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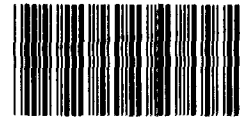
Testimony

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Coast Guard Resources

Statement of
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Before the
Subcommittee on Coast Guard and Navigation
Committee on Merchant Marine and Fisheries
House of Representatives



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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify about our recent work on the adequacy of the Coast Guard's resources--a long standing concern of this Subcommittee. We last reported on this subject in 1980. Our recent work confirms that the basic message of our 1980 report appears as timely today as it did then.¹ Namely, the Coast Guard does not have adequate funding to fulfill all of its legislatively mandated missions in the manner it would like--a problem common to most government agencies.

As you know, the Coast Guard performs a number of different, but related missions--such as search and rescue, marine environmental protection, law enforcement, and defense readiness. Over the past decade it has acquired new responsibilities within some of its missions. Additional funding would certainly help the Coast Guard carry out both its old and new responsibilities. More money, however, is not the only option and may not even be the best option. A more realistic approach may be for the Coast Guard, in cooperation with the Congress, to reconsider the number of missions it undertakes and the level of performance expected.

Now, Mr. Chairman, to provide some perspective on the Coast Guard's resources, I would like to discuss four main points. First, although the Coast Guard's budget has increased more than 50 percent since 1980, it has actually declined slightly during the past 6 years when adjusted for inflation. Second, the Coast Guard

¹The Coast Guard--Limited Resources Curtail Ability to Meet Responsibilities (CED-80-76, Apr. 3, 1980).

has significantly altered the distribution of its resources among its major missions. Third, the Coast Guard officials we spoke with continue to believe they lack adequate resources to effectively perform their duties. Finally, there are several key questions which need to be answered to make more effective resource decisions.

RESOURCE GROWTH

The Coast Guard's total budget increased about 55 percent from \$1.7 billion in fiscal 1980 to about \$2.7 billion in fiscal 1988. Although this comparison suggests a healthy increase, two caveats are in order. First, over 85 percent of the increase occurred between fiscal years 1980 and 1982, when the budget reached \$2.5 billion. Second, when these dollar figures are adjusted for inflation, there was a slight decline between 1982 and 1988. For fiscal year 1989, the Administration has requested \$2.98 billion for the Coast Guard.

Typically, about two-thirds of the Coast Guard's budget is devoted to operating expenses. The two other major components are acquisition, construction, and improvements (AC&I) (17 percent in fiscal year 1987) and retirement pay (12 percent in fiscal year 1987).

Funding for the AC&I account was volatile between fiscal years 1980 and 1988. From \$286 million in 1980, it reached a high of \$684 million in 1982, dropped to \$374 million in 1985, and rebounded to \$454 million in 1986 and \$498 million in 1987. The 1988 appropriation was the lowest of the decade at \$267 million.

A significant source of funding during the mid-1980s was money transferred from the Department of Defense to help support the Coast Guard's defense-related missions. For example, in 1987, Defense provided \$75 million for operating expenses and \$200 million for AC&I.

Personnel levels remained relatively static since 1980. Full-time equivalent employees decreased slightly, from 45,109 to 43,398 between fiscal years 1980 and 1987, while the reserves increased slightly, from 11,700 to 12,750. (Further details on budget and personnel trends are provided in Attachments I and II.)

RESOURCE ADJUSTMENTS

The Coast Guard has undertaken a variety of efforts since 1980 to try to relieve its budget pressures, including shifting funds and personnel to high priority programs. In analyzing the distribution of Coast Guard resources, we found significant changes from 1980 to 1987. Most notably, the proportion of operating expenses devoted to drug interdiction tripled, from 7 percent to about 22 percent. This is consistent with the Congress' direction to the Coast Guard to increase its drug enforcement activities.

There was a concomitant decrease in the proportion of resources devoted to traditional safety missions--search and rescue, aids to navigation, and marine safety. These declined from 60 percent in 1980 to 51 percent in 1987. Similarly, the proportion devoted to marine environmental protection declined from almost 13 percent to 7 percent. (Further details on the Coast

Guard's allocation of its operating expenses are provided in Attachment III.)

