

SCOMM

90:6

716 W. FOURTH AVE.
ANCHORAGE, ALASKA 99501-2133
258-8191

WHILE IN SESSION:
ALASKA STATE CAPITOL
JUNEAU, ALASKA 99801-1182
465-4968

Alaska State Legislature
House of Representatives



DISTRICT 11:
SAND LAKE
SPENARD
TAKU-CAMPBELL

Representative Jim Nordlund

SPONSOR STATEMENT

House Bill 364 proposes to add two additional allowable absences to the definition of a state resident for the purposes of determining eligibility for permanent fund dividends. These exemptions would be service in the United States Merchant Marines and service in the commissioned corps of the United States Public Health Service.

I am introducing this legislation at the request of two constituents, one a merchant mariner and one a commissioned Public Health Service Officer. They have both been denied Permanent Fund dividends for the past two years because they have been absent from the state for more than 180 days.

It is my belief that both of these circumstances are substantially similar to the already existing exemption for military service and should be granted the same exemption status.

Under Federal law, the PHS Commissioned Corps. are designated as one of the seven "Uniformed Services" of the Armed Forces. The rank structure is identical or similar to the US Navy. PHS officers wear military uniforms and are issued military ID cards. They also receive the same pay and allowances, medical and dental care, Veteran's Administration benefits, life insurance, and voting rights as other branches of the Armed Forces. In addition they are entitled to the same military flight privileges and base and exchange privileges. *They are also subject to the same obligations.*

There are currently a total of 532 active duty PHS officers who claim Alaska residence. Of that total 191 are assigned to duty stations outside Alaska. These figures were obtained from the Public Health Service, Office of the Surgeon General, Compensation Branch, Rockville, MD. They were last updated April 26, 1993.

The United States Merchant Marines is overseen by the Maritime Administration (MARAD). MARAD is charged by the President and Congress with the responsibility of developing and maintaining a merchant marine capable of meeting America's defense and commercial trade requirements. MARAD maintains an active reserve roster of over 300 ships in the National Defense Reserve Fleet (NDRF) as a source of vessels that would be activated to meet the shipping requirements of the United States during national emergencies. During Operation Desert Shield and Desert Storm, MARAD activated 78 ships to transport cargo to our military force in the Persian Gulf. MARAD also activated ships to transport cargo for Operation Restore Hope in Somalia.

HB 364 would not require additional operating expenses for the Department of Revenue. However, it would reduce the amount of Permanent Fund Dividend checks by a nominal amount. If we are going to allow exemptions for education, military service, medical treatment, service in Congress, and service in the peace corps, then we should also make exemptions for these two worthy groups.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 364

Revision Date:

Dept. Affected:

Revenue

Title:

PFD Program/Allowable Absences

BRU:

Permanent Fund Dividend

Component:

Permanent Fund Dividend

Sponsor:

NORLAND, by request

Requestor:

House Special Committee on Military and Veterans' Affairs

COMPONENT SERIAL NO.

981

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS:

The Department routinely hears from Alaska residents contending that they should be allowed to retain eligibility for a dividend while absent from Alaska because the nature of their absence is "just like" or very similar to a currently allowable absence. Among some of the more common, individuals who are on religious missions or serving in the Red Cross have argued that their service is analogous to that of the Peace Corp. Individuals appointed to represent Alaska on citizen councils in Washington DC have argued that their service is analogous to serving as an employee of the State of Alaska. (continued on page 2)

Prepared by:

Thomas C. Williams

Division:

Permanent Fund Dividend

Approved by Commissioner:

[Signature]

Agency:

Department of Revenue

Phone: 465-2323

Date: 02-07-94

Date: 2/2/94

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ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF HB 364
February 7, 1994

Most notably, doctors and engineers who are members of the Officer Corp of the United States Public Health Service (USPHS) have argued that because they work side by side with members of the military that they and their families should also be afforded an allowable absence. In fact, several members of the USPHS have a active lawsuit alleging that since the legislature granted military members an allowable absence that the Department is required to also create an allowable absence for USPHS service.

Merchant mariners and others whose private commercial work routinely takes them out of state for extended periods of time have argued that they too should retain their eligibility while absent for more than 180 days because they maintain their only home in Alaska. However, in a review of some proposed regulations the Department of Law verbally advised the Department of Revenue that making a work related absence contingent upon maintaining a physical abode in Alaska at all times during an individual's absence could raise constitutional equal protection issues. Absent the argument that the individual is maintaining a physical abode in Alaska at all times during an individual's absence, the Department see no other compelling argument as to why individuals absent from Alaska for more than half the year should retain PFD program eligibility given the original program intent as expressed in the enabling legislation.

