

STATEMENT OF
ADMIRAL JAMES S. GRACEY
COMMANDANT, U. S. COAST GUARD

BEFORE THE
HOUSE SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

ON

MARCH 18, 1986

MR. CHAIRMAN, I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE FUNDING STATUS OF THE COAST GUARD'S NARCOTICS LAW ENFORCEMENT EFFORTS.

PRIOR TO THE ENACTMENT OF THE BALANCED BUDGET LEGISLATION, POPULARLY KNOWN AS "GRAMM-RUDMAN-HOLLINGS" (G-R-H), THE COAST GUARD EXPECTED TO SPEND AN ESTIMATED \$345 MILLION IN FY 1986 ON ITS DRUG INTERDICTION PROGRAM. THAT'S AN APPROXIMATE NUMBER BECAUSE IT IS IMPOSSIBLE TO CITE AN EXACT FIGURE FOR THIS PROGRAM DUE TO THE MULTI-MISSION CHARACTER OF COAST GUARD CUTTERS AND AIRCRAFT. THIS AMOUNT REPRESENTS ABOUT 20 PERCENT OF OUR OPERATING EXPENSES BUDGET. ALSO, THE CONTINUING RESOLUTION ACT OF 1986 PROVIDED FOR AN ADDITIONAL \$15 MILLION IN FUNDING FROM THE NAVY TO INCREASE THE NUMBER OF COAST GUARD PERSONNEL ASSIGNED TO NAVY SHIPS UNDER OUR TACTICAL LAW ENFORCEMENT DETACHMENT (TACLET) PROGRAM.

WITH THE SEQUESTERING REQUIRED BY G-R-H, THESE FY 1986 PROGRAM FUNDING LEVELS HAVE DECREASED. WE NOW EXPECT TO SPEND ABOUT \$330 MILLION ON DRUG ENFORCEMENT ACTIVITIES, PLUS ANOTHER \$14.3 MILLION FOR THE TACTICAL LAW ENFORCEMENT DETACHMENTS ON NAVY SHIPS.

G-R-H REDUCTIONS OF \$76 MILLION HAVE NOT BEEN OUR ONLY PROBLEM THIS YEAR. WE HAVE ALSO HAD TO ABSORB AN UNFUNDED \$30 MILLION MILITARY PAY RAISE AS WELL AS A \$36 MILLION SHORTFALL FROM THE PRESIDENT'S BUDGET REQUEST LEVEL. THE EFFECT OF ALL THESE BUDGET CUTS TOTALS TO \$142 MILLION. WITH A SENATE INITIATED POTENTIAL CUT OF \$230 MILLION LOOMING ON THE HORIZON, EARLY IN THIS FISCAL

YEAR I ORDERED A "SQUEEZE DOWN/SLOW DOWN" POLICY INTO EFFECT. MY GENERAL GUIDANCE WAS TO "SPEND NOT ONE PENNY YOU DON'T ABSOLUTELY HAVE TO TO AVOID INTERRUPTING TRULY ESSENTIAL SERVICE TO THE PUBLIC." WHEN THE THREAT OF THE SENATE CUT WAS REPLACED BY THE SMALLER, BUT STILL ONEROUS SHORTFALLS FINALLY ENACTED, I CONTINUED THE POLICY. IT REMAINS IN EFFECT TODAY ... AND I EXPECT IT TO CONTINUE FOR THE ENTIRE YEAR.

IN TERMS OF OUR DRUG LAW ENFORCEMENT MISSION, THE EFFECT OF THIS FY 1986 "SLOW DOWN" HAS BEEN TO REDUCE ROUTINE SURFACE AND AIR PATROLS EXCEPT IN PLACES WHERE THERE IS GOOD REASON TO BELIEVE ILLICIT OPERATIONS ARE GOING ON. I SPECIFICALLY WORDED MY POLICY THAT WAY BECAUSE DRUG ENFORCEMENT IS ONE OF OUR HIGHEST PRIORITIES. IT HAS BEEN LESS IMPACTED THAN SOME OTHER PROGRAMS. THE WORDING OF THE "SLOW DOWN" POLICY WAS CAREFUL TAILORED TO MINIMIZE IMPACT ON OUR OPERATIONS IN THE SOUTH EASTERN UNITED STATES, OUR AREA OF HIGHEST DRUG THREAT. THERE, FOR MONTHS, WE HAVE BEEN ... AND ARE STILL ... RUNNING OUR BIGGEST-EVER DRUG ENFORCEMENT OPERATION, HAT TRICK II. THIS IS A MAJOR MULTI-AGENCY AND MULTI-NATIONAL EFFORT COORDINATED THROUGH THE NATIONAL NARCOTICS BORDER INTERDICTION SYSTEM (NNBIS). FOR SEVERAL MONTHS IT HAS CONCENTRATED SUBSTANTIAL FORCES NEAR SOUTH AMERICAN TERRITORIAL WATERS WITH LESSER CONCENTRATIONS AT THE MAJOR CARIBBEAN PASSES OR "CHOKE POINTS." THE U. S. NAVY AND COAST GUARD HAVE PROVIDED PRIMARY MARITIME SURVEILLANCE AND INTERDICTION FORCES, WHILE THE CUSTOMS SERVICE, NAVY, AIR FORCE, ARMY AND MARINES HAVE CONDUCTED AIR OPERATIONS. COOPERATION AND PARTICIPATION BY OUR NEIGHBORS AND ALLIES, PRIMARILY COLOMBIA, PANAMA, VENEZUELA, JAMAICA AND THE BAHAMAS HAS BEEN EXTENSIVE.

