



**Committee on Transportation and Infrastructure**  
**U.S. House of Representatives**  
**Washington, DC 20515**

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July 19, 2018

**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 “Update on Coast Guard Acquisition Programs and Mission Balance and Effectiveness”

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**PURPOSE**

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Tuesday, July 24, 2018, at 10:00 a.m., in 2167 Rayburn House Office Building to review the U.S. Coast Guard’s (Coast Guard or Service) integration of their acquisition, manpower, and maintenance plans with their mission needs to assure the Service has the assets, personnel, and expertise it needs to carry out its missions. The Subcommittee will hear testimony from the Coast Guard and the Government Accountability Office.

**BACKGROUND**

The Coast Guard was established on January 28, 1915, through the consolidation of the Revenue Cutter Service and the Lifesaving Service.<sup>1</sup> The Coast Guard later assumed the duties of three other agencies: the Lighthouse Service, the Steamboat Inspection Service, and the Bureau of Navigation.<sup>2</sup> Today, the Service is responsible for the execution of 11 statutory missions: marine safety; search and rescue; aids to navigation; living marine resources (fisheries law enforcement); marine environmental protection; ice operations; ports, waterways and coastal security; drug interdiction; migrant interdiction; defense readiness, and other law enforcement.<sup>3</sup>

Nearly 41,000 active duty and approximately 7,000 reserve military personnel conduct Coast Guard operations in support of those missions around the world. In addition, over 8,500 civilian employees provide critical support and expertise to enable Coast Guard operations. The

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<sup>1</sup> Established in 1790 and 1848, respectively.

<sup>2</sup> Established in 1789, 1838, and 1884, respectively.

<sup>3</sup> 6 U.S.C. § 468. Preserving Coast Guard mission performance.

Coast Guard is also aided by the Coast Guard Auxiliary, an all-volunteer force of over 31,000 members.

While the Coast Guard conducts operations around the world every day, the Service's unique adaptability and ability to respond to the needs of the Nation were on display in the response to the major hurricanes in the fall of 2017. As has been the case in the wake of major storms for over two centuries, the Coast Guard was one of the first governmental entities on scene in Texas, Florida, Puerto Rico, and the U.S. Virgin Islands in the aftermath of the recent hurricanes. The Coast Guard's multi-mission character and broad statutory authorities were critical to the Service's ability to play a large role in response to these storms, including:

- Conducting extensive search and rescue operations, saving nearly 12,000 lives;
- Facilitating the opening of ports and re-establishing affected aids to navigation necessary for the continuation of commerce;
- Responding to discharges of oil and hazardous substances into navigable waters of the United States impacted by the storms.

More broadly, the Coast Guard's unique character as a United States Armed Force, a law enforcement agency, and a regulatory agency with broad authorities was critical to its ability to work closely with other federal, state, and local agencies and provide critical supplies to inaccessible areas.

The Coast Guard's actions in the aftermath of these storms was well-documented, but it is important that Congress have a broader knowledge of the Service's day-to-day mission effectiveness. The purpose of this hearing is to determine the effectiveness of current Coast Guard operations and to better understand the status of, and planning for, the Coast Guard's assets, workforce, and infrastructure which directly impact mission performance.