In an effort to deal with resource limitations, the Coast Guard has taken a number of other budgetary actions. For example, the Coast Guard:

- realigned certain support functions last year to reduce the number of support personnel and free up about 500 slots for line operations,
- turned over a considerable amount of work for inspecting certain vessels and vessel operations to the American Bureau of Shipping and the National Cargo Bureau, and
- proposed earlier this year to reduce or eliminate selected search-and-rescue stations and other facilities.

PERCEPTIONS ON RESOURCE ADEQUACY

We met with Coast Guard officials at headquarters and a variety of field locations to gauge their perceptions of the adequacy of resources to perform their duties. Field locations included the Pacific Area Command in Alameda, California; district headquarters in Portsmouth, Virginia, and Seattle, Washington; and two air stations and five boat stations. We also spoke with representatives of other organizations in Washington State who deal with the Coast Guard.

What we consistently heard, was that the Coast Guard's people feel that they are "stretched thin," in that they do not have the resources they feel they need to perform their missions adequately.

This message is consistent with the results of our earlier report and this Committee's 1981 report.²

The comments we heard focused on three broad areas that cut across virtually all of the Coast Guard's programs: staffing levels, training, and capital funding.

Staffing Levels

Coast Guard officials do not know the full extent of personnel needs since it has not updated its 1980 study, which concluded that 35,000 additional full-time personnel would be needed by 1991. Since personnel levels are roughly the same as in 1980, not surprisingly, Coast Guard officials have many concerns about personnel shortages.

For example, the Commandant testified last year before this Subcommittee that about 2,000 additional personnel were needed for fiscal years 1988 and 1989. Officials told us that these people are needed for new requirements, such as manning new aircraft and vessels for use in the Coast Guard's drug enforcement efforts, not as a cure for historical shortages. The Commandant also testified that reserve strength needed to be about doubled--to about 27,000--to meet defense-related requirements. Field-level officials voiced similar concerns.

Headquarters program officials said the search-and-rescue program is understaffed by about 500 people Coast Guard-wide, resulting in long work-weeks and fewer training opportunities.

²SEMI-PARATUS: The United States Coast Guard, 1981, Oversight Report of the Committee on Merchant Marine and Fisheries, House of Representatives, Report No. 97-355, Dec. 3, 1981.

Portsmouth district officials noted a frequent need to curtail operations at their boat stations due to fatigue caused by 84-hour work weeks. Concerns about inadequate numbers of personnel also existed for law enforcement, boating safety, and port security.

Training

In its 1981 report, the Committee concluded that training was seriously deficient. Coast Guard officials recently told us that this continues to be a significant problem. At all field locations we visited, officials said that inadequate training jeopardized the ability of their staff to carry out peacetime and military roles. For example, one district commander cited inadequate funds for required training in law enforcement, pollution control, military readiness, and search-and-rescue. He also said that his personnel need training in basic mission skills, such as weapons use, boarding techniques, emergency medical skills, and small boat engineering.

In addition to shortages in training funds, officials said that the general shortage of personnel also causes training problems. This can happen when personnel cannot be released for training because no one is available to "fill in" during an individual's absence.

Capital funding

Coast Guard concerns about inadequate funding levels for its capital, or AC&I, account also remain much as they were at the beginning of the decade. In 1980, we reported the Coast Guard's position that the \$286 million capital appropriation for that year

was less than half of that needed to adequately maintain and upgrade its plant and equipment.

Officials told us recently that the \$267 million in the Administration's 1988 budget was much too low to adequately maintain the Coast Guard's capital base. Indeed, the Coast Guard has consistently argued for a capital budget of \$500 to \$600 million.

Officials view inadequate funding for vessels and shore facilities as especially troublesome. For example, Pacific Area Command officials told us that they need eight additional high- or medium-endurance cutters, noting a 44 percent shortfall in the number of days cutters were available in 1987 to carry out fishery and law enforcement patrols. According to these officials, a shortage of funds for maintenance, parts, and equipment has reduced vessel capability. They also noted the old age of vessels, particularly icebreakers and buoy tenders, many of which are over 40 years old.