As reflected in section 1(b), Chapter 21, SLA 1980, the original intention of the dividend program was in part "to encourage persons to maintain their residence (*not just residency*) in Alaska and to reduce population turnover in the state."*[comment in parenthesis added]* Expanding the allowable absence provisions, sending more and more dividend dollars to individuals living out of state, is not consistent with the stated intent of the program. Expanding allowable absence encourages individuals to declare Alaska residency while simply passing through Alaska simply to qualify for a unique economic benefit. This effect is also at odds with the intent of the program "to reduce population turnover in the state." It is clear from the intent in the enabling legislation that the dividend program was never intended to pay people who simply passed through Alaska. Consequently, the Department does not support a continual expansion of allowable absences, nor the corresponding increase of issuing dividends to people who are not in Alaska for at least half the eligibility period.

Attachment: **1993 DIVIDEND PAYMENTS TO ELIGIBLE APPLICANTS WITH ABSENCES**
As of January 24, 1994.

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

1993 DIVIDEND PAYMENTS TO ELIGIBLE APPLICANTS WITH ABSENCES

As of January 24, 1993

93 Abs Code	Absence Reasons	Applicants			Amount Paid		
		Total	Days Absent		Total	Days Absent	
			91 - 180	>180		91 - 180	>180
<i>Adult</i>							
B	Full Time Student	5,957	2,206	3,751	\$5,655,933.22	\$2,094,508.76	\$3,561,424.46
C	Active Duty Armed Forces	3,473	761	2,712	3,297,474.58	722,539.06	2,574,935.52
J	Vacation	2,858	2,573	285	2,713,556.68	2,442,960.58	270,596.10
A	Accompany Eligible Alaskan	2,300	709	1,591	2,183,758.00	673,167.14	1,510,590.86
L	Other Including Business	1,342	1,184	158	1,274,175.32	1,124,160.64	150,014.68
D	Continuous Medical Treatment	403	314	89	382,632.38	298,130.44	84,501.94
K	Seek Employment or Employed	283	242	41	268,697.18	229,769.32	38,927.86
G	Full Time Charitable Service	84	76	8	79,754.64	72,158.96	7,595.68
H	Employed by the State of AK	63	41	22	59,815.98	38,927.86	20,888.12
E	AK Cong Delegation or Staff	52	17	35	49,371.92	16,140.82	33,231.10
F	Full Time Peace Corp Service	25	4	21	23,736.50	3,797.84	19,938.66
I	Custody of the State of AK	1	1	0	949.46	949.46	0.00
Total	<u>Eligible Adults with Absences</u>	<u>14,833</u>	<u>6,658</u>	<u>8,175</u>	<u>14,083,340.18</u>	<u>6,321,504.68</u>	<u>7,761,835.50</u>
<i>Child</i>							
A	Accompany Eligible Sponsor	4,633	1,325	3,308	4,398,848.18	1,258,034.50	3,140,813.68
B4	Other Reasons	422	269	153	400,672.12	255,404.74	145,267.38
B1	Full Time Student	372	223	149	353,199.12	211,729.58	141,469.54
B3	Vacation	328	293	35	311,422.88	278,191.78	33,231.10
B2	Continuous Medical Treatment	51	36	15	48,422.46	34,180.56	14,241.90
Total	<u>Eligible Children with Absences</u>	<u>5,408</u>	<u>1,868</u>	<u>3,540</u>	<u>5,134,679.68</u>	<u>1,773,591.28</u>	<u>3,361,088.40</u>
Total	<u>Eligible Applicants with Absences</u>	<u>20,241</u>	<u>8,526</u>	<u>11,715</u>	<u>\$19,218,019.86</u>	<u>\$8,095,095.96</u>	<u>\$11,122,923.90</u>

Notes: Each row with an absence reason represents the number of applicants who listed that particular absence on their application.

The number of applications for individuals absent 91-180 days during 1992 plus the number of applications for individuals absent 181 or more days during 1992 equals the total number of applications with each listed absence.

The total number of adults with absences will always be less than or equal to the sum of column of the individual adult absences because some adults have more than one absence reason. Similarly, the total number of children with absences will always be less than or equal to the sum of column of the individual child absences because some children have more than one absence reason.

The total number of adults with absences plus the total number of children with absences equals the total number of applicants with absences.

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DISTRICT 11:
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TAKU-CAMPBELL

Representative Jim Nordlund

SECTIONAL ANALYSIS
HB 364

Section 1.