## **Assets**

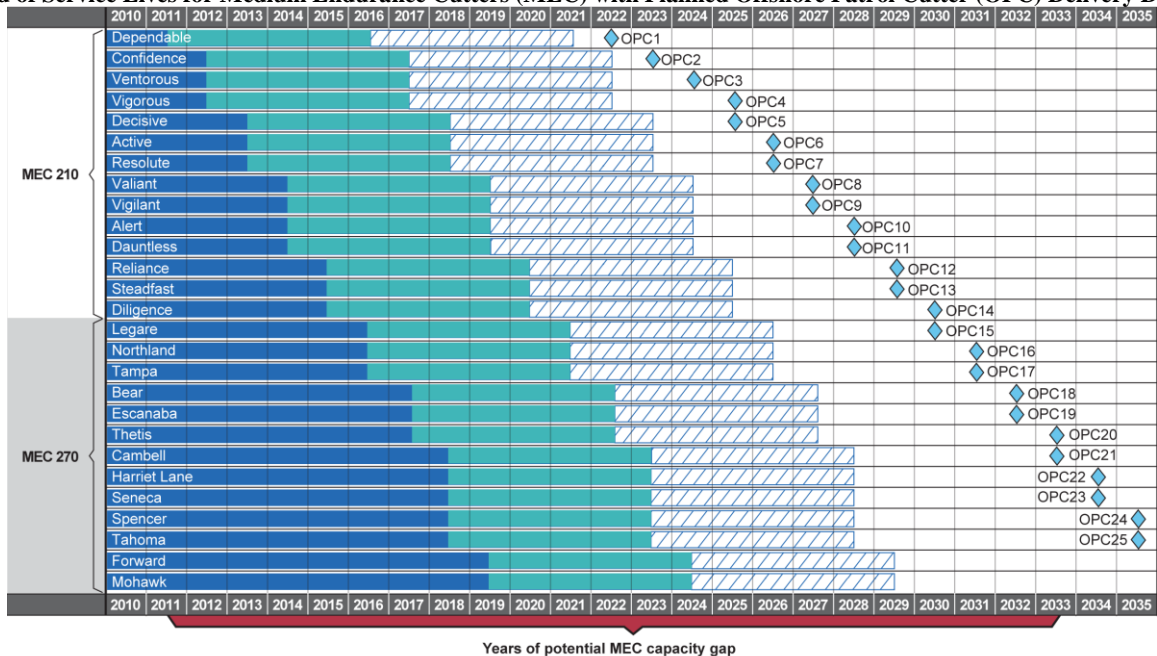
For over two decades, the Coast Guard has been recapitalizing its fleet of offshore cutters, a multi-billion-dollar effort to replace ninety cutters and patrol craft of advanced age: 12 high-endurance cutters; 29 medium-endurance cutters; and 49 110-foot patrol boats. The increased operational capabilities of these assets have enhanced the Service's mission effectiveness. However, the cutter recapitalization effort will not be complete for over 15 years, and the Service has not yet begun to recapitalize its rotary-wing fleet comprised of two classes of helicopters which are already well-beyond the flight hours of similar fleets of the other Armed Forces.

### Status of Coast Guard Recapitalization

	Legacy Asset	#	New Asset	Program of Record	Currently Funded	Full Operating Capability
Cutters	High-Endurance Cutters	12	National Security Cutters	9	11	FY 2022
	Medium-Endurance Cutters	29	Offshore Patrol Cutters	25	1	FY 2034
	110-Foot Patrol Boats	49	Fast Response Cutters	58	48	FY 2023
	Heavy Icebreakers	1	New Heavy Icebreakers	3	0.3	FY 2028
	River & Construction Tenders		Waterways Commerce Cutters	TBD	-	TBD
Aircraft	HC-130H	22	HC-130J	22	14	FY 2027
	HH-65	98	Unknown	TBD	-	TBD
	MH-60	49	Unknown	TBD	-	TBD

The ongoing recapitalization of the Service's cutters was planned two decades ago to address mission demands at that time. The world and mission demands have changed since that time and it is critical that the Service be ready to respond to the demands of today, as well as those that will exist in decades to come. It is also important that the Coast Guard be prepared to manage capability gaps that are likely to occur as recapitalization continues. For example, given current Coast Guard plans, there will potentially be significant gaps between the time when the Medium Endurance Cutters are no longer operable and when new Offshore Patrol Cutters (OPC) are ready to take their place, as illustrated in the following chart:

**End of Service Lives for Medium Endurance Cutters (MEC) with Planned Offshore Patrol Cutter (OPC) Delivery Dates**



- End of extended service life if the refurbishment effort provides up to 5 additional years
- End of extended service life if the refurbishment effort provides up to 10 additional years
- End of extended service life if the refurbishment effort provides up to 15 additional years
- Projected delivery date of OPC

Source: GAO analysis of Coast Guard documents. | GAO-15-620T

The Coast Guard attempts to link mission demands to Service needs through its Mission Needs Statements (MNS). The MNS provides an overview of the Service's statutory missions and its assets' capabilities and capacities in context with current and emerging threats.<sup>4</sup> The first MNS was released in 1996, with updates in 2000, 2004, and 2015. The 2004 MNS, the second update and full rewrite, aligned the Integrated Deepwater System (IDS) program with Department of Homeland Security missions, vision, and strategic goals.<sup>5</sup> The 2004 MNS also included projected gaps between mission demands and assets capacities and capabilities. Now, 14 years later, such gaps still exist, as seen in the figures included as Appendix A.

