

# IMPLEMENTATION OF COAST GUARD PROGRAMS

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(115-39)

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
COAST GUARD AND MARITIME TRANSPORTATION  
OF THE  
COMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURE  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FIFTEENTH CONGRESS

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March 2, 2018

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**SUMMARY OF SUBJECT MATTER**

**TO:** Members, Subcommittee on Coast Guard and Maritime Transportation  
**FROM:** Staff, Subcommittee on Coast Guard and Maritime Transportation  
**RE:** Hearing on “Implementation of Coast Guard Programs”

**PURPOSE**

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Wednesday, March 7, 2018, at 2:00 p.m., in 2167 Rayburn House Office Building to examine the implementation of certain Coast Guard Programs. The Subcommittee will also examine a new report investigating the cost implications of building fishing vessels to classification standards. Witnesses from the United States Coast Guard (Coast Guard or Service) and the Government Accountability Office (GAO) will testify.

**BACKGROUND**

This hearing builds upon the Subcommittee’s previous hearings focused on the Service’s mission performance and long-term planning for the acquisition of major systems. Those hearings included extensive reviews of Coast Guard acquisition programs, as well as reviews of the Service’s workforce composition and shoreside infrastructure needs. Additionally, prior hearings examined the Coast Guard’s operational planning and its development of objective goals and metrics to track and measure performance. This hearing furthers the Subcommittee’s ongoing oversight of these important Coast Guard activities. In addition, the hearing will allow the Subcommittee to further long-standing efforts to improve maritime safety in the fishing industry by receiving input on the implications of policy changes made in 2010 and 2012 affecting the construction of commercial fishing vessels.

**Performance Information Transparency and Monitoring**

The Coast Guard has 11 statutory missions (6 U.S.C. § 648): marine safety; search and rescue; aids to navigation; living marine resources (fisheries law enforcement); marine environmental protection; ice operations; ports, waterways and coastal security; drug interdiction; migrant interdiction; defense readiness, and other law enforcement. As required by the *Coast Guard Authorization Act of 2015* (P.L. 114-120), the GAO recently completed a report entitled *Actions Needed to Enhance Performance Information Transparency and Monitoring* ([GAO-18-13](#)), addressing whether the Coast Guard’s annual performance goals and reported

performance information accurately reflects the extent to which the Service is accomplishing its mission responsibilities. GAO found the following:

- Goals representing five of the 11 missions do not fully address all related mission activities, and developing new or adjusting existing goals could better convey the Coast Guard's performance.
- The Coast Guard does not sufficiently report its performance goals and actual performance in publicly available documents, limiting congressional and public awareness of the Service's ability to meet its missions.

The Coast Guard is a complex organization and accurately capturing performance across all of its missions is a complicated endeavor. Nevertheless, it is critical that the Service establish performance measures that address all mission activities and that actual performance be reported accurately and routinely to Congress and the public.

#### **Five-Year Capital Investment Plan**

Coast Guard mission requirements often require capital investment in assets and equipment (e.g., vessels, aircraft, shore infrastructure, information technologies, etc.), which should be reflected in its Capital Investment Plan (CIP). Section 2902 of title 14, United States Code, requires the Commandant of the Coast Guard to submit a CIP to the Committee on Transportation and Infrastructure each year in conjunction with the Administration's respective budget request. The CIP identifies projected funding levels over the next five fiscal years for each major acquisition, as well as estimated timelines and total costs to complete each such acquisition (note: a "major acquisition program" means an ongoing acquisition with a life-cycle cost estimate greater than or equal to \$300 million). The purpose of the CIP is to ensure Congress has adequate information to conduct proper oversight of the Service's capital budget, acquisition plans, mission needs, and readiness to conduct operations in future years.

The Commandant has testified before the Subcommittee that the Service requires \$2 billion per year in Acquisition, Construction and Improvement funds to meet the operational needs of the Service. The CIP does not provide for that level of investment. The Commandant has testified that the Service needs new cutters and aircraft, yet the CIP does not include funding to deliver new assets in a timely manner to replace aged legacy assets. Likewise, the Service consistently speaks of a major funding shortfall to build and repair shore infrastructure (the current shore infrastructure backlog is estimated at over \$1.6 billion), yet the Coast Guard regularly requests only nominal funding for shore infrastructure projects (e.g., only \$10 million requested in fiscal year (FY) 2018). Because the CIP does not accurately reflect current mission requirements, Congress is left to set priorities for the Coast Guard without appropriate administrative guidance.