Adds service in the United States Merchant Marines and service in the commissioned corps of the United States Public Health Service to the definition of a resident for the purposes of determining eligibility for permanent fund dividends.

Section 2.

Effective Date.

Edith M. Clark, R.D.
P. O. Box 1944
Chinle, Arizona 86503-1944
Phone/Fax: (602) 674-5043

May 3, 1993.

George Nagal
c/o Representative J. Nordlund
State Capitol
Juneau, Alaska 99801-1182

RE: Alaska Permanent Fund - Public Health Service (PHS) Commissioned Corps.

Dear Mr. Nagal:

This is further to my letter of February 2, 1993 and our subsequent telephone conversations. What follows is the information you wanted. My apologies for not replying sooner. It took a little while to find the correct resource for the information in 1. below.

1. Numbers of Active Duty PHS Officers Connected With Alaska.

There are currently a total of 532 active duty PHS officers who claim Alaska as their home of record or residence state. Of that total, 191 are assigned to duty stations outside Alaska. These figures are correct as at April 26, 1993. This information was obtained from the Public Health Service, Office of the Surgeon General, Compensation Branch, Rockville, MD.

2. Similarities Between PHS Officers and Armed Services Officers.

Under Federal law, the PHS Commissioned Corps are designated as one of the seven "Uniformed Services" of the Armed Forces. The rank structure is identical or similar to that of the U.S. Navy (I am a Lt. Commander, O-4 rank grade). As simple outward signs, PHS officers wear military uniforms and carry military identification cards (as do their dependents). They also receive the same pay and allowances, medical and dental care, Veterans Administration benefits, survivor benefits, and voting rights. In addition, PHS officers are entitled to military flight privileges and U.S. base commissary/exchange privileges on an unlimited basis.

In summary, PHS officers receive essentially all benefits accorded military members. They are also subject to analogous obligations. The PHS Commissioned Corps is distinguishable simply because its mission or main purpose differs from that of the other Federal Uniformed Services.

For your further information, I understand that matters close to this issue are being currently litigated in the Alaskan courts. The attorney handling these matters for the plaintiff's is Joe P. Josephson, 880 H St., Anchorage, AK 99501 (telephone (907) 276-0151). I am not a plaintiff. Other PHS officers are.

I look forward to hearing from you.

Sincerely yours,

Edith M. Clark

cc. Joe P. Josephson's Law

HB 364
Sectional Analysis

Thomas E. Bates
7060 Cheryl Street
Anchorage, AK - 99518
Phone 907-344-5862

January 20, 1994

Dennis Poshard
Office of Representative Nordland
State Capitol
Juneau, AK 99801-1182

Dear Dennis,

First of all, let me thank you for the work you have been doing regarding HB-364. You have kept me and my wife informed at each step, and I sincerely appreciate that.

Yesterday, I sent a fax to each of the members on the Committee for Military and Veterans Affairs. A copy of that fax follows this letter.

I have had a tough time getting this over-all view put together, so now, I will just go full bore, and punch it out to you. I hope it will give you a look at the employment paths that you have requested.

I am a merchant marine radio-electronics officer (REO). There is no entry level training for this position within the merchant marine. So someone who wants to become an REO must first follow several long term steps on his own:

1. Get electronics training.
2. Learn maritime communication operating practices, rules, and regulations.
3. Become proficient with high speed Morse Code.
4. Pass an FCC examination to get a Telegraph License.

The next steps happen at a faster pace:

5. Pass Red Cross First Aid and CPR courses.
6. Obtain commitment of employment from prospective employer.
7. Take commitment letter to the Coast Guard to obtain Merchant Marine Document (commonly called a "Z card").
8. With Z card, telegraph license, and Red Cross Cert. the Coast Guard will investigate the applicant, and when all is in order, will issue a Merchant Marine Radiotelegraph Operator License.

Now the hard part.

9. The new radio officer must log 6 months actually on watch aboard ship at sea, usually with low pay, and no benefits, and under the direct supervision of an experienced REO. The FCC will evaluate those logs, and issue an endorsement on the license indicating that he can be employed as the sole radio officer aboard merchant cargo ships, or an assistant radio officer aboard passenger ships.
10. Now, an REO can join a union, and get employment on a regular schedule.

Other Merchant Marine licensed and unlicensed personnel can be trained completely within the maritime industry.

Dennis, you have already received information on how a prospective Merchant Marine officer can go to a maritime academy. On graduation from the academy, he will have a bachelors degree, and will be licensed by the Coast Guard as a Third Mate, or a Third Assistant Engineer (which ever course he has followed).