In 1980, we reported that 45 percent of the shore facilities we reviewed had various problems, including physical deterioration and overcrowding. Officials we spoke with recently pointed out problems in maintaining and replacing shore facilities. The Coast Guard has noted a need to "catch up" on shore plant replacement, an area that the Commandant has described as severely underfunded in a climate of appropriations earmarked for more "glamorous" hardware. The Coast Guard estimates it has a \$1 billion backlog of projects to restore or replace inadequate shore facilities. This backlog

dwarfs recent spending of about \$60 million a year on such projects.

While Seattle district officials identified no major facility problems, Portsmouth district officials identified many inadequate facilities needing replacement or extensive renovation. They also said they lacked necessary funds to properly maintain facilities. This will translate into increased future capital account demands.

Our inspection of some facilities confirmed reasons for their concern. For example, one boat station was a 1,500 square-foot houseboat adjacent to on-shore trailers and sheds. Originally intended as a temporary facility, it is over 24 years old, leaks, lists, and is overcrowded.

Regarding the Administration's request of \$2.98 billion for fiscal year 1989, this budget, according to headquarters' officials, will only bring the Coast Guard back to 1987 operating levels--levels considered inadequate to maintain its capital plant and to carry out its missions. We noted that the request is about \$447 million less than the budget the Department of Transportation had submitted to the Administration. The most significant difference is in the AC&I account, where the Department of Transportation had recommended \$774 million, compared to the \$334 million that the Administration is requesting.

Comments From Non Coast Guard Officials

To gain an additional perspective on Coast Guard resource problems, we spoke with representatives of 12 federal, state, local, and non-governmental organizations whose activities bring

them into contact with the Coast Guard. These included the State of Washington Department of Ecology, the Seattle Fire Department, boating associations, and the American Bureau of Shipping.

The views we obtained from these organizations were generally consistent with those we heard from the Coast Guard. Many said that the Coast Guard's performance had diminished in such areas as boating safety and port security--because of low funding, staff shortages, and insufficient training.

KEY UNANSWERED

RESOURCE QUESTIONS

The key resource questions facing Coast Guard and the Congress are:

- Should the Coast Guard continue to perform all its various missions?
- What staffing level is needed to support these missions?
- What measures should be used to monitor program effectiveness?

The first question is whether the Coast Guard should continue all of its current functions. It works with many other federal, state, local, and non-governmental organizations in accomplishing its multiple missions. Some of these organizations may be in a position to relieve some of the Coast Guard's burden.

For example, at your request, Mr. Chairman, we will soon start to assess the appropriateness of the Coast Guard's role for defending the nation's coast in time of war under a 1984 agreement

with the Navy. Similar questions on the Coast Guard's role might be asked about environmental, boating safety, and other missions.

Staffing standards are also an important element in defining total resource needs since they determine the number of people needed to perform a particular task. The Coast Guard, however, has not developed an overall determination of its staffing needs since 1980. Because approximately 60 percent of its budget is spent on human resources, it is particularly important to keep these standards current. The Coast Guard recognizes this need and recently established a workforce planning unit in the Office of Personnel to develop these standards.

Measuring program effectiveness is also important to making resource allocation decisions. To improve the overall management of safety programs and resources, in April 1987, we recommended that the Secretary of Transportation develop operational measures of effectiveness.³ Two recently completed Coast Guard studies reached a similar conclusion. One study found that many Coast Guard programs use measures of effectiveness based on information that is readily available rather than on information that best meets the needs of the program. It also found that the support and operating programs are not systematically evaluated to monitor goal achievement, primarily because no common system exists for managing measures of effectiveness. The other study specifically addressed the Coast Guard's monitoring of mission performance, focusing on

³DEPARTMENT OF TRANSPORTATION: Enhancing Policy and Program Effectiveness Through Improved Management (GAO/RCED-87-3, Apr. 13, 1987).

the need for a separate staff element to objectively conduct single- and cross-program analyses. According to headquarters' officials, these conclusions and recommendations are being studied as part of current management improvement initiatives.

