



AP PHOTO/US COAST GUARD, PETTY OFFICER 2ND CLASS ETTA SMITH

# Building a U.S. Coast Guard for the 21st Century

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# Introduction and summary

Our nation today demands more from the U.S. Coast Guard, the nation's oldest maritime force, than at any time in the service's history. Coast Guard personnel and assets are conducting counterpiracy missions in the Gulf of Aden, protecting Iraqi petroleum pipelines and shipping lanes in the Persian Gulf, and shouldering the load in the government's response efforts to the massive Deepwater Horizon oil spill off the coast of Louisiana, the largest oil spill in the nation's history. The Coast Guard remains heavily engaged in all of these theatres in addition to its traditional and better-known search and rescue, drug interdiction, and port security missions.

The accelerated pace and scope of these domestic and international missions is the new norm for the Coast Guard. But if the Obama administration and Congress expect the Coast Guard to maintain its current level of operations effectively, they must begin providing the service with the commensurate leadership and resources necessary to transform and modernize the service. Failure to correct the current imbalance between responsibilities and capabilities will further erode the service's already dwindling ability to carry out its statutory missions, and deny it the ability to protect this nation against 21st century challenges.

In January 2010, the Obama administration decided to freeze all fiscal year 2011 nondefense and homeland security discretionary spending—a category that does not include the Coast Guard. This exemption was believed by many to mean that defense- and homeland security-related funding could increase or at least would remain constant. Yet when the administration's FY 2011 budget proposal was unveiled in February 2010, the Coast Guard's total funding was cut to \$10.1 billion, or nearly 3 percent less than the amount appropriated for the current fiscal year ending September 30, 2010.

If the Coast Guard's budget is authorized and appropriated as proposed, its total budget next fiscal year will be lower than that of next year's total purchase of F-35 Joint Strike Fighters by the Department of Defense—next-generation fighter aircrafts that are not needed in Iraq or Afghanistan.

As a result of an already constrained fiscal environment, the Coast Guard is engaged in making difficult trade-offs even before any further possible cuts to its budget are made. The recently retired Coast Guard Commandant Thad Allen says the service is now shifting funding away from programs that support current operational capacity in order to focus scarce resources on asset modernization and recapitalization programs. This is the same trade-off that confronted his immediate predecessors, Adms. Thomas Collins and James Loy. Meanwhile, the service has lowered its performance goals in anticipation that it will not be able to meet previous standards as a result of major asset decommissionings.

The age and condition of the Coast Guard fleet is already affecting the service's ability to carry out its missions. Take, for instance, the Coast Guard's prominent role in the United States' humanitarian mission in response to the massive 7.0 magnitude earthquake that devastated Port-au-Prince, Haiti on January 12 of this year. Less than 24 hours after the earthquake hit, one of the Coast Guard's largest and most capable cutters, *Forward*, arrived in the Baie de Port-au-Prince to provide crucial command-and-control and search-and-rescue capabilities. Hours later, Coast Guard helicopters and other air assets evacuated the first U.S. citizens from the disaster, and provided much-needed damage assessments while partnering with the United Nation's Stabilization Mission in Haiti to provide transport for its senior representatives.

The Coast Guard was a critical player in the United States' successful relief effort in Haiti, but the service also experienced serious equipment and logistical challenges as a result of the age and condition of its equipment. Twelve of the 19 cutters that were eventually sent to Haiti required emergency maintenance while two of them had to be recalled from operations for emergency dry-dock repairs. Coast Guard helicopters that



In this Jan. 16, 2010 photo released by the U.S. Coast Guard, earthquake refugees stand in line to board a Coast Guard aircraft in Port-au-Prince, Haiti before heading to Homestead, Fla., after an earthquake struck Haiti on Jan. 12. Around 60 people boarded the aircraft, including children and the elderly.

Source: AP Photo/U.S. Coast Guard, Petty Officer Pamela J. Manns

were needed to assist surveillance and rescue missions instead had to be assigned to transport spare parts and equipment to Coast Guard assets in the field.

The deteriorating condition of the service's ships and aircraft, however, is merely a symptom of larger challenges facing the Coast Guard as it attempts to modernize its force, reorient its command structure, improve its defense readiness, and meet future threats, among other key initiatives. More funding is a necessary but insufficient component of a renewed effort to meet these challenges. In order to sustain the Coast Guard's capability over the long term, the service must overcome a host of challenges, including:

- Fiscal challenges
- Personnel challenges
- Defense readiness challenges
- Recapitalization challenges
- Organizational restructuring challenges
- Climate change challenges

The Coast Guard's current situation is not new. The service has a long history of adaptability and resiliency in the face of ever-changing operating and bureaucratic environments and fiscal constraints (see box), but meeting all of these challenges without sufficient budget support is simply not possible.