His advancement through the ranks depends on documented sea time, and successfully passing the next Coast Guard examinations. Of course, it also depends on a shipping company hiring him at the next rank. A mariner can be licensed as high as Master, or Chief Engineer, but he will only sail at the rank at which a company is willing to employ him.

... A mariner does not need to attend an academy to become a maritime officer. If he has the documented sea time, and the knowledge to pass the Coast Guard test, then he can obtain the necessary license and seek employment. Advancing through the ranks is then the same as above.

A young adult (18 years old or more) can also obtain a Z card if he has documented sea time as a crewmember aboard ships or boats. He can seek employment with the merchant marine in whatever capacity they will take him. Once again, advancement is the same as above.

An adult with no previous sea experience can also attend a union training school. For instance, the Seaman's International Union (SIU) runs a 3 month bootcamp-like school in Maryland. The union covers all expenses, and then withholds the cost from the students pay. During those three months, the student will receive "take-home" pay of about 20 dollars a week. I can't remember what the gross pay is, but it goes toward paying for uniforms, and other items the union deems necessary.

This school is open to almost anyone who is willing to take it. They try to discourage students they think are too old, but they change their tune if it looks like they might get an age discrimination suit out of it.

The SIU school teaches the basics of shipboard jobs, from tending lines, handling food, cleaning decks, wiping engines, driving the ship and launching lifeboats. On graduation, the union places the graduate aboard a union ship.

People entering the merchant marine by this can also advance to the top ranks as indicated above.

The unions also maintain schools and classes to teach mariners new skills, or to teach them what is required (basics only) of the next higher grade. These schools are usually provided at no out of pocket expense to the mariner.

That's about it, Dennis. I'm sure there is much that I have not included here, but maybe this broad view is what you are looking for. If you have any questions, then please call me, anytime.

Sincerely,

Tom Bates
Tom Bates

Nov. 12
formal hearing
in Juneau

Thomas E. Bates
7060 Cheryl St.
Anchorage, AK
99518

(Phone) 907 344 5862
(SSN) 549-74-0753

July 16, 1993

Representative Jim Nordland
716 W. 4th Avenue, Suite 240
Anchorage, AK 99501

Dear Representative Nordland

We visited once, when you were stumping the neighborhoods during your election campaign. When you were asking for my support then, I did not think that I would be asking for your support now, but here I am.

I am being denied Alaska Permanent Fund Dividend checks for the past two years, because my new employment with the U.S. Merchant Marine kept me out of the state for more than 180 days in each of those years. In this regard, I am seeking two things: (1) support in my appeal to have the 1991 and 1992 checks issued to me, and (2) legislation to amend the law to allow the dividend checks to be issued to people in circumstances similar to mine.

I am a permanent Alaska resident since 1984. I am a member of the U.S. Coast Guard Reserve in Anchorage. I own my home, raise my family, pay taxes, enroll in college classes, answer the call for jury duty, and vote ONLY IN ALASKA. I maintain nothing anywhere else in the world, and have no affiliation with any other state or country. I am earning a living sailing with the U.S. Merchant Marine, and bringing the money home to my family. Whenever I leave the state, I am on the open ocean, and not at a destination where a person would say, "I have arrived." And I intend to remain a permanent, hard working, Alaska resident.

The Permanent Fund Division excuses soldiers, sailors, and airmen their absences from the state for participation in military operations. And I believe an amendment to the Permanent Fund regulations to allow members of the U.S. Merchant Marine the same consideration, would not conflict with the spirit in which the permanent fund dividend is distributed.

Jim, in seeking your assistance in being issued the 1991 and 1992 checks, I offer the following explanation, and ask that you intervene with the Permanent Fund Division in my behalf.

When the Persian Gulf War began in 1990/1991, the Coast Guard Reserve had no need for me in the war zone, so I obtained employment with the Merchant Marine, and sailed to war in direct support of Operation Desert Storm for seven months in 1991.

In contrast to the regular military, there are no re-employment rights for someone in the Merchant Marine who returns from war, so when I initially left my job in Alaska to go to war, I was by circumstances, making a career change as well. When the war was over, prudence dictated that I maintain employment with the Merchant Marine. And in 1992 a portion of my sailing time was to Somalia, in direct support of Operation Restore Hope.

On this basis, Jim, I am asking your support in being issued the checks in question. My absence should be allowed because the statute allows absence to perform military service, even though the regulation seems to limit this to active duty military.

In further support of my above request, and to further the comparison to military duty, I submit the following paragraphs.