The GAO has criticized Coast Guard CIPs for failing to accurately reflect cost and schedule impacts from funding shortfalls. The 2014 GAO report entitled *Better Information on Performance and Funding Needed to Address Shortfalls* (GAO-14-450), recommended that the Coast Guard be required to regularly update the estimated timelines and total costs to complete

each acquisition based upon actual appropriations provided by Congress, as opposed to projected funding levels. The Coast Guard continues to under-deliver in these areas.

The Coast Guard submitted the FY 2018-2022 CIP on October 24, 2017, over five months after it should have been submitted with the President's budget. Even though Congress annually has withheld \$85 million of operational funding until the CIP is received, the Coast Guard has failed to meet the deadline each year since the requirement was first implemented in FY 2013. In addition to being late, the CIP was less than helpful, as most of the Life Cycle Cost Estimates (LCCEs) that form the basis for the acquisition project cost estimates and schedules are outdated. The information provided does not align with reality. Without updates to the LCCEs, Congress is unable to analyze the over \$7.6 billion in funding the Coast Guard plans to request in FY 2018 to FY 2022.

The following is a partial list of CIP deficiencies regarding the Coast Guard's major acquisition programs:

- National Security Cutter (NSC): The estimates, projections, and schedules are based on an LCCE completed in September 2014, despite the Coast Guard being appropriated funding for construction of a ninth NSC in December 2015 and awarding the construction contract for it in December 2016, and then receiving appropriations for long lead time materials for a tenth NSC in May 2017. The CIP, however, does not account for the impacts of adding additional vessels to the NSC fleet or of the \$735 million appropriated for that purpose.
- Offshore Patrol Cutter (OPC): The estimates, projections, and schedules provided in the CIP are based on an LCCE from March 2012, even though the Coast Guard awarded the OPC Phase I construction contract in 2016. The CIP does not take into account the actual known production costs and schedules.
- Fast Response Cutter (FRC): The estimates, projections, and schedules are based on an LCCE from February 2015, despite awarding the FRC Phase II construction contract in February 2016. The CIP does incorporate the most recent cost and schedule information.
- HC-130J Aircraft: The estimates, projections, and schedules are based on an LCCE from November 2011, despite major changes to the program in the past six years. The CIP does not acknowledge the transfer of Coast Guard HC-130H aircraft to the Forest Service and the Coast Guard's receipt of HC-27J aircraft from the Air Force. Similarly, the CIP also fails to account for appropriations provided for several HC-130J aircraft which were not requested in the President's budget or accounted for in initial planning documents.

Between FY 2013 and FY 2017, Congress appropriated over \$2 billion more for acquisitions than the Coast Guard requested to meet emerging needs and appropriately position the Service to meet all mission demands.

The Coast Guard's failure to ensure CIP investment levels accurately reflect mission requirements and to adjust acquisition documentation to reflect reality leaves Congress without reliable input and data on which to base future appropriations and perform proper oversight.

### **Commercial Fishing Vessel Classification**

Commercial fishing vessels are uninspected vessels under U.S. law, meaning the Coast Guard generally does not have the authority to inspect the vessels during construction or maintenance. Since 1988, pursuant to the *Commercial Fishing Industry Vessel Safety Act of 1988* (P.L. 100-424), commercial fish processing vessels have been required to be built and maintained to classification society standards. Such standards include the use of a naval architect and a classification society surveyor; the use of classification society approved materials by the shipyard; and the classification society assessing vessel stability, assigning a loading mark, and issuing loading directions to the owner. A vessel built to these standards receives a certificate indicating compliance with classification standards.

The *Coast Guard Authorization Acts of 2010* (P.L. 111-281) and *2012* (P.L. 112-213) expanded the class requirements to catcher vessels and fish tender vessels. These Acts also directed the Coast Guard to develop an Alternate Safety Compliance Program (ASCP) for commercial fishing vessels between 50-79 feet, built before July 1, 2013, and 25 years or older. To date, the Coast Guard has not issued guidance or regulations for either the class or alternate safety compliance requirements. Instead, in 2016, the Coast Guard developed an Enhanced Oversight Program, using existing policy and authorities, focused on older non-classed fishing vessels that may have an increased risk of vessel and crew loss.

