

Statement of

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Good morning, Mr. Chairman, and members of the subcommittee. I am Dale Sause, President of Sause Bros., headquartered in Coos Bay, Oregon. We are a privately held towing company, carrying forest products, building materials and petroleum to and from Alaska and Hawaii and up and down the U.S. west coast. We employ over 500 people, including 300 mariners as crew on our boats. We own and operate a fleet of 35 tugboats and 25 barges. My family has been in the marine transportation business since 1937.

I am here this morning in my capacity as Chairman of the Board of the American Waterways Operators. AWO is the national trade association for the tugboat, towboat, and barge industry. The industry AWO represents is the largest segment of the U.S.-flag domestic fleet.

The tugboat, towboat, and barge industry is a vital segment of America's transportation system. The industry safely and efficiently moves over 800 million tons of cargo each year, including more than 60 percent of U.S. export grain; energy sources such as coal and petroleum, including most of New England's home heating oil and gasoline; and other bulk commodities that are the building blocks of the U.S. economy. The fleet consists of nearly 4,000 tugboats and towboats, and over 27,000 barges of all types. These vessels transit 25,000 miles of inland and intracoastal waterways, the Great Lakes, and the Atlantic, Pacific, and Gulf coasts. The tugboat, towboat, and barge industry provides the nation with a safe, secure, low-cost, environmentally friendly means of transportation for America's domestic commerce. The men and women who operate tugboats, towboats, and barges are "the eyes and ears" of our nation's ports and waterways and a vital partner with government in ensuring maritime security.

Although I am testifying today on behalf of AWO member companies, I feel that I am also speaking on behalf of the more than 30,000 mariners who work in the towing industry. These dedicated individuals are, quite simply, indispensable, both to our companies and to our country. Without them, companies like our family's would not be able to either meet the needs of our customers or realize a return on our capital

investments in boats and barges, and without them, a significant portion of our national commerce would not be able to move by water. The licensing issues that we will discuss today affect not only the ability of AWO companies to operate vessels, but, more importantly, the ability of these men and women to do their jobs and to provide for their families.

Mr. Chairman, this hearing is very timely because of the current state of the marine transportation industry with regard to vessel personnel and licensing. The towing industry, and I believe the domestic maritime industry in general, is facing a critical shortage of vessel personnel. We are having difficulty in finding an adequate number of licensed individuals necessary to crew our vessels. We are having difficulty in attracting new people to the industry and convincing those who do begin their employment aboard vessels to make their career on the water. At the entry level, turnover in our industry can reach fifty percent or higher. AWO members are actively seeking ways to address and solve this ongoing personnel shortage because the stakes are very high. Quite simply, without the crews to man our vessels, we are out of business.

It is true that the Coast Guard licensing system did not create this personnel shortage. Many factors contribute to the current situation: competition from landside employers is strong; and many individuals find that they do not wish to spend the time away from home and family that is frequently required in a career on the water. In addition, the path from entry level to being fully licensed as a master of a vessel, while rewarding, can be long and demanding. Not everyone finds himself or herself suited to a maritime career.

The Coast Guard licensing process, however, can and does exacerbate a situation that is reaching crisis proportions. Mr. Chairman, this is an issue that hits mariners, and their employers, right where we live. The lengthy delays, bureaucratic quagmires, and enormous backlogs at the Coast Guard Regional Examination Centers are not just unpleasant statistics to us. They have a significant negative impact on our lives. They're the difference between working and not working, operating a vessel or tying it up. When I talk to AWO members around the country about this issue, I'm struck by the emotional

intensity of their response. People are frustrated. They're angry. They feel devalued. They wonder: if our work is as important as we say it is – and moving 800 million tons of cargo annually is important work indeed – why can't we establish a simple, efficient system for processing the documents that mariners require to do their work? In many parts of the country, delays in the processing of mariner credentials have gotten so bad that the Coast Guard routinely advises mariners to submit an application for renewal a full year before their license expires! The system is broken. A fix is desperately needed, and long overdue.

