chain over the past couple of years.

The increase is warranted to provide the Commission with the resources needed to effectively oversee and ensure all foreign carriers abide by fair shipping practices and comply with all U.S. anti-trust requirements.

I look forward to hearing from our witnesses on how the President's budget will ensure that the Coast Guard, MARAD, the FMC, and all the programs that support and regulate the U.S. maritime industry are adequately resourced.

Mr. DEFAZIO. Thank you, Mr. Chair.

Mr. CARBAJAL. Thank you, Mr. DeFazio. I would now like to welcome the witnesses: Admiral Karl Schultz, Commandant of the United States Coast Guard; Master Chief Jason Vanderhaden, Master Chief Petty Officer of the United States Coast Guard; the Honorable Daniel Maffei, Chairman of the Federal Maritime Commission; and Ms. Lucinda Lessley, Acting Administrator of the Maritime Administration.

Thank you for being here today, and I look forward to your testimony.

Without objection, our witnesses' full statements will be included in the record.

Since your written testimony has been made part of the record, the subcommittee requests that you limit your oral testimony to 5 minutes.

With that, Admiral Schultz, you may proceed.

TESTIMONY OF ADMIRAL KARL L. SCHULTZ, COMMANDANT, U.S. COAST GUARD; MASTER CHIEF JASON M. VANDERHADEN, MASTER CHIEF PETTY OFFICER OF THE COAST GUARD, U.S. COAST GUARD; HON. DANIEL B. MAFFEI, CHAIRMAN, FEDERAL MARITIME COMMISSION; AND LUCINDA LESSLEY, ACTING ADMINISTRATOR, MARITIME ADMINISTRATION

Admiral SCHULTZ. Well, good morning, Chairman DeFazio, Chairman Carbajal, Ranking Member Gibbs, distinguished members of the subcommittee. Thank you for the opportunity to testify today. On behalf of the entire Service, I thank you for your enduring support of the Coast Guard and our efforts to restore Service readiness.

Our 2022 fiscal year appropriation reflects Congress' continued commitment to addressing the Coast Guard's readiness challenges and maintaining progress on surface, aviation, and infrastructure recapitalization, while also highlighting the Service's increasing role in shaping global maritime affairs and national security. Because of your support, we are acquiring the Nation's first new heavy polar icebreakers in almost a half century to enable a U.S. presence in the geostrategically important high-latitude regions.

The operations and support increase of more than 20 percent between the 2019 and 2022 budgets and the administration's 2023 budget request better positions the Coast Guard by investing in our mission-ready total workforce, mission-enabling technologies, and modern assets and capabilities to meet the challenges today and in the future.

But critically important work remains. To advance our national, economic, and environmental security interests in an increasingly complex geopolitical and technologically sophisticated environment, we must maintain this growth to our operational funding and a keen focus on the resilience of our capital infrastructure.

As a multimission Service, we are exceptionally agile and adaptive, executing our 11 statutory missions simultaneously, and we must apply these same skills to build a stable and predictable PC&I funding of \$2.0 billion-plus annually to optimize our ability to plan the recapitalization of both our facilities and our assets. While we have been very successful in replacing frontline operational units devastated by recent years' hurricanes, my crews on the Great Lakes praying for hurricanes to reach their region is a poor way and an unacceptable way to do business.

The administration's 2023 budget request supports continued progress on the Offshore Patrol Cutter program, absolutely vital to replacing the capability provided by our legacy fleet of 210-foot and 270-foot Medium Endurance Cutters, which largely operate in the Atlantic. These legacy assets have served the Nation with distinction, some for 55 years, but are increasingly more difficult and expensive to maintain.

The budget request also enables us to grow our fleet of MH-60 Jayhawk helicopters, which operate with national and Offshore Patrol Cutters as force multipliers. New Jayhawk hulls or converted former Navy airframes per our Sundowner Program will enable us to optimize Coast Guard aviation operations both in near coast and distant waters.

Beyond 2023, we must continue to restore the Coast Guard the Nation needs to ably conduct domestic operations, facilitating the economic engine that is the Marine Transportation System, as 95 percent of overseas trade enters or leaves the U.S. by ship, as well as resourcing expanded operations abroad in support of our national interests, including those detailed in the White House's recent Indo-Pacific strategy.

The Coast Guard contributes significantly to domestic as well as global maritime safety and security by employing our Service's unique blend of authorities and capabilities collaboratively alongside our interagency and international partners to achieve national objectives across a broad spectrum of strategic challenges.

We are currently executing about \$1.4 billion dedicated to improving shore facilities across our Service, including \$350 million provided in the 2022 appropriation that supports 11 critical shore facility investments, as well as the supplemental inject of \$430 million provided by Congress as part of the Infrastructure Investment and Jobs Act, which in itself funds 18 distinct projects.

We are grateful for this generous funding which enables us to address some of our aging infrastructure, including inventory that dates back to the late 18th century, as well as provide new infrastructure for new assets we are fielding. But our legacy assets remain vital operational contributors, and we cannot shortchange their maintenance and sustainment funding.

Our forces are disaggregated across America's coastal communities at roughly 1,000 individual units. Hence, we maintain a significant inventory and backlog for both recapitalization of infrastructure and asset maintenance. We are appreciative in the 2022 funding that supports 26 new engineering positions—civil engineering, specifically—to help action those funds. This additional support to manage and execute this critically important infrastructure work will help us tackle projects at the speed of need.

Like the other DoD Armed Forces and DHS operational components, the reality of high inflation, as well as the needs of a modern workforce, warrant immediate review and retooling of our policies to recruit, train, and retain the finest talent in order to sustain Service readiness. While we diligently address policies to eliminate barriers to success, we must inject additional creativity in our thinking about how we organize and employ people to continue to meet operational demands.

The key to our success has always been and will remain our people, the backbone of our Service. As previously stated, they stand the watch 24 hours a day, 7 days a week, 365 days a year, always ready for the call.

Thank you, and I look forward to your questions.

[Admiral Schultz's prepared statement follows:]

Prepared Statement of Admiral Karl L. Schultz, Commandant, U.S. Coast Guard

INTRODUCTION

Good morning Chairman Carbajal, Ranking Member Gibbs, and distinguished members of the subcommittee, I appreciate the opportunity to testify today and thank you for your enduring support of the United States Coast Guard. The Fiscal

Year (FY) 2022 Consolidated Appropriations Act reflects Congress' continued commitment to addressing the Coast Guard's readiness challenges and maintaining progress on surface, aviation, and infrastructure recapitalization, while also highlighting the Service's increasing role in shaping global maritime affairs and national security. Today, I look forward to discussing how the Administration's FY 2023 Budget request better positions the Coast Guard to advance our national, economic, and environmental security interests in an increasingly complex geopolitical and technologically sophisticated environment.

The Coast Guard contributes significantly to global maritime safety and security by utilizing its unique blend of authorities and capabilities collaboratively in a "whole of government" approach; a skillset increasingly vital to achieving national objectives across a broad spectrum of strategic challenges. In 2021, as the Nation's maritime first responder, we surged forces in response to domestic natural disasters such as the deadly and destructive Category 4 Hurricane Ida that ravaged the Gulf region, and mobilized rapidly to respond to the 14 August 7.2 magnitude earthquake that struck Haiti's Southern Coast, saving hundreds of lives and providing other critical assistance in the disaster's immediate aftermath. These contingencies were additive to "steady state" operations in which your Coast Guard saved 4,747 lives in Search-and-Rescue cases, interdicted 380,000+ pounds of cocaine, responded to 11,000+ pollution incident reports, and facilitated the free flow of \$5.4 trillion worth of commerce across the Marine Transportation System (MTS) while global supply chain issues impacted the availability and costs of goods and commodities.

As near-peer competitors, adversaries, and transnational criminal organizations attempt to take advantage of finite resources within others' sovereign waters, as well as erode the rules-based international order that protects and enables the free flow of goods and commerce on the world's oceans, like-minded countries look to the U.S. Coast Guard for leadership and partnership. I would contend that it is "coast guard work" to ensure the safety of life at sea, to protect the marine environment, to promote economic prosperity, and to generally maintain "good order" in waters of coastal state jurisdiction.

This past year the Coast Guard's most modern and capable assets operated across the globe with partners and allies in a manner that further models maritime governance and ensures safe and free movement across sea lines of communication. National Security Cutter (NSC) MUNRO participated in cooperative at-sea exercises with the Royal Australian Navy in the South China Sea, while NSC BERTHOLF enforced regional fisheries management during Operation North Pacific Guard with maritime law enforcement entities from Canada, the Republic of Korea, and Japan—just one example of Service efforts to counter Illegal, Unreported, and Unregulated fishing, a leading global maritime security threat. In the South Pacific, the Coast Guard commissioned three new 154-foot Fast Response Cutters to operate from Coast Guard Forces Micronesia/Sector Guam. These new assets are strategically placed to support the White House's Indo-Pacific Strategy that details the need for an expanding Coast Guard presence in the region to work collaboratively with partners and bolster Indo-Pacific security.

In the Arctic, Coast Guard Cutter HEALY transited the Northwest Passage and circumnavigated North America. Scientists routinely refer to the Arctic as the world's thermostat, and on this important deployment HEALY conducted seafloor mapping and analyzed meltwater from Greenland's glaciers. This work proved critical not only to improving navigation routes, but to also furthering scientific understanding of how the ocean, atmosphere, and ice interact amidst a changing climate. In the Antarctic, Coast Guard Cutter POLAR STAR, the Nation's only heavy polar icebreaker, created a navigable path through ice as thick as 21 feet to enable the annual replenishment of America's McMurdo Station.

In 2021, your Coast Guardsmen worked overtime fulfilling all 11 "steady state" statutory missions as well as supporting DoD and our sister DHS agencies when needed. They contributed unique and complementary Coast Guard capabilities to the Joint Force across both geographic and functional Combatant Commands. They supported the resettlement of Afghan refugees under the Department of Homeland Security's "Operation Allies Welcome." They provided critical healthcare and other logistical support to meet surging demands on the Southwest Border. Never has the utility of such diverse Coast Guard services been so essential to our Department, the Nation, and the rest of the world.

While I remain incredibly proud of the exceptional service the Coast Guard provides to the American taxpayer, increasing mission demands, inflationary costs, and constrained resource levels continue to challenge Service readiness for both steady-state missions and contingency operations. The Service requires increased operational funding to continue closing the readiness gap while building the Coast

Guard the Nation needs, as well as funding to support the continued recapitalization of operational assets and infrastructure.

I appreciate the significant investments for surface, aviation, and shore maintenance included in the FY 2022 Appropriation; however, the desired impacts of these investments are greatly diminished by the historic inflation we experience today. In recent years, the Coast Guard has been hamstrung by increasing maintenance backlogs resulting in hundreds of lost patrol days for cutters and thousands of lost flight hours for aircraft. This means that cutters, boats, and aircraft are unable to deploy for planned operations, our people are unable to complete their mission, and our partners are left without full Coast Guard support. Rising inflation and supply chain issues continue to increase costs throughout the life cycle for our assets.

For example, in the past year the price for steel to build our ships has increased 48 percent, fuel costs have increased 20 percent with an additional adjustment on the horizon, and the price for select critical parts to maintain our Medium Endurance Cutters have increased 37 percent. These increasing costs for operating and sustaining our fleet negatively impact our ability to perform our missions and our combined efforts to restore service readiness.

RESTORE READINESS

Service readiness for the Coast Guard has been, and remains, my top priority. Increasing global complexity and expanding demand for Coast Guard capabilities necessitate modern technology, resilient infrastructure, highly-capable assets, and a trained workforce that reflects the diversity of our Nation. The FY 2023 budget request best positions the Coast Guard by investing in mission-enabling technologies and the modernizing of assets and capabilities to meet today's challenges and prepare for tomorrow's threats.

Support the Mission Ready Total Workforce: Building and sustaining a "mission-ready total workforce" is the cornerstone of our success, and I remain committed to providing our dedicated and talented people with the tools, resources, and policies that will enable them to professionally thrive and personally grow. The world's most capable and talented Coast Guard is comprised of over 57,000 Active Duty, Reserve, and Civilian personnel, supported by 21,000 Auxiliary volunteers.

Moving forward, we will continue to pursue policies and practices that maximize readiness and enable us to recruit, train, and retain a workforce increasingly more representative of the American public we serve. We remain committed to creating an environment that not only attracts the best of our Nation's diverse talent, but also provides an inclusive environment and rich experience that positions the Coast Guard to be an employer of choice with unmatched retention in today's highly competitive economy. We must adjust our human resource practices to fill our ranks and optimize our mission ready total workforce. The FY 2023 budget requests \$170 million for pay and benefits; as well as \$53 million to enhance recruiting and retention initiatives, further expand diversity and inclusion efforts, modernize training, and better support the needs of our workforce.

Modernize Capability: The Coast Guard is in the midst of its largest recapitalization effort since World War II—an effort critical to ensuring our Nation has the capable, modern assets it needs to meet the unprecedented growth in demand for Coast Guard services. However, until fully recapitalized the Coast Guard continues to conduct missions with legacy assets, some of which are over 50 years old.

Surface Assets

With the continued strong support of both the Administration and Congress, we're acquiring the Nation's first new heavy polar icebreakers in almost half a century. The \$80 million provided in the FY 2022 Consolidated Appropriations Act partially funded long-lead time material for the third Polar Security Cutter (PSC). The FY 2023 request of \$167 million will sustain the program and procure an additional portion of long-lead time materials for the third PSC. When fully operational, PSCs will provide the global reach and icebreaking capability necessary to ensure United States presence in the Arctic and Antarctic regions in support of national interests and in furtherance of the National Security Strategy and the National Defense Strategy, as appropriate.

The FY 2023 request also includes the acquisition, modification, and operation of a commercially available polar icebreaker in order to add near-term national capability in the Arctic, train icebreaker sailors, and help inform capability requirements for the future acquisition of Arctic Security Cutters (medium icebreakers). As melting sea ice creates new routes in the High Latitudes that increasingly attract human activity, scientific discovery, and economic prospects, the Coast Guard needs year-round surface access to the critically important geo-strategic Polar Regions.

Continued progress on the Offshore Patrol Cutter (OPC) program is absolutely vital to recapitalizing the capability provided by our legacy fleet of 210-foot and 270-foot Medium Endurance Cutters (MECs). The FY 2023 request provides \$650 million for construction of the fifth OPC and long lead time materials for the sixth as we progress towards our program of record of 25 hulls. The legacy assets the OPC's will replace have been workhorses for decades and have served the Nation with distinction, but the MEC fleet is becoming more difficult and expensive to maintain, and we continue to see degradation in its operational availability.

The FY 2023 request also includes \$77M to support the Waterways Commerce Cutter (WCC) program, specifically, the detailed design and construction of the first two articles. Recapitalization of our fleet of inland tenders—some of which have been in service since the 1940s—is essential to maintaining both the fixed and floating aids that enable navigation on the U.S. Marine Transportation System (MTS). This system includes over 25,000 miles of rivers and navigable channels that connect America's consumers, producers, manufacturers, and farmers to domestic and global markets; these marine highways are the economic lifeblood of our economy, and are absolutely critical to American prosperity.

Aviation Assets

The FY 2023 request continues the Coast Guard's transition of our rotary wing fleet with \$100M included for an additional four MH-60T helicopters. Our current fleet includes 98 MH-65 Dolphin and 48 MH-60 Jayhawk helicopters. Both helicopters are undergoing essential Service Life Extension Programs (SLEP) to push current capabilities into the late 2030s. Growing the Coast Guard's fleet of MH-60s via the purchase of new hulls, or the conversion of low-hour former Navy air frames at our Aviation Logistics Center, is crucial to sustaining Coast Guard air operations and meeting mission demands.

Expanding Operations—Arctic, Oceania, and the Atlantic Basin: Our mission effectiveness and global impact is multiplied when we pursue persistent efforts to address common challenges, share costs, and widen the circle of cooperation. As transformational change in the maritime domain triggers persistent demand for more “coast guard work” globally, coastal nations worldwide seek leadership from the U.S. Coast Guard to establish or bolster their own coast guards or maritime services, and to adapt or expand their existing maritime security capabilities. Our collaboration in “coast guard work” strengthens partnerships and amplifies our collective ability to disrupt threats before they reach our shores. The FY 2023 request provides the Coast Guard \$118 million to expand the Service's operations in regions vital to America's national security and prosperity—the Arctic, Oceania, and the Atlantic Basin.

Cybersecurity and C5I Modernization: Evolving cyber threats continue to present challenges to ensure the security of the Coast Guard's network, but also that of the Marine Transportation System. The FY 2023 request promotes continued efforts to modernize and protect the Coast Guard's networks pursuant to Executive Order 14028 on Improving the Nation's Cybersecurity, while positioning the Service to have the robust suite of cyber tools and professionals necessary to keep pace with technological advances and increasing cyber threats. Additionally, we are leveraging the momentum of recent years' Congressional support for our “Technology Revolution”—a “Whole of Service” effort to ensure our dedicated workforce has reliable, mobile, and integrated information systems to empower operations, attract and retain a skilled workforce, and leverage data.

Shore Infrastructure

Coast Guard facilities must be safe and resilient to meet mission demands. Based on the nature of our missions, Coast Guard facilities are located in areas prone to hurricanes, flooding, earthquakes, and other natural disasters. The Nation's reliance upon the Coast Guard to serve as a first responder after such disasters underscores the importance of our facilities being resilient and ready for operations. We greatly appreciate the \$434 million provided by the Congress as part of the Infrastructure and Investment and Jobs Act, and the \$355 million provided in FY 2022 to support critical shore facility investments.

The Coast Guard has been slowly recapitalizing our shore infrastructure, updating and where possible replacing legacy military housing and support facilities, and modernizing waterfront facilities to accept new assets. Despite these efforts, the Service carries substantial backlogs for both the recapitalization of infrastructure and asset maintenance. While we are making consistently strong headway on recapitalizing our cutters and aircraft, that progress requires making tough annual trade-offs that continue to impact our shore infrastructure needs. Every Coast Guard mission begins and ends at a shore facility, and the FY 2023 request includes

targeted investments to improve the condition of our aging shore facilities, and to prepare for the Coast Guard's future fleet. Given the scope of the challenge, both additional investments as well as a modern approach to project planning, prioritizing, and execution are necessary to ensure the Service has the adequately maintained and resilient infrastructure required to meet the operational demands of both today and tomorrow.

CONCLUSION

As we look to FY 2023 and beyond, we must resource the Coast Guard that our Great Nation needs to ably conduct domestic operations, as well as leverage the unique authorities and capabilities of the "World's Best Coast Guard" to conduct operations far beyond our coasts in support of our national interests. Funding provided in the FY 2023 President's Budget will enable the Service to protect the Homeland, save those in peril, enhance our economic prosperity by supporting the maritime industry, protect our national resources, adapt to climate change, and strengthen the international rules-based order.

With the continued support of the Administration and Congress, your Coast Guard will live up to our motto—*Semper Paratus*—Always Ready. Thank you for your enduring support of our Coast Guard workforce.

FY 2023 BUDGET HIGHLIGHTS

BUDGET PRIORITIES:

- *Restore Readiness*—The Coast Guard must maintain momentum restoring Service readiness. More than ever, the Nation needs a ready Coast Guard with the personnel, tools, and support systems to operate in an increasingly complex, interconnected, and technologically advanced maritime domain.
- *Build the Coast Guard of the Future*—The Coast Guard is in the midst of the largest recapitalization effort since World War II—an effort critical to ensuring the Service has the capable, modern assets it needs to meet the unprecedented growth in demand for Coast Guard services.

The FY 2023 Budget requests *\$9.62 billion* for Operations and Support (O&S) and *\$1.65 billion* for Procurement, Construction and Improvements (PC&I). Budget highlights include:

RESTORE READINESS (O&S):

Support the Mission Ready Total Workforce

- *\$170 million* for requisite military pay and allowances per National Defense Authorization Act requirements, maintaining parity with the military branches within the Department of Defense, and *\$49 million* for civilian pay and benefits (O&S).
- *\$53 million* for workforce readiness, including recruiting, retention, diversity and inclusion, training, and support.

Modernize Operational Capability

- *\$100 million* for new assets including: operations and maintenance for OPC #2; crew for OPC #3; operations and maintenance for National Security Cutter (NSC) #10 and crew for NSC #11. Additionally, the Budget provides funding for operations, maintenance, and crew for three C-27J aircraft.
- *\$11 million* for marine safety capacity to modernize and oversee the merchant mariner credentialing program, and additional personnel to conduct timely and thorough marine inspections and investigations to enable commerce and maritime security.