The *Coast Guard Authorization Act of 2015* established an additional safety compliance program for new-build vessels (at least 50 feet overall in length, and not more than 79 feet overall in length). Program requirements stipulate that:

- (1) The vessel is designed by an individual licensed by a state as a naval architect or marine engineer, and the design incorporates standards equivalent to those prescribed by a classification society to which the Secretary has delegated authority under section 3316 or another qualified organization approved by the Secretary for purposes of this paragraph.
- (2) Construction of the vessel is overseen and certified as being in accordance with its design by a marine surveyor of an organization accepted by the Secretary.
- (3) The vessel—
  - (A) completes a stability test performed by a qualified individual;
  - (B) has written stability and loading instructions from a qualified individual that are provided to the owner or operator; and
  - (C) has an assigned loading mark.
- (4) The vessel is not substantially altered without the review and approval of an individual licensed by a state as a naval architect or marine engineer before the beginning of such substantial alteration.

- (5) The vessel undergoes a condition survey at least twice in five years, not to exceed three years between surveys, to the satisfaction of a marine surveyor of an organization accepted by the Secretary.
- (6) The vessel undergoes an out-of-water survey at least once every five years to the satisfaction of a certified marine surveyor of an organization accepted by the Secretary.

Despite that requirement, the Coast Guard has not issued any guidance or regulations to implement this new ASCP. While the use of ASCPs provides greater flexibility and potential cost savings to owners of smaller commercial fishing vessels, the lack of regulatory action or issuance of guidance to implement these programs contributes to confusion among the owners of commercial fishing vessels and the shipbuilding industry. The Coast Guard is working through the regulatory process to update its existing regulations to address the classification requirements of the 2010, 2012, and 2015 Acts. The commercial fishing industry has raised concerns about the cost of building and maintaining fishing vessels to class. The Coast Guard hopes to complete this more formal policy by December 31, 2018.

The *Coast Guard Authorization of 2015* required GAO to review commercial fishing vessel safety, including the costs and benefits of classing commercial fishing vessels. The report entitled *Commercial Fishing Vessels: More Information Needed to Improve Classification Implementation (GAO-18-16)*, notes that there was only a very small data set of six fishing vessels (four were fish processors already required to be built to class since 1988) that have been built under the classification system since 2013. The report recommends that the Coast Guard work with the National Institute for Occupational Health and Safety, the National Marine Fisheries Service, and other federal agencies to collect reliable data on the number of active U.S. commercial fishing vessel and the fisheries in which they operate, as well as key vessel characteristics, including, but are not limited to, vessel age and length. It recommends that the data collected be used to assess commercial fishing vessel accidents, injuries, and fatalities. GAO also recommends that the Coast Guard develop regulations or guidance to address questions concerning the classification and the ASCP approaches to the design, construction, and maintenance of fishing vessels.

**WITNESS LIST**

Rear Admiral Linda Fagan  
Deputy Commandant for Operations, Policy, and Capabilities  
United States Coast Guard

Mr. Nathan Anderson  
Acting Director  
Homeland Security and Justice  
Government Accountability Office

## IMPLEMENTATION OF COAST GUARD PROGRAMS

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WEDNESDAY, MARCH 7, 2018

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COAST GUARD AND MARITIME  
TRANSPORTATION,  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 2:04 p.m., in room 2167, Rayburn House Office Building, Hon. Duncan Hunter (Chairman of the subcommittee) presiding.

Mr. HUNTER. The subcommittee will come to order.

Good afternoon. Without objection, the Chair is authorized to declare a recess at any time.

The subcommittee is convening today to examine the implementation of certain Coast Guard programs, including those involving performance monitoring, the Service's Capital Investment Plan, and commercial fishing vessel safety.

It is important that Congress understands the Coast Guard's ability to meet its missions. The Coast Guard conducts search and rescue, drug interdiction, and defense readiness activities on a daily basis, yet it is unclear how the Service tracks these activities. Members of the committee rely on the Service to report its performance to Congress and to the public.

