



Highlights of [GAO-04-636T](#), a report to the Subcommittee on Oceans, Fisheries, and Coast Guard, Committee on Commerce, Science, and Transportation, U.S. Senate

Why GAO Did This Study

As the lead federal agency for maritime homeland security within the Department of Homeland Security, the Coast Guard is facing extraordinary, heightened responsibilities to protect America's ports, waterways, and waterside facilities from terrorist attacks. At the same time, the Coast Guard remains responsible for many other programs important to the nation's interests, such as conducting search and rescue and protecting important fishing grounds. Its expanded responsibilities come at a time when budget resources are increasingly constrained, making prioritization among competing agencies and programs an even more critical factor in congressional decision-making. This testimony specifically addresses (1) the most recent trends in both resource usage and performance results for the Coast Guard's homeland security and non-homeland security programs; (2) challenges the agency faces as it proceeds with its Deepwater acquisition program to replace or modernize its key legacy cutters and aircraft; and (3) an overview of the President's fiscal year 2005 budget request for the Coast Guard, focusing on several areas of particular congressional interest.

www.gao.gov/cgi-bin/getrpt?GAO-04-636T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Margaret Wrightson at (415) 904-2200 or wrightsonm@gao.gov.

COAST GUARD

Key Management and Budget Challenges for Fiscal Year 2004 and Beyond

What GAO Found

Resource usage for Coast Guard assets—its cutters, boats, and aircraft—was up almost 40 percent from the pre-September 11th baseline. Homeland security programs, such as the ports, waterways, and coastal security program, have been more likely to see increases in usage, while non-homeland security programs, such as living marine resources, remain below pre-September 11th levels. Although resource usage changed substantially for many of these programs, performance results generally improved or remained largely the same. The stable or improved performance results were attributed mainly to operational efficiencies (e.g., improved technology, improved tactics, stronger partnerships, and improved intelligence). However, the Coast Guard has limited data and no systematic approach to explain or account for the effects of these factors. Without such an approach and supporting data to link its resources and performance results, the agency may be missing further opportunities to increase productivity and efficiency to ensure best use of its funds.

Some of the Coast Guard's legacy Deepwater cutters, patrol boats, and aircraft are increasingly unreliable and costly to maintain, and timely and effective implementation of the agency's ongoing Deepwater acquisition program to modernize these assets is crucial in order to reverse this trend. However, the Coast Guard faces serious challenges to keep the Deepwater program on schedule and within planned budget estimates. We estimate that to return the program to its original 20-year completion schedule will cost about \$2.2 billion more than the Coast Guard estimated when the program was implemented in 2002. Also, available program funding, which has been less than the Coast Guard planned, may have to be used, in part, to address critical maintenance needs of the legacy assets, diverting funds otherwise intended for future Deepwater replacements and upgrades. Moreover, recent GAO work raised serious concerns about the management and oversight of the program, including the quality of the Coast Guard's assessment of the program contractor's performance and the uncertainty as to whether the Coast Guard would be able to effectively control costs.

The President's fiscal year 2005 budget request of about \$7.5 billion for the Coast Guard represents about an 8 percent increase over last year. It includes \$5.2 billion in operating expenses and \$943 million for its capital acquisition budget. Most of the new initiatives outlined in its operating expense budget are targeted for homeland security initiatives, including \$102 million for implementation of the Maritime Transportation Security Act of 2002. Aside from the new initiatives, two other efforts in the budget request may require further attention. The Coast Guard's multi-mission stations are still experiencing a heavy workload for station personnel because of increased homeland security responsibilities. Also, the Coast Guard's Rescue 21 program, which will replace the Coast Guard's current antiquated communication system, faces possible delays because of software system development problems.