Expanding Operations: Arctic, Oceania, and the Atlantic Basin

- *\$30 million* to crew a commercially available polar icebreaker to expand Coast Guard capacity, and near term enhanced capability to conduct Arctic operations, grow High Latitude sailors, and inform Arctic strategy.
- *\$48 million* to expand operations in the Indo-Pacific in order to promote economic prosperity, combat IUUF, promote environmental resilience, and ensure unrestricted lawful access to the region's maritime environment.
- *\$40 million* to support activities in the Partnership for the Atlantic Basin initiative to address maritime security issues.

Cybersecurity and C5I Modernization

- \$47 million to operate, maintain, secure, and protect Coast Guard IT networks and conduct cyber effects operations to deter and respond to cyber-attacks on the Marine Transportation System (MTS).
- \$7 million to transition to modern software and provide mobile solutions for the workforce.

RECAPITALIZE LEGACY ASSETS AND INFRASTRUCTURE (PC&I)

- \$1.2 billion for vessels, including: \$650 million for construction of OPC #5 and long-lead time materials for OPC #6; \$167 million for the PSC program, including project management and construction of PSCs #1–2 and long-lead time materials for PSC #3; \$60 million for post-delivery activities for NSCs #9–11; \$77 million for the Waterways Commerce Cutter (WCC) program, including project management and long-lead time materials; and \$125M to acquire a commercially available polar icebreaker.
- \$182 million to recapitalize and sustain fixed and rotary-wing aircraft including: sustainment of the current MH–60T helicopter fleet and funding for fleet expansion; modernization and sustainment of MH–65 helicopters to extend service life into the 2030s; and continued missionization of HC–27J medium-range fixed wing surveillance aircraft.
- \$180 million for shore infrastructure improvements to support new acquisitions and the execution of Coast Guard operations including: PSC homeport in Seattle, Washington; FRC homeport in St. Petersburg, Florida; WCC homeports; continued buildout of the consolidated operational base in Charleston, South Carolina; and other infrastructure repairs and upgrades.

Mr. CARBAJAL. Thank you, Admiral Schultz.

Next, we will go to Master Chief Vanderhaden.

You may proceed.

Master Chief VANDERHADEN. Thank you, sir.

Good morning, Chairman DeFazio. Sir, it has been an honor to serve with you. Thank you for inviting me and allowing me to be your guest at the State of the Union Address. That was one of the highlights of my life, and I am grateful for that. Thank you. It was a wonderful, wonderful time.

Chairman Carbajal, Ranking Member Gibbs, and distinguished members of the subcommittee, I want to join Admiral Schultz in extending my utmost gratitude on behalf of the men and women of the Coast Guard for your enduring support of our efforts to restore Service readiness. This is likely the final time I will appear before the committee as Master Chief Petty Officer of the Coast Guard, because I also am retiring later next month.

As I reflect on the last 34 years, I am proud to observe how much the Coast Guard has grown to better serve our American people. I want to thank the members of this subcommittee and the Congress for helping the Service continually evolve to meet the complex challenges facing our Nation. Your advocacy has been and continues to be essential to ensure that we provide the best mission execution, and that we remain always ready.

The Coast Guard's relatively small force executes a broad array of missions, and we are successful because we foster an empowering environment where all our members understand the importance of their service to their Nation.

As with all Services, the Coast Guard faces numerous challenges. The current challenge I am most concerned with is our ability to recruit and retain the workforce needed to operate our cutters, boats, and aircraft. A close second concern is the exponential increase in the cost of housing facing our Coast Guard families.

As we replace our aging assets, the new cutters, helicopters, and planes being built require us to grow our workforce, so that we are prepared to operate these new, amazing assets.

The Coast Guard enjoys the highest retention rate of all the military Services. However, like the rest of the country, we are challenged to find the next generation of dedicated men and women who can and will serve in the military. It is an all-hands-on-deck effort to attract the best and brightest, and that is why we are expanding our Everyone Is A Recruiter program. Finding new ways to attract talent to the Coast Guard is tricky. If any of you know anybody that wants to serve in the Coast Guard, I have got some Coast Guard swag for you, and we can hand that out. So, we are really working hard to recruit, but it is a tough recruiting environment right now.

A close second to recruiting is retention. If we want to grow, we have to keep the people we have. But housing costs are making it almost impossible for our people to find a place to live. With the dispersed nature of the fifth largest branch of the U.S. military, your Coast Guard, our members are forced to live on the economy in most places. Our people are having to live very far from their units, giving them untenable commute times. It is having a detrimental effect on the servicemembers and their families.

I know you can't bring housing costs down, but we need some legislative help in addressing the speed and flexibility to assess housing costs. The basic allowance for the housing cost assessment system lags far behind the actual cost, especially for the Coast Guard. This lag means that the rates never reflect the actual costs that our people are paying for housing. Policy changes are helpful for retention, but we are always looking to do more to retain our best and brightest.

Having a mentor is proving to be very helpful to improving retention. We have seen outstanding participation in our new mobile-enabled mentoring program that connects mentors and mentees through traditional one-on-one mentoring on a global basis. We have thousands of Coast Guard members using this new program, and that number is growing every day. Twenty-eight percent of those users are women, and we are finding the program is very popular with our affinity groups and other underrepresented members. In fact, the Air Force, the Army, the Navy, DHS, and many of our other Federal Government partners are using the Coast Guard as a model for their mentoring programs.

The Coast Guard is diligently developing innovative strategies to build the workforce of the future. We recognize the imperative to be an employer of choice that reflects the public we serve. We are incorporating recommendations and best practices from several workforce studies, along with human resource management software improvements into a Ready Workforce 2030 strategy. We are currently developing an implementation plan for that strategy, which will help us leverage data and technology to improve the quality of life for our people.

As I depart the Coast Guard, I want to thank you on behalf of the entire Coast Guard. You all have demonstrated not just by word, but by action, how much you care about the Coast Guard. Your staffs have enabled a small force to complete an incredible

amount of service to our country. You have improved our morale by making each Coastie more effective and efficient in their duties. And with your continued support, we will be able to provide more and better service to our wonderful Nation.

Thank you for inviting me to testify today, and I look forward to answering your questions.

Mr. CARBAJAL. Thank you, Master Chief Vanderhaden. Let me just say that I neglected to also recognize and thank you for your service.

Master Chief VANDERHADEN. Thank you, sir.

Mr. CARBAJAL. For some reason it just escaped my mind that you too were retiring. So, congratulations. Thank you for your service and leadership over your career, but as well as these past 4 years, working with the Commandant, to make sure that you guys provide extraordinary leadership for the Coast Guard and our Nation. Thank you so much.

Master Chief VANDERHADEN. Thank you, sir. It is an honor.

Mr. CARBAJAL. Next, we will go to Mr. Maffei.

You may proceed.

Mr. MAFFEI. Thank you. Good morning, Chairman Carbajal, Ranking Member Gibbs, full committee Chairman DeFazio, and members of the subcommittee. I am grateful to have this opportunity to testify in support of the Federal Maritime Commission fiscal year 2023 budget request, and answer your questions.

The Commission seeks just under \$34.7 million to support its operations in the coming fiscal year. This would be a substantial increase, a bit over 5 percent, from our fiscal year 2022 enacted budget. The increase would go mainly to enforcement and consumer assistance, since we continue to receive large numbers of complaints commensurate with the high freight rates, diminished reliability, increased delays, and shortages of equipment such as containers and chassis that currently plague our ports and ocean transportation.

We strive our best to review every potential case thoroughly for violations of the law, and do all we can to assist importers, and especially exporters, managing a system where the capacity is simply unable to meet the continuing surge of demand that started early in the COVID-19 pandemic. That said, we are a small agency of fewer than 120 people regulating an estimated \$1.3 trillion of commerce.

As I have indicated to the subcommittee before, there are potential enforcement cases that we cannot examine, or at least not as thoroughly and expeditiously as they might merit, because we simply do not have enough capacity. Your and your colleagues' response to this situation is why I am bold enough to ask you for this increase, while understanding that you are contending with intense pressures on the Federal budget.

I also want to make it clear that, while I advocate for an increase in resources, and I support bipartisan bills to enhance our authority, the FMC is not waiting for these things. We are already taking action on multiple fronts.

We have increased monitoring and enforcement activity, paying particular attention to ocean cargo carriers and their alliances, and I have directed our enforcement bureau to prioritize export cases.

We have initiated a new focus on addressing fees and surcharges with the goal of bringing greater transparency to what shippers actually have to pay.

We have provided guidance to shippers on bringing complaints to the FMC, and we are seeing a marked increase in cases being filed.

With the support and advice of my Commission colleagues, I directed the FMC to audit the major container carrier companies to encourage and facilitate compliance on the Commission's detention and demurrage rules, and their legal obligation not to discriminate against exports.

The Commission is acting on all of the nonlegislative recommendations of the fact-finding investigation on pandemic-related effects led by Commissioner Rebecca Dye. These include launching a new rulemaking to set forth standards governing detention and demurrage billing practices, issuing policy statements that address barriers to filing action at the FMC, and placing an export advocate in our consumer affairs bureau.

Through multiple initiatives such as Commissioner Dye's Supply Chain Innovation Teams and Commissioner Carl Bentzel's data initiative, we have started tackling the complex issue of shortages of usable equipment, such as export containers and chassis, and the difficulties that shippers face in getting reliable, useful information such as when ships will actually take on export cargoes.

These efforts are contributing to increased incentives on the containership lines and terminal operators to work together with America's shippers to solve problems, rather than cause them. I am gratified that some long-time critics of ours are saying that they have not seen so much positive activity at the FMC in years, and perhaps ever.

All of this said, the supply chain challenges are complex and interconnected. Cargo transportation in foreign nations, as well as the United States, as we have seen with the Shanghai issues in this past week, and at sea, at ports, and inland has all come up short when it comes to satisfying the vast demand for ocean shipping. No single Government agency is capable of addressing all these issues. So, the FMC works across Government as well as with industry stakeholders to find solutions to improve our Nation's cargo transportation networks.

In ocean shipping, however, the FMC is at the vanguard. And if legislation pending before Congress is enacted into law, as I hope it will be, our workload will further increase. This is the right time to invest in the ability of the Commission to hold accountable the industry we regulate, and meet the needs of American shippers. Thank you.

[Mr. Maffei's prepared statement follows:]

Prepared Statement of Hon. Daniel B. Maffei, Chairman, Federal Maritime Commission

Good morning, Chairman Carbajal and Ranking Member Gibbs, I am grateful to have this opportunity to testify in support of the Federal Maritime Commission Fiscal Year 2023 Budget Request.

The Commission is seeking \$34,683,500 to support its operations in the coming Fiscal Year. This is a \$1,815,000—or 5.2 percent—increase from our Fiscal Year

2022 enacted budget and represents a substantial expansion in our enforcement and consumer assistance capabilities.

This investment is needed. Demand for Commission services is not dissipating. Our Office of Consumer Affairs and Dispute Resolution Services continues to receive voluminous requests from the public for assistance. Aggravated shippers continue to share information with us about unsatisfactory service—all of which is reviewed for potential violations of the law. There has been a noticeable uptick in litigation initiated at the Commission, both in small claims as well as formal complaints before our Administrative Law Judge. Our Area Representatives and Bureau of Enforcement personnel are pursuing all possible leads to identify possible enforcement actions.

Not only is the demand for Commission services not dissipating, the reasons why people contact us do not appear to be going away anytime soon.

The global, ocean-linked, supply chain system continues to suffer from conditions that undermine its effectiveness and provide no obvious or easy solutions. Congestion, diminished reliability, and shipper competition for scarce resources—in this case space aboard vessels—all work in tandem to force rates up. The longer demand remains at historic levels, the longer it will take for the system to return to some semblance of its normal operating rhythm.

Make no mistake, no part of the world escapes the consequences of a system operating at the limits of its capabilities and at the maximum of its capacity. This is not unique to the United States. No major shipping nation in the world has not experienced similar problems. However, given the strong demand of U.S. consumers and U.S. manufacturers for goods, commodities, and industrial inputs, effects of global supply chain problems are particularly pronounced in our Nation.

Shippers' frustration with ocean carriers and congested ports is understandable, but the problem is fundamentally not that simple. Far from carrying less cargo, ocean carriers are carrying record setting volumes of containers into the United States. Our seaports are being much more productive and handling much more cargo volumes. The biggest challenge is not to get the ocean carriers and seaports to carry and process more cargo, but how to address and resolve issues in the U.S. domestic networks and infrastructure that are even more severe limitations on the supply chain's capacity. The availability of intermodal equipment, warehouse space, intermodal train service, trucking, and enough workers in each of those sectors, remain challenges to getting more cargo off our ports and to destination with more certainty and reliability.

Foundationally, these are complicated, interconnected, and global problems that can only be addressed by many parties and organizations demonstrating leadership and taking responsibility for matters where they can make a difference. There is no one government agency, nor one company capable of unilaterally addressing the myriad causes that have so totally disrupted the international ocean freight delivery system.

As I noted above, many parties have turned to the Federal Maritime Commission for help during this disruptive period. We have responded as comprehensively, aggressively, and creatively as possible within the bounds of our present authorities. Among our initiatives are the following:

- We have increased investigative and enforcement activity, paying particular attention to ocean carriers.
- We have initiated a new focus on addressing fees and surcharges with the goal of bringing greater transparency to rates.
- We have increased the monitoring requirements of ocean carrier alliances and continue to assess if further changes are necessary.
- We have invested in our Bureau of Trade Analysis and their ability to conduct oversight of the markets and alliances by adding staff with backgrounds in data science and analysis.
- We have provided guidance to shippers on bringing complaints at the Federal Maritime Commission and we are seeing an increase in both formal and especially informal docketed proceedings being filed.
- We have reviewed hundreds of pieces of correspondence sent to the Commission for potential actionable enforcement actions.
- The Bureau of Enforcement has continued to investigate for any illegal conduct in the marketplace and stands ready to prosecute potential violations by any entity under our jurisdiction.
- We have consulted with counterpart competition authorities, the European Union, and the People's Republic of China, regarding our respective efforts to ensure a competitive marketplace for ocean transportation services, as well as observations and conclusions from each regime's monitoring work.

- I directed, following conversations with Commissioner Dye, that the FMC created the Vessel-Operating Common Carrier Audit Program to help ensure with compliance on the Commission's interpretive rule on detention and demurrage and other important regulations.

Much of the focus on actions the Commission can take to address pandemic-related impacts to the supply chain comes under the auspices of Fact Finding 29 led by Commissioner Dye. In July of last year, the Commission issued a set of eight Interim Recommendations based on what she had learned from her work. The Commission unanimously embraced her recommendations and has acted on each that did not require legislative change to implement. Specifically:

- The Commission issued an Advanced Notice of Proposed Rulemaking in February to solicit feedback if a new rule governing demurrage and detention billing practices would benefit the trade and should apply to marine terminal operators and non-vessel operating common carriers in addition to vessel-operating common carriers.
- The Commission issued three policy statements in December 2021 providing new guidance to shippers and others on bringing private party complaints at the Federal Maritime Commission. These policy statements address barriers identified by the trade community as disincentives to filing actions at the agency.
 - The Commission reiterated that shippers associations and trade associations may file a complaint alleging a prohibited act violation under 46 U.S.C. Chapter 411. This allows these organizations to protect the interests of their members while also providing shippers with a degree of separation and insulation from potential retaliation.
 - The Commission reiterated that a party who brings an unsuccessful complaint is not automatically required to pay the other party's attorney fees. The Commission will look favorably upon complainants who raise non-frivolous claims in good faith, who litigate zealously but within the rules and for proper purposes, and who comply with Commission Orders.
 - The Commission emphasized that it broadly defines both who can bring a retaliation complaint, as well as the types of shipper activity that is protected under the existing retaliation prohibitions. This policy statement also addresses the proof necessary for certain retaliation complaints.
- Commissioner Dye issued an advisory in February outlining options shippers have for filing demurrage and detention complaints at the Federal Maritime Commission. Her statement provides links to information on the Commission's website that can be helpful to individuals in determining which avenue to address their complaint and the information necessary to initiate a proceeding. Finally, she outlines the differences between filing a complaint and reporting potential violations of the law that might be investigated by the Commission's Bureau of Enforcement.
- On a related note, a multimedia presentation explaining Commission procedures is in final stages of production and will soon be posted to the Commission's website.
- As referenced above, an Export Advocate has been assigned to CADRS to work directly with U.S. export shippers in addressing and resolving the unique challenges they face.

The U.S. domestic freight transportation system has been strained for years. It has operated sufficiently, but with essentially no excess capacity to absorb shocks to the system. Previous significant disruptions demonstrated shortcomings in our networks and infrastructure and revealed the need to realize more capabilities to move cargo. One obvious response is to build more capacity. To that end, I applaud the Congress' passing of bipartisan legislation on infrastructure that includes funding for ports. That will certainly help.

An additional approach is to find ways to use existing infrastructure more efficiently. Improving information sharing among all those involved in moving containerized trade is a way to achieve that goal. Toward that end, I asked Commissioner Carl Bentzel to take on the Maritime Transportation Data Initiative which is identifying data constraints that impede the flow of ocean cargo and add to supply chain inefficiencies. His work has three key objectives: cataloging the status quo in maritime data, storage, and access across the transportation chain; identifying key gaps in data definitions/classification; and developing recommendations for common data standards and access policies/protocols. Since its launch in December, Commissioner Bentzel has held weekly sessions with representatives from all sectors of the maritime freight supply chain to gain their expertise on how data can contribute to the long-term reliability of the domestic cargo delivery system. Commissioner Bentzel

will hold a Maritime Data Summit on June 1, 2022, where he will present his findings and receive feedback from industry participants.

In addition to addressing the concerns of cargo shippers, the Commission has been active on issues related to the passenger cruise industry. The COVID pandemic created a significant disruption to this industry that employs hundreds of thousands of Americans and is a vital part of the economies of several states. To do everything we could to help, the Commission initiated Fact Finding 30 under the direction of Commissioner Louis Sola. In March 2022, the Commission adopted a final rule recommended by Commissioner Sola that establishes more rights and options related to refunds for cruise passengers when a cruise line has cancelled or delayed a voyage. These changes not only provide more remedies to consumers, they help reestablish the public's confidence in being able to book a cruise voyage.

Our newest Commissioner, Max Vekich, was sworn-in on February 15, 2022, and he brings to the Commission decades of experience in industry working as a long-shoreman. Commissioner Vekich is very interested in issues related to port competitiveness and the role smaller and regional ports can play in creating supply chain resilience and options for shippers.

For my part, I have no higher priority as Chairman than using the authority and jurisdiction of the Commission to help U.S.-based exporters access shipping services and reach overseas markets.

I directed our Vessel-Operating Common Carrier Audit Team to expand its scope and evaluate how 11 key shipping lines serve U.S. export shippers, and in particular agricultural shippers. Responses will provide better insight into market trends and performance and identify where opportunities exist for individual lines to improve or increase access to service offerings. The Audit Team completed their first round of discussions last week and the Commission will be briefed on the initial findings in the coming weeks.

As I testified above, we have added an Export Advocate to our Office of Consumer Affairs and Dispute Resolution Services (CADRS), and I have directed both CADRS and the Bureau of Enforcement (BoE) prioritize any case that involves exporters.

Further, the BoE is examining the business practices of five independent ocean carriers drawn to the U.S. markets by high freight rates to determine how those companies are serving the export markets and if they are meeting their legal obligations.

This is all in addition to other ongoing efforts such as Commissioner Dye's work with Supply Chain Innovation Teams toward solutions to some of the most challenging issues exporters face. These include insufficient equipment availability, inefficient container return procedures, and the lack of reliable information regarding vessel calls and deadlines for delivering cargo for loading.

I honestly believe we are doing everything we can within our current authority, however I am very openminded to ideas. I will do the most I can to support U.S. exporters and I will note here my support for versions of the Ocean Shipping Reform Act going through Congress that is detailed in other places.

A valuable channel for receiving input is the Congressionally established Federal Maritime Commission National Shipper Advisory Committee, which is off to a very strong start. This group of 24 individuals representing exporters and importers has approached their duties with a seriousness and sense of purpose that is impressive. They are holding their fourth meeting in six months today and we are happy to have them at the Commission in person for the first time.

Over the past year, the Commission has worked hard on many fronts to make a difference where we can and within the bounds of our authorities. I am proud of the work we have done, which is all the more significant when one considers the relatively small size of the Commission—approximately 115 fulltime equivalent personnel. With more resources we can do more and the budget we are seeking provides us with that opportunity.

An increase in our budget will allow me to add personnel to the Bureau of Enforcement, the Office of Consumer Affairs and Dispute Resolution Services, and the Office of the Administrative Law Judges. We are moving forward with hiring actions in each of those functions that will permit the Commission to assist more people, investigate more allegations of wrongdoing, and provide more rapid consideration of litigation. The requested Fiscal Year 2023 budget will allow us to grow to approximately 150 fulltime personnel. Almost 80 percent of the 36 new positions the Commission will create will be in enforcement and consumer assistance functions, greatly expanding the abilities to assist consumers, investigate complaints, and pursue those who have broken the law.