There are some things that make my Merchant Marine job very much like being in the military. My particular ship, the M/V Cpl Louis J. Hauge Jr, is on contract to, and under direct control of the Navy's Military Sealift Command (MSC). When I travel to and from my ship, I am under orders from the MSC, and my employer is reimbursed the cost of my travel by the MSC. My ship sails with the Navy in the same dangerous waters as Navy ships. It loads and unloads military cargo and hardware in dangerous ports. For instance, in Somalia, my ship delivered fuel and fresh water to our troops ashore where, just last month, the imminent danger was revealed when a U.S. merchant ship (delivering fuel in Somalia) was struck by rocket fire. And when U.S. Troops are sent in force to Bosnia, I will be transporting their equipment ahead of them. Additionally, if a member of the Merchant Marine deserts his ship in a foreign port, he can be arrested by the Coast Guard, fined, and his merchant marine documents confiscated, effectively making him un-employable.

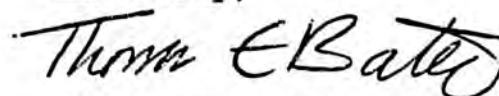
You can see that although I am a civilian employee, I do not have the liberties usually associated with a civilian job, and once a voyage is begun, I cannot just jump off on a whim.

In 1991, my entire absence from the State of Alaska was in direct support of Operation Desert Storm. In 1992, my 217 day absence was in support of U.S. military operations with 57 of those days in support of Operation Restore Hope.

At all times, when aboard my ship, I am directly supporting U.S. Navy operations. My ship is the Flag Ship for Military Preposition Supply (MPS) Squadron Two, usually stationed at Diego Garcia in the Indian Ocean. My position as Radio Officer on that ship makes me the direct communications link between the Navy Command on board, and the other ships of the squadron.

I look forward to hearing from you. In my absence, please communicate with my wife, Chris, at this same address and phone number. I have given her complete power of attorney, and she can represent and act in my behalf in all matters.

Sincerely,



THOMAS E. BATES

Copy: Senator Drew Pearce
Permanent Fund Director, T.C. Williams
Permanent Fund Operations Chief

Encl: (1) Informal Conference Decision
(2) Request for Formal Hearing (copy)
(3) Copy of Letter to Senator Pearce

Thomas E. Bates
7060 Cheryl Street
Anchorage, AK 99518
Phone 907-344-5862

January 19, 1994

Representative _____
State Capitol
Juneau, Ak 99801-1182

Dear Representative _____,

I ask that you move HB 364 (Act Relating To Allowable Absences From The State For Purposes Of Alaska Permanent Fund Dividend Eligibility) quickly through committee, back to the floor, and then help pass it into law.

I support this bill because I am an Alaskan resident who was three times denied my Permanent Fund Dividend:

In 1991 I was denied a dividend because my absence from the State exceeded the allowable limits. I was in a war zone at the time, aboard one of the many cargo ships needed to support Operation Desert Storm.

In 1992 I was denied a dividend because my absence from the State exceeded the allowable limits. I was in Somalia as part of Operation Restore Hope. My ship was needed to pump fuel and fresh water to U.S. Marines, and to stand-by in case our cargo of military hardware was needed.

In 1993 I was denied a dividend because my absence from the State exceeded the allowable limits. I was with a U.S. Navy Amphibious Task Group in the Persian Gulf, dispatched as a show of strength to ensure the continued inspection of Iraqi facilities suspected of weapons development.

I have been denied a dividend because I am not a member of the "regular" Armed Forces, but a U.S. Merchant Marine. I have been denied even though the U.S. Merchant Marine, under the direction of the Navy, participates in military operations throughout the world. I have been denied even though I share the same risks as sailors in our Navy.

Alaska is my home, my only home. I own a house in Anchorage that I make payments on and pay taxes on. And in that house live my wife and children. When I am not on the job I am there with them. The only difference between me and anyone else is that my work place happens to be on the open sea and it's not possible for me to come home each night to be with my wife and kids. I am not a Somali, an Omani, or a Diego Garcia. I am an Alaskan and intend to remain an Alaskan. Alaska is the State where I vote and where I am expected to perform jury duty. If I am not an Alaskan, then what am I?

It is my hope that the State of Alaska will recognize the sailors of the U.S. Merchant Marine, this often forgotten arm of our National Defense, for what we really are. Your support in this matter is important and is appreciated.

Sincerely,

Tom Bates

Vital Speeches of the Day

REG. U.S. PAT. OFF.

VOL. LVII

NOVEMBER 15, 1990

NO. 3

Sealift

RAPID RESPONSE TO THE PERSIAN GULF CRISIS

By FRANCIS R. DONOVAN, Vice Admiral, USN, Commander, Military Sealift Command

Delivered to the Cleveland City Club, Cleveland, Ohio, October 12, 1990

GOOD afternoon. It is a privilege to be asked to speak at the prestigious Cleveland City Club and a privilege to be in Cleveland. As you know, I have been put into the game as a substitute for the Under Secretary of Defense. I hope you find me up to the task.

This is Columbus Day. Columbus was one of my earliest heroes. I would like to remind the students here today, don't ever be too sophisticated to have heroes. Columbus had the courage to go over the horizon. He had an uncanny ability to dead reckon and navigate. I traced many of his routes to the Bahamas and the Antilles in the Caribbean and once, when I was captain of a U.S. Navy ocean tug, I stopped and went ashore at San Salvador just as Columbus did. A moving event.

At the outset today, I would like you to know that one of the first U.S. merchant marine ships that we chartered to augment our sealift force for Operation Desert Shield was the SS Cleveland. She has performed superbly, prompt on her berth to load, an excellent transit to the Persian Gulf, on time arrival, and now she has offloaded and is on her way home for a new assignment. I thought you folks just might like to know.

I would also like to comment on my introduction, briefly, and I thank you for those kind words and that summary, but I would like to point out what is important to me in that recounting. First, I am from the enlisted source, a former enlisted man. Note that I didn't say a former sailor because I am still a sailor and always will be. But I am a product and an

example of the wonderful opportunities afforded to young people in the Navy. I finished high school at 16, enlisted at 17, served in a destroyer as a youngster, and I'm still here 38-plus years later.

The second thing is that I have been captain of five ships and commanded an amphibious group, and that has given me the opportunity to work directly with our sailors, our Navy men and women, young and a bit older, to work with them over the years, and all around the world. Everything else in the biography is peripheral. The Navy is ships at sea; it is forward deployed presence, mobile, fueled, armed, under way and, day and night, ready to respond. The Navy is our remarkable sailors and young officers who have set themselves aside from the society and who have given up some of the liberties that they have sworn to support and defend, and who have taken on the disciplined life of living and working in a ship at sea, to go over the horizon and range the world's oceans and make the Navy go.

They are young people from Cleveland and every other town and city who want to go and see and do. They are the Navy and all of you as Americans should be proud of them.

The final thing in my biography is that I have eight children. What that really means is that I am doing 6th grade math for the ninth time. And this time I think I've gotten it.

I want to fill you in on what we at the Military Sealift Command have been doing in support of our troops in Saudi Arabia in Operation Desert Shield. Because some of you are not

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familiar with this thing we call sealift, let me give you some background on sealift and MSC first.

Sealift is simply the transporting of equipment and supplies by ship. It is a most important military function. In a contingency such as we are in now, more than 95 percent of all military equipment and supplies transported overseas must be carried by ship. There is simply no other practical way to do it.

In a contingency, you either must load the ships with the essential supplies — with strategic sealift we have a sequence in calling on ships to do that — or have ships standing by that are already loaded — and we have that. We had 23 ships loaded and ready in what we call our Afloat Prepositioned Force when Saddam Hussein sent his Iraqi troops across the border into Kuwait on August 2. I will tell you more about our prepositioned ships later.

Let me say this, right at the start: The planning and expenditures that went into strategic sealift capability over the last decade have paid off handsomely. The kind of ships we acquired for contingency sealift operations have done the job we hoped they would do. In this day of budget efficiencies, you should be gratified to hear that the expenditures of time and money for sealift in the 80s have proven to be worth every cent.

Let me give you some background on MSC. During World War II, there were four separate organizations involved in sealift. In a major reorganization of our defense structure following World War II, sealift was turned over to a single Navy command, now known as the Military Sealift Command. When U.S. troops are deployed anywhere outside the Continental United States, it is our job to see that sufficient sealift is available to move their equipment and to keep them supplied with whatever they need to do their job. To carry out this mission, the U.S. Navy relies heavily on the U.S. flag merchant marine and United States merchant mariners.

Besides strategic sealift, MSC has two other tasks. We operate the Naval Fleet Auxiliary Force of 48 ships, which provide direct support to U.S. Navy combatant ships, such as replenishment of fuel oil, food, ammunition and other supplies. We also operate the Special Mission Support Force of 23 ships, which carry out special missions, oceanographic research, cable laying and repair. All MSC ships are crewed by either federally employed civil service mariners or merchant mariners employed by companies under contract to MSC. We are the single biggest employer of U.S. merchant mariners.

With the decline of the U.S. flag merchant marine, combined with the container revolution of the 1960s, it became increasingly apparent that in the event of a war or contingency, we were going to be hard put to locate the ships that we would need to carry out our strategic sealift mission.

Let me explain. The strategic sealift mission divides easily into two categories: (1) surge shipping during initial mobilization, and (2) resupply or sustainment shipping. Resupply or sustainment shipping presents no serious problems. This is the cargo for the day-to-day needs of the troops and is mostly containerized. We are relying on existing U.S. flag liner service under a Special Middle East Shipping Agreement for transporting sustainment supplies to our troops in Saudi Arabia.

Surge shipping presents a challenge. Here we are talking about military unit equipment, such as tanks, trucks, helicop-

ters and other large, bulky vehicles that will not fit into containers. For surge shipping we need roll on/roll off ships, where you can drive the vehicles on and off the ship, and breakbulk ships which have large open decks and are loaded using cranes.

With commercial fleets going more and more to container ships, surge shipping became a matter of increasing concern to military strategists.

A growing deficiency of surge sealift capability in the case of a contingency led to a concerted sealift enhancement program during this past decade. With the support and approval of Congress, the U.S. Navy invested more than \$7 billion in this program.

We acquired the following:

- 8 Fast Sealift Ships — formerly the largest and fastest container ships in the commercial fleet, purchased by the Navy and converted to handle military unit equipment and to handle rolling stock with roll on/roll off ramps;

- A Ready Reserve Force, made up chiefly of former dry cargo ships no longer profitable after the advent of container shipping, now numbering 96 ships and including roll on/roll off ships;

- 2 aviation logistics support ships for the support of U.S. Marine Corps fixed wing aircraft and helicopters;

- 2 hospital ships — the USNS Comfort and USNS Mercy, former tankers converted to floating combat medical facilities;

- 25 prepositioned ships under long-term charter.

Unlike the other ships in this contingency sealift force, the prepositioned ships remain fully activated. As I mentioned earlier, the purpose of prepositioning is to have ships fully crewed and operational and ready to go immediately with essential equipment and supplies.

The Afloat Prepositioned Force includes 13 Maritime Prepositioning Force ships. These ships were specially designed to carry a variety of material — from food and water and medical equipment to tanks and artillery pieces in support of Marine Corps troops. The Maritime Prepositioning ships were divided into three squadrons located in the Pacific, Indian and Atlantic Oceans. Each squadron can equip a Marine Expeditionary Brigade of 16,500 troops and keep it supplied for 30 days.

The other 12 ships carry mostly cargo for U.S. Army and Air Force units. One of them transported a U.S. Navy fleet hospital in its initial deployment to the Persian Gulf.

About a week before Iraq's invasion of Kuwait all U.S. naval forces in the Persian Gulf and Indian Ocean were put on alert. The USS Independence and USS Eisenhower Carrier Task Forces moved quickly, along with battle groups headed by the battleship USS Wisconsin and the carrier USS Saratoga.

Iraqi forces invaded Kuwait on Aug. 2. Five days later, President Bush ordered deployment of U.S. troops to the Persian Gulf. The Military Sealift Command swung into action immediately. The logistics were staggering. It is a 7,000-mile airlift for troops from the East Coast to Saudi Arabia. Their equipment going by ship travels 8,500 miles.

The first thing I did was to order Maritime Prepositioning Squadron Two, located in the Indian Ocean, and Squadron Three, located in the Guam-Saipan area of the Pacific, at flank speed to the Persian Gulf. By August 15 — C-plus-8, eight days after the Commander-in-Chief's deployment order — the first ships from those squadrons were unloading Marine Corps equipment in the Persian Gulf. MPS Squadron One remains on station in the Atlantic.

MPS Squadrons Two and Three transported the unit equipment and 30 days supplies for two Marine Expeditionary Brigades — 33,000 troops. That's 105,000 tons of equipment. (To carry by air the equipment those nine ships carried by sea would have required 2,100 C-5 aircraft.)

Eleven of the other prepos ships carried 102,000 tons of bare base sustenance supplies, port support equipment and medical supplies for Army, Air Force and Navy units (an amount equal to what could be carried by 2,040 C-5s).

At the same time we activated our eight Fast Sealift Ships. One experienced boiler problems. The other seven began arriving in the Gulf at C-plus-20 — 20 days after the President's deployment order, with equipment for a U.S. Army mechanized infantry division.

We began worldwide market surveys to locate suitable ships to carry military unit equipment. We then began chartering ships.