TO HELP OFFSET THE IMPACT OF THESE REDUCTIONS ON A PERSONNEL INTENSIVE, HIGH TEMPO OPERATING AGENCY SUCH AS OURS, THERE IS A POSSIBILITY THAT A BUDGET-NEUTRAL SUPPLEMENTAL MAY BE SUBMITTED FOR FY 1986. IT WOULD PROVIDE US PARTIAL RELIEF. UNTIL THEN, OUR STRATEGY REMAINS TO HANG ON AND ABSORB OUR SHORTFALLS FOR THIS YEAR. THIS WILL BE TOUGH. IT WILL INVOLVE DEPLETING OUR SPARES INVENTORIES AND TEMPORARILY REDUCING MAINTENANCE OF OUR CAPITAL PLANT. THIS STRATEGY WILL ERODE OUR OPERATING BASE FOR THIS YEAR ... BUT HOPEFULLY NOT ELIMINATE IT FOR THE FUTURE.

OUR REASON FOR ADOPTING THIS STRATEGY IS THE ENCOURAGEMENT WE SEE IN THE PRESIDENT'S FY 1987 BUDGET. IN IT, THE G-R-H REDUCTION TARGETS ARE MET, BUT THROUGH A REALIGNMENT AND BALANCING OF OVERALL GOVERNMENT PRIORITIES RATHER THAN THE BLIND APPLICATION OF ACROSS-THE-BOARD CUTS. IT ACKNOWLEDGES THE HIGH PRIORITY OF COAST GUARD PROGRAMS, SUCH AS LAW ENFORCEMENT ... DEFENSE READINESS ... MARITIME SAFETY ... AND RETURNS THEM TO FUNDING LEVELS WHICH WILL PERMIT NEAR NORMAL OPERATING LEVELS IN FY 1987.

IF THE PRESIDENT'S BUDGET IS NOT ADOPTED AND THE PROVISIONS OF THE GRAMM-RUDMAN-HOLLINGS LEGISLATION GO INTO EFFECT, THERE ARE MANY DIFFERENT ESTIMATES AS TO WHAT A FISCAL YEAR 1987 AUTOMATIC CUT WOULD BE. A RECENTLY RELEASED CONGRESSIONAL BUDGET OFFICE REPORT ESTIMATES A RATE OF 8.4% FOR NON-DEFENSE AGENCIES. SINCE THAT WOULD BE ON TOP OF THE FY 1986 CUT, THE CUMULATIVE EFFECT IS THAT THE COAST GUARD WOULD BE OPERATING SUBSTANTIALLY BELOW OUR 1985 LEVELS. THAT KIND OF REDUCTION WILL REQUIRE SIGNIFICANT CHANGES IN THE OPERATING CAPABILITY OF THE COAST GUARD.

UNDER THE SCENARIO OF ACROSS-THE-BOARD CUTS, EVEN OUR HIGHEST PRIORITY PROGRAMS, INCLUDING DRUG LAW ENFORCEMENT, CANNOT BE BUFFERED AGAINST REDUCTIONS. THEREFORE, I SINCERELY HOPE CONGRESS WILL AGREE WITH THE PRESIDENT ON A FY 1987 BUDGET WHICH REFLECTS THE HIGH PRIORITIES HE PLACES ON MISSIONS OF THE COAST GUARD. I ALSO HOPE CONGRESS AND THE ADMINISTRATION CAN AGREE ON A COURSE THAT WILL OBTAIN THE AUTOMATIC, ARBITRARY AND DAMAGING ACROSS-THE-BOARD CUT PROVISIONS OF THE GRAMM-RUDMAN-HOLLINGS LEGISLATION. IF THEY WERE TO TAKE EFFECT, THE IMPACT ON THE IMPORTANT WORK OF THE COAST GUARD WOULD BE A DIS-SERVICE TO THE WELL BEING OF AMERICA.

THAT CONCLUDES MY STATEMENT, MR. CHAIRMAN. I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU OR THE MEMBERS OF THE COMMITTEE MAY HAVE.