A significant demand for Commission services already exists and if legislation pending before Congress is enacted into law, our workload will certainly escalate significantly. This is the right time to invest in the ability of the Commission to

meet the needs of our regulated community and we appreciate the support we are receiving from both the Congress and the Administration to grow our capabilities. Thank you for your attention. I look forward to your questions.

Mr. CARBAJAL. Thank you, Mr. Maffei.

And next, Ms. Lessley, you may proceed.

Ms. LESSLEY. Good morning. Thank you, Chairman Carbajal, Ranking Member Gibbs, and, of course, Chairman DeFazio and members of the subcommittee. Thank you for the opportunity to appear.

I also want to thank you for your support and leadership as we have worked to address the many challenges at the Merchant Marine Academy and to support culture change throughout the maritime industry. Your leadership support and that of your staffs have been absolutely essential to all of our efforts, and I just can't thank you enough.

I am honored to appear with my colleagues, Admiral Karl Schultz, Commandant of the Coast Guard; Master Chief Petty Officer of the Coast Guard Vanderhaden; and, of course, Chairman Maffei, to testify on the President's fiscal year 2023 budget priorities for the Maritime Administration. I would like to begin by providing an update on Sea Year.

As has been discussed, last year we made the difficult decision to briefly pause the Merchant Marine Academy's Sea Year training aboard commercial vessels, so that we could institute new safety policies to help prevent sexual assault and harassment, to support survivors, and to strengthen a culture of accountability.

We developed a program called the Every Mariner Builds a Respectful Culture, or EMBARC, which enumerates new safety requirements for vessels that carry our cadets. MARAD will not place cadets on commercial vessels that have not enrolled in EMBARC.

We have, critically, also instituted new policies at the Merchant Marine Academy to improve the support we provide to our cadets at sea, and to try to remove barriers to reporting when assault or harassment do occur. Cadet embarkations resumed in December, initially on training vessels and vessels operated by the Navy, the Military Sealift Command, and the U.S. Coast Guard. We thank them for their support of our midshipmen, and I particularly want to thank Admiral Schultz for his leadership, for the unwavering support of the Coast Guard at all stages of this effort.

With their assistance, the members of the class of 2023 are accumulating the sea time they need to graduate on time. If, however, due to any unforeseen circumstances a midshipman is not able to accrue all required sea time, the Coast Guard has indicated that midshipmen can still take their license exam at the expected time, and then complete all required sea time. No one will leave the Academy without all of the sea time they need to obtain their licenses.

As of today, we have, I am pleased to announce, seven commercial carriers enrolled in EMBARC. We just enrolled one more this morning. Through continuous review, we will work to identify areas where our policies fall short and improve them. And we will work to support urgently needed culture change across the maritime industry.

We know we did not get everything right. We have put EMBARC in the Federal Register, and encourage everyone who has comments to submit them.

Turning to the budget request to address critical infrastructure gaps while fostering and sustaining job opportunities in the maritime industry, the President's fiscal year 2023 budget requests \$906 million for MARAD. The Bipartisan Infrastructure Law also provides \$450 million in advance appropriations for our Port Infrastructure Development Program, which I know is a priority for this subcommittee. This funding, when coupled with the budget request, represents a nearly \$1.4 billion investment in the merchant marine and the maritime industry.

Looking first at sealift, the budget requests \$318 million in full funding for the Maritime Security Program, which will continue to assure the Department of Defense has access to the 60 ships enrolled in the program.

The budget request would continue funding for the Tanker Security Program, and we look forward to the enrollment of 10 U.S.-flagged tankers. MARAD, of course, maintains 41 Ready Reserve vessels that provide sealift surge capacity in support of our military. Funding from DoD in 2023 would enable MARAD to continue to maintain this sealift support and to advance essential recapitalization of the fleet.

MARAD has awarded our vessel acquisition manager contract, and two used vessels have been procured. Construction is also well underway on the first two of the five National Security Multimission Vessels, with the first expected to be delivered in early 2023.

Looking at mariner training programs, the budget requests \$77 million to provide Federal assistance to the six State maritime academies for our grant programs. As I mentioned, the budget requests \$230 million for the Port Infrastructure Development Program to fund grants that improve port infrastructure and facilities. This funding, which, when combined with the \$450 million provided in the Bipartisan Infrastructure Law, would create a total proposed investment of \$680 million.

The budget requests \$20 million for our Small Shipyards Grant Program and \$10 million for the America's Marine Highway Program to support the increased movement of freight by water.

To advance our essential decarbonization goals, the budget requests \$10 million for the Maritime Environmental and Technical Assistance Program.

And finally, the budget requests \$99 million for the Merchant Marine Academy.

Thank you for the opportunity to discuss the budget request. I am happy to answer any questions.

[Ms. Lessley's prepared statement follows:]

Prepared Statement of Lucinda Lessley, Acting Administrator, Maritime Administration

Good morning, Chairman Carbajal, Vice Chair Auchincloss, Ranking Member Gibbs, and distinguished members of the Subcommittee. Thank you for your tremendous support for the Maritime Administration (MARAD), the U.S. Merchant Marine Academy (USMMA), and the U.S. maritime industry. We greatly appreciate

the opportunity to testify today on the President's Fiscal Year (FY) 2023 budget, and how this request will continue to advance MARAD's key priorities.

FY 2023 BUDGET REQUEST

MARAD's statutory mission is to foster, promote, and develop a strong and resilient United States merchant marine and maritime transportation industry to provide essential sealift capacity support for our military and to support the competitiveness of the U.S. economy.

The President's FY 2023 Budget request of \$906.7 million for MARAD will continue to strengthen resiliency in the maritime transportation system by advancing recapitalization of our sealift capacity, supporting investments in our ports and waterways, and expanding our efforts to address climate change. Funding would also continue critical investments to address the many urgent and long-standing challenges at USMMA.

The Bipartisan Infrastructure Law (BIL) also provides \$450 million in advance appropriations which, when coupled with the FY 2023 President's Budget, would represent nearly a \$1.4 billion investment. The BIL funding will be invested through our Port Infrastructure Development Program (PIDP), which enables us to support the construction of new capacity at ports around the United States to improve cargo throughput, eliminate bottlenecks, and reduce the time and cost of shipping goods.

NATIONAL SECURITY

Providing the sealift that the Nation needs is a critical part of MARAD's mission, and we are proud to be in our 76th year of managing the National Defense Reserve Fleet (NDRF). America's strategic sealift provides the Nation with the capability to project power globally by deploying Department of Defense (DOD) forces and moving cargoes worldwide during peacetime, wartime—and through contested environment. Our Nation's sealift requires assured access to a combination of commercial and Federal resources to succeed.

Our Government-owned sealift fleet is supported and leveraged by a fleet of privately owned, commercially operated U.S.-flag vessels in the Maritime Security Program (MSP). The new Cable Ship Security Program (CSP) also supports U.S.-flagged ships, and the Tanker Security Program (TSP) funded in the Consolidated Appropriations Act, 2022, will soon add U.S.-flag capability to transport fuel to enable DOD to meet its operational needs.

Critical to the operation of both Government-owned and commercial U.S.-flag vessels is an adequate supply of qualified U.S. mariners to crew them. Access to a pool of qualified mariners from a robust, commercial maritime fleet is essential to maintaining sufficient sealift readiness capacity for contingencies. Due to the declining number of ships in the U.S.-flag oceangoing fleet, MARAD is concerned about our ability to quickly assemble an adequate number of qualified mariners to operate large ships for surge and sustainment sealift operations if an extended mobilization were to occur.

As they always have during times of crisis in our nation's history, U.S. merchant mariners and other critical transportation infrastructure workers—including longshore workers, truckers, rail workers, and warehouse workers—have gone above and beyond during the COVID-19 pandemic to ensure the effective operation of our maritime transportation system and our intermodal supply chains. These essential workers have moved record volumes of cargo often at great personal risk, and we remember their heroic efforts and sacrifices during the COVID-19 pandemic.

Our nation's strategic sealift is hindered by a number of challenges, including: an aging fleet, the threat of operations in increasingly contested environments, the shortage of available mariners, and unprecedented readiness challenges brought on by the COVID-19 pandemic. Funding requested in the FY 2023 Budget will support efforts to address these challenges.

The FY 2023 Budget requests the fully authorized level of \$318 million for the MSP, which is the heart of sustainment sealift. The MSP is composed of a fleet of 60 commercially viable, militarily useful vessels, active in international trade and available on-call to meet the Nation's need for sustained military sealift capacity. In return for a stipend, MSP operators provide the DOD with assured access to their ships and their global network of critical capabilities, including intermodal facilities used to unload and transport military cargoes to final destinations.

The MSP supports and contributes to the sustainment of the merchant mariner base, providing employment for approximately 2,400 highly trained, skilled U.S. merchant mariners who may also crew the U.S. Government-owned surge sealift fleet when activated, as well as support for more than 5,000 additional shore-side

maritime industry jobs. MSP encourages newer vessels to enter the U.S.-Flag fleet. In FY 2021, there were six new vessels that flagged into the U.S.-Flag fleet to participate in MSP.

In addition, the newly funded and authorized TSP will begin to address the need for more U.S.-flag product tankers capable of loading, transporting, and storing on-station bulk petroleum refined products to meet both national economic needs and DOD contingency requirements. Thank you for your support for the TSP. The FY 2023 Budget for MARAD continues funding to maintain this critical program, and we look forward to the enrollment of ten U.S.-flag tankers in the TSP, and anticipate this would create and sustain more than 500 critical U.S. mariner jobs.

MARAD maintains a fleet of Government-owned vessels in the NDRF, including the Ready Reserve Force (RRF) ships and training ships on loan to the six state maritime academies (SMAs) and the U.S. Merchant Marine Academy (USMMA or Academy). The RRF ships, along with a smaller number of Military Sealift Command vessels, provide sealift surge capability to deliver DOD equipment and supplies where needed during the initial stages of a response to a major contingency. The RRF fleet consists of 41 vessels that are maintained and ready for operation within five days of activation to transport military cargo to critical areas of operation. In addition to providing strategic sealift support for DOD, these RRF ships are relied upon to provide support services to emergency response personnel at impacted disaster areas during national emergencies, including severe weather events such as major hurricanes.

The President's FY 2023 Budget requests \$730 million from DOD budgetary authority for MARAD to maintain vessels in the NDRF and RRF. Funds will ensure MARAD's ability to maintain the fleet in a ready, reliable, and responsive condition to meet strategic sealift for the U.S. Armed Forces, and humanitarian support when called upon during national emergencies, as well as maintain MARAD's NDRF fleet mooring sites.

Our primary concern for the RRF is the recapitalization of the aging current fleet. The budget request includes funding to support the acquisition of two used vessels. The RRF fleet has an average age of more than 46 years—some well past their expected duration of use—which makes recapitalization critical. The COVID-19 pandemic has exacerbated difficulties in maintaining ship and even mariner readiness. The challenges have included widely varied local public health control measures, shipyard and local marine repair delays due to COVID-19 effects on the workforce, training shortfalls, and delays in the receipt of replacement equipment and even raw materials like copper windings for motors. While these challenges have contributed to longer out-of-readiness periods, our overall readiness actually increased over the last year thanks to modest increases in resources.

MARAD has been actively working on recapitalization. As authorized in the FY 2018 National Defense Authorization Act (NDAA) and following an acquisition protest upheld by the Government Accountability Office, MARAD re-solicited and awarded the Vessel Acquisition Manager (VAM) contract to manage our recapitalization efforts. After a global vessel search, screening, and onboard inspections, two vessels were selected for procurement in 2021. The first vessel was delivered to MARAD in March, for rapid enhancement as an RRF sealift vessel and delivery of the second vessel is imminent. We continue to work closely with DOD, U.S. Transportation Command, and the Navy to support the procurement actions necessary for these vessels to meet the Initial Operational Capability as RRF ships.

Wherever possible, the RRF program will advance recapitalization and seek opportunities to increase the rate of vessel replacement. As vessels are reassigned to MARAD from DOD components for maintenance in the RRF program, our recapitalization requirements will increase. The rate of recapitalization is limited by the number of ships we are currently authorized to purchase.

U.S. MERCHANT MARINE EDUCATION AND TRAINING

MARAD supports mariner training programs to produce highly skilled U.S. Coast Guard (USCG) credentialed officers for the U.S. merchant marine. MARAD continues to support mariner education and training through the USMMA, and facilitates mariner education through the support we provide to the six SMAs.

USMMA is a major recruitment source of U.S. Navy Reserve (USNR) Officers and also a principal source of new officers for the U.S. Navy's Strategic Sealift Officer Program, which maintains a cadre of approximately 2,000 USNR Officers with the necessary training and credentials to operate strategic sealift resources at times of national need. The skilled maritime leaders and military officers that graduate from USMMA help keep the nation's maritime industry competitive in the global marketplace and also answer the call to duty when the nation needs their service.

The President's FY 2023 Budget for MARAD requests \$99.7 million for the USMMA. Funding will support academic operating expenses for an estimated 1,010 midshipmen and 296 faculty and support staff, including continued support for measures to help prevent sexual assault and sexual harassment, and provides for routine and unplanned facility maintenance and repair needs of the Academy's aging physical plant.

The Academy, MARAD, and DOT are committed to ensuring the safety of midshipmen both on campus and during their training at sea. As the Committee is aware, late last year, we made the difficult decision to pause the Merchant Marine Academy's Sea Year training aboard commercial vessels that midshipmen undertake to earn sea time. We did this so we could strengthen both the measures we require of the commercial operators carrying cadets and our own institutional policies, procedures, and training instructions to prevent sexual assault and sexual harassment (SASH), improve maritime safety, and support a culture of respect in the merchant marine.

In response to a request from Members of Congress—including leaders of the Transportation and Infrastructure Committee—for a public plan to prevent SASH and improve safety, we implemented a new Superintendent's Instruction to govern Sea Year at the Merchant Marine Academy. We also revised the Sea Year guide to include new policies and procedures to improve the support we provide to midshipmen, including a new amnesty policy for SASH survivors, witnesses, and bystanders. We also provided cadets with satellite phones they can use at sea to contact the Academy as well as their wider support network, including family and friends.

In addition, we developed a program called "Every Mariner Builds a Respectful Culture," (EMBARC). This program enumerates policies intended to help prevent sexual assault and sexual harassment, to support survivors, and to support a culture of accountability. Commercial carriers must adopt these policies before cadets can embark.

Critically, we intend for these policies not only to strengthen cadet safety, but to be the first steps in what must be an ongoing effort to strengthen safety for every mariner. That is why we have required these practices be implemented as part of vessels' Safety Management System. Doing so will reinforce a long overdue change in shipboard culture that will promote fair and equitable treatment of all mariners on board and thereby contribute to a safe working environment in which employers do not tolerate sexual assault and sexual harassment. We appreciate this Subcommittee's leadership on these issues and its support for our ongoing efforts to spur urgently needed culture change in the maritime industry.

As of April 19, 2022, five carriers are enrolled in the EMBARC program. We continue to meet with carriers to answer their questions about EMBARC standards and have published and updated a compilation of "Frequently Asked Questions" to provide additional clarity.

We are also committed to complementing these foundational efforts with a comprehensive review of sexual harassment and sexual assault incidents experienced by cadets, both on campus, and aboard commercial vessels during Sea Year.

Cadet embarkations resumed in December 2021, initially on training vessels and vessels operated by Military Sealift Command (MSC), the Navy, and the Coast Guard. We greatly appreciate the support provided by the MSC, the Navy, and the U.S. Coast Guard to our cadets. Thanks to their assistance, we currently expect that the midshipmen in the USMMA Class of 2023 will accrue the sea time needed to qualify for their licensing exams. We also appreciate the concessions that the Coast Guard has provided to support our midshipmen. We note that thanks to these concessions, should any midshipman have a sea time deficit, they will still be able to take their licensing exams on time and any remaining sea time will be provided by USMMA working in coordination with our partners. No student will leave USMMA without all of the sea time they need to graduate with their licenses.

As the Committee knows, we have been providing Congressional staff with weekly updates on these issues since January 5, 2022. We continue to meet with carriers to answer their questions about EMBARC, and have published and updated a "Frequently Asked Questions" page to address issues of concern. We urge every U.S.-flagged carrier to enroll as quickly as possible so that we can continue to expand cadets' commercial embarkations.

The FY 2023 Budget for USMMA includes \$11.9 million for essential and recurring maintenance and repair activities, and unplanned emergencies on campus. An increase in funding will support the realignment of certain routine maintenance and repair activities and expenses of environmental and energy management control systems, and safety functions as we transition to a Campus-wide Maintenance Contract to more effectively and efficiently manage these annual requirements. Addi-

tional funding will also facilitate requisite replacement and rehabilitation of major operating systems (chillers, boiler plants, sewage plants, water mains, etc.) that have been operating beyond their useful lives.

We greatly appreciate the support from Congress to ensure that the Academy has the resources necessary to modernize its facilities, and most recently approving the reprogramming of certain Academy prior-year balances to among other things: will support the hiring of additional infrastructure staffing; provides MARAD with additional oversight resources for the Academy's capital improvement program; and funding for maintenance and repair needs. MARAD and DOT will continue to work to identify and evaluate the long-term infrastructure needs of the Academy, and ensure that facilities are maintained to provide a safe and healthy environment for Midshipmen, faculty and staff while enhancing the quality of education at all times. We are also working to strengthen USMMA's institutional capacity to manage capital and maintenance programs according to professional project management principles.

The FY 2023 Budget request also includes \$77.7 million to provide support to the six SMAs in educating and training mariners to become future leaders in the maritime industry. This request includes funding for vessel management, logistics, and maintenance oversight to prepare the schools to receive and operate the National Security Multi-Mission Vessels (NSMV). The budget request would address unanticipated increases in steel costs for the NSMVs, support for pier improvements necessary for heavy weather mooring of the NSMVs, maintenance and repair costs to maintain the legacy school ships, and continue our direct support to the SMAs.

The new NSMVs will provide a state-of-the-art platform to support mariner education, and also provide significant new capabilities to engage in national humanitarian and disaster relief missions. The training ships are the most important assets provided by the Federal Government to enable the SMAs to maintain their mariner education programs that prepare cadets to obtain unlimited USCG licenses.

Congress has recognized the need to replace these training ships, and we thank you for supporting and appropriating funds for the construction of five NSMVs. MARAD has implemented the Congressional acquisition strategy utilizing commercial best practices through a contracted Vessel Construction Manager (VCM) to negotiate for, manage, build, deliver, and warrant these new ships. Construction is fully underway at Philly Shipyard on the first two ships—the EMPIRE STATE and the PATRIOT STATE—as designed and at a fixed price. The first NSMV is expected to be delivered to MARAD in early 2023, and we will continue to keep the Committee informed as the NSMV program progresses.

Until the final delivery of the fifth NSMV, MARAD anticipates the continued need for the SMAs to share vessels in the training fleet to mitigate shortfalls in the current availability of berths so cadets can gain the requisite number of sea days to meet their licensing requirements. Funding requested in FY 2023 will continue to support this effort. The challenge of providing sea days to cadets has been exacerbated by the COVID-19 pandemic, which caused nearly all SMA training cruises to be cancelled. Utilizing funds appropriated by Congress to support SMA training vessel sharing, MARAD has sponsored training cruises to help make-up opportunities for creditable sea days.

OTHER ECONOMIC AND CLIMATE SUSTAINABILITY INVESTMENTS

The strong rebound in U.S. consumer demand that reached its peak in 2021 has spurred unprecedented growth in cargo volumes and stressed the maritime supply chains on which the U.S. economy relies. Many in the industry expect volumes to remain high throughout much of calendar year 2022.

The MARAD Port Infrastructure Development Program request of \$230 million for FY 2023 will provide grants to improve port infrastructure and facilities, and to stimulate economic growth in and around ports, while also improving safety, addressing climate change and equity, and strengthening our supply chain. In addition to the FY 2023 Budget, the BIL provides \$450 million in advance appropriations for this program in FY 2023. Together, this funding would provide a \$680 million investment for port infrastructure projects. Investing in the modernization of ports creates well-paying union jobs for American workers, helps transform our deteriorating infrastructure, creates more opportunities in disadvantaged areas, and accelerates equitable long-term economic growth and resilience to strengthen our supply chains.

The FY 2023 Budget requests \$10.8 million for the America's Marine Highway Program and will provide grants to support the increased use, development, and expansion of America's navigable waterways and landside infrastructure to enable the movement of freight by water, thereby reducing highway congestion and associated

emissions, as well as damage to the roadways. There are currently 54 Projects and 29 Routes. The routes encompass 41 states, the District of Columbia, and all five U.S. territories. They serve as extensions of the supply chains within the surface transportation system, and enable more cost-effective transportation options for U.S. shippers and manufacturers. Funding for grants will seek to focus on projects that mitigate and minimize the environmental impacts of our ports and along the waterways to reduce negative impacts on neighboring communities and port workers.