To ensure a full understanding of the Service's abilities, the Coast Guard Authorization Act of 2016 required the Government Accountability Office to look at whether the Coast Guard's annual performance goals and reported performance information accurately reflects the extent to which the Service is accomplishing its mission responsibilities. GAO found that the Coast Guard goals do not address all mission activities and that the Service does not sufficiently report its performance goals and actual performance.

In addition to recognizing the degree to which the Coast Guard is able to accomplish its missions today, it is also critical that the committee understands how the Service plans to do so in the future. The Capital Investment Plan is supposed to reflect the capital investments necessary to meet mission requirements in the future. Unfortunately, the Coast Guard submits the CIP late every year, precluding its use to properly inform appropriation and authorization legislation.

When a CIP is finally delivered, its profile often does not align with the needs of the Service as reported by the Commandant and other senior leaders. The Coast Guard says it needs new cutters

and aircraft, yet the CIP contains outdated information that does not include funding to match those stated needs.

As a glaring example, despite an over \$1.5 billion funding shortfall to build and maintain shore infrastructure, the Coast Guard requests only nominal funding, \$10 million—so I will say that again, \$1.5 billion, as stated by the Commandant and other senior leaders—and the Coast Guard requested \$10 million in 2018 and \$30 million for fiscal year 2019 for shore infrastructure projects.

Rather than providing the information necessary to understand and support Service priorities, the Coast Guard relies on Congress to set those priorities by appropriating funding above the requested levels. Unfortunately, the Coast Guard has failed to adjust acquisition documents to reflect the funding for additional assets, lessening the reliability and value of the information provided in the CIP.

The Coast Guard's failure to ensure CIP investment levels accurately reflect its mission requirements and prior appropriations leaves Congress without reliable information on which to base future appropriations and perform proper oversight.

One Coast Guard mission area on which Congress has provided significant direction is commercial fishing and vessel safety. Congressional requirements regarding the construction and maintenance of commercial fishing vessels were enacted in 1988 and expanded in 2010, 2012, and 2016. In addition, Congress directed the Coast Guard to implement regulations regarding vessel classification requirements and establish alternate safety compliance programs to allow smaller and older vessels to comply with requirements more suited to their unique characteristics.

Unfortunately, the Coast Guard has failed to act on those directives. Instead, in 2016 the Coast Guard developed a, quote, "Enhanced Oversight Program" using existing policies and authorities focusing on older, nonclassified, nonclass fishing vessels that may have had an increased risk of vessel and crew loss.

At the same time, the committee heard concerns from the commercial fishing industry regarding the lack of communication from the Coast Guard on the development of required alternate safety compliance programs. The Enhanced Oversight Program did not alleviate those concerns due to questions about the program being permanent or temporary, and if temporary, whether the Coast Guard would work with industry to develop the alternate safety compliance programs required by law.

GAO reviewed the Coast Guard's implementation of commercial fishing vessel classification requirements and its impact on new vessel construction and will provide testimony on their findings today. I look forward to hearing from the Coast Guard on where the Service stands on implementing all of these requirements and more that I have mentioned.

I thank our witnesses for being here today, and I look forward to hearing their thoughts on the issues.

Mr. Garamendi.

Mr. GARAMENDI. Thank you, Mr. Chairman. You have covered all of the issues that are before the committee and the concerns that the committee has. I would, therefore, like to for the record put my statement in. It deals with not only the issues you raised, but some

of the other things that are before us, which are probably not going to be taken up today because of the time element that we have.

Without a doubt, for us to do our job of authorization as well as oversight we need to have a solid foundation. Mr. Chairman, you went through that not only with the CIP, but also with the fishing vessel issue.

So let's get on with it. My statement will be in the record for anybody that cares to search through the history.

Mr. HUNTER. Without objection.

Mr. GARAMENDI. Thank you. I yield back.

[Congressman Garamendi's prepared statement is on pages 25–27.]

Mr. HUNTER. I thank the ranking member.

Today we will hear testimony from Rear Admiral Linda Fagan, Deputy Commandant for Operations Policy and Capability, United States Coast Guard, and Mr. Nathan Anderson, Acting Director of Homeland Security and Justice, Government Accountability Office.

