

GAO Highlights

Highlights of [GAO-15-620T](#), a testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

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. The Coast Guard has made progress in its acquisition management capabilities, such as more closely following acquisition best practices and taking steps to increase competition. However, GAO has consistently found that DHS and the Coast Guard recognize, but have yet to address, the fact that the Coast Guard's acquisition needs are not affordable.

This statement is based on GAO's body of work issued during the past three years on Coast Guard major acquisitions and highlights GAO's recently completed review of the transfer to the Coast Guard of the C-27J aircraft as well as observations regarding the Coast Guard's fiscal year 2016 Capital Investment Plan. The statement addresses the status of the Coast Guard's (1) aviation assets, particularly the C-27J aircraft and (2) surface assets, as well as (3) the overall affordability of its major acquisition portfolio.

GAO has made a number of recommendations to improve acquisition management and assess the affordability of the Coast Guard's portfolio. DHS and the Coast Guard agreed with GAO's recommendations and are working on implementing them by revisiting the Coast Guard's mission needs and fleet mix, as well as creating a 20-year acquisition plan that balances needs and resources, though the agencies have not specified when they will finish these efforts.

View [GAO-15-620T](#). For more information, contact Michele Mackin at (202) 512-4841 or mackinm@gao.gov.

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COAST GUARD ACQUISITIONS

As Major Assets are Fielded, Overall Portfolio Remains Unaffordable

What GAO Found

GAO reported in March 2015 that the Coast Guard is in the process of receiving 14 C-27J fixed-wing aircraft transferred from the Air Force at no cost to the Coast Guard. However, it will take 7 years and about \$600 million to fully transfer and modify the aircraft by adding information technology and surveillance systems. Transfer of the C-27J faces a number of risks but the aircraft is expected to contribute significant flight hours toward the Coast Guard's goal once complete. In light of this transfer, the Coast Guard is in the process of determining the best mix of fixed-wing aircraft to provide the capabilities it needs to carry out its missions. As shown in the table, GAO reported that the Coast Guard has fallen short of its flight hour goal; this trend is expected to continue until the Coast Guard revises its mission needs, an effort it expects to complete in 2016. The Coast Guard also plans to complete a fixed-wing fleet mix analysis by 2019, which will revisit the current flight hour goal and the assets that will best meet its needs. The table reflects the existing fleet and flight hours as compared to GAO's analysis of the Coast Guard's planned fleet including the C-27J aircraft.

Flight Hour Performance of Actual and Planned Fixed-Wing Assets

Fleet composition (total quantity of aircraft)	2014 fleet (actual)		GAO analysis of the Coast Guard's current plan	
	Medium Range	Long Range	Medium Range	Long Range
	20	21	32	22
Flight hours per year	32,543		43,200	
Difference based on the program of record goal of 52,400 flight hours (planned or actual hours / 52,400)	38 percent short of flight hour goal		18 percent short of flight hour goal	

Source: GAO analysis based on the data in the Coast Guard's May 2012 business case analysis (which informed the Coast Guard's August 2013 letter to Congress), current operational plans, and other Coast Guard data. | GAO-15-620T

Note: The HC-144 and C-27J are medium range assets while the HC-130H and HC-130J are long range assets. The fiscal year 2014 'medium range' column includes 4 legacy medium range aircraft.

According to GAO's April 2015 review, the Coast Guard continues to field National Security Cutters and Fast Response Cutters. The Coast Guard is also working with three potential shipbuilders to design the Offshore Patrol Cutter, needed to recapitalize the majority of the major cutter fleet, with plans for the first ship to be fielded in 2022. In the meantime, the Coast Guard's legacy Medium Endurance Cutters, which the Offshore Patrol Cutter is planned to replace, have begun to reach the end of their service lives. The Coast Guard currently has no definitive plan to extend the service life of these legacy assets and as a result faces a potentially significant capability gap.

GAO found in June 2014 that budget officials have acknowledged that the Coast Guard's current plan for developing new, more capable assets is not affordable given current and expected funding levels. For the past 5 years, GAO has found that the Coast Guard's acquisition funding has fallen short of what it estimates it needs to fully recapitalize its assets. The Coast Guard has responded by annually delaying or reducing its capability. The Coast Guard and the Department of Homeland Security (DHS) have taken some steps to address these affordability issues, but as yet these efforts have not led to the types of significant trade-off decisions among resources and needs that would improve the long-term outlook of the Coast Guard's acquisition portfolio.