The FY 2023 Budget requests \$20 million for MARAD's Small Shipyards grants to support infrastructure improvements at qualified small U.S. shipyards to help improve their efficiency and ability to compete for domestic and international commercial ship construction and maintenance opportunities. Investing in shipbuilding supports job creation in a vital domestic industrial base. These grants may also support the acquisition of equipment that reduces climate impacts and adapts technologies that reduce shipyard power consumption.

Within MARAD's FY 2023 Budget request, \$10 million will support the Maritime Environmental and Technical Assistance (META) program to advance low carbon alternative energies and technologies, while also supporting job growth in clean energy and maritime transportation fields. This is the only Federal government program that seeks to augment and preserve the American maritime industry's competitive edge by making maritime transportation more technologically advanced, energy efficient, safe, affordable, and sustainable.

The FY 2023 Budget request for MARAD includes \$3 million for the Maritime Guaranteed Loan Program to provide the salaries and overhead support to manage the loan portfolio, currently at \$1.5 billion in outstanding loan guarantees. This program is designed to manage loans that help to promote economic growth and modernization of the U.S. shipyard industry by providing additional opportunities for vessel construction and modernization, including repowering, that may otherwise be unavailable to ship owners.

The President's FY 2023 Budget also requests \$6 million for MARAD's Ship Disposal Program for support staff and overhead costs to continue to put primary emphasis on the disposal of the worst conditioned, non-retention vessels to mitigate environmental risks. Funding will also help to sustain the unique infrastructure of the U.S. ship recycling industry base, including supporting American jobs in economically depressed areas. Since 2007, MARAD has removed a total of 174 non-retention vessels from the various fleet sites. This funding also supports the continued maintenance of the Nuclear Ship SAVANNAH (NSS) in protective storage pursuant to Nuclear Regulatory Commission (NRC) license requirements while decommissioning of the vessel's defueled nuclear reactor, components, and equipment is in progress. NSS decommissioning and license termination must be completed by December 2031. MARAD is currently on track to meet this target date several years early.

CONCLUSION

These programs represent MARAD's priorities supported by the President's Budget. We will continue to keep this Subcommittee apprised of the progress of our program activities and initiatives in these areas in the coming year.

Thank you for the opportunity to present and discuss the President's Budget for MARAD. I appreciate the Subcommittee's continuing support for maritime programs, and I look forward to any questions you and the members of the Subcommittee may have.

Mr. CARBAJAL. Thank you, Ms. Lessley. We will now move on to Member questions.

Each Member will be recognized for 5 minutes, and I will start by recognizing Chairman DeFazio.

Mr. DEFazio. Thank you. Thank you, Chairman Carabajal. And this would either be to the Commandant or Master Chief.

What percent of your budget is fuel costs? Do you have a—not an anticipated question, it just sort of—I am just sitting here thinking about it, and what impact that is going to have on your operational capabilities.

Admiral SCHULTZ. Yes, Chairman, I will be honest with you. Unless the Master Chief knows the answer, I don't know the percent of our budget.

Mr. DEFAZIO. OK.

Admiral SCHULTZ. I do know under the DLA, Defense Logistics Agency, contract we have got about a 20-percent increase, due to inflation, that has recently been announced to us. So, that is a fairly significant lift inside our budget.

Mr. DEFAZIO. OK. All right, that is good. I don't want to belabor it, but back to the shoreside infrastructure. Again, I am puzzled by the President's budget, and I have, shall we say, raised with you and former Commandants your role in terms of the Coast Guard is always going to do with what they've got. But sometimes it is just not enough, in my opinion. And we hear perhaps other Services and other agencies squawk a little bit more about the inadequacies of their budget. And I just can't reconcile the reduction to \$180 million this year, and don't see how are you going to begin to catch up with your backlog with those numbers.

Do either of you want to address that, or do you just want to let that drop?

Admiral SCHULTZ. Chairman, I would say this. I think, when you look into our Coast Guard budget across the top line, and you do a year-by-year comparison, I think there are different pieces.

From the 2011 Budget Control Act, 2013 sequestration, the subsequent 8 years, we lost 10 percent of operations and support purchasing power. That was very deleterious to the readiness of the Coast Guard. In recent budget cycles—2019, 2020, 2021, 2022—we have actually seen a 20-percent increase in O&S, and that has been very helpful, and we are very appreciative of that.

The \$1.65 billion, \$1.6 billion that Ranking Member Gibbs mentioned in the PC&I budget, I overtly stated we would like to see \$2.0 billion-plus on an annual basis for predictable, stable peacetime funding. That would put us on the most healthy trajectory course.

There are large variations. If you have a large lift of a capital asset—say a Polar Security Cutter—in 1 year, that can move that, a half billion dollars, pretty easily.

But I would tell you, sir, from a budgetary standpoint, we have started to turn a corner. And we are very appreciative of the Congress, both chambers, both sides of the aisle embracing that the Nation needs a more ready Coast Guard.

On infrastructure, sir, I would tell you right now we are executing about \$1.4 billion. We have never done that before. Twenty-two—I mentioned twenty-six extra civil engineers to help us get after that work. If we can sustain the momentum that we are starting to build in recent years, I think it puts us on a good trajectory.

But I am leaving operational cutter days on the table, operational aviation days. There is a lot of money in the budgets in the last couple of years for spare parts. I think we have sort of got the issue on the table.

When we roll in the IIJA Infrastructure Investment and Jobs Act, we roll in the moneys in the 2022 budget, it is almost \$800 million to get after infrastructure. We are building the first childcare centers that we have had in 10 years. The IIJA has five new childcare centers plus upgrades to the unit in Cape Cod. We also have new MASI—Major Acquisition Systems Infrastructure—

that is going to build childcare in Seattle and Charleston. We have got our first new aviation unit out in California, Point Mugu. That is under construction, sir.

So, I think the story is bettering. There is a long history and things we drag with us. But if we can maintain the momentum we have started to build, sir, I think we can get after this.

Mr. DEFAZIO. OK, thank you.

Acting Administrator Lessley, I just want to again congratulate you on your work on the EMBARC program. Every mariner does deserve respect. But I noticed that some shipping companies have acted pretty quickly, others haven't. I am looking at my Safer Seas Act as a necessary adjunct. What other steps would you recommend so we can get more full compliance?

Ms. LESSLEY. Thank you for the question, and thank you also for your leadership.

We continue to have dialogue with the carriers. I appreciate Chairman Carbajal, also Congressman Suozzi, who have helped convene the carriers. I believe that they are making the changes they need to make to enroll and appreciate those who have enrolled. Obviously, we want every carrier to enroll.

I appreciate also all of the resources that you are bringing to bear, work on the legislation, the Safer Seas.

This is a long-term process. And I think what is essential is that we not only implement the initiatives we have underway, but that we look to make sure that everyone is part of this process, that everyone understands the expectation that every maritime workplace must be a place where every person is safe, where they have the opportunity to advance on the basis of their competency and skills. That is what we are aiming for.

Within MARAD we will also be continuing to strengthen our work. We have a lot to do at the Merchant Marine Academy in terms of continuing to review our policies and procedures to make improvements. We are also standing up a new office of cadet training and safety that will help us at MARAD strengthen our oversight and support of the Academy in line with the recommendations of the National Academy of Public Administration report.

Mr. DEFAZIO. Great. OK, I am pleased to hear that.

Quickly, Chair Maffei, you have recently released a ruling against Hapag-Lloyd, which found them to be acting in violation of the Shipping Act. These additional resources that we are proposing for this year, will they help you pursue more investigations and handle more complaints?

Mr. MAFFEI. Absolutely. That is the point of asking for them. As I mentioned, we are going to devote most of those to investigations and enforcement. I can't speak in particular to that ruling, because I might be sitting in a—

Mr. DEFAZIO [interrupting]. OK. Now—

Mr. MAFFEI [continuing]. But I will say that there are many investigations going on. There are a couple of additional cases that the FMC has brought against carriers that are still in process. There are some in the pipeline. But clearly, we would be able to do more.

I think the ranking member mentioned that I had said at one point that we have not yet found collusion among the carriers. And

while that is technically true, I do want to make it absolutely clear that that is not because the industry is holier than the pope. That is because freight rates remain incredibly high anyway, even with expansions of capacity. And also, there are certainly many, many reports of issues with the individual carriers that are members of these alliances.

So, this is not an—this is an industry that, in my view, needs more assessment in the enforcement section, and that is what these resources will allow us to do. And I appreciate again, Mr. Chairman, you allowing me to make that point.

Mr. DEFAZIO. I am pleased to hear that, and it is a breath of fresh air compared to under the last administration, where the problem was substantially ignored. So, thank you for your work.

Thank you, Mr. Chair.

Mr. CARBAJAL. Thank you, Mr. DeFazio. And next I will recognize Mr. Gibbs.

Mr. GIBBS. Thank you, Mr. Chair.

Admiral, I just have a couple of comments here, building on what Chairman DeFazio was talking about on the administration's budget for procurement, construction, and improvement, \$1.654 billion. We approved—what was it—\$2 billion, I guess, for fiscal year 2022, and the Don Young Coast Guard bill we just authorized, \$3.5 billion for fiscal year 2023, which is twice the request.

My concern—I think we share up on the dais here, is how much would the shoreside infrastructure construction backlog grow from the 2023 to 2025 fiscal years, and the maintenance backlog?

And then I also want to tag on to that about the 12th National Security Cutter. I mean, maybe I am missing something here, but my understanding is, on the 12th National Security Cutter, the construction, that pipeline is hot. And if we don't do it, it will go cold. And my understanding is that we can probably build that for \$700 million. If we let it go cold, it is going to be over \$1 billion. And then you tack on inflation.

Do you have any more additional comments you want to make about this President's request in the budget? Because it seems to me you said \$2 billion a year would be enough to sustain making progress. But when I look at the maintenance backlog, with inflation and all that, I think the Coast Guard needs to be more aggressive in trying to get the funds that we are trying to authorize and appropriate.

Admiral SCHULTZ. Thank you, Ranking Member Gibbs. I would say, sir, from a predictable stable fund level, \$2 billion would be a good number for the Coast Guard.

I would tell you, we obviously, as an operating agency inside the Department, have to work within the top line, and there is puts and takes. I think, when you look at the unfunded priority list, which Congress enabled us to start submitting years back, we have lifted quite a bit consistently, increasingly so, each of the previous budget years, and are picking up a lot of those projects. So, we identified those predominantly PC&I infrastructure-type projects, capital projects, and the Congress has been putting that on top of the President's request. So, I think we are making some progress there.

You asked about the National Security Cutter, 12th National Security Cutter, sir. I have, I think, consistently, for 4 years, said that National Security Cutters are remarkably capable global deployers. The program of record was eight ships. The Congress has supported the procurement of three additional ships. The 10th and 11th ships are under construction. We will take acceptance of number 10 in 2023.

We have got about a \$208 million shortfall budgetarily to bring 10 and 11 into service. The 2023 budget bites down about a little less than one-third of that. So, there is still going to be about \$150 million outstanding bill. Were the Congress to lift a 12th National Security Cutter on top of the President's budget, sir, the Coast Guard would not push back on that. There are still costs—

Mr. GIBBS [interrupting]. But I think maybe—I think the Coast Guard needs to be a little bit more aggressive in requesting it from the appropriators.

Admiral SCHULTZ. Well, sir, it is hard for me to request that when my top priorities, from an acquisition standpoint, are the Off-shore Patrol Cutter and the Polar Security Cutter. So, this gets into the top-line maneuver space, sir.

But I would tell you, National Security Cutters, as you defined them, are incredibly capable. We are three beyond the program of record.

Mr. GIBBS. OK.

Admiral SCHULTZ. It would displace something within our current plan, sir.

Mr. GIBBS. All right. I've got to move on here.

Admiral SCHULTZ. Yes, sir.

Mr. GIBBS. I want to quickly—I've got a text here from the Capitol Police on 6:33 p.m. on April 20th about aircraft intrusion to evacuate this complex, I guess, as the Army Golden Knights were doing a jump for the Nationals baseball game.

My question is, what happened here? Did we have a communications breakdown? Why didn't the Capitol Police know about it? Because anything in this zone, in this area, is under the Coast Guard, because I have ridden in the Coast Guard choppers. Can you just briefly tell me what happened? Because I am a little concerned.

Admiral SCHULTZ. Congressman, what I know of that, it was—we do have a mission here, the National Capital Region Air Defense Mission. We have MH-65 Dolphin helicopters that stand a 7/24/365 ready watch on very short alert.

My understanding was the Golden Knights did not notify the FAA. The operation occurred. It created some excitement, once they figured out what was going on. So, why the notification did not occur, sir, I do not know on that. But we do have that presence here.

Mr. GIBBS. Yes, I—

Admiral SCHULTZ [interrupting]. A little bit different than what we generally train for.

Mr. GIBBS. Yes, I just want—I am just raising it. I just raised it, because communications, as you know, are—it is very important.

Admiral SCHULTZ. It is the grease that makes the wheels turn, sir.

Mr. GIBBS. Yes. And obviously, there was a communication breakdown there. And fortunately, it wasn't—there wasn't a national security issue. But—

Admiral SCHULTZ [interrupting]. I think the notification, if I understand it, should have probably went to FAA, because it involved Capital Region airspace, sir.

Mr. GIBBS. Before time runs out too much—

Admiral SCHULTZ [interrupting]. But we were not notified—

Mr. GIBBS [continuing]. Here, I want to—help me understand. We had the Coast Guard Atlantic Coast Port Access Route Study that Congress required in 2016. We have been waiting on the Coast Guard to complete the rulemaking process for recommended set-asides for navigation in the Atlantic Coast Port Access Route Study and on top of that, the Department of the Interior intends to begin leasing areas in the Gulf of Mexico for a wind energy project in the near future. We also have the Arctic and the West Coast Port Route Access Studies.

Maybe I am wrong, but it doesn't seem to me that this has been a top priority for the Coast Guard to develop these lanes, shipping lanes, with the wind projects, kind of deferring or—by talking to the Department of the Interior. Can you explain what is going on here?

Admiral SCHULTZ. Absolutely. I would tell you we take our waterway safety management security roles very seriously, sir.

The ACPARS, Atlantic Coastal Waterways Port Access Route Study that you are talking about, we will issue the final rule this calendar year.

Mr. GIBBS. OK.

Admiral SCHULTZ. We will issue it this calendar year. It has been longer than anyone desires. That is fair criticism. I own that. But we are working with BOEM, the Bureau of Ocean Energy Management. We are working with other Federal stakeholders. We have worked on the spacing of wind.

We currently have, I think, eight towers off of Rhode Island. There are two off Virginia Beach. There is permitting for up to 1,700. There are multiple Captain of the Port Zones and regions here. But the frustration is fair, the criticism. But we will have a final rule this calendar—

Mr. GIBBS [interrupting]. On the Gulf of Mexico, what is the status on that?

Admiral SCHULTZ. The Gulf of Mexico, sir, it is a work in progress, again. But we understand the urgency. But I assure you that we are not ceding ground on our safety responsibilities established by law.

Mr. GIBBS. I am just encouraging you to make sure the Coast Guard isn't ceding ground, because I think that is—

Admiral SCHULTZ [interrupting]. Yes, we are not—that is not our intention—

Mr. GIBBS [interrupting]. I yield back at this time. Thank you.

Mr. CARBAJAL. Thank you, Mr. Gibbs. I will now recognize myself.

Ms. Lessley, 2 weeks ago, I was made aware of a report conducted by SUNY Maritime, which was completed in January.

Among other things, the report discussed deficiencies associated with diversity, sexual assault, and sexual harassment.

While every institution should be looking inward on this issue, the circumstances surrounding this report are troubling. In its publicly released versions, SUNY Maritime redacted seemingly important portions of the report associated with sexual harassment, sexual assault, and racial harassment that certainly went beyond shielding names for privacy. The Academy even refuses to share the unredacted version with me, as well.

The report states that the committee has found that, across the board, there are issues regarding how racial and sexual harassment or claims of sexual assault are handled. I can only imagine what is in the redacted portions. The SMAs received \$1.6 billion from 2018 to 2022, and it is my understanding that they are asking for significant help in recapitalizing some of their shoreside infrastructure.

Ms. Lessley, is it appropriate that they operate outside the reach of any meaningful Federal Government oversight, while still continuing to receive Federal funds?

Ms. LESSLEY. Thank you for the question. So, I will give you a multipart answer.

Obviously, there are, for example, Title IX and other Federal requirements that apply, and we are also looking at our policies and procedures, including opportunities to strengthen Title VI oversight.

That said, I think that there are many novel issues that are being raised. Particularly of concern to me is, for example, custodial arrangements for the NSMV, which are meant to be dual-purposed. There are novel questions that are not necessarily anticipated in statute. Our regs are, to the extent that we have them, are outdated. And there are also limits to our resources. And as I mentioned, as you know, we have a tremendous amount of work to do at the Merchant Marine Academy.

That said, our North Star is safety, creating safety for everyone at sea. As we look at our policies and procedures, as we look at these opportunities, I would like to continue the dialogue with you, with your staff, and obviously with Congress to ensure that we are meeting Congress' expectations, and certainly, as we discuss these issues that are not necessarily anticipated in statute.

Mr. CARBAJAL. Thank you. And I would be interested in knowing what legislative solutions might exist, as well.

So, Admiral Schultz, in March's field hearing on small passenger vessel safety, we discussed the severe shortage of maritime safety inspectors. The Coast Guard itself estimates it has only two-thirds of the inspectors it needs to conduct timely vessel inspections. Can you please explain what impact the President's requested increase of 38 FTEs and \$11.2 million, or 3.8 percent, would have on the current staffing shortfall?

Admiral SCHULTZ. Chairman, thanks for the question, sir. So, the proposed budget has \$11 million-plus, 73 FTPs is my account. Those are marine inspectors, investigators, environmental specialists. They build on previous budget cycles' numbers. I think that rolls up to be a couple of hundred additional marine inspectors.

We're rolling out and implementing now the Marine Inspector Performance Support Architecture and the modernized learning environments, so, we are very much focused on the increasing technological sophistication of the maritime domain.

I put out a strategy, the maritime commerce strategy, back in the early part of my tenure in 2018, that fall, and we are actioning that. We need to build the workforce with the expertise to deal with the increasingly complex, technologically sophisticated landscape. And so, this is another investment towards that end.

Mr. CARBAJAL. Thank you.

Ms. Lessley, in 2021, the United Nations issued a declaration on zero-emission shipping by 2050. The International Maritime Organization, of which the United States is a member, similarly issued an ambitious greenhouse gas reduction strategy. What role do you foresee MARAD programs such as META playing in making the United States a global leader in maritime decarbonization?

Ms. LESSLEY. Thank you for the question. Obviously, it is a very important program.

The President's budget for 2023 requests \$10 million for the program, which would be an increase over the 2022 enacted level. And that would be consistent with the administration's priorities to support decarbonization, the development of alternative fuels, and future energy technologies to improve energy efficiency improvements. We think we have a unique opportunity with our domestic fleet to pioneer these new technologies and emission reduction efforts, which can serve as a proof of concept for the oceangoing fleet, so, very excited about this program and about the President's support in his request.

Mr. CARBAJAL. Thank you. Now I will recognize Representative Garret Graves.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman. And I want to thank both of you for your service. And I hope you all get some great fishing in during retirement.

Commandant, I wanted to ask you. As part of the Don Young Coast Guard Authorization Act, Congressman Garamendi and I offered an amendment on manning, and we added section 518 to the bill that effectively treats foreign vessels operating in the offshore working on energy-type projects the same way as domestic vessels would be treated. Things like ensuring you are proving ownership, things like making sure that your crew matches the flag of the vessel, making sure that we actually enforce the terms of the work visas that are granted to these foreign workers working in our near-shore environments.

I know that you have been a big advocate of our national security, marine security, maritime security. Do you think it is fair to require foreign vessels to operate under rules similar to those of domestic vessels?

Admiral SCHULTZ. Congressman, I think there is an ongoing dialogue with you in terms of the U.S. crew. There is some waiver authority for us on that. I think we look forward to continuing to work and have those conversations, sir, on that amendment here, in terms of how we implement in terms of consistency across other foreign crewing type conversations.

Mr. GRAVES OF LOUISIANA. Commandant, this amendment, if I remember right, I think it passed 58 or 59 to 2 in this committee, strong bipartisan support for the amendment. I would urge you to think for just a minute about having a level playing field, and not actually prioritizing foreign vessels and foreign crews over those of the United States.

And I don't think I have to remind anybody here what happens when we compromise our energy security in the United States.

Admiral SCHULTZ. Yes, sir.