Rear Admiral Fagan, you are recognized to give your statement.

**TESTIMONY OF REAR ADMIRAL LINDA L. FAGAN, DEPUTY COMMANDANT FOR OPERATIONS POLICY AND CAPABILITY, U.S. COAST GUARD; AND NATHAN ANDERSON, ACTING DIRECTOR, HOMELAND SECURITY AND JUSTICE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Admiral FAGAN. Thank you, Mr. Chairman.

Good afternoon, Mr. Chairman, Ranking Member Garamendi, and distinguished members of the subcommittee. I appreciate the opportunity to testify today and ask that my written testimony please be accepted into the record.

Mr. HUNTER. Without objection.

Admiral FAGAN. Thank you for the enduring support and trust that Congress and this subcommittee have provided to the United States Coast Guard. The recent supplemental appropriation for hurricane response allows the Service to rebuild damaged infrastructure and remain resilient into the future. The Coast Guard is an integral part of many of these communities that suffered damage, and we were also impacted, as were the communities, and are committed to continuing to execute our missions in these regions.

The Coast Guard operates in an increasingly complex world and strives to make the best use of the limited resources we have at our disposal. Through a deliberate approach known as the Standard Operational Planning Process, we continuously evaluate maritime threats and opportunities and develop plans to achieve mission success.

Using national, departmental, and service strategies as guideposts, we leverage the intelligence community and this planning process to employ a risk-based approach to prioritize assets where they are needed most. Tactical commanders benefit from this process and have the flexibility to allocate resources on scene, ultimately allowing us to address maritime threats with the greatest precision and effect.

The planning process is guided by an annual strategic review to assess performance with robust metrics, identify operational gaps, and delineate steps needed to close them. We are appreciative of

the GAO's recent review of the performance assessment system, and we are working to incorporate the recommendations of continual improvement in this regard. And the agility of this system was applied during the hurricane responses this past summer when we mobilized and deployed nearly 3,000 members and helped rescue over 11,000 people in need.

The performance measures we will discuss today are a result of a responsive, transparent, repeatable planning process. We shouldn't lose sight of the danger these measures reflect to our men and women who conduct frontline operations, and the decisions we make based on these metrics drive operational change in the field that affect our Coast Guard members. These are not just members, there are both public and Coast Guard lives on the line in these mission sets.

This risk is always present with me as I work on policy and resourcing here in Washington, and I would like to share with you a story of how the system has impacted just myself personally.

My daughter is a junior officer serving on one of our legacy cutters, a 210-foot cutter. It is 53 years old, out of Port Angeles, Washington. And this past October the *Active* was deployed into the Eastern Pacific in support of our Western Hemisphere strategy.

An aircraft detected two pangas that appeared to be engaged in illicit activity. Three o'clock in the morning the Coast Guard cutter *Active* launched their small boat to intercept and interdict the two pangas. One panga remained stationary, but the other fled with contraband on board, and the cutter small boat gave chase, high-speed chase, as the smugglers were discharging contraband overboard.

In the darkness and at high speed the cutter small boat and the panga collided. Following the collision, the panga swiftly surrendered and the *Active's* crew successfully apprehended the smugglers and more than 800 kilograms of cocaine.

Thankfully, no one was hurt in the incident, but for me and for all of us the case is symbolic of the operations that the Service undertakes 24/7/365, and highlights the risk our men and women face in efforts to secure our borders, stop criminals, and save lives.

The *Active* was directed to the Eastern Pacific as a result of this operational planning system and our Western Hemisphere strategy provided the framework for operations, and intelligence helped showcase the threat in this particular asset. And it was an operational commander that directed my daughter's ship to face this dangerous mission set.

The Coast Guard's strategic planning process works. History has proven that a responsive, capable, and agile Coast Guard, using a deliberate planning process, is an indispensable instrument of national security.

To protect American security and economic interests the Coast Guard continues to improve its strategic planning system. We look forward to continue to invest smartly in capabilities, maintain our technological edge, recruit, develop, and retain a highly capable workforce in order to succeed in this increasingly complex environment.

Thank you again for the opportunity to testify before you today, and I look forward to your questions.

Mr. HUNTER. Thank you, Admiral.