## The oldest U.S. maritime service

The U.S. Coast Guard was formed in 1790 as the Revenue Cutter Service under the Department of the Treasury to enforce tariff and trade laws and to prevent smuggling. The Revenue Cutter Service and the U.S. Life Saving Service merged to form the modern Coast Guard under the Department of the Treasury in 1915. Later, the Coast Guard assimilated the Steamboat Inspection Service, Bureau of Navigation, and U.S. Lighthouse Service.

In 1967 the service was placed under the Department of Transportation, where it remained until the terrorist attacks of September 11, 2001, when the Coast Guard began its transition into a larger bureaucracy, the newly created Department of Homeland Security, or DHS. The modern Coast Guard, or USCG, is one of the nation's five armed services. Like the Army, Air Force, Navy, and Marines, the USCG is comprised of enlisted men and women, officers, and civilian support staff.

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In order to modernize to confront 21st century threats, the Coast Guard must once again adapt to a new bureaucratic environment as well as receive appropriate levels of funding. Should the Obama administration and Congress not help the Coast Guard overcome these obstacles, gaps in the service's capabilities will only be magnified in the future and the men and women of the Coast Guard and the nation will suffer. The following are our recommendations to meet the challenges facing this overburdened service.

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### Meeting the fiscal challenges

- Create a Unified Security Budget so that policymakers can make appropriate trade-offs in national security spending.
- Immediately increase the Coast Guard's budget by \$5 billion to about \$15 billion a year. Funding should remain level in real terms for at least five years so that the Coast Guard can manage its acquisitions programs rationally.
- Fully fund the Coast Guard's asset recapitalization program while providing appropriate oversight.
- Ensure that the Coast Guard does not have to choose between funding its Acquisitions, Construction, and Improvements account that funds asset recapitalization and its Operating Expenses account that funds its day-to-day operations.
- Evaluate whether to keep legacy assets online until their replacements are adequately tested and ready to serve.

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### Meeting the personnel challenges

- Restore funding for the military personnel positions scheduled to be eliminated in the Coast Guard's FY 2011 budget request.
- Appoint a top civilian representative for the Coast Guard with responsibilities similar to those of the military service secretaries.

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## Meeting the defense readiness challenges

- Maintain current readiness reporting standards, which track the ability of Coast Guard assets to participate in wartime missions, until the Coast Guard's new Readiness Reporting System is fully operational.
- Allow the Coast Guard Commandant to become a voting member of the Joint Chiefs of Staff.

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## Meeting recapitalization challenges

- Ensure that the Coast Guard leadership implements the Acquisition Directorate's goals as laid out in its Human Capital Strategic Plan
- Develop clear progress and performance metrics for the Coast Guard's recapitalization program.
- Require the Coast Guard to provide more comprehensive budget reporting to Congress on all Coast Guard acquisition projects.
- Institute a "fly before you buy" policy for the Coast Guard so that USCG acquisitions are properly tested before the service begins buying them in large quantities.
- Ensure that all Coast Guard programs are in compliance with the Major Systems Acquisitions Manual, a guide for ensuring that major systems acquisitions projects are better managed and executed, provided that they are also in compliance with DHS acquisition directives.

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## Meeting organizational restructuring challenges

- Move forward with necessary congressional approval for the Coast Guard's command restructuring.
- Develop metrics to ensure that the command restructuring promotes effective allocation of resources and assets across the organization and facilitates the Coast Guard's ability to respond to 21st century threats.

- Consider placing the Coast Guard within the Pentagon as part of the Department of the Navy along with the Marines.

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## Meeting climate change challenges

- Buy two new polar icebreakers over the next 10 years and invest in a service life extension for the Polar Sea icebreaker in order to maintain U.S. operational capabilities and presence in the Arctic region.
- Ensure Coast Guard budgetary control over the refurbished Polar Star icebreaker in the short term to give the Coast Guard greater control over its Arctic operations.
- Congress should ratify the U.N. Convention on the Law of the Sea to protect and enhance U.S. interests in the Arctic region.
- Complete the Coast Guard's existing recapitalization and command restructuring initiatives in order to enhance the Coast Guard's disaster response capabilities.

As this report will demonstrate, meeting all five sets of challenges is crucial to the defense of our nation and the security and safety of not just our coastal waterways but also Coast Guard operations in international waters.

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