Mr. GRAVES OF LOUISIANA. Based on, of course, what is going on in the Ukraine—

Admiral SCHULTZ [interrupting]. Sir, I think I have been a pretty consistent voice on Jones Act in support, and support for the U.S. merchant fleet and American mariners, sir. I think, like I said, I just—I think that conversation is—we are working—your point is taken, sir. I am not disagreeing with that. I think it is a—just a little bit back and forth here, with drafting assistance, those kind of conversations.

Mr. GRAVES OF LOUISIANA. And I am happy to get technical assistance or drafting assistance from the Coast Guard on this. I do want to reiterate that I think, just from a marine domain awareness perspective, it is important that we are actually enforcing the conditions of these work visas, and that we know who is in our waters, making sure that they are playing by fair rules, and we are not giving foreign vessels and workers a competitive advantage over American vessels—

Admiral SCHULTZ [interposing]. Yes, sir.

Mr. GRAVES OF LOUISIANA [continuing]. And American workforce.

And as you mentioned, Commandant, Admiral, I know that you are a big Jones Act supporter, and I think that this is consistent with the objectives of the Jones Act.

Admiral SCHULTZ. Yes, sir.

Mr. GRAVES OF LOUISIANA. So, I look forward to working with you on that.

The second thing I wanted to ask you—and I know you have covered this in your opening—on an icebreaker. And you and I have had numerous discussions over the need for the United States to increase its capability to operate in polar environments. We have both looked at the chart and the number of vessels that other countries operating in the Arctic have in terms of heavy capabilities, as compared to the United States. I know that you all have been cannibalizing the *Polar Sea* and *Polar Star* to try to use duct tape and bubble gum to do what you can. And I appreciate that the budget request includes, I believe, \$125 million to give you capabilities in the short term for a commercially available vessel.

I think it requires a purchase to give you operational capabilities, but I wanted to ask you if you thought that a leasing capability or a leasing option would make sense for the Coast Guard in terms of more quickly trying to achieve that capability operating in polar environments.

Admiral SCHULTZ. Yes, Congressman. We have had some interesting conversations over the previous administration, the current administration. The conversations with my predecessors was leasing in lieu of procuring the Polar Security Cutters, heavy breakers

we need. Once we sort of got the card down on the program of record, we had a chance to revisit that.

I believe, after pretty diligent homework and study on this, that a procurement option—because we are going to need—I have talked about 6–3–1, a minimum of 6 breakers, 3 are heavy, 3 beyond that. I think that conversation has really evolved with some additional—based on the high latitude study. We probably need four to six heavy breakers and three to five medium breakers, what we are going to call Arctic Security Cutters.

This commercial available option could feed that for the good part of the next 25 years. So, the ability to go out with \$125 million, another \$25 million made available in the 2023 budget for crewing and operating that, I think we could bring that ship—once we work—we need a little help on how we—some legislative help on how we actually go execute that. But sir, I think that brings in a ship. So, it is a bridging strategy.

Polar Security Cutter contract date is May 25. Obviously, we haven't started cutting steel on that. This allows us to build a fleet of icebreaker sailors, allows us to gap between that ship, that new polar security, about 27 before it is operational. And it helps us to find the requirements for those medium breakers down the road, sir.

Mr. GRAVES OF LOUISIANA. And Commandant, I am out of time. Admiral SCHULTZ. I got you.

Mr. GRAVES OF LOUISIANA. But I just want to make sure, including a leasing strategy?

Admiral SCHULTZ. Sir, I think the leasing—just as we did the cost analysis, it would cost us more to lease that vessel for some specified period of time than to procure that and have it in the inventory as one of these Arctic Security Cutters henceforth.

Mr. GRAVES OF LOUISIANA. I would love to be able to continue that conversation with you.

Thank you, Mr. Chairman.

Admiral SCHULTZ. Thank you.

Mr. CARBAJAL. Thank you, Mr. Graves. Next we will go to Representative Larsen.

Mr. LARSEN OF WASHINGTON. Yes, thank you, Mr. Chair.

Administrator Lessley, on the Tanker Security Program, that is a program that is under the jurisdiction of the House Committee on Armed Services. But MARAD implements it, is that correct?

Ms. LESSLEY. That is correct.

Mr. LARSEN OF WASHINGTON. Yes. Could you discuss how the TSP, Tanker Security Program, how you are thinking about it with regards to the announced closure of the Red Hill facility in Hawaii, where the Defense Department has said we are going to distribute fuel distribution throughout the Indo-Pacific? Have you guys thought through that, what that vision looks like?

Ms. LESSLEY. So, a few weeks ago, I had the opportunity to testify in front of the Committee on Armed Services with General Van Ovost, the TRANSCOM commander, and would emphasize that General Van Ovost made clear that the DoD are looking at options and things like long-term charters for tankers. And I would not opine on that. It is really a DoD.

But we are excited about the TSP. And to your point, it would obviously provide access to much-needed tankers for our DoD. We are in the process, as I testified there, of developing a rule, and hope to have that in place as quickly as possible so that we could ideally have enrollments begin by the end of the calendar year.

And we recognize the urgency of this program, getting it up and getting it going correctly.

Mr. LARSEN OF WASHINGTON. OK, that is fine. Can I just shift to the Small Shipyards Grant? Where are you in the fiscal year 2022 process on small shipyards?

Ms. LESSLEY. Thank you so much for that question. So, we issued our notice of funding opportunity earlier this year. Grant applications are due on May 16th, and we have approximately \$20 million to award. And as we talked last time, in the last round for 2021, we issued 31 Small Shipyards Grants in 15 States.

So, the NOFO is out, it is open. We encourage all small shipyards to apply.

Mr. LARSEN OF WASHINGTON. That is great, thanks. Yes, it is used a lot and very well in Washington State.

Mr. Maffei, this morning I met with some folks from ILWU, the longshore union on the west coast. And the way they described the potential reopening of Shanghai ports because of the shutdown is a tsunami of containers and goods coming back in the United States. So, a little bit of relief on the west coast right now, because of the unfortunate circumstance of COVID in China.

Do you anticipate that same picture, that we are going to have backups again and use of anchorages?

And then what would FMC's response be to that?

Mr. MAFFEI. I do anticipate that. I mean, the FMC will continue to be vigilant in terms of making sure that nobody is violating the Shipping Act. There are not a whole lot of levers we have to reduce congestion in itself, other than to make sure that we're continuing to do the audits that we are doing to make sure that best practices are followed amongst all the carriers and certain MTOs.

We have been meeting with the WCMTOA, the organization of the MTOs that manages PierPASS, to help facilitate coming up with additional ideas to help with congestion. But congestion is the biggest challenge, particularly that exporters face.

So, the irony is, we are going to get this wave of imports, and it is going to end up hurting exports. And that is of extreme concern.

I will only say that the respites that we have had are not due to any lessening of the overall problems or situation, but simply the market cyclical forces. And the same thing will happen with this. We will get, unfortunately, a fair amount of a wave from Shanghai, and that will eventually dissipate in the same way, but not because any problem has been fundamentally solved.

Mr. LARSEN OF WASHINGTON. Yes, thank you.

Admiral Schultz, I have a lot of other questions. I had a great tour of Coast Guard Seattle last week, and Admiral McAllister was up from Pacific Command. So, I will save you the questions about Seattle and the Protecting Our Marine Mammals Act, and all these—I am getting those answered back home. So, I appreciate that.

But, having said that, the polar security program, as we have discussed a little bit, there was \$800 million in funds in the budget reconciliation package, which hasn't passed. So, how is the lack of reconciliation funding forced you all to change plans on the Polar Security Cutter program?

Admiral SCHULTZ. Well, Congressman, the Polar Security Cutter program, I think, is on a good trajectory. The 2023 budget has about \$167 million. That gets after program management, long lead-time materials, 2022 buys some of the long lead-time materials on the Caterpillar key engines. The other pieces we were able to roll into 2023.

We should be maintaining positive momentum on the PSC program of record of three ships. I think there is a conversation beyond that, as I indicated to Mr. Graves, possibly a hot production on more ships. But we are still getting ready to cut steel, hopefully before this calendar year, on the first Polar Security Cutter.

Mr. LARSEN OF WASHINGTON. OK, thank you, that is great. Thank you.

And I yield back.

Mr. CARBAJAL. Thank you, Mr. Larsen. Next we will go to Representative Malliotakis.

Ms. MALLIOTAKIS. Thank you, Mr. Chairman. And thank you to the witnesses for being here today.

My district on Staten Island, we have Coast Guard Sector New York, which represents the largest operational field command on the east coast. In October of last year I had the opportunity to visit with the leadership of our U.S. Coast Guard Sector New York, and one of the main issues that we spoke about was the need for housing upgrades for the men and women stationed there.

Certainly, housing is a big part of being able to attract and retain Coasties. And as you know, adequate housing—and it is also important that we give our Coasties and their families the quality of life that they deserve, and that the homes they come back to at the end of the day are ones that they are proud of.

Housing upgrades at Fort Wadsworth Base have been long overdue. As you know, there was a fire a couple of years ago. There was \$40 million put aside for phase 1 to rehab those homes. And I was also pleased to work to push for another \$5 million from the Infrastructure Investment and Jobs Act for phase 2 to upgrade 154 legacy housing units.

I am also encouraged to see that there is \$10 million in funding for phase 3 that is included in the U.S. Coast Guard unfunded priority list for fiscal year 2023.

Admiral, I know that you also visited our station in September, and saw the housing for yourself. I would love a comment from you on the status of the upgrades, and what is the timeline for the project's overall completion.

Admiral SCHULTZ. Well, Congresswoman, thank you for your advocacy of the Coast Guard writ large, and our men and women in New York, and Fort Wadsworth housing.

As you mentioned, \$40 million in the 2021 budget that gets after the fire-destroyed units there, additional moneys in 2022, \$5 million to continue efforts. We were able to touch the upgrades of the 154 legacy units. We were able to do safety assessments of their

condition and make upgrades to all those units. I think that is critically important.

The environmental due diligence contract—excuse me on that one—the Staten Island units, I think it is the phase 2, just gets after the continued body of work there, ma'am.

So, in terms of the actual timeline, I don't have the dates in front of me about when you would see the actual timeline for the work there. But the good news is, we have secured the funding. It allows us to do the detailed planning. And with the multiyear commitment, I think it sends a very strong signal to our men and women that live in a very high-cost area, but have a high-paced and high demand of Coast Guard services there, this is all part of the equation that Master Chief spoke to about recruiting and retaining the men and women with the right skills to do the work of the Nation.

Ms. MALLIOTAKIS. Well, thank you. And as you said, for all those reasons, time is of the essence to make sure that we get this construction going. And I look forward—if you can look offline and get back to me on some type of a more concrete timeline, I very much look forward to being with you at the groundbreaking and the ribbon cuttings, because this is, as you said, a really important part of retaining Coasties. It is something that the commander made very clear, that New York City is a very expensive place to live, and so, providing this housing at the base is very, very important.

Is there any other issue that I should be looking at as relates to New York Coast Guard Station? Any way that I can help advocate to help my Coasties do their job better?

Admiral SCHULTZ. Congresswoman, we will get back to you on more specificity on the timeline. Let me just defer to the Master Chief if he has anything on your question about the people up in Sector New York.

Anything on that, Jason?

Master Chief VANDERHADEN. So, the way we—just supporting with the cost of living allowances, and paying attention to the increased cost of living, basically just doing your job there, we need to pay attention to that and be able to assess that, and accurately compensate our people on a timely basis so that as rents go up, as groceries—as things become more challenging and more expensive, that we definitely need to be able to make sure that people have the same quality of life year after year without—some help with that. And I can get back with you on what that would look like.

Ms. MALLIOTAKIS. OK. I look forward to that. Thank you very much.

I yield back.

Mr. CARBAJAL. Thank you, Representative Malliotakis. I now recognize the distinguished gentleman from California, Representative Lowenthal.

Mr. LOWENTHAL. Thank you. Thank you, Chairman. I found this to be a very interesting hearing, and I have learned a lot. And I am going to start with Chairman Maffei.

Thank you for being here with us today. Thank you for your testimony. I especially liked, if I was correct, your presenting to us that the improvements that you have kind of led on the FMC have been noticed by people who interact with the FMC, and that people

are getting back to you in a very positive way. That is always nice to hear.

And obviously, when we talked about supply chain issues, they are under stress at every level. And no single agency, as you pointed out, can end the impact of the pandemic alone. But I want to underscore something, and I wanted to ask you if what I am going to share with you is what you are hearing also.

There is a small importer in my district. He imports, basically, olives from Europe. And he brings them into the Ports of L.A. and Long Beach. And he said that his container fees, 40-foot containers, had increased from less than \$4,000—I think it was \$3,940—from January of 2020 to over \$12,000 in March of this year. And in April it had gone up to \$14,000. I don't need to tell you how that increase can hurt businesses and lead to tremendous increases in inflation, and consumers all over the country—I am wondering, are those the same numbers you are hearing about importing, and how [inaudible]? That is one question.

The second question is, you have provided an important update on the FMC's activities to make sure that people are playing by the rules. And I appreciate all your work. But I want to make sure you have the resources to make sure that these companies are playing by the rules, and that they aren't profiting from unfair fees. Can you speak to the importance of more resources and to the impact of your February MOU with the Department of Justice?

Mr. MAFFEI. Thank you for the questions, Mr. Lowenthal. I will try to answer them as expeditiously as I can.

There is not one price for ocean transportation. There are spot rates, contract rates, tariff rates. That said, though, what you are saying does ring true. And the unfortunate thing is that the size of a shipper does make a huge difference because of their market power. If you are a big box importer, one of those big stores or online companies that we all know so well, you can guarantee hundreds of thousands of containers sometimes to get a much lower rate. So, their rates have gone up, those big cargo importers, but nowhere near as much as the medium-size and small shipper, because of the differing degrees of market power. So, unfortunately, your small importer is probably paying that much more. It is not an aberration at all.

What we have tried to do at the FMC is, even though we are not allowed to regulate the rate itself, we are trying to make sure that there is no additional fees that are hidden someplace, like a congestion surcharge. We are trying to make sure that your constituent is not being charged unfair detention and demurrage, which they cannot control. And that is what we have focused our efforts at under our current authority.

In terms of other things that we are doing, first of all, I appreciate that we are getting some compliments. But that doesn't mean we are near doing as much as we need to do. We are clearly ramping up as quickly as we can, given the situation.

The memorandum of understanding with the Justice Department is helpful. We mostly exchange expertise. We both do independent investigations. The Justice Department is currently investigating carrier alliances, as well as we do. And we do exchange information, but we keep those investigations separate. Those sorts of co-

operations have been beneficial in the past, and we will continue them.

And in terms of our overall request, I mean, obviously, I don't take lightly the fact that, in this current budget environment, we are asking for about 5 percent more. But it is essential, given the number of cases. With this kind of—this demand surge, there have been very high rates affecting all sorts of shippers, and then the congestion makes everything much worse.

So, I think I have addressed all of your questions. But if I haven't sufficiently, please let me know.

Mr. LOWENTHAL. Thank you.

Mr. Chairman, how much time do I have left?

Mr. CARBAJAL. You are out of time, Mr. Lowenthal.

Mr. LOWENTHAL. Well, that is too bad. I had great questions to ask.

Mr. CARBAJAL. We are going to have a second round, so, hold your questions. We will come back to you shortly. Thank you, Mr. Lowenthal.

With that we will move on to Representative Van Drew.

Dr. VAN DREW. Thank you, Chairman, and thank you for holding today's hearings on the Coast Guard's 2023 budget.

As we know, we have our great Commandant, Karl Schultz, here, and our Master Chief Petty Officer Vanderhaden, who equally does a great job.

Admiral Schultz, thank you for the decades of dedicated service to the United States of America. Your extraordinary tenure as a Commandant has built a stronger United States Coast Guard. The contributions you have made will endure long after your retirement. I want to thank you for attending my community's Coast Guard ball last week. It was an honor hosting you with such a momentous occasion for the Cape May County's Coast Guard community. Our friendships will only become stronger as the Coast Guard invests in the Training Center Cape May.

In the Don Young Coast Guard Authorization Act of 2022, this committee authorized \$120 million for phases 1 and 2 of the U.S. Coast Guard's Training Center Cape May barracks recapitalization. Congress then appropriated \$55 million towards phase 1 in a bipartisan and in a bicameral manner. Yesterday, the Coast Guard provided an unfunded priority list to Congress.

The list includes a request for \$60 million to fund phase 2 of the barracks project. Funding phase 2 in this year's appropriations legislation is a national security imperative. Global threats, such as Chinese aggression in the South China Sea and Russia's expansion into the Arctic have greatly increased the importance of the Coast Guard to America's national security. Only the Coast Guard has the tools to encounter China and Russia's gray zone strategy.

To address this global challenge, the Coast Guard needs more and better prepared personnel. Eighty percent of all Coast Guard personnel comes through the training center in my district in Cape May. The expansion of the Training Center Cape May is the expansion of the Coast Guard itself, and we must expand the Coast Guard to meet the national security challenges of our 21st century.

The training center project will also provide more opportunities for women to serve. Just as Admiral Linda Fagan has been nomi-

nated to be the new Commandant, we should provide women the opportunity to serve their country in this, our Coast Guard. The training center current infrastructure can only accommodate 30 percent female recruits. The proposed recapitalization will accommodate 50 percent female recruits. The barracks recapitalization must move forward to expand opportunities for women in the Coast Guard, and I look forward to working with Admiral Fagan to fully deliver on the Training Center Cape May project and give more women the chance to serve their country.

The Training Center Cape May barracks recapitalization project is crucial to the future of the Coast Guard and the United States. We have got to get this project done. When the training center was last being renovated, a funding lapse resulted in an incomplete project. This cannot happen again. We must ensure this project is fully funded and fully delivered.

I have proposed with you a framework to deliver this critical project. The first step is for Congress to fund the Coast Guard's year 2023 request of \$60 million for the already authorized phase 2 of the barracks projects. The next phase is to authorize phase 3 and 4 in the 2024 Coast Guard authorization legislation. Congress should then fund phase 3 and 4 in fiscal years 2024 and 2025. This framework ensures that the barracks project is fully funded by the start of phase 1 and delivers the full project by 2032.

This proposed approach was evaluated by the Coast Guard engineering and budgetary officials, as you know, as operationally, financially, and legally feasible. This plan will ensure that this project is fully delivered, and I submit to the record a framework timeline for this proposal. My framework to implement a prioritized timeline for the U.S. Coast Guard Training Center Cape May barracks project is feasible, responsible, and imperative to the national security of the United States of America in the 21st century.

Admiral Schultz, thank you again for your leadership and your integral role in delivering phase 1 of the training center barracks project. Could you please speak on what the training center barracks means to the Coast Guard and to the United States of America?

And secondly, I yield the remainder of my time for you to speak freely on your time of your great service as Commandant of the United States Coast Guard.

Admiral SCHULTZ. Congressman, let me just start by saying—

Mr. CARBAJAL [interrupting]. Excuse me.

Admiral SCHULTZ. I am sorry.

Mr. CARBAJAL. Mr. Van Drew, you are out of time. I will let the witness answer your question briefly, and then we will move on.

Admiral SCHULTZ. Yes, sir. I would just say thank you for the support of the training center. The unfunded priority list for 2023 that just reached the Hill here, it includes \$60 million for phase 2.

As we sequence the conversations earlier about working within the top lines of a Federal agency, it maintains my commitment. I speak for my successor that we are committed to building out all phases of Cape May. There is \$10 million that came in the IJA that kind of keep moving the ball forward.

And to your last question, I will speak for myself and the Master Chief. It has been the privilege of our lifetimes to serve in these leadership positions. And we appreciate the support of this committee as we try to make the Coast Guard a little bit better each and every day. Thank you.

Dr. VAN DREW. Thank you for your service.

Mr. CARBAJAL. Thank you, Mr. Van Drew. We'll now move on to the former chairman of this subcommittee, Representative Maloney.

Mr. SEAN PATRICK MALONEY OF NEW YORK. The highlight of my career, Mr. Chairman, and it is great to see the tradition of excellent leadership of this subcommittee maintained and expanded upon by your own distinguished leadership.

I am tempted to yield more time to expand on your great leadership, Admiral Schultz, but I actually do have a question for you. It is great to see you again, sir.

It is great to see you, Master Chief. It has been terrific working with you all. Thank you for treating me so well and the work you do when I chaired the subcommittee.

But I am curious about a couple of things. And I will just note in passing my ongoing belief that, for the 13 billion bucks you guys were requesting, we got a hell of a lot for the taxpayers' dollars to the 11 statutory missions you perform. It doesn't mean we don't have challenges. It doesn't mean we don't have things to work on. But bang for the buck, I have always been incredibly impressed by all of you and, of course, the Coasties who do those missions. So, thank you for that.