Mr. Anderson, I understand this is your first time.

Mr. ANDERSON. Yes, sir.

Mr. HUNTER. Good. Go ahead.

Mr. ANDERSON. Chairman Hunter, Ranking Member Garamendi, and members of the subcommittee, good afternoon.

My testimony today is primarily based on work we have conducted over the past few years. I will address Coast Guard actions needed to improve the quality of data used for program management and improve the transparency of information used for reporting on its mission performance and capital planning.

With regard to data quality, we have issued three reports over the past 2 years which underscore the need to collect and use quality data to make informed decisions. Our recent report on commercial fishing vessel safety illustrates the need for the Coast Guard to improve the completeness of mission data.

Commercial fishing has one of the highest death rates of any industry in the United States. Vessel disasters are the leading cause of fatalities among fishers. Although the Coast Guard investigates these incidents, we found that rates of accidents, injuries, and fatalities involving commercial fishing vessels cannot be determined. Reliable data are either not maintained or are not collected by the Coast Guard or other Federal agencies.

Having this information could be useful to carrying out the Coast Guard's marine safety mission. The Coast Guard reported that it is taking some actions to address our recommendations, and we will continue to monitor these actions.

Our review of Coast Guard strategic planning illustrates the need for the Coast Guard to also use data on actual asset performance to inform its allocations of assets to field units. We found that the Coast Guard's strategic allocations of assets were based on unrealistic assumptions about the asset performance capacities.

They also did not take into account actual asset condition or maintenance needs. For example, the Coast Guard operates cutters that are 40 to 50 years old. These cutters are hampered by mechanical problems requiring emergency dry dock repairs, which results in reduced availability to carry out their missions.

Officials from one field unit told us that they had planned for 575 hours per vessel per year for one type of cutter in contrast to the headquarters' assumption of 825 hours performance capacity for the same asset. As a result, direction from headquarters, which is based on asset performance capacity rather than actual performance hours, did not provide the field with realistic goals for allocating assets by mission.

Now, our review of Coast Guard performance information illustrates the need for the Coast Guard to also improve the data it uses for establishing its performance goals. For example, the Coast Guard has two performance goals related to its drug interdiction mission. While the two goals capture performance data related to cocaine, they do not capture performance data for any other illegal drugs that the Coast Guard interdicts.

We and others, including the DHS [Department of Homeland Security] inspector general, have reported on the need for measures to accurately assess progress toward achieving desired outcomes.

We recommended that the Coast Guard develop additional goals to address mission activity gaps or explain why certain aspects of mission performance are measured while others are not.

Let me now turn to the issue of transparency.

Our recent reports have identified areas in which the Coast Guard could improve transparency of information used for capital planning. For example, our work on the Coast Guard's annual 5-year Capital Investment Plan found that the plan does not consistently show the effects of tradeoffs that are made as part of the annual budget cycle. This could make it difficult for the Coast Guard to afford its planned program of record.

In 2014 we recommended developing a 20-year plan that identifies all necessary recapitalization efforts and any fiscal resources likely necessary to build these assets. In our recent work we have continued to emphasize the importance of this type of capital planning.

The Coast Guard generally concurred with our recommendations and is in various stages of implementing them. For example, in 2016 the Coast Guard revised its mission needs statement. This statement provides a basic foundation for the long-term investment planning that is to serve as the basis for evaluating the effectiveness of various fleet mixes.

However, the 2016 mission needs statement did not identify specific assets the Coast Guard needs to achieve its missions. It also did not update the annual hours the Coast Guard needs from each asset class to complete its missions.

It is unclear when the 20-year plan will be completed, but its analysis could serve as the foundation for understanding potential tradeoffs that could be made across the Coast Guard's portfolio of acquisitions to better meet mission needs within realistic funding levels. Such an analysis would facilitate a fuller understanding of the affordability challenges facing the Coast Guard.

In closing, our work has found that the Coast Guard can do more in terms of collecting, using, and improving the transparency of information to help meet its mission.

Mr. Chairman, this concludes my statement. I would be happy to take any questions you may have.

Mr. HUNTER. Thank you, Mr. Anderson.