In 2011, the Service disaggregated the IDS program and redistributed individual project funding into existing sub-appropriations. The 2015 MNS provides an overview of Coast Guard's missions within the context of current and emerging threats; however, it does not identify asset gaps or a material solution to meet Coast Guard's mission needs. Instead, the Service includes performance measures, either strategic or management, for each of its 11 missions in the 2015 MNS.<sup>6</sup> The Service includes in its Capital Investment Plan (CIP) how new assets would meet mission requirements and address capability gaps.

The decisions being made today will shape the Coast Guard of the future. The cutters being built today have a planned 30-year service life and will probably serve longer. In fact, the final OPC is projected to be patrolling the seas until 2064. Congress needs accurate information from the Service to determine whether current asset recapitalization plans will provide capabilities sufficient to meet future demands.

## **Workforce**

The Coast Guard's active duty workforce is smaller than that of the New York City police department and less than ¼ the size of the next smallest U.S. Armed Force. From 2012 to 2016, the Coast Guard end-strength fell by over 3,200 as a result of budgetary reductions, less emphasis on recruiting, and an improving national economy. In contrast, through enacted appropriations over the past three fiscal years, Congress has added new Coast Guard positions and provided the Service with funding for a sustainable workforce. However, the Coast Guard's previous Commandant, Admiral Paul Zukunft, regularly stated a need to grow the Coast Guard's active duty workforce by 5,000 people over the next five years. To date, the Service has provided limited details regarding the requirements for such growth or whether current operational missions are undermanned. Nevertheless, the Committee responded to the Admiral Zukunft's request by increasing Coast Guard end-strength levels for fiscal year 2019 to 44,500 active duty military personnel in Coast Guard authorization legislation (H.R. 2518 and Division D of H.R. 5515), an increase of 1,500 over the previous two-year authorized level of 43,000.

The Coast Guard submitted a Manpower Requirements Plan to Congress in April 2018, which expanded upon its previous plan (submitted in November 2016) and supports its Human

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<sup>4</sup> The Coast Guard uses *capability* as a qualitative term, to refer to the kinds of missions that can be performed, and *capacity* as a quantitative term, to refer to how much (i.e., to what scale or volume) a mission can be performed.

<sup>5</sup> The IDS program was a long-term acquisition. The original IDS was based on 1998 needs, it did not meet Government Performance and Results Act (GPRA) targets or reflect post 9/11 mission demands.

<sup>6</sup> Strategic measures may be released as part of DHS Annual Performance Report. Management measures are reported internally to DHS, OMB, and Congress, but may or may not be reported publicly.

Capital Strategy. Both the 2016 and 2018 plans detail efforts to identify the ideal workforce size and composition to execute the Coast Guard's missions effectively. However, those efforts are only partly complete. The Service has been unable to establish details of the optimum workforce, other than to say that "preliminary results indicate a workforce deficit."<sup>7</sup> The next manpower requirements plan is due with the submission of the President's fiscal year 2023 budget, at which time "the Coast Guard looks forward to delivering [a plan] with even greater specificity."<sup>8</sup>

The Coast Guard's Human Capital Strategy was released in January 2016 to set "a 10-year course to ensure that [Coast Guard] functions and processes – including requirements, resource allocation, training, and human resource systems – work together to ensure a thriving and effective workforce prepared for the complexities of tomorrow."<sup>9</sup> However, the Service has not released any updates on the progress of implementing this strategy.

Congress has encouraged the Coast Guard to better understand and articulate its workforce needs to meet current and emerging needs. It is likely that the Service will need to make tough, strategic decisions regarding how best to allocate Coast Guard personnel. While Congress has provided funding for new personnel in recent years, those personnel will serve onboard or support the assets. In mission areas for which there are no new assets on the horizon (e.g., marine safety), the Service will need to make trade-offs to meet emerging demands. Even before the advent of a new cybersecurity operating domain, the Coast Guard was struggling to meet mission demands. Creating a cybersecurity workforce while also conducting legacy operations poses an additional challenge that must be addressed immediately.