And it is great to see my former colleague, Dan Maffei, here. It is nice to know there is life after Congress, sir. You give us all hope. Say hi to your beautiful family for me, and thank you for your service to New York.

So, look, I just had a couple of questions. As you know, a real priority of mine was the ban on oil barge anchorages in the Hudson River between Kingston and Yonkers. Obviously, that is Federal law. Now, that is not my question, but there was a required assessment that went along with that study about the effects of that. And I hope we can look forward to that.

And in addition to that, I am curious about the progress on a second study that was required as well, under the 2021 authorization, which was a plan to analyze the effectiveness of what are called wing-in-ground craft, which I think you are familiar with, which are the really remarkable craft that attempt to use new technology to sort of operate above the surface of the water on dynamic air suspension and can attain speeds in excess of 100 miles an hour.

I know for your missions in the East Pacific, for example, getting at those distances would be very helpful, but I am sure for other missions, as well.

Could you comment for me, if you could, on the progress of those two studies, the Hudson River anchorages and the wing-in-ground craft?

Admiral SCHULTZ. Congressman, to be frank, sir, I need to circle back with you on both of those. The wing over water that you talked about—

Mr. SEAN PATRICK MALONEY OF NEW YORK [interposing]. Yes.

Admiral SCHULTZ [continuing]. I have not received a recent update.

I will tell you, the increasingly complex nature of the waterway, recreational boating up 15 percent. I mentioned earlier, before you came in, about 1,700 permitted wind towers off the eastern coast. There is a question about the ACPARS route study. There are a lot of moving things in the waterway. So, we need to—autonomous vessels are right around the corner. So, we are defining, sort of, the criteria by which we judge the ability for these craft to operate safely.

But in terms of that type of specific craft, sir, on the river, I would take those both for homework to get back to you here—

Mr. SEAN PATRICK MALONEY OF NEW YORK [interposing]. Right.

Admiral SCHULTZ [continuing]. This week.

Mr. SEAN PATRICK MALONEY OF NEW YORK. Just to be clear, separate studies—

Admiral SCHULTZ [interposing]. Yes, sir.

Mr. SEAN PATRICK MALONEY OF NEW YORK [continuing]. Reflecting the anchorages on the river, but the craft in general.

So, I am happy to take your commitment to get back to us—

Admiral SCHULTZ [interposing]. Yes, sir.

Mr. SEAN PATRICK MALONEY OF NEW YORK [continuing]. On the completion of those, I appreciate that.

Admiral SCHULTZ. And thanks for your committee leadership, and your support of the men and women of the Coast Guard, sir.

Mr. SEAN PATRICK MALONEY OF NEW YORK. Well, and thank you for your forbearance with the current leadership. We are doing what we can.

And I would like to yield my remaining time to Mr. Larsen, who I believe had an additional question. But thank you all.

Admiral SCHULTZ. Thanks, sir. Good to see you.

Mr. LARSEN OF WASHINGTON. Yes, Admiral Schultz, the other question I had was—I have two.

But quickly, on OPC, the OPC cutters and the timing, is the delivery still on schedule for those or not?

Admiral SCHULTZ. Congressman, yes, sir. We are on schedule. Earlier this week we awarded a contract for the construction of OPC number 4. This quarter—and I say fiscal year quarter, so that is April, May, June—we should award phase 2 for the OPC program. That will be hulls 5 through 15, the next 11 hulls. And I think we are on track, sir.

The 2023 budget includes a large chunk of money for OPC number 5, and long-lead materials—I think it is \$650 million—long-lead materials for number 6.

Mr. LARSEN OF WASHINGTON. All right.

Admiral SCHULTZ. So, that program is progressing as planned, sir.

Mr. LARSEN OF WASHINGTON. All right. And then the second question to wrap up for me, the cruise industry is a pretty big deal in Washington State and other places around the country. We have been through COVID, and I think this year alone Seattle is expecting 300 port calls, which is more than, I think, the 2019 number, the pre-COVID number. So, people are coming back. Cruises are up and going. I just want to get a flavor from you about your prepara-

tion in order to serve safety at sea with the increased number of folks who are rushing back into the cruise industry.

Admiral SCHULTZ. Congressman, we are absolutely ready. We have seen various levels of return to normal activities, pre-COVID activities, in different parts of the country. I was in south Florida here this past Friday and talked to the different lines coming back at different paces, sir.

But we are ready to work in terms of any inspection-type work that needs to go on. And we are ready, should we have some other challenges. Each and every one of those almost 250,000 to 300,000 people that were removed from the cruise lines was challenging. But we really worked with local CDC, local officials, different safety entities, and I am proud of the work of the Coast Guard. But we stand ready, sir, for a full resumption of normal operations.

Mr. LARSEN OF WASHINGTON. I appreciate that.

Thank you, and I yield back.

Mr. CARBAJAL. Thank you, Mr. Larsen. I will now recognize each Member for an additional 5 minutes, a second round of questions, and I will start by recognizing myself.

Mr. Maffei, I am aware there are multiple efforts underway to increase information transparency in the U.S. supply chain. Would you please talk about the importance of information transparency in improving the cost and efficiency of transporting goods?

How does the fiscal year 2023 President's budget take into account this data initiative?

Mr. MAFFEI. I will answer the second part of the question first, which is that we are definitely proceeding with a number of efforts, not the least of which is my colleague, Commissioner Bentzel's, data to start.

In terms of the specific resources we give to it, some of it will come out of recommendations that he makes. This is a huge area, as you know, and we want to make sure that we are putting the resources in the right places.

But there is no question that, both in terms of our ability to analyze trends in the industry and even potential violations of the Shipping Act, information is essential, and in terms of serving the shipping public.

Information transparency is incredibly important for two reasons. One is that, given that this is a market-based system, and has been since the 1984 Shipping Act, how can consumers—in this case, shippers—make the right decisions if they don't know?

So, for instance, if they are comparing rates, but one of the rates isn't really the full rate, there is also a surcharge. Or even in one case we had a value-added charge, a congestion surcharge. Everything is congested, so, putting a congestion surcharge, in my view, isn't a legitimate thing. It is simply part of the rate.

You need to be able to compare rate versus rate. So, that is one reason.

The second thing is that, particularly for exporters, the logistical challenges involved right now are extreme. A good portion of the reason why exports are not getting on ships is not so much because the carriers won't take the exports, but because it is so unpredictable when that ship will be exactly in the right place in the berth accepting exports.

And so, Commissioner Rebecca Dye, in particular, is focusing on working with the industry to try to uncover that. There is also a lot of private-sector work here, particularly by the Port of Los Angeles and many others. But in any event, this kind of information is absolutely crucial to expanding the capacity of our ports.

Keep in mind, our ports have not reduced their overall throughput. Quite the opposite, they have all set productivity records. But the demand is so intense that, even setting those productivity records, we are still jamming up with long lines of ships and high containers that are not getting out fast enough.

Mr. CARBAJAL. [Inaudible] transparency initiative?

Mr. MAFFEI. Yes, the transparency—I mean, I was sort of answering both because, to me, transparency means being able to see the accurate information. So, all of—I think that is—it is the same answer.

Mr. CARBAJAL. Thank you very much.

Ms. Lessley, according to the GAO, the size of the U.S.-flagged commercial fleet decreased by about 60 percent between 1990 and 2017. This mariner shortage drives up the cost for shipping, and poses a serious threat to our national defense capabilities.

What action, if any, has MARAD proposed to remedy this persistent challenge?

Ms. LESSLEY. Thank you so much for this question, and a critical issue. And I will say that, back in 2008, 2009, when Congressman Cummings, for whom I worked, was chair, we had a series of hearings on that very issue, which was the decline of the U.S.-flagged fleet and the fact that we were not carrying a substantial portion of our waterborne import-export commerce on our U.S.-flagged vessels.

I think part of the—there are, obviously, significant consequences from having a small U.S.-flagged fleet. But I think part of the challenge is that at the merchant—here, at the Maritime Administration, where our priority is, obviously, supporting our U.S.-flagged fleet, we are implementing the authorities that we have, which yield the fleet that we have. I think it is a policy question of whether there should be changes.

But I do recognize, again, that there are significant consequences from having the small fleet. One of them, as you mentioned, is having a small mariner pool. And we do believe that there would be a shortage if we had to ever activate all of our Ready Reserve, and keep our commercial vessels going to provide essential sealift.

I think that there are—the variables here are known, and it really comes down to the policy question. Like I said, we implement the authorities that we have, fully, and defer in terms of whether or not there should be changes to Congress.

Mr. CARBAJAL. Thank you, Ms. Lessley. Well, I look forward to working with you to identify what incentives, what policy suggestions, solutions might exist for us to remedy that challenge that I think is so important for us to address in the near future. So, thank you very much.

Ms. LESSLEY. Thank you. And I know time is out, but I just want to say again, recognizing that the maritime industry has never been more critical to our Nation, and having U.S.-flagged fleet,

having mariners who can both meet our economic and national security needs, is a critical concern.

Mr. CARBAJAL. Thank you. I will move on and recognize Mr. Gibbs.

Mr. GIBBS. Thank you, Mr. Chairman.

Acting Administrator Lessley, the Maritime Administration issues permits for deepwater ports and is the agency's only permit-granting program.

It is my understanding that one such project is now being required to do a second Draft Supplemental Environmental Impact Statement. Ironically, this statement is due to the proposed addition of vapor uptake systems, which will result in significant emission reductions. It is unfortunate that this project is being slowed down because it is attempting to meet more stringent emission standards. This is particularly true during a time in which our allies are looking at oil import reductions from Russia and threats to reduce their oil supplies.

When do you expect MARAD to issue a Final Environmental Impact Statement for the GulfLink project?

Ms. LESSLEY. Thank you for that question. So, yes, as you indicated, the project sponsors were advised in April that they would be required to do a Draft Supplemental Environmental Impact Statement, given the addition of a vapor recovery system.

We are working with our Coast Guard partners on the details of that, and developing a detailed timeline for the remainder of the application review process through the Final Environmental Impact Statement and the Record of Decision. We are estimating the Record of Decision to be completed in early 2023 and hope to have the SEIS process well underway in midsummer.

Mr. GIBBS. Well, I hope it gets done as expeditiously as we can. I hope you are not slow-walking the process, because it is important that, I think, this gets done. And I think the additional regulations are causing—are damaging in what we can do, especially for helping our allies in this oil situation.

Mr. Maffei, I've just got a quick question. I am trying to—it came up earlier about the increases in container costs. And my question is dealing with container costs versus contracts. And I guess it is kind of a two-part thing.

Obviously, when looking at those escalating costs for the containers, that is really in the spot market, correct?

And the contracts, I assume, are less. I don't know how long the contracts go for.

And then also, the second part of that, the small shippers, do they have opportunities to contract too, or were they pushed out of the marketplace by the big shippers?

The large retailer—we all know who the large retailers are. They have some advantage, I know, anyway, it is economics of scale. But is your agency kind of monitoring that, and what are your thoughts?

Is it just pushing out the smaller shippers and making bigger retailer shippers at such an advantage that we are just seeing more of that going on? Can you comment quickly?

Mr. MAFFEI. Yes, that is an excellent question, Ranking Member Gibbs, and I think you are really on to something, because it is one

of those unfortunate things that is going on that, yes, prices are going up for everybody, of course, the demand is high. But much, much less for the big—the bigger you are, kind of the more market power you have. And when there is such scarcity, it really flattens out and lengthens, so that a small shipper may not be able to get contracts now, even when they were before.

But we at the Commission try to work with them. We have made it clear that various shipper alliances can help with making contracts, and we have made it clear that shipper alliances can also bring cases to the FMC. So, some of these small shippers—

Mr. GIBBS [interrupting]. So, are you seeing a growth in the alliances, then?

Mr. MAFFEI. In these sort of shipper—

Mr. GIBBS [interposing]. These shipper alliances, you see any growth?

Mr. MAFFEI. Anecdotally, yes, but I don't have any data on that.

Mr. GIBBS. OK, because it seems like, to me, that would be—

Mr. MAFFEI [interposing]. Yes.

Mr. GIBBS [continuing]. A way to compete.

Now, my third part, the question comes up, I assume that this is not—hopefully, it is not an issue. The shippers that have contracts for the containers and stuff with the shipping company—the ships like Maersk or whatever, they are not getting an advantage to get loaded quicker, move up in front of the line to get around the congestion, or not?

Mr. MAFFEI. Are you asking if the ships are prioritized, or if the cargo is unloaded quicker?

Mr. GIBBS. Yes. I mean, do they get to move ahead?

Mr. MAFFEI. I will look into that.

Mr. GIBBS. I am just raising the question just to see.

Mr. MAFFEI. Yes.

Mr. GIBBS. You know—

Mr. MAFFEI [interrupting]. No, no, no, it is a good question. I will look into it. I don't believe that—because of the—how complex it is—

Mr. GIBBS [interposing]. Yes.

Mr. MAFFEI [continuing]. To unload these container ships, I don't think there is that kind of—

Mr. GIBBS [interrupting]. Well, I think this is—

Mr. MAFFEI [continuing]. But that said, though, you are onto something, again, because these contracts, the shippers signing these contracts are led to believe, one way or another, that they are very binding. Often what we find when we look into it is they are actually not binding on the carrier as much as the shipper thought. And so, there are a lot of issues with these contracts—

Mr. GIBBS [interposing]. Yes.

Mr. MAFFEI [continuing]. Notwithstanding the fact that the shipper thinks they got a better—a rate, and particularly a guaranteed number of spaces, and then it turns out that they don't. And that has been a big problem.

Mr. GIBBS. And that is probably why we need the Maritime Transportation Data Initiative that your agency is working on. When do you think we can receive that report?

Mr. MAFFEI. I will have to get back to you on that.

Mr. GIBBS. OK.

Mr. MAFFEI. I mean, obviously, as expeditiously as possible.

Mr. GIBBS. Mr. Chairman, just indulge me here. I've got a question for the admiral.

Mr. CARBAJAL. Yes, yes, by all means.

Mr. GIBBS. I was going to say nobody else is here.

Mr. CARBAJAL. By all means, go ahead.

Mr. GIBBS. It is just me and you.

Mr. CARBAJAL. We do have one more.

Mr. GIBBS. Oh, do we? OK, OK.

Anyway, Admiral, I have to bring this up, of course. The Great Lakes carriers continue to believe additional Coast Guard icebreaking capacity is needed in the Great Lakes. What is the percentage increase in the Coast Guard icebreaking effort now that the 140-foot icebreaking tug rehabilitation program is complete?

And also, I guess more important to me to understand this better, could the Great Lakes icebreakers share a common hull and powertrain with what is now being called the Arctic Security Cutter? My understanding is the Arctic Security Cutter is a smaller vessel compared to the—up in the Arctic, and the Coast Guard wants that to do activities in the North. It would be the Northwest Atlantic, I guess, up there in the Greenland area. Is it possible to—it seems like to me to be a cost efficiency thing if they shared the same hull and powertrain with the Arctic Security Cutter and a Great Lakes icebreaker. Would that make sense?

Admiral SCHULTZ. Congressman, thanks for the question. I will say it this way. I think it is possible.

I think we had some earlier conversations. I think, as we think about what we have, sort of, notionally called an Arctic Security Cutter or medium breaker, I think that is probably bigger than the capability to the Great Lakes. Let me walk the conversation back.

In the Great Lakes, there are six 140-foot icebreaking tugs. It used to be five, we added the sixth. Congress has signaled clearly over the last five budget cycles, to the tune of almost \$20 million, that you are looking for more capacity there. We are looking at—we call it the GLIB program. I don't think we want to build another *Mackinaw* off the existing designs—that is a 20-year-old design now—but something that is *Mackinaw*-like. Two of the 140s up there operate with a 100-foot barge. Maybe there is a platform that is *Mackinaw*-like that also would be the replacement for the 140-foot barges, sir.

So, we understand the clear intent that Congress has made a business case for more capacity. We are pressing in on that. We have a program office based on previous years' budgets with 11 bodies. There are additional bodies going in. So, we are getting after pre-acquisition activities to come forward with a clear plan on what we are going to do in the Great Lakes in terms of capacity.

The linkage outside for the Arctic, sir, I think that is going to be a vessel with too much draft to be of utility on the Great Lakes, having sailed up there for 3 years. So, I actually started that conversation, as I have sort of had a chance to cogitate on that, looked at this commercially available icebreaker. There is one I won't mention by name. We have got to go through acquisition processes. But when you look at the draft—and that is probably closer to

what we need for the Arctic work outside the lakes—I am not so sure that would get after the mission on the Great Lakes, sir.

Mr. GIBBS. OK. Well, I appreciate the response, and your looking into it, and concern, sir.

Admiral SCHULTZ. Thank you.

Mr. GIBBS. And as I just close out here, I wanted to thank you again for your service.

And Master Chief, thank you. I didn't even realize you were retiring, too. I have heard great things about you, and I wish you all the well.

[To Admiral Schultz and Master Chief Vanderhaden:] And I was thinking about this: You, you, me, and Chairman DeFazio are all retiring.

[To Mr. Carbajal:] So, good luck.

[Laughter.]

Mr. GIBBS. Thank you very much, and I yield back.

Admiral SCHULTZ. And Congressman, congratulations to you. Thanks for your support.

I just want to say both the committee staff has been a pleasure to work with over my 39 years. I have got to know the CGMT Subcommittee, and I have worked with John Rayfield for most of my entire Coast Guard career. So, I want to thank John, and Matt has come in and filled big shoes and done a great job. So, thank you. And it is a privilege to be here with Lucinda Lessley, who is a key partner in working together on some hard issues in the maritime today about safety at sea for all sailors, and particularly women these days.

Master Chief VANDERHADEN. Thank you.

Mr. CARBAJAL. Thank you. There is always the next generation, Mr. Gibbs.

With that we will move on to close out our hearing with Representative Lowenthal.

[Pause.]

Mr. CARBAJAL. I think you are muted. I can't hear you.

[Pause.]

Mr. LOWENTHAL. Am I unmuted now?

Mr. CARBAJAL. We can hear you.

Mr. LOWENTHAL. Thank you, and it is nice to be cleanup. And my questions, I want to follow up on questions that I was going to ask in the first round, and that is to Ms. Lessley. And my first one is more of a statement than a question.

And I want to thank you for being here, and I want to lend my support to the strongest possible funding for programs like the Port Infrastructure Development Program. And I think you talked about that in your statement, and how the bipartisan infrastructure bill greatly—it enhanced the funding for that program.

But I do want to note that, in the fiscal year 2021, there were applications for over \$1.3 billion in Federal funds, while we only gave out a total of \$239 million. I know that will go up this year.

The program is—at that point, in 2021—was oversubscribed by a factor of 5.4 to 1. And there is a huge demand for these resources. They are even more important as the program expands to fund the electrification and decarbonization projects. So, I just

want to kind of reiterate what you have said and say, the importance of the Port Infrastructure Development Program.

But I do want to turn briefly to the importance of funding our Merchant Marine Academy, and I thank you for your efforts in providing more light on the new standards to ensure that students are protected at our Academy.

And I would just like to know if you can give us a little more insight on what it is like bringing the carriers into compliance with the EMBARC standards.

And in protecting students, it was my understanding that usually the student had a Sea Year before they graduated. Will every student have a Sea Year before they graduate now? Are we able to provide that to them?

Ms. LESSLEY. Thank you so much for your questions. I want to address the Merchant Marine Academy, but also I want to just associate myself with your comments on the critical importance of the Port Infrastructure Development Program, and the historic investments that the President, President Biden's Bipartisan Infrastructure Law are providing our Port Infrastructure Development Program—will provide \$2.25 billion in investments over 5 years, all made possible by the Bipartisan Infrastructure Law.

Looking at the Merchant Marine Academy, so, our process for bringing carriers into the program, they complete a self assessment, and provide policies which are then reviewed by our staff, and they are then enrolled.

And we are also in the process of, as I mentioned, standing up our office of cadet training and safety, which will take over responsibility for doing the assessment visits to the carriers, which is required by statute.

As I mentioned, we instituted new policies and procedures at the Academy, and are in the process of now reviewing EMBARC, reviewing the policies and procedures, so that we can continue to identify opportunities for improvement, and then we can remove barriers to reporting. The essential thing here is trust, and we have a lot of work to do to build that.

In terms of Sea Year, so, yes. Our class of 2022 will graduate on time. They had their Sea Year. The class of 2023 is the most affected by this. And all of our eligible students are gathering their sea days. We are tracking very closely and anticipate that everyone will have the time they need to graduate. Obviously, Sea Year is a requirement. They need the sea days so that they can sit for the licensing exam. We are tracking closely.

We did come into the temporary pause with deficits because of COVID. If there are any students who do not—any midshipmen who do not gather the time they need by the time of the licensing exam, they will be able to take the exam—thank you to the Coast Guard—on time, and then accumulate the sea days that they still require after the licensing exam. No one, as I said in my opening statement, will leave the Academy without the sea time that they need.