Admiral, let's start here. I want to make it clear so you know what this hearing is about. It is about the implementation of Coast Guard programs. This isn't about whether the Coast Guard does its job or not, because the Coast Guard does its job. It is not about the coastguardsmen not taking risks, because they take risks every day in defense of this Nation. You have 11 statutory missions. We are not talking about that at all.

We are talking about things like this, and we will start with this one. The Coast Guard Authorization Act of 2010 required the following for seamen's shoreside access. Do you know what that means, seamen's shoreside access?

Admiral FAGAN. Yes, Mr. Chairman, I do.

Mr. HUNTER. OK. I will read it for the record here. "Each facility security plan approved under section 70103(c) of title 46, United States Code, shall provide a system for seamen assigned to a vessel at that facility, pilots, and representatives of seamen's welfare and

labor organizations to board and depart the vessel through the facility in a timely manner at no cost to the individual.” That was 2010.

Every year since 2015, which is 5 years after 2010, the Coast Guard has said that the seafarer access final rule will be issued in the near future. Is it issued?

Admiral FAGAN. No, Mr. Chairman. The final rule is with the administration. And I am happy to provide a detailed brief once it is cleared. But it is in clearance with the administration.

Mr. HUNTER. So I will just add these up. That is 8 years.

Let’s go on to the next one. Between 2013 and 2017 Congress appropriated over \$2 billion more for acquisitions than the Coast Guard requested in order to meet emerging needs and appropriately position the Service to meet all the mission demands. For the past five budget cycles, that is 10 years, Congress has appropriated \$2 billion more for Coast Guard acquisitions than was requested.

Why is that? That is 10 years, five budget cycles—or is that 5 years? Am I thinking terms or years? Five years, sorry, so we will just go 8, there is 5.

Admiral FAGAN. So, sir, I am not sure I completely understand.

Mr. HUNTER. So we—let me phrase it easier. Congress gives you more than you ask for, knowing what you need somehow better than you know, and that is where the GAO metrics come in. And what I am learning this year in the Department of Defense and all the different acquisition changes that we are doing, the metrics that you are using, whether it is you dotted the i’s or crossed your t’s or did every process point that you were supposed to do, your outcomes are what we want to measure. And we want to measure those, your time outcomes, as well.

Your time metrics are horrible. I mean, if this was an F-35 being built or boats being built, which you went through boats being built with no actual boats being built but spending billions of dollars, that is what this is coming from. There are no metrics for us, for GAO, or for the public to see that you are accomplishing what you are telling us you are going to be accomplishing in the future.

And go ahead and tell us why you don’t request the \$2 billion for the last 5 years that we have added on to make sure that you can do your jobs.

Admiral FAGAN. So, Mr. Chairman, I would like to talk to how we do utilize metrics. And I talked in my opening remarks about the operational planning process that we use for a repeatable, recurring, predictable process that allows us to make resourcing decisions and resource allocations against the 11 statutory missions. It is a key part of iterating and continuing to approve.

We absolutely engage with the budget process, understand the important oversight role that this committee plays in ensuring that the Coast Guard is properly budgeted and resourced.

Mr. HUNTER. I don’t understand. Why is it \$2 billion short every year when we give you the \$2 billion that you need? And you spend all of it. I mean, you don’t say, “we don’t need that,” and there is \$2 billion left over every year, right?

Admiral FAGAN. Yes, sir. And the Commandant has testified and has been very consistent in the need for a stable, recurring \$2 bil-

lion CIP, 5 percent annualized O&M growth, and the need to begin having stable and recurring money, \$300 million a year, to begin to buy back some of the shoreside backlog that the Service currently has.

And we certainly appreciate all of the support that the administration and this committee have given us in ensuring that we are resourced in a manner that helps us continue to meet our mission needs and requirements.

Mr. HUNTER. OK. So we will hit CIP here last. It is always late. And from what I was looking through and reading the materials up to this, it looks like the life-cycle cost estimates are always off. The last one, the last CIP you had for the NSCs [National Security Cutters], didn't even have the new NSCs on it, the ones that were appropriated for that the Senate put in, the extra NSC.

If you could speak to the CIP. Is it the process within the Coast Guard that it is all fouled up so it is not able to be done on time for the President's budget request and for our authorization process for the Coast Guard bill? I mean, what is the problem and what will help?