## **Shore Infrastructure**

The Coast Guard's real property portfolio comprises approximately 43,400 assets nationwide, including over 7,000 buildings, 34,000 structures, and 2,000 land parcels owned by the Coast Guard.<sup>10</sup> Unfortunately, much of that property is in dire need of rebuilding or repair. Even after receiving \$719 million in supplemental funding to repair damages suffered during the 2017 hurricanes, the Coast Guard still has a backlog of 95 prioritized shore infrastructure projects that will cost an estimated \$1.5 billion to complete.<sup>11</sup>

While Coast Guard leaders consistently stress the importance of investing in shore infrastructure, the budgetary trade-offs being made within the Coast Guard and the Administration do not reflect this need. Despite the shore infrastructure backlog, the Coast Guard's fiscal year 2019 budget request only includes \$30 million to address shore infrastructure projects. Over the past five years, Congress has aided the Coast Guard by appropriating additional shore infrastructure funding, resulting in an average of 204 percent increase from requested levels (dollars in thousands):

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<sup>7</sup> Coast Guard Manpower Requirements Plan, Report to Congress, April 13, 2018.

<sup>8</sup> Coast Guard Manpower Requirements Plan, Report to Congress, April 13, 2018.

<sup>9</sup> [https://www.overview.uscg.mil/Portals/6/Documents/PDF/CG\\_Human\\_Capital\\_Strategy.pdf?ver=2016-10-13-123005-583](https://www.overview.uscg.mil/Portals/6/Documents/PDF/CG_Human_Capital_Strategy.pdf?ver=2016-10-13-123005-583), visited June 19, 2018.

<sup>10</sup> [https://transportation.house.gov/uploadedfiles/coast\\_guard\\_inventory\\_of\\_real\\_property.pdf](https://transportation.house.gov/uploadedfiles/coast_guard_inventory_of_real_property.pdf)

<sup>11</sup> Coast Guard Response to Question, Email dated March 05, 2018.

<b>FY</b>	<b>Requested</b>	<b>Appropriated</b>	<b>Congressional Plus-Up</b>	<b>% Increase from Request</b>
<b>2014</b>	\$2,000	\$20,000	\$18,000	900%
<b>2015</b>	\$19,580	\$25,580	\$6,000	31%
<b>2016</b>	\$41,900	\$145,600	\$103,700	247%
<b>2017</b>	\$18,100	\$44,519	\$26,419	146%
<b>2018</b>	\$10,000	\$42,400	\$32,400	324%
<b>Overall</b>	\$91,580	\$278,099	\$186,519	204%

In addition to these extensive shore infrastructure construction needs, the Coast Guard also has an approximately \$700 million shore infrastructure maintenance backlog that continues to grow. Existing shore facilities are not being properly maintained, and failure to invest in ongoing maintenance will result in increased long-term maintenance costs, greater unplanned repair costs, and an acceleration of recapitalization timelines. In the President’s fiscal year 2019 budget, the Coast Guard requests \$195 million for all shore maintenance needs, an increase of approximately \$2 million (1.0 percent) over the amount appropriated in fiscal year 2018.

Shore infrastructure is critical to every Coast Guard mission – cutters need piers, aircraft need runways, service members need barracks and offices, etc. The Service has found ways around the paucity of shore infrastructure investment for many years. It remains unclear how these shortfalls and those workarounds continue to impact mission effectiveness and overall performance. The Service needs to develop a comprehensive infrastructure plan based on an objective assessment of current facilities and their influence on Coast Guard operations and the workforce that conducts them.

### **WITNESS LIST**

Vice Admiral Daniel Abel  
Deputy Commandant for Operations  
United States Coast Guard

Vice Admiral Michael McAllister  
Deputy Commandant for Mission Support  
United States Coast Guard

Ms. Marie A. Mak  
Director of Acquisition and Sourcing Management  
Government Accountability Office

## Appendix A: Cutter Capability Gaps

