



Highlights of [GAO-10-411T](#), a report to Subcommittee on Coast Guard and Maritime Transportation and Infrastructure Committee, U.S. House of Representatives

Why GAO Did This Study

The U.S. Coast Guard, a component of the Department of Homeland Security (DHS), conducts 11 statutory missions that range from marine safety to defense readiness. In an effort to enhance performance the Coast Guard continues to implement its Deepwater program—the acquisition program to replace or upgrade its vessels and aircraft—while also carrying out a reorganization program to update its command structure, among other things. This testimony discusses the Coast Guard's (1) budget request for fiscal year 2011 and key performance indicators for fiscal year 2009; and (2) key management challenges confronting the Coast Guard. This testimony is based on GAO products issued in 2009 and 2010 (including GAO-09-682, GAO-09-810T, and GAO-10-268R); other GAO products issued over the past 11 years—with selected updates in February 2010; and preliminary observations from ongoing GAO work on the Deployable Operations Group. GAO analyzed budget and performance documents, such as DHS's fiscal year 2011 budget justification, and interviewed Coast Guard officials.

What GAO Recommends

GAO has made recommendations in prior reports to DHS to improve planning and other aspects of the Deepwater program. DHS concurred and is in various stages of implementing them. GAO provided a copy of new and updated information in this statement to DHS and incorporated comments as appropriate.

View [GAO-10-411T](#) or [key components](#). For more information, contact Stephen Caldwell at (202) 512-9610 or caldwells@gao.gov.

COAST GUARD

Observations on the Requested Fiscal Year 2011 Budget, Past Performance, and Current Challenges

What GAO Found

The Coast Guard's budget request for fiscal year 2011 is slightly lower than the agency's 2010 enacted budget and year-to-year mission performance trends are mixed. The Coast Guard's fiscal year 2011 budget request of \$9.87 billion is approximately \$35.8 million (or 0.4 percent) less than the service's enacted budget for fiscal year 2010. The slight reduction is largely attributable to a decrease in funds requested for (1) acquisition, construction, and improvement and (2) research, development, test, and evaluation. The reductions in these and other appropriation accounts are balanced by increases in funds requested for operating expenses and retired pay. One of the key themes of the fiscal year 2011 budget is the trade off between current operational capacity and continued investment in future capability through capital investment. Specifically, the Coast Guard is reducing funds for current assets and missions to increase funds for its top budget priority—long-term recapitalization of vessels and aircraft. The Coast Guard acknowledges that the proposed emphasis on recapitalization of aging assets may lead to a short term decline in mission performance. With regard to fiscal year 2009 performance, Coast Guard met its performance goals for 6 of 11 statutory mission areas but year-to-year performance trends are mixed. For example, the Coast Guard reported an improvement in reducing the maritime terrorism risk but reported a decline in the percentage of time that Coast Guard assets met designated combat readiness levels. Specifically, the Coast Guard reported that, for fiscal year 2009, agency assets met designated combat readiness levels 44 percent of the time, well below its goal of 100 percent. The Coast Guard attributes this decline in performance to reduced High Endurance Cutter readiness and personnel and training shortfalls for port security unit reserve forces.

The Coast Guard continues to face several management challenges. Our prior work has identified continuing problems in Deepwater costs, management and oversight that have led to some delivery delays and operational challenges for some Coast Guard assets. Additionally, the Coast Guard is in the process of a major reorganization effort to establish a new command structure. While the Coast Guard reported completing all interim key actions for the reorganization program on schedule with some aspects of the transition—such as the deployable operations group—resulting in operational improvements, the agency desires additional statutory authorities to fully establish the new command structure and senior leadership positions. The Coast Guard has submitted a legislative proposal to request the statutory authority needed to make such changes. Lastly, the Coast Guard has a history of workforce management challenges which they have worked to address by developing plans and tools to better identify appropriate personnel for their assigned positions and allocate personnel resources. However, it is too soon to assess these efforts' impact. Moreover, as the Coast Guard faces a change in leadership in May 2010, it will be increasingly important to sustain its efforts to address the challenges that it faces.