Admiral FAGAN. So, sir, I acknowledge that the CIP, the fiscal year 2019 CIP is late. We are as anxious to deliver the CIP to the committee and our overseers as you are to receive it. I assure you that it is a critical document to us as it is to you, and we are working with due diligence and a sense of urgency to complete that document.

So the bad news is it is late, I acknowledge that. We are working to be responsive and deliver it to this committee, sir.

The good news is when the CIP is delivered some of the life-cycle cost estimates, particularly with regard to the NSC, will have been updated and revised, and I think you will be pleased to see that progress, sir.

Mr. HUNTER. And hopefully it will be 2018 and not 2016 or 2017.

Admiral FAGAN. Yes, sir. I am hopeful that we will deliver the fiscal year 2019 CIP shortly, sir.

Mr. HUNTER. All right.

Mr. Garamendi.

Mr. GARAMENDI. Mr. Chairman, thank you. Your line of questions raises a significant problem for us in that we are given information about what the Coast Guard wants and it is significantly different from what we anticipate the Coast Guard needs, and you were referring to the couple billion dollars annually.

I would like to go into the process a little more deeply here. The budgeting process generally begins with OMB [Office of Management and Budget] sending the various departments its expectations, that is OMB's expectations for the coming year. You then have a pass back and OMB then checks that out, and then that eventually becomes the President's budget.

Is that essentially what happens here?

Admiral FAGAN. Yes, sir.

Mr. GARAMENDI. I thought so. So the question is, is it an answer to the chairman's question that the problem begins with OMB sending the Coast Guard a minimum budget that doesn't reflect what we perceive the needs of the Coast Guard to be? And I am not sure you want to answer that. Let me just make that a state-

ment. My recollection when I was at the Department of the Interior, that is how it works, and so there is a constant tension back and forth.

What we need, therefore, is at the end of our process to have a clarity over the 5-year period as to what is expected, what we expect the Coast Guard to do that is consistent with our authorization. Can the Coast Guard provide that information to us without OMB sidetracking the data?

Admiral FAGAN. We engage in the budget process as you have outlined it, sir, and we are working with a sense of urgency and diligence to deliver that 5-year outlook to the committee. We understand how critical it is for the oversight and investment decisions that need to be made, and we are fully engaged with the budgetary process, sir.

Mr. GARAMENDI. Perhaps a way that we could address this issue is that at the conclusion of our annual or semiannual authorization for the Coast Guard we have authorized a plan, a certain number of ships for this class or that class, certain number of personnel and so forth for the out-years. And perhaps maybe the answer here is for us to require the Coast Guard to report its progress in the authorization that we have provided in the most recent reauthorization of the Coast Guard functions.

Could the Coast Guard do that without OMB screwing up the numbers? I should not add that last clause to it. Let me just say, could the Coast Guard report back on its progress in meeting the authorized activities?

Admiral FAGAN. Sir, we would absolutely be responsive to the desire to understand how the authorizations have been executed.

Mr. GARAMENDI. I think there may be a way of having the Coast Guard be responsive to the authorization, rather than responsive to the annual instructions from OMB. I will just let that hang out there and consider that myself and perhaps with the chairman and staff that that might be way we can be up to date and require that the Coast Guard at least be responsive to what we have authorized to be done, recognizing that we are not the only player in the game. Certainly the President and the administration are as they allocate in their minds the resources of the Nation.

Just generally, Mr. Anderson, it appears as though your report indicates that the Coast Guard is making steps to and progress in answering the performance questions that you, GAO, have raised over the years. Is that correct?

Mr. ANDERSON. Yes, that is correct. And I would like to applaud the Coast Guard for concurring with virtually all of our recommendations on improving data quality in the context of performance goals.

I would also like to note that the Coast Guard routinely develops corrective actions and articulates those corrective actions when a goal is unmet. They put these corrective actions into the APR [Annual Performance Report], and we applaud them for that.

I think our point on the corrective action score in terms of those unmet goals is that some of the corrective actions aren't measurable or time bound, and those are criteria that we would like to see for full closure of those recommendations.

Mr. GARAMENDI. OK. Before the chairman disciplines me, I will yield back.

Mr. HUNTER. I thank the gