

GAO Highlights

Highlights of [GAO-14-450](#), a report to congressional requesters

Why GAO Did This Study

The Coast Guard is managing a multi-billion dollar effort to modernize aging assets, including ships, aircraft, and information technology to provide new capabilities to conduct missions ranging from marine safety to defense readiness. GAO has reviewed the Coast Guard's acquisitions since 2001 and has found it faces challenges managing its portfolio. In 2007, the Coast Guard established a cost baseline of \$24.2 billion for 13 assets. GAO was asked to examine the Coast Guard's current and planned acquisition portfolio.

This report assesses: (1) operational performance and testing of selected assets; (2) the current cost of the Coast Guard's portfolio and funding plans; and (3) the extent to which the Coast Guard is experiencing capability gaps, if any, given known affordability issues. To conduct this work, GAO analyzed the operational performance and test reports for all 4 newly fielded assets that the Coast Guard planned to test and the costs and capabilities of its major system acquisition portfolio. GAO also interviewed Coast Guard, DHS, and Navy officials.

What GAO Recommends

Congress should consider requiring the Coast Guard to include additional information in its Capital Investment Plan. In addition, the Secretary of DHS should clarify when minimum performance standards should be achieved, conduct C4ISR testing, and develop a long-term modernization plan. DHS concurred with the recommendations, but its position on developing a long-term plan does not fully address GAO's concerns as discussed in the report.

View [GAO-14-450](#). For more information, contact Michele Mackin at (202) 512-4841 or mackinm@gao.gov.

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COAST GUARD ACQUISITIONS

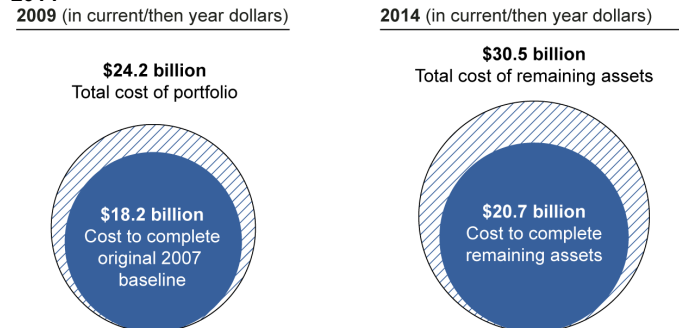
Better Information on Performance and Funding Needed to Address Shortfalls

What GAO Found

The selected Coast Guard assets that GAO reviewed are generally demonstrating improved performance—according to Coast Guard operators—but GAO found that they have yet to meet all key requirements. Specifically, two assets, the HC-144 patrol aircraft and Fast Response Cutter, did not meet all key requirements during operational testing before being approved for full-rate production, and Department of Homeland Security (DHS) and Coast Guard guidance do not clearly specify when this level of performance should be achieved. Additionally, the Coast Guard changed its testing strategy for the Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) system and, as a result, is no longer planning to test the system's key requirements. Completing operational testing for the C4ISR system would provide the Coast Guard with the knowledge of whether this asset meets requirements.

As acquisition program costs increase across the portfolio, consuming significant amounts of funding, the Coast Guard is farther from fielding its planned fleet today than it was in 2009, in terms of the money needed to finish these programs. In 2009, GAO found that the Coast Guard needed \$18.2 billion to finish its 2007 baseline, but now needs \$20.7 billion to finish these assets.

The Total Cost of and Cost to Complete the Coast Guard's Original 2007 Baseline in 2009 and 2014



Source: GAO analysis of Coast Guard data.

To inform Congress of its budget plans, the Coast Guard uses a statutorily required 5-year Capital Investment Plan, but the law does not require the Coast Guard to report the effects of actual funding levels on individual projects and, thus, it has not done so. For example, the Coast Guard has received less funding than planned in its annual budgets, but has not reflected the effects of this reduced funding in terms of increased cost or schedule for certain projects. Without complete information, Congress cannot know the full cost of the portfolio.

The Coast Guard has repeatedly delayed and reduced its capability through its annual budget process and, therefore, it does not know the extent to which it will meet mission needs and achieve desired results. This is because the Coast Guard does not have a long-term fleet modernization plan that identifies all acquisitions needed to meet mission needs over the next two decades within available resources. Without such a plan, the Coast Guard cannot know the extent to which its assets are affordable and whether it can maintain service levels and meet mission needs.