I want to again thank Military Sealift Command, the Navy, and the Coast Guard for providing billets. In any given year, the Military Sealift Command vessels have provided about 25 percent of our sea days. Without their support, we would not have been able

to get our students underway, our midshipmen underway. But with their support, we are looking good in terms of having the class of 2023 gather their—crew their sea time, so that they can take their licensing exams and graduate on time.

Mr. LOWENTHAL. Thank you.

And with that, I yield back.

Mr. CARBAJAL. Thank you, Mr. Lowenthal. It seems that Mr. Gibbs, in light of his pending retirement, has a lot more questions. So, we are going to let him have another crack at it.

Mr. Gibbs?

Mr. GIBBS. I just want to make a request to the Admiral, because I wanted him to have something to do here in this last month.

But we were talking about the western Alaska national planning criteria. I just want the Coast Guard to submit to the committee for the record a list of the equipment necessary to be located in Alaska in order to meet the time deadlines included in the national planning criteria, and the capital cost of such equipment. Just send it in to the committee. I would appreciate it.

Admiral SCHULTZ. Congressman, western Alaska is, obviously, a unique place with unique challenges in terms of vessels complying with national compliance. We have an altered compliance program. We are watching what is going on, and encouraging private-sector investment and other things. We look forward to continuing to work with the Congress on that challenge up in that area. So, we understand that, and we have to come up with a workable solution because it is not reasonable for compliance with other national standards elsewhere.

Mr. GIBBS. I agree with that, and we just want to see your plan. Thank you.

Mr. CARBAJAL. Thank you. With that, that concludes our hearing for today.

I would like to thank the witnesses for your testimony today.

I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

The subcommittee stands adjourned.

[Whereupon, at 11:58 a.m., the subcommittee was adjourned.]

SUBMISSIONS FOR THE RECORD

Prepared Statement of Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chair Carbajal, and thank you to our witnesses for being here today.

I am concerned that despite an ever-growing mission set and ever-increasing mission complexity, the Coast Guard's budget request for the "Procurement, Construction and Improvement" Account is yet again being slashed in the President's budget request.

Last year Congress appropriated more than \$2 billion to acquire needed cutters and other operating assets, put a dent in the multibillion-dollar shoreside maintenance and construction backlog, and begin the modernization of the Service's quickly degrading IT systems. The Administration's request cuts that number to \$1.6 billion—well below what is needed for the Coast Guard to even tread water with its aging infrastructure.

I am particularly concerned that the Coast Guard is failing to take advantage of the one-time opportunities to purchase a 12th and final National Security Cutter, and exercise contract options for additional Fast Response Cutters before those production lines go cold. These two opportunities for increased mission capability won't come again.

The Coast Guard needs to seize the day, especially while it has the Congressional support to do so.

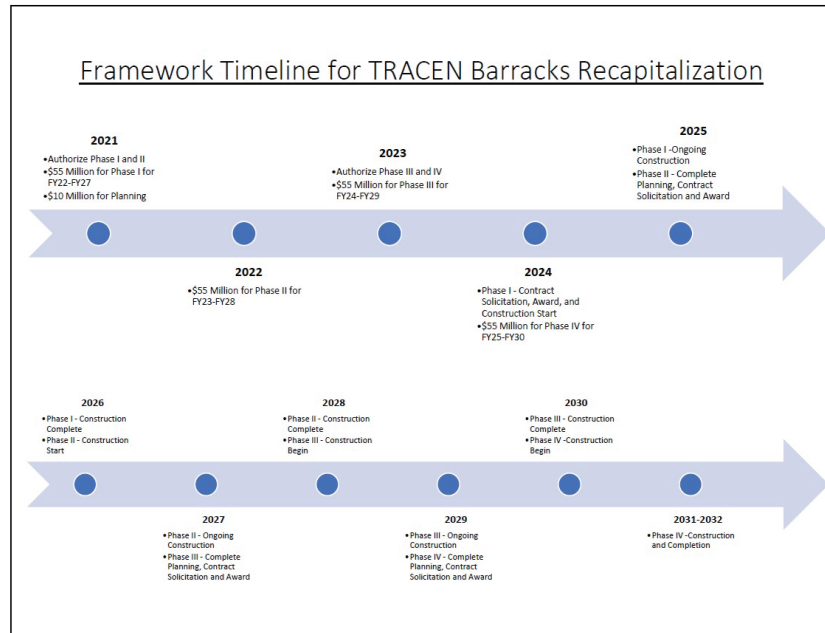
The Federal Maritime Commission seldom finds itself in the public policy spotlight. However, for the last two years it has received much attention because of the ongoing cargo surge at U.S. ports. Though the Commission has identified no collusion on pricing or artificially manipulating vessel availability, the rapid astronomical rise in container shipping rates has put significant pressure on the FMC to be particularly vigilant.

I hope our former House colleague, FMC Chairman Dan Maffei, can share with us what resources he and the other Commissioners believe the FMC needs to right-size its enforcement of ocean shipping regulations.

Finally, welcome to Acting Maritime Administrator Lucinda Lessley. I look forward to hearing how MARAD is working to assure that all Federal agencies strictly apply mandatory cargo preference requirements to their programs.

Thank you, Chair Carbajal. I yield back.

Framework Timeline for U.S. Coast Guard Training Center Cape May Barracks Recapitalization, Submitted for the Record by Hon. Jefferson Van Drew



APPENDIX

QUESTIONS FROM HON. SALUD O. CARBAJAL TO ADMIRAL KARL L. SCHULTZ,
COMMANDANT, U.S. COAST GUARD

Transition to H-60's I:

Question 1.a. As the Coast Guard transitions to H-60's, the H-65's provide important capacity but are in need of sustainment to continue to support the Coast Guard's no-fail mission set. It is my understanding that within the Coast Guard's \$699.208 million budget request for "Air Operations," there is \$23 million to purchase main gear box parts and \$4.6 million to purchase engine cowlings for the MH-65s.

Can you confirm that these funds are part of that "Air Operations" request?

ANSWER. Funding to support the aviation maintenance Inventory Control Point (ICP) is a single account within the Air Operations Programs, Project, or Activities (PPA), which is prioritized throughout the year based on immediate and forecasted needs across the Service's aviation platforms to ensure adequate sparing for operational units and depot repairs conducted at the Aviation Logistics Center (ALC). Funding is not appropriated by aviation parts per airframe, and specific direction on what parts or airframes to prioritize may limit the Service's ability to meet its most exigent needs. With the MH-65 helicopter and its civilian variant no longer in production, the Coast Guard works closely with Airbus and communicates forecasted parts needs to ensure adequate sparing is available when needed. These parts, like main gearboxes and engine cowlings, are purchased using funds from the Air Operations PPA. Any additional funding directed to the ICP will be used to procure the most critical parts necessary to ensure airworthiness based on the current needs of the Service.

Question 1.b. During the transition to H-60's, how critical is it for the Coast Guard that the MH-65 helicopters are mission ready and fully operational?

ANSWER. The continued modernization and sustainment of the Coast Guard's MH-65 fleet is critical to Coast Guard operations. The transition to an all MH-60 helicopter fleet will take up to 15 years. As the MH-60 fleet grows and the MH-65 fleet is strategically drawn down, sustainment of the remaining MH-65s is critical to maintaining vertical lift capability.

Question 1.c. What would be the consequences of Congress not appropriating sustainment funding for the MH-65 helicopters?

ANSWER. The continued operational availability of the MH-65 fleet is a critical component to maintaining the Service's vertical lift capability and is dependent on continued sustainment funding. A lack of sustainment funding will result in reduced operational readiness of Coast Guard aviation assets, including the MH-65.

Investigating Cases:

Question 2. There have been many recent allegations of sexual assault and sexual harassment from U.S. Merchant Marine cadets while fulfilling their Sea Year requirement on board commercial vessels. Unfortunately, this pattern is not new. The Coast Guard has institutional shortcomings that have contributed to a history of sexual assault and sexual harassment in the maritime industry.

Are there any impediments to the Coast Guard's authority to investigate and prosecute sexual assault and sexual harassment cases on state maritime academy vessels?

ANSWER. Sexual assault is a serious crime that directly undermines the safety of life at sea. The Coast Guard remains committed to investigating all reports of sexual assault aboard U.S. commercial vessels and taking the necessary action to revoke the Coast Guard issued credentials of any U.S. mariner who poses a threat to the safety or security of a vessel and its crew. The largest impediment to Coast Guard investigations is mariners, masters, and companies. All mariners should ex-

pect to work on vessels characterized by climates of safety, inclusion and respect. This includes clearly communicated information about resources and reporting options for individual mariners who do experience sexual assault, and sexual harassment. For example, victim reporting increased after the Coast Guard released Marine Safety Information Bulletin 11–21 on Reporting Sexual Assaults on U.S. Vessels. While masters are legally required to report alleged sexual assault to the Coast Guard, a continued effort to change the culture aboard commercial vessels is required to ensure that all mariners and companies accept their responsibility to report these crimes to the Coast Guard and help eradicate sexual assault in the commercial fleet.

The Service is actively engaged with Congress regarding the proposed language in the Coast Guard Authorization Act of 2022 to prevent and respond to sexual assault and sexual harassment. Companies play a critical role in fostering a culture of respect among their employees and must actively participate in removing predatory and harassing behavior from the fleet.

QUESTION FROM HON. ALAN S. LOWENTHAL TO ADMIRAL KARL L. SCHULTZ,
COMMANDANT, U.S. COAST GUARD

Smart Buoy Technology:

Question 1. For hundreds of years, maritime pilots have relied on buoys as aids to navigation (ATONs) while at sea. The Coast Guard's Fiscal Year 2023 budget request identifies ATON maintenance as one of the top 3 non-pay cost drivers resulting in an increased number of lost ATONs. I understand that the U.S. Coast Guard (USCG) is currently piloting "smart" buoy technology that includes geolocation, wind, current and weather monitoring that will help reduce lost ATONs and speed ATON recovery time.

How does the Coast Guard expect that "smart" buoy technology will help curb the cost of lost ATONs and when do you expect to receive initial data on the success of the current pilot program?

ANSWER. The Coast Guard is evaluating the effectiveness and utility of smart and monitored aids to navigation (ATON). Specifically, the Coast Guard is assessing the ability of integrated satellite communication technology to provide increased resiliency to the Marine Transportation System. Additionally, the Coast Guard is evaluating Global Positioning System monitoring to provide immediate notification to waterways managers if an ATON is outside of its assigned positioning tolerance. In late 2021, the Coast Guard contracted SailPlan Inc. for one year to provide "Smart Buoy" technologies to be deployed on two buoys located in the Chesapeake Bay. However, the deployment and subsequent evaluation have not commenced. Working in cooperation with the Maryland Pilots Association, the Coast Guard will evaluate the effectiveness of providing real-time environmental data including wind, current, and wave height. SailPlan will also perform remote monitoring of the "health" of the buoy such as monitored power consumption and positioning data. The Coast Guard seeks to learn what types of environmental sensors may be needed on "Smart Buoys" to improve safety and efficiency.

QUESTION FROM HON. PETER A. DEFazio ON BEHALF OF HON. JOHN GARAMENDI TO
ADMIRAL KARL L. SCHULTZ, COMMANDANT, U.S. COAST GUARD

Joining Joint Chiefs:

Question 1. I recently learned that the U.S. Coast Guard, our nation's sixth military branch, is only considered a de facto member of the Joint Chiefs of Staff. There is legislation that my colleague Representative Charlie Crist has proposed (H.R.2136) to promote you, as the Commandant of the Coast Guard, to a full voting member of the Joint Chiefs.

What is your position on promoting the U.S. Coast Guard to a full voting member of the Joint Chiefs?

ANSWER. The current participation of the Coast Guard Commandant on the Joint Chiefs of Staff improves synergy and streamlines efforts of the U.S. Department of Homeland Security (DHS) with the U.S. Department of Defense (DoD) while respecting the unique authorities of each department. While not a member by law, the Coast Guard Commandant is invited to and attends all meetings of the Joint Chiefs of Staff.

QUESTION FROM HON. SEAN PATRICK MALONEY TO ADMIRAL KARL L. SCHULTZ,
COMMANDANT, U.S. COAST GUARD

Report Status:

Question 1. During the hearing I asked for the status of two reports: Anchorages and traffic on the Hudson River, and Wing-in-ground crafts. These reports were required as part of the Elijah E. Cummings Coast Guard Authorization act of 2020 and are overdue. Please provide an update on the status of these reports. When should Congress expect to receive them?

ANSWER:

Establishing Anchorage Grounds on the Hudson River Report: The “Establishing Anchorage Grounds on the Hudson River” Congressional report is drafted and undergoing Coast Guard review. The Coast Guard anticipates delivery of this report to Congress by the end of the calendar year.

WIG Report: The Coast Guard, with support from the Federal Aviation Administration (FAA), is developing a Request for Information (RFI) to seek input from the public, and particularly from offshore facility operators, including gas and oil facility operators, wind farm operators, persons conducting operations in airspace that may be affected by the operation of wing-in-ground (WIG) craft, and WIG craft developers on the state and capability of this growing industry. Through the RFI, the Coast Guard seeks to better understand the current state and potential capability of the WIG industry to support transportation in the outer continental shelf and to understand the interest and resources necessary for offshore facility operators to support a demonstration program.

QUESTIONS FROM HON. CHRIS PAPPAS TO ADMIRAL KARL L. SCHULTZ, COMMANDANT,
U.S. COAST GUARD

Replacing Legacy Buoys:

Question 1. I understand the Coast Guard is currently in the process of testing and evaluating modern polyethylene buoys and their potential to replace legacy steel buoys currently used by the Department. I am very encouraged that the Coast Guard is working on this project, which has the potential to significantly reduce both procurement and lifecycle sustainment costs for marine aids to navigation.

I would appreciate an update on the status of the program. Specifically, can you confirm that effort is funded in the “Waterways Management and Environmental Response” account in the Coast Guard’s R&D budget?

ANSWER. This project is progressing and is scheduled for completion in April 2024. Test buoys have been deployed in the Coast Guard’s 1st, 8th and 13th Districts. The Research and Development Center and supporting Coast Guard units are performing ongoing inspections on deployed buoys and assessing buoy-hull failures as they occur. Additional buoys are scheduled for deployment in the 13th District and Western Rivers this summer.

Deploying Polyethylene Buoys:

Question 2. Lastly, I understand that following the evaluation, the Coast Guard aims to produce a report detailing the results in mid-2023.

What, if any, planning is currently underway in terms of contract mechanisms, acquisition strategies, and timeframes to procure and deploy polyethylene buoys following the evaluation and report? I understand that no formal acquisition decisions can be made prior to the report’s conclusion, but I am hopeful that, in the event the report is positive, the Coast Guard is prepared to rapidly transition to procurement and deployment given the potential for significant cost savings and operational improvements.

ANSWER. The Coast Guard is awaiting the results of the report before making acquisitions plans or decisions.

QUESTIONS FROM HON. SAM GRAVES TO ADMIRAL KARL L. SCHULTZ, COMMANDANT,
U.S. COAST GUARD

Navigation as Paramount Use/Navigation Safety:

Question 1. Is the Coast Guard the lead Federal agency for navigation safety?

ANSWER. Yes. The Coast Guard is responsible for ensuring the safety of navigation and mixed use of all U.S. waterways. Accordingly, the Coast Guard is the lead agency for all efforts to balance competing interests offshore in order to maintain safe and efficient navigation routes to and from U.S. ports.

Question 2. Does section 70(a) of title 46, United States Code, give the Coast Guard the authority to designate fairways and vessel traffic separation schemes in

U.S. waters in order to recognize the “paramount right of navigation over all other uses”?

ANSWER. Under section 70003, the Secretary of Homeland Security has the duty to perform Port Access Route Studies (PARS) to ensure that vessel traffic has safe and open access to U.S. places and ports. The law directs the Secretary to consider all other waterway uses, and “to the extent practicable, reconcile the need for safe access routes with the needs of all other reasonable uses of the area involved.”

Question 3. Does section 70003(b) title 46, United States Code, limit the authority in subsection (a) in cases where such designations would deprive any person the effective exercise of rights granted by a lease making navigation a lesser use?

ANSWER. The extent to which preexisting lease rights take precedence over navigation depends upon the nature of the lease rights vested at the time the notice of the PARS is published in the Federal Register.

Designate Fairways:

Question 4. Since as early as 2006 when the Coast Guard became aware of efforts to lease areas on the outer Continental Shelf, did the Coast Guard proactively designate fairways or establish vessel traffic separation schemes under section 70003(a) before the Department of the Interior undertook 23 lease actions between October 2010 and February 2019 thus limiting area in which navigation is the paramount use?

ANSWER. The test for priority set forth in 70003(b)(1)(a) and (b) requires an analysis of the lease to determine what rights were already vested on the date the PARS was announced in the Federal Register. Regarding U.S. Department of the Interior (DOI) leases for offshore wind energy development, the winning bidder/lessee initially has the exclusive right to submit a Site Assessment Plan (SAP). As stated by the one Federal court to have analyzed an Offshore Wind Energy lease, “on its own, the lease at issue does no more than grant [the lessee] the exclusive right to submit a Site Assessment Plan and Construction and Operations Plan to DOI’s Bureau of Ocean Energy Management (BOEM) for approval: See *Fisheries Survival Fund v. Jewell*, 2018 WL 4705795, Sept. 30, 2018. The lease, itself, does not authorize any activity in the leased area. Once BOEM evaluates and approves the SAP, the lessee has the vested right to undertake the approved data collection activities in the area described in the SAP. Following approval of the SAP, a lessee has the right to collect data and submit a proposed Construction and Operations Plan (COP), which can only be approved once all National Environmental Policy Act (NEPA) requirements and consultations are completed. In determining priority between navigation and all other offshore uses, the Secretary of the Department of Homeland Security (DHS) is directed by 46 USC 70003(b) to determine which, if any, of a lessee’s rights were vested *before* the Coast Guard published a Federal Register notice announcing a Port Access Route Study for that same sea area. Two fairways and 14 vessel traffic separation schemes were designated by the Coast Guard along the Atlantic coast prior to 2010. Any future designation under 46 USC 70003(a) will be performed in accordance with all requirements in 46 USC 70003, including the consultation requirement with DOI pursuant to 46 USC 70003(b)(2) if the designation would deprive the lessee of the effective exercise of a right granted by a lease. To date, BOEM has approved two COPs (Vineyard Wind—July 2021; and Southfork—January 2022). The two COPs do not predate studies for those areas announced by the Coast Guard in accordance with 70003(c)(1). The Coast Guard completed its study of these areas (Massachusetts and Rhode Island PARS) and determined that fairways were not necessary to protect historic shipping routes.

Atlantic Coast Port Access Route Study:

Question 5. When the Coast Guard completed the Atlantic Coast Port Access Route Study required by Congress in 2016, how long did the Coast Guard wait before initiating rulemaking action to implement the Coast Guard’s own recommendations in the Study?

ANSWER. The Coast Guard announced the availability of and requested comment on the final Atlantic Coast Port Access Route Study (ACPARS) on March 14, 2016, with a 30-day comment period. The Coast Guard published an Advanced Notice of Proposed Rulemaking on June 19, 2020.

Question 6. The Subcommittee understands that since beginning the rulemaking the Coast Guard has undertaken four additional supplemental port route access studies and that a Notice of Proposed Rulemaking will go out when the fourth of those studies is complete. Why was the 2016 study so deficient that four additional studies were necessary before even a Notice of Proposed Rulemaking (NPRM) could

go forward? When does the Coast Guard intend to publish the NPRM? Complete the rulemaking?

ANSWER. The ACPARS evaluated coastwise shipping traffic as a first step in the process to identify areas where prospective renewable energy installations should not interfere with historic vessel traffic lanes. These lanes were not charted, as prior to advancing developments in BOEM's offshore wind program, there was not a need for offshore fairways. Once the routes were identified, the Coast Guard subsequently studied the connecting routes to the individual ports to determine if existing Traffic Separation Schemes were adequate or required modifications to determine if fairways were necessary to keep structures at a safe distance from routes used by vessels transiting to and from each port on the Atlantic Coast. The Coast Guard is working towards publication of a Notice of Proposed Rulemaking.

Question 7. How many areas recommended to be set aside for navigation in the 2016 Atlantic Coast Port Access Route Study are now unavailable for such uses because those areas have subsequently been leased?

ANSWER. All of the areas recommended to be set aside for navigation remain available. The leasing of an offshore area only provides the lessee the exclusive right to submit a Site Assessment and Construction and Operations Plans. The lease does not guarantee the lessee the right to construct or operate any structures or other potential obstructions to navigation.