Let me elaborate on what AWO members are experiencing as their crews engage the Coast Guard licensing process.

The processes used in the existing Regional Exam Centers force the industry to endure long and chronic backlogs, causing applicants to lose wages when the process is slowed for even minor issues, leading to a deep frustration. The renewal process has deteriorated since the inception of the present REC system, leading to concern that the proposed centralization to West Virginia, though intended to improve the system, will have the opposite effect. The REC's report that the failure rate for credential application preparation approaches 50 percent, suggesting a need to change the current forms in use, and to simplify and streamline them. Telephone calls and messages to RECs routinely go unanswered for lengthy periods, suggesting that attention needs to be paid to work loads, staffing levels, and staff turnover. There is extensive use of form letters which can be confusing or incomplete, and this leads to further letters and telephone calls that exacerbate the work load problem. Contract personnel handling applications are sometimes unfamiliar with the forms or the requirements, and requests for additional information are consequently sent out piecemeal, leading to further delays. When a REC supervisor can be reached, situations can often be resolved, but the length of time involved in this extraordinary effort should not be the norm, and guidance to the rank and file should allow faster, more efficient processing of applications without the need to routinely involve supervisors.

The technology used by RECs is viewed by many as archaic. Most small businesses use more sophisticated technology at the point of sale. The antiquated technology compounds the delay and backlog problems. Improvements in technology, including web-based application submission and web-based application tracking, should be introduced into the process. The use of inappropriate form letters and the resulting telephone calls to request clarification and to track progress of an application are all issues that could be dealt with more efficiently through technology. Improved technology can also help to create a fully integrated license and document system that is uniformly applied by all processors, reducing inconsistent results.

Medical issues frequently prolong application processing time. Revisions to mariner physical standards guidance have long been promised but are still not available to the public. Meanwhile, unpublished standards are being enforced at RECs. Mariners learn about these only after a problem develops with their applications. Further, the medical standards are not applied uniformly, resulting in contradictory results. The opinions of private physicians are sometimes ignored.

The current licensing process is in dire need of better processes, better technology, better staffing and a more uniform application of licensing requirements and medical standards.

The Coast Guard has proposed several measures to alleviate the current situation. First, it has begun to implement an ambitious plan to consolidate the processing of licenses in one national center, with “storefront” local offices for the submission of applications and other documents. Under the agency’s plan, Regional Examination Centers would continue to provide face-to-face contact with mariners to receive applications, answer basic questions, review application for completeness, and administer required exams. The RECs would then forward complete application packages to the National Maritime Center for evaluation, credential processing, and records management. The NMC would operate a toll-free call center to answer detailed mariner questions about the status of their credentials. The plan would also include numerous technological improvements,

such as on-line payments of user fees, electronic imaging of mariner records, and electronic administration and grading of exams.

This overhaul of the mariner licensing and documentation program has been a long time coming, and AWO is pleased that the agency is finally moving forward to implement these needed changes, which should, in the long run, help to alleviate delays and backlogs. The problem is that the situation may well get worse before it gets better. Not only will the proposed improvements be phased in over a period of years, but the administrative stresses involved in the transition raise the specter of even more serious delays while the new system is being implemented. For example, civilian personnel who do not wish to move to the new National Maritime Center in West Virginia will not be replaced by qualified personnel overnight. In the meantime, and especially given the severity of the vessel personnel shortage, it will be essential for the Coast Guard to develop a transition plan and interim processes for handling applications to keep delays and backlogs to a minimum. These might include, for example, the temporary redeployment of personnel and/or the development of a prioritization system so that the most critical applications receive attention first.

Second, in May, the Coast Guard issued a notice of proposed rulemaking that would consolidate and streamline the process for obtaining a merchant mariner credential, such as a license, Merchant Mariner's Document, or STCW Certificate. AWO believes that many of the features of the proposed rule (for example, the opportunity to renew a credential by mail, instead of having to travel to a Regional Exam Center) will have a positive impact on the licensing system. With a few exceptions, we believe this rulemaking is a step in the right direction. [A copy of AWO's comments on the proposed rule is attached to this testimony.] However, the benefits of the proposed rule will not be realized overnight.