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In summary, our discussion with Coast Guard personnel and others provided us with a consistent message--that Coast Guard's resources are not sufficient. We also note, however, that this problem is one of long standing. Moreover, in the current budget environment, this is a common problem among government agencies. Recognizing that the Coast Guard cannot do everything it would like to do, the key question is how the Coast Guard can best serve the public by applying its limited resources to its many missions. One way to approach this question is for Coast Guard to reassess its current missions and how it performs them, with the objective of establishing mission priorities and clear performance expectations.

This concludes my prepared statement, Mr. Chairman. I will be pleased to answer any questions you have at this time.

COAST GUARD BUDGET(TOTAL APPROPRIATIONS AND OPERATING EXPENSES)FISCAL YEARS 1980-88

(in thousands of dollars)

Fiscal year ^a	<u>Operating expenses</u>		<u>Total appropriations</u>	
	<u>Actual dollars</u>	<u>Constant dollars^b</u>	<u>Actual dollars</u>	<u>Constant dollars^b</u>
1980	1,115,209	1,491,034	1,716,854	2,295,434
1981	1,337,207	1,615,346	2,034,780	2,458,014
1982	1,482,700	1,671,003	2,525,776	2,846,550
1983	1,603,798	1,752,951	2,455,154	2,683,483
1984	1,690,542	1,783,522	2,779,508	2,932,381
1985	1,768,572	1,825,166	2,592,432	2,675,390
1986	1,747,339	1,787,528	2,661,905	2,723,129
1987	1,895,875	1,895,875	2,871,055	2,871,055
1988	1,897,106	c	2,660,301	c

^aCoast Guard budget figures are based on fiscal years. Constant dollar figures are based on calendar years.

^bCalculations for 1987 constant dollars are based on the price deflator for federal agency purchases of goods and services, from Economic Indicators, Council of Economic Advisors, February 1988.

^cFiscal year 1988 has not been adjusted for inflation.

Source: U.S. Coast Guard provided actual dollar figures. GAO calculated constant dollar figures.

NUMBER OF COAST GUARD POSITIONS

FOR SELECTED FISCAL YEARS

(Full-Time Equivalents)

<u>Year</u>	<u>Military</u>	<u>Civilian</u>	<u>Total</u>	<u>Reserves</u>
1980	38,963	6,146	45,109	11,700
1982	39,036	5,696	44,732	12,000
1984	39,560	5,703	45,263	12,000
1986	37,834	5,640	43,474	12,500
1987	37,921	5,427	43,398	12,750

Source: U. S. Coast Guard.

DISTRIBUTION OF COAST GUARD OPERATING EXPENSES

BY PROGRAM, SELECTED FISCAL YEARS

(DOLLARS IN THOUSANDS)

Budget Program	1980		1984		1986		1987	
	Dollars	Proportion	Dollars	Proportion	Dollars	Proportion	Dollars	Proportion
Search and Rescue	291,765	26.2	390,286	23.1	388,783	22.2	426,572	22.5
Aids to Navigation	263,127	23.6	371,341	22.0	380,920	21.8	411,405	21.7
Marine Safety	112,137	10.1	117,790	7.0	113,402	6.5	123,232	6.5
Marine Environmental Protection	140,055	12.6	113,857	6.7	123,187	7.0	132,711	7.0
Ice Operations	51,127	4.6	50,390	3.0	63,428	3.6	68,252	3.6
Military Readiness	47,916	4.3	102,695	6.1	96,977	5.5	104,273	5.5
Enforcement of Laws and Treaties	81,539	7.3	325,801	19.3	389,831	22.3	424,676	22.4
Drugs	75,564	6.8	145,567	8.6	103,967	6.0	109,961	5.8
Fisheries	51,979	4.7	72,815	4.3	86,843	5.0	94,794	5.0
Other	1,115,209	100.0	1,690,542	100.0	1,747,339	100.0	1,895,875	100.0
Totals ^a								

^aDetails may not add to totals due to rounding.

Source: U.S. Coast Guard, Office of Budget.