

United States Coast Guard

Overview: The United States Coast Guard (USCG) is a military, multi-missioned maritime service and one of the Nation's five Armed Services. Its mission is to protect the public, the environment, and U.S. economic interests in the Nation's ports and waterways, along the Nation's coastline, on international waters, and in any maritime region as required to support national security. The 2003 USCG request is for a total appropriation of \$7.1 billion, the largest increase in the service's history. The Coast Guard plays an important role for the safety and security and the well-being of American citizens. A contributing factor to this substantial increase is a \$736 million proposed lump-sum distribution to a newly formed USCG military retirement fund. This amount is the amortized unfunded pension liability for USCG military personnel.

UNITED STATES COAST GUARD BUDGET

(Dollars In Millions)

	2001 <u>Actual</u>	2002 <u>Enacted</u>	2003 <u>Request</u>
Operating Expenses	3,485	3,694	4,635
Emergency Supplemental	110	209	0
Acquisition, Construction & Improvement 1/	414	644	736
Research	22	21	23
Retired Pay/CG Military Retirement Fund	778	876	889
Payment to Military Retirement Fund	0	0	736
Reserve Training	97	100	113
Environmental Compliance & Restoration	17	17	17
Alteration of Bridges	<u>15</u>	<u>15</u>	<u>0</u>
TOTAL 2/	4,951	5,577	7,149

1/ Excludes an unobligated balance rescission of \$12 million in 2001.

2/ Includes estimated accrual payments of \$325.8 million in FY 2001 and \$339.1 million in FY 2002 for civil service and military retirement and health benefits. Does not include mandatory appropriations for the Boat Safety and Oil Spill Recovery accounts.

FY 2003 Budget

Operations: The 2003 budget includes \$4.6 billion, 19 percent (\$732 million) above 2002 for the continued operation and maintenance of vessels, aircraft, shore units, and aids to navigation. The increase includes \$21 million in offsets from management efficiencies; \$482 million for pay raises, contract adjustments, accrual retirement funding and other base adjustments; \$57 million for annualization of Maritime Homeland Security projects commenced with 2002 supplemental funding and operation of assets acquired in 2002; and \$213 million for further enhancements to the Maritime Homeland Security System and improvements to search and rescue and marine safety. In addition to funding maritime homeland security and search and rescue, this request funds drug interdiction, illegal migrant interdiction and marine safety and environmental protection.

Capital: The 2003 budget includes \$736 million, 14 percent (\$92 million) above FY 2002, which supports the Coast Guard's recapitalization of its vessel and aircraft fleets, information resource management systems, shore facilities, and aids to navigation. This includes \$500 million to fund ongoing production contracts for the development of an integrated system of assets to carry out Coast Guard's missions. It also includes \$117 million for enhancements to Maritime Domain Awareness, Coast Guard information systems, National



Distress and Response System, and vessel tracking systems; and \$29 million for renovations and improvements to Coast Guard facilities, and for additional housing as well as repairs to existing units.

Research: For research, development, testing and evaluation, \$23 million is requested to provide for technologies, materials, and human factors research directly related to the improvement of Coast Guard mission performance and delivery of services to the public.

Coast Guard Military Retirement Fund: As part of the Administration's initiative to reflect full accrual of retirement costs, \$889 million is requested and legislation is proposed to establish a new retirement fund. The request for this account includes funding for the unfunded liabilities associated with current retirees.

Payment to Coast Guard Military Retirement Fund: The Administration proposed legislation in October 2001, to accrue fully the retirement costs of Coast Guard military personnel. The \$736 million requested for this account would make mandatory payments to fund the unfunded liability accruing prior to this change (amortized over 40 years).

Reserve Training: The 2003 budget includes \$113 million to train, support, and sustain a ready military Selected Reserve Force. The Reserves are required to meet current commitments for direct support to the Department of Defense, and provide surge capacity for responses to emergencies, such as humanitarian missions in the event of natural disasters and clean-up operations following oil spills.

Environmental Compliance: Funding of \$17 million for major clean-up projects for Kodiak, Alaska and Elizabeth City, North Carolina is requested.

Boat Safety: For boating safety, the budget provides \$64 million, consisting of \$59 million for grants and \$5 million to coordinate and carry out a mandatory National Boating Safety program to ensure compliance with national safety standards for boating equipment.