The Coast Guard should also move quickly to make common-sense changes to the licensing regulations for towing vessel officers, as recommended by the congressionally authorized Towing Safety Advisory Committee (TSAC). New licensing requirements for

towing vessel masters and mates or pilots took effect in 2001. These new requirements were developed cooperatively by the Coast Guard and TSAC to ensure high standards of safety and operator competence throughout the tugboat, towboat, and barge industry. AWO was an active participant in that process, and we fully supported the upgraded standards.

As with most complex regulatory undertakings, it's difficult to get it exactly right the first time. As the industry has begun to implement the new requirements, the need for additional modifications to ensure that the system works as intended has become apparent. Last fall, TSAC unanimously approved a report recommending a number of common-sense changes to the towing vessel officer licensing regulations. These include establishing a simpler process by which mariners from other segments of the marine industry can transition into the towing business, and eliminating unnecessary impediments to mariners progressing through the licensing structure. None of the TSAC-recommended changes would compromise the addition of a practical demonstration of proficiency, the major improvement that the new licensing requirements were meant to achieve. AWO urges the Coast Guard to act promptly to implement the recommendations contained in the October 2005 TSAC report, so that the pipeline of future wheelhouse personnel coming into the towing industry is not shut off as mariners see their prospects for career advancement stymied by cumbersome processes and lengthy waiting periods, regardless of the mariner's skill.

Another positive step that can be taken is to address "license creep". Currently, when a mariner submits an application to renew a license, the new term of the license begins when the renewal is issued. This puts the mariner in the difficult position of trying to predict exactly when the renewal will be issued so that he does not lose part of the five year term of his existing license. If he is too conservative in his guess, he loses a portion of the term remaining on his license – a term that was paid for! If he is too optimistic regarding processing time, his existing license could expire before the renewal is issued, with an even more serious consequence -- the inability to work. To address this situation,

a mariner should be able to submit an application for renewal up to 12 months before the existing license expires, and the renewal should become effective at the expiration of the full existing license term.

Mr. Chairman, if we can accomplish all of these things – overhauling the license and document delivery system, instituting the streamlined “merchant mariner credential,” fixing the towing vessel officer licensing regulations, and solving “license creep” – we will have gone a long way toward improving the Coast Guard licensing system and reducing the deep frustration that so many in our industry feel today. But, we will still be facing a vessel personnel shortage that threatens the viability of a critical segment of our nation’s transportation system. Faced with that situation, companies like our family’s will continue to do everything we can to make our industry an attractive place for individuals to make a career. And, we would ask Congress and the Coast Guard to do your part by viewing all of the proposed legislation, regulation, or policy that comes before you through the prism of the personnel shortage problem. We would ask you to ask yourselves: “How would this law, or this rule, or this policy impact the ability of individuals to work in the maritime industry, or of maritime employers to crew their vessels? Will this action help the situation, or make it worse?” At a minimum, our goal should be to do no harm.

I can think of no clearer example of the need for this kind of analysis than the Transportation Worker Identification Credential (TWIC) regulations recently proposed by the Coast Guard and the Transportation Security Administration (TSA). In its current form, the TWIC proposal is, quite simply, devastating. AWO has submitted extensive comments to the docket on that rulemaking, calling it “a blunt instrument that will impose substantial hardships on mariners and the companies that employ them.” The costs of the TWIC card for both the mariner and for the company employing him are excessive and burdensome. The process of obtaining a TWIC, involving multiple trips to enrollment centers located away from an employee’s residence, along with at least a 30 to 60 day wait for processing, will further deter new employees and burden existing employees. A prospective employee, faced with a \$149 cost for a TWIC, two trips to an

enrollment center and a 30 to 60 day wait, is likely to seek other employment opportunities. In its comments, AWO noted that the location of the proposed enrollment centers leaves out significant areas with substantial mariner populations, making the process of applying for and receiving a TWIC even more burdensome. The rule as proposed requires that an individual apply for and receive a TWIC before even applying for a Merchant Mariner Credential, further delaying the ability to obtain the credentials necessary for employment.

The agencies estimate that processing TWIC applications will take 30 to 60 days, which will seriously impede the ability of companies to bring new mariners into the industry in a timely manner. This will exacerbate the towing industry's already acute vessel personnel shortage problem and threatens to undermine the national economy by disrupting the movement of domestic waterborne commerce. AWO has urged TSA to do everything in its power to reduce the TWIC processing time, including more efficient background checks. During a mariner's initial trip to an enrollment center to apply for a TWIC, TSA could utilize the instant background check technology currently in place to allow for the purchase of a firearm, or similar procedures such as those used to grant temporary security clearances to military personnel applying for secret clearances. The National Instant Criminal Background Check System typically produces responses within 30 seconds. If no matching records are returned, an individual mariner should be allowed to work onboard a vessel for an interim period until his or her full background investigation has been completed and a TWIC card issued.

We have therefore proposed that the final rule include an interim work provision for new hires. Subject to procedures spelled out in a vessel security plan or Alternative Security Program (ASP), the rule should allow newly hired employees who have applied for a TWIC and met company-specific entry requirements to be placed in service on a vessel on a probationary basis until the TWIC application is either granted or denied. This would address companies' needs to crew their vessels in a timely manner and mariners' needs to begin earning an income as soon as possible. It would also avoid the serious disruptions to the flow of commerce that could result if companies were forced to lay up

vessels because of delays in obtaining TWICs for crewmembers. Tying the interim work provision to approved procedures contained in the vessel security plan or ASP would ensure that security is not compromised pending the issuance of a TWIC.

Finally, we must observe to the Subcommittee that this proposal falls squarely on the backs of American mariners – the same U.S. citizens who are designated as “the Coast Guard’s eyes and ears” in America’s ports and waterways. The proposed rule does not apply to foreign vessels calling at U.S. ports. Foreign crewmembers would not be required to obtain TWICs to enter U.S. waters. This leads to the absurd scenario of an American citizen crewmember seeking unescorted access to an American vessel being required to present a TWIC, have its validity confirmed and then verify his identity with a fingerprint scan, while on the other side of the pier, a foreign crewmember accessing a foreign vessel is subject to none of those requirements. That strikes us as an odd approach to enhanced maritime security.

In summary, Mr. Chairman, the maritime industry is facing a critical personnel shortage. The current state of mariner licensing – with lengthy delays and burdensome requirements on the mariners themselves – is exacerbating an already difficult situation. The Coast Guard recognizes this and is taking some steps to alleviate the problems, but more is needed and relief is still some time away. In the meantime, the Coast Guard and the industry must work together to address the immediate problems. Some specific actions that can be taken by Congress and the Coast Guard are:

- The existing licensing process must be improved by implementing more efficient procedures, better technology and more uniform standards applied consistently.
- Attention must be paid to work loads, staffing levels and turnover at the Regional Examination Centers. The ongoing process of consolidating the licensing process must be accelerated.
- The Coast Guard must have an effective “transition plan” to assure that the establishment of its new National Maritime Center in West Virginia does not actually worsen the licensing problem.

- The common-sense changes to the regulations for the licensing of towing vessel operators recommended last fall by the Towing Safety Advisory Committee should be implemented quickly.
- The problem of “license creep” should be resolved, through a statutory change if necessary.

Most importantly, the two ongoing rulemakings – TWIC and Merchant Mariner Credentialing – must be completed in a way that does not make the current difficult situation worse. The result of that would be disastrous not only for AWO companies and the mariners we employ, but for the nation as well. These proposals should be evaluated against the backdrop of the vessel personnel shortage confronting the industry today, and the goal of any changes must be, as the Coast Guard has already stated, to “do no harm.”

Mr. Chairman, we very much appreciate the opportunity to appear before you today. AWO and its member companies stand ready to work with this committee and with the Coast Guard to ensure high standards of safety and security while keeping mariners working, vessels moving, and the commerce of the United States flowing. Thank you.