Implement Recommendations:

Question 8. Why is it necessary for Congress to tell the Service to implement recommendations made by the Service in their own study?

ANSWER. The Coast Guard intends to implement the recommendations of the ACPARS final report in accordance with sections 70003(c)(2) and (3), 70004, the Administrative Procedure Act, the NEPA, and several other environmental control laws requiring consultations on matters including State coastal development, endangered species, and marine mammals. Implementing a vessel traffic scheme covering the majority of the U.S. East Coast is a significant undertaking with many interested stakeholders.

Navigation Rights:

Question 9. Does the Coast Guard consider navigation to be the "paramount right ... over all other uses" as stated in Section 70003 of title 46, United States Code?

ANSWER. The Coast Guard recognizes the priority the law provides to navigation relative to other potentially competing uses of the waterway.

Deference in the Gulf:

Question 10. The Department of the Interior has announced it intends to begin leasing areas in the Gulf of Mexico for wind energy project in the near future. Does the Coast Guard intend to show the same subservient deference to the Department of the Interior in the Gulf with regards to navigation safety that it has shown on the Atlantic Coast?

ANSWER. Shipping safety fairways are already established in the Gulf of Mexico. The Coast Guard is working with BOEM and maritime stakeholders to ensure safe access routes that preserve the paramount right of navigation throughout the region.

Study Status:

Question 11. What is the status for the Gulf of Mexico, Arctic and West Coast Port Route Access Studies?

ANSWER. With the existing fairways in the Gulf of Mexico, the Coast Guard has not determined if a Gulf of Mexico Port Access Route Study will be necessary. The Coast Guard announced the Alaskan Arctic Port Access Route Study on December 21, 2018. The Coast Guard extended the comment period twice and reopened the comment period two additional times to provide adequate opportunity for public meetings in impacted Arctic communities, given the COVID-19 impacts to travel. The period officially closed on March 31, 2022, and the Coast Guard is adjudicating comments. The recently commenced Pacific Coast Port Access Route Study (PACPARS) will likely go through more than one comment period with an expected completion by the end of next year. The Coast Guard anticipates that implementing recommendations resulting from the PACPARS will be challenging due to concerns about the protection of marine mammals and other endangered species.

Move to All MH-60 Rotary Wing Aircraft/Transition to H-60's II:

Question 12.a. The Coast Guard has announced a decision to phase out its MH-65 short range helicopters and move to an all MH-60 medium range helicopter fleet.

There many versions of MH-60, including the version which the Coast Guard currently flies.

Has the Department of Homeland Security signed an Approved Baseline for the transition to an all H-60 fleet?

ANSWER. The current MH-60 Sustainment Program is in the Obtain Phase of the acquisition lifecycle framework and is required to have only a preliminary APB (P-APB) at this stage. However, in concert with DHS, the Coast Guard is developing an APB that encompasses the MH-60T Service Life Extension Program (SLEP) and the transition to an all-MH-60T fleet (Growth). An Acquisition Decision Memorandum is forthcoming from DHS that will allow the Program to execute both MH-60 SLEP and Growth efforts while developing the entrance/exit criteria documentation for an Acquisition Decision Event to adopt this combined APB.

Question 12.b. Has the Coast Guard selected which version of MH-60 it will acquire. Will it continue to convert Navy SUNDOWNER hulls and newly acquired original equipment manufacturer hulls to the configuration currently used by the Service? Select a new Coast Guard specific MH-60? A version already being built for other clients?

ANSWER. The Coast Guard has selected the MH-60T, which is uniquely suited for Coast Guard operations, with the ability to accommodate greater fuel loads, land on small flight decks, and operate in all weather conditions. The MH-60T airframe with forged spar fittings is airworthy to 20,000 flight-hours, a far greater life span than the 8,000 flight-hour limit of the riveted H-60 airframe currently in use by the U.S. Navy, which needs recapitalization every ten to twelve years. Furthermore, a single rotary wing fleet composed of all MH-60T airframes enables maintenance, logistics, training, operations, and overhaul efficiencies.

The Coast Guard has successfully converted ten U.S. Navy "Sundowner" hulls at the Aviation Logistics Center to the MH-60T configuration to replace both MH-60 and MH-65 operational losses and transitioned two air stations from the MH-65 to MH-60 to mitigate MH-65 fleet gaps. The Coast Guard must begin MH-60T fleet growth immediately to mitigate the supply chain challenges that will continue to make sustaining the current fleet of 98 MH-65s difficult. The Service is beginning MH-60T fleet growth using retired U.S. Navy SH-60F and HH-60H hulls at ALC using the funding appropriated in Fiscal Year (FY) 2022. The Coast Guard intends to continue these efforts with the funding requested in FY 2023.

All new hulls purchased from the original equipment manufacturer (OEM) are intended for SLEP. The Coast Guard will continue to convert Navy hulls to support MH-60 fleet growth efforts. Given current production and delivery schedule of new Sikorsky hulls, the Coast Guard will need to convert U.S. Navy hulls until new hulls from the OEM are available to meet both MH-60 growth and SLEP needs. The 20,000 flight-hour limit of a new hull compared to the approximately 12,000 flight-hour remaining service life of the U.S. Navy hulls makes the transition to MH-60 fleet growth with new hulls the best strategy to maintaining vertical lift capability.

Question 12.c. Has the Coast Guard conducted review of alternatives? Are there other helicopters more appropriate for cutter-based operations and the National Capital Air Interdiction Mission, an inherently short-range function?

ANSWER. Yes, the Coast Guard conducted an Alternative Analysis in April 2019 prior to the start of the MH-60 Service Life Extension Program.

The MH-60 is the ideal platform for cutter-based operations and the National Capital Air Interdiction Mission. An all MH-60 fleet improves mission effectiveness due to the greater range, endurance, and power-to-weight ratios over the MH-65, streamlines the Service's training and logistics systems, and provides for smaller total fleet inventory. For this reason, new Coast Guard major cutter acquisitions are being specifically designed to land, operate, and hangar Coast Guard MH-60 aircraft.

Question 12.d. Do H-60s have to fold their tail rotors in order to be stowed on USCG cutters?

ANSWER. Yes. In order to hangar MH-60s on the Polar Security, National Security, and Offshore Patrol cutters the main rotor and tail boom must be folded. Legacy Coast Guard cutters such as the 270-foot and 210-foot WMECs cannot hangar the MH-60.

Logistics Information Management System:

Question 13.a. For many years, the Committee has expressed skepticism that the Coast Guard's custom-designed Logistics Information Management System would work or was worth the millions so unnecessary dollars the Coast Guard spent on it. The Committee was pleased to see the Coast Guard finally abandon this custom

system in 2021. In FY '23, the Coast Guard requests \$15 million for a system based on Naval Operational Business Logistics Enterprise (NOBLE) Family of Systems capability, but still named the Logistics Information Management System. The Coast Guard budget shop insists this is the same program. The Committee is again highly skeptical that is the case.

Is the NOBLE-based Logistics Management System now being developed the same system as the custom program the Coast Guard spent many years and many millions of dollars developing?

ANSWER. The NOBLE-based Logistics Management System is not the same system as the legacy CG-LIMS system developed by the Coast Guard from 2011–2018. The Coast Guard chartered its Logistics Information Management System (CG-LIMS) Acquisition Program to replace the Coast Guard's aging fleet of logistics IT systems in 2008. From 2011–2018, the Acquisition Program conducted a pilot project utilizing the Oracle eBusiness Suite (EBS) for aviation logistics IT systems, also named CG-LIMS.

Question 13.b. Please provide the Committee a year-by-year summary of the money the Coast Guard spent on the system named the Logistics Information Management System prior to the Coast Guard's 2021 decision to abandon that system and use the Navy's NOBLE system.

ANSWER. The year-by-year summary of funds expended in support of the Oracle EBS solution is provided below:

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
\$Obligated	\$8.1 M	\$7.1 M	\$2.6 M	\$1.6 M	\$4.9 M	\$8.5 M	\$6.9 M	\$6.5 M	\$46.2 M

The Coast Guard's acquisition plan has been to leverage a commercial-off-the-shelf (COTS) software products, rather than building a custom software solution. In 2011, the Coast Guard selected the Oracle eBusiness Suite (EBS) as the underlying COTS solution for CG-LIMS through a competitive solicitation. In 2018, the Coast Guard realigned the acquisition with the U.S. Navy (USN). From 2011 to 2018, the Service delivered Coast Guard Logistics Information Management System Technical Information Management (CG-LIMS TIM), which is a technical information management portal for Coast Guard logistics assets replacing the legacy systems of Aviation Technical Information Management System and Naval Engineering Technical Information Management System. Today, this technical information provides logistics support artifacts to over 13,000 unique users, supporting Coast Guard surface, air, and boat assets, ATON equipment, and numerous Command, Control, Communications, Computers, and Information Technology systems/sub-systems. Also during this timeframe, CG-LIMS successfully demonstrated the use of a COTS software solution (Oracle EBS Maintenance, Repair, and Overhaul Module) to support aircraft sustainment operations at Aviation Training Center, Mobile, AL.

Question 13.c. Does the Coast Guard really believe that by using the same name for the two system Congress will be fooled into thinking the Coast Guard did not have to abandon as a failure its effort to design a custom logistics management system?

ANSWER. The Coast Guard considered rebranding CG-LIMS concurrent with the decision to transition from EBS to USN NOBLE as the Acquisition Program's IT solution. While the Coast Guard's underlying technical solution has changed, its logistics IT modernization requirements have not. Therefore, the Service decided that the name CG-LIMS would be maintained. By retaining CG-LIMS, the Coast Guard could utilize the already established lines of accounting/financials, acquisition documentation, save time and rebranding costs of the system for future users, and preserve the integrity of the existing Acquisition Program.

The partnership with the USN allows the Coast Guard to leverage the expertise and resources of the USN to obtain levels of logistics IT modernization that would be difficult to attain if it were to proceed with a Coast Guard-only solution. It also avoids duplication of effort in the planning, resourcing, procurement, and development of redundant logistics IT capabilities. Further, this partnership supports Coast Guard and USN strategic objectives to improve naval logistics interoperability and commonality as detailed in the National Fleet Plan and Naval Logistics Integration Strategic Plan.

Physical Access Control System/DoD System:

Question 14.a. According to a report received last July from the Coast Guard pursuant to 2020 Coast Guard Authorization Act, Service facilities are not in compliance with the physical access control requirements of Homeland Security Presidential Directive (HSPD) 12 or Federal Information Processing Standard (FIPS) Publication 201. Before Coast Guard facilities can be brought into compliance, the Service must have access to one of two potential technological solutions. The first solution—the Department of Defense (DOD) Defense Enrollment Eligibility System database—uses the DOD Common Access Card (CAC) which the Coast Guard uses as their Personal Identity Verification credential. However, there is no agreement between that Department of Homeland Security and DOD which would allow DHS information to be maintained and processed in a DOD system. The lack of such an agreement prevents the CAC from also being used for physical access control even though it is the Coast Guard's Personal Identity Verification credential. The other option is the DOD's Defense Biometric Identification System.

Why has DHS not entered in an agreement with DOD to allow DHS data to be maintained and processed in a DOD system thus requiring the Coast Guard to use a separate Personal Identity Verification credential, and a separate Physical Access Control mechanism?

ANSWER. The Coast Guard, as the only Armed Service within DHS, continues to work with the Department to seek a solution to enable Common Access Card use for personal identity and facilities access validation purposes.

Question 14.b. What is that status of discussions between DOD and the Coast Guard regarding the use of the DOD's Defense Biometric Identification System? Would use of that system require Coast Guard personnel to carry a separate identity credential?

ANSWER. The Coast Guard continues to work with DoD to adopt the Department of Defense Biometric Identification System (DBIPS) to meet physical security and access validation requirements related to personal identity credentials. If DBIPS is adopted, Coast Guard personnel would continue to utilize current identity credentials.

Increased Threats:

Question 14.c. While the Service is out of compliance with HSPD 12 and the FIPS 201 standards and the bureaucrats dither over access over one U.S. government department's access to another U.S. government department's data, to what additional threats or increased level of danger are Coast Guard facilities and personnel being exposed?

ANSWER. The Coast Guard is committed to the safety and security of its personnel and facilities. The Service employs a comprehensive approach to threat identification and mitigation in accordance with unit specific requirements based on mission profile, geographic location, and recurring threat assessments.

GPS Backup/LORAN Transfer :

Question 15.a. Since 2008 when the Coast Guard shut down LORAN-C and despite ever increasing concerns about GPS jamming, spoofing and signal failure, the Department of Transportation has failed to carry their mission to provide a GPS timing backup signal—the signal on which modern telecommunications rely. Congress has prohibited the Coast Guard from removing its LORAN towers pending a request from DOT to transfer these towers to that department.

Has the Coast Guard received any such request from DOT?

ANSWER. No. The Coast Guard has not received any LORAN-C related requests from the U.S. Department of Transportation.

Question 15.b. If Congress lifts the prohibition, is the Coast Guard prepared to remove the towers?

ANSWER. Yes. The Coast Guard is prepared to transfer the towers to the U.S. Department of Transportation or divest the towers.

Alternative Planning Criteria for Western Alaska:

Question 16. The House-passed Don Young Coast Guard Authorization Act of 2022 includes a provision that sets minimum standards for any Alternative Planning Criteria approved by the Coast Guard for the Western Alaska Captain of the Port Zone. This provision was requested by our late colleague Don Young who represented Alaska for 49 years. The new standards apply “in any case in which the Secretary has determined that the national planning criteria . . . are inappropriate for a vessel operating in the area of responsibility of the Western Alaska Captain of the Port Zone.”

The Coast Guard makes the claim that it is working toward a system in Western Alaska that will meet national planning criteria. Please provide the Committee with:

Question 16.a. A list of the equipment necessary to be located in Alaska in order to meet the time deadlines included in the national planning criteria;

Question 16.b. The capital cost of such equipment;

Question 16.c. The increase in the cost of compliance for Vessel Response Plans to pay for such equipment.

ANSWER TO 16.a.–16.c. The determination of resources necessary to meet time deadlines for the national planning criteria (NPC) are not a cumulative summation, but rather a matrix of factors unique to each class of vessel and operating area. The required resources to meet NPC are determined by an evaluation of the vessel's needs based on vessel type, oil type, fuel oil and oil cargo volume, and operating environment. The vessel owner and/or operator are required to consider all potential response resources (e.g., equipment, personnel, and services) that could arrive within the required timelines when developing a Vessel Response Plan and coordinate with resource providers to determine whether NPC can be met.

The Coast Guard does not appraise or audit the capital cost of resources owned or contracted by vessel owners and/or operators.

The cost of compliance determination depends on the matrix of factors unique to each class of vessel and its operating area. In accordance with 33 CFR 155 Subparts D through G and J, vessel owners and/or operators are responsible for evaluating and securing the requisite resources and services to meet the national planning criteria requirements.

QUESTIONS FROM HON. PETER A. DEFazio ON BEHALF OF HON. JOHN GARAMENDI TO HON. DANIEL B. MAFFEI, CHAIRMAN, FEDERAL MARITIME COMMISSION

Question 1. Are you seeing the foreign-flagged ocean carriers change their business practices as result of recent FMC action and the Ocean Shipping Reform Act, on which I am working to negotiate a final compromise with the Senators?

ANSWER. Based on observations of the staff and reports from shippers, ocean carriers are responding to the Federal Maritime Commission's initiatives and activities on several key fronts—such as increased responsiveness, changes in the fee structures, and higher numbers of waivers of per diem fees. Certainly, the FMC action combined with Congressional attention to the industry and its practices—especially the overwhelming bicameral and bipartisan support for the Ocean Shipping Reform Act—has motivated the most senior executives of shipping companies (in the U.S. and abroad) to address criticisms about their service. Several lines have initiated new programs to increase their outreach to exporters which I think is a direct result of the legislative efforts and the FMC initiatives such as the Vessel-Operating Common Carrier (VOCC) Audit Program. That said, there remains much work to do.

Commission activities can be characterized by two broad themes: (1) enforcement, and (2) engagement/compliance.

In July 2021 at my direction, following conversations with Commissioner Rebecca Dye, the Commission established the VOCC Audit Program. Initially, this program was established to analyze the top nine ocean carriers by market share for compliance with the Commission rule interpreting 46 U.S.C. §41102(c) as it applies to demurrage and detention practices. In March 2022, again at my direction, the VOCC Audit Program expanded its scope to evaluate how 11 key ocean carriers are serving U.S. export carriers. The Audit Team lead has reported that the ocean carriers are approaching this exercise positively and are demonstrating constructive and cooperative attitudes. Not surprisingly, there are differences from company to company in terms of how sophisticated their respective commitments are to demurrage and detention compliance, as well as serving the U.S. export market, but overall, trends are pointing in the desired direction. We have seen a general desire to meet the Commission's expectations for what individual lines should do to comply with the rule on demurrage and detention, with most lines willingly meeting most, if not all, of the "best practices" identified by the VOCC Audit Team in October 2021. Further, we know that many of the 11 lines we are engaging on export service have strategies in place, or being developed, to serve this market. More work needs to be accomplished on both these fronts and I am committed to continuing them until satisfactory progress has been achieved.

The Commission has initiated three Orders of Investigation and Hearing. These cases examine the practices of ocean carriers, Hapag-Lloyd and Wan Hai, as it relates to demurrage and detention, and against ocean carrier ONE for its violation of 46 U.S.C. §41102 (c). In April 2022, the Commission's Administrative Law Judge issued an Initial Decision finding Hapag-Lloyd had violated the Commission's Rule

on Demurrage and Detention and issued a fine in the amount of \$822,200. Hapag-Lloyd and the Commission's Bureau of Enforcement subsequently entered into a settlement agreement that, if adopted, will result in a \$2 million fine and changes to that carrier's demurrage and detention practices. In May 2022, Wan Hai and the Commission's Bureau of Enforcement entered into a settlement agreement for \$850,000. All three of these matters remain pending before the Commission. In addition to the Commission's formal proceedings, its Bureau of Enforcement and Area Representatives are investigating the many allegations it receives from the public daily.

We know our efforts have had an effect, and that ocean carriers are placing a renewed emphasis on compliance more broadly. Information we have gathered indicates the ocean carriers are looking to establish new programs ensuring their compliance with relevant regulations and statutes. Further, one of the Final Recommendations made by Commissioner Dye from her work on Fact Finding 29 is that each ocean carrier be required to establish a Chief Compliance Officer who reports directly to the Chief Executive Officer. I am supportive of this proposal.

While our work has had a positive effect in many regards, rates to ship cargo remain historically high and ocean carrier performance continues to be sub-par. Progress on those issues will likely only be achieved when supply and demand become more balanced and consistent with historic ebbs and flows of international trade patterns. There are many issues outside the scope of the legislation or the Commission's now or future authorities that must be resolved such as the need for more truck drivers, warehouse workers, added intermodal rail capacity, and creating additional warehouse capacity. Nevertheless, legislation pending before the Congress will help make a difference in the Commission being able to address ocean carrier practices that can be improved or that need to be investigated.

Question 2. Do you agree that the FMC must play a more active role in the marketplace, so that the foreign-flagged ocean carriers that currently dominate global commerce cannot continue to run the table, to the detriment of U.S. exporters, and exacerbate our nation's longstanding trade imbalance with export-driven countries in the Asia-Pacific like mainland China?

ANSWER. Yes, and provisions in both the House and Senate versions of the Ocean Shipping Reform Act (OSRA) will allow us to do so.

As I stated in both my oral and written statements at the hearing held on April 27, 2022, I have no higher priority as the Chairman than using the authority and jurisdiction of the Commission to help U.S.-based exporters access shipping services and reach overseas markets. We have acted to do so within the limitations of our current authorities and in all candor, our efforts have reached the boundaries of what is possible to address. I have identified many of these initiatives in my preceding answer.

Requirements in legislation will be helpful in strengthening service contracts, specifying ocean carrier obligations in serving the export market, creating more visibility into how the export trade is being served, and investigating potential bad conduct by ocean carriers. These are welcomed new authorities that will have a beneficial effect on how U.S. shippers are served and bring more accountability to how ocean cargo services are provided.

While I do not want in any way to be seen as criticizing the OSRA, the answer to the question would be incomplete without mentioning that for the FMC, the capacity to be an active regulator is limited by the limitations on its authority to oversee the limited antitrust exemption that was included in the Shipping Act of 1984. The exemption applies to alliances of ocean carrier lines and groups of ocean terminal operators which file agreements with the FMC. These alliances and other agreements can be beneficial and can have pro-competitive effects. That said, the FMC remains vigilant on review of all agreements. I believe the FMC should have more robust statutory authority to stop agreements (at least temporarily) on its own authority and that agreements should be limited in duration so that the parties have to come back to the FMC for renewal every five to ten years. These antitrust enhancements are not included in OSRA but could be included in subsequent legislation.