The activation of the Ready Reserve Force was begun early, on 10 August, with the order to make ready the first 17 RRF ships. We also activated the two aviation logistics support ships and two hospital ships.

I thought the response of the Ready Reserve Force ships, considering their age and the fact they have been laying idle, was excellent. Eleven of the first 44 ships we activated were ready to sail on time; 13 were one to five days late; 10 were six to ten days late and 10 were eleven to twenty days late.

For this one, we had to be quick. We could not send troops over to the Arabian deserts facing a vastly numerically superior hostile force without adequate equipment and supplies. And we were quick. In the first three weeks of Operation Desert Shield, we moved more cargo to the Persian Gulf than was moved to Korea in the first three months of that operation.

Prior to the Persian Gulf crisis, MSC's active strategic sealift force included 11 privately owned U.S. flag dry cargo ships and 26 tankers under long term charter and our 25 prepositioned force ships, a total of 62 ships. As I indicated, for shipment of most of the day-to-day sustenance supplies, we depended on regularly scheduled containerized liner service.

Yesterday, MSC's Strategic Sealift Force numbered 141 ships — almost 2.5 times the number employed before the Gulf crisis. Included were:

- 17 Prepositioned ships
- 8 Fast Sealift Ships
- 40 Ready Reserve Force ships
- 2 Hospital ships
- 2 Aviation logistics support ships
- 50 Chartered dry cargo ships
- 12 Chartered tankers
- 6 MSC controlled fleet ships chartered prior to Desert Shield

4 ships offered by Korea (1), Kuwait (2) and Japan (1)
As of yesterday, we had shipped to the Gulf 957,000 tons of dry cargo, and we have positioned almost 1.5 times that amount of petroleum products around the world. We hope we never have to fight, but if we do sealift has done its part to ensure we are ready.

Let me see if I can paint a graphic picture for you. Yesterday, I had 54 MSC ships enroute to the Gulf with equipment and supplies for our troops and 35 ships returning to

the U.S. for additional cargo, a total of 89 ships. If you were to board a plane here in Cleveland and fly east, across the Atlantic, over the same route our ships are traveling — across the Ocean to the Mediterranean, east through the Mediterranean, through the Suez Canal and around the Saudi Arabian Peninsula — you would pass over one of our ships every 98 miles.

Words really can't describe this operation. At this moment we have more than 175,000 well trained troops in Saudi Arabia, all of them well equipped and well supplied by MSC ships.

Let me say a word about the people needed to crew these sealift ships. I am talking chiefly about the Ready Reserve Force ships, which were moored quietly in some out of the way place and had no crews, not even skeleton crews. The Maritime Administration, maritime unions and shipping companies did an excellent job in locating experienced mariners to crew the RRF ships. This Ready Reserve Force cannot work without trained people. And while we have sufficient numbers of mariners to meet the current emergency, the numbers of available mariners will continue to decline unless the maritime industry decline is reversed. We need to develop new programs with the Maritime Administration to ensure the availability of mariners in a contingency — such as maintaining skeleton crews aboard RRF ships at all times and establishing a Merchant Marine Reserve.

In summary, Operation Desert Shield has demonstrated the following valuable lessons:

- (1) The investment in surge sealift has proven invaluable.
- (2) U.S. flag surge sealift was inadequate to meet all DOD requirements, and the charter of foreign flag ships was necessary.
- (3) There is adequate sustenance sealift through the use of U.S. flag container ships.
- (4) The adequacy of mariners to crew the ships must be carefully examined and ways considered to increase the availability of trained crews.

Let me add another valuable lesson learned — though many of us have been well aware of it for some time: The necessity for being prepared for any contingency. In this day of sophisticated weaponry, unrest in the Third World and other areas, terrorism and other threats to peace, there is no substitute for being prepared.

And that brings me to a final point that could easily be overlooked in the midst of the crisis in the Persian Gulf. Despite Saddam Hussein's behavior, this still remains one of the most exciting and promising ages in history. And our readiness over the past 40 years coupled with our constant assurance that we would defend freedom against aggression has played a major role in reshaping the world.

This is an exciting time. In spite of Saddam Hussein, there is more optimism in the world today than at any time in the last 40 years. Communist encroachment has ended and democracy is spreading throughout Europe. And for this the whole world owes a debt of gratitude to the U.S. Armed Forces.

Let us hope we can resolve the crisis in the Persian Gulf without shots being fired. Then, we can set our sights on helping to make this a freer and a more peaceful and productive world for all.

Thank you for permitting me to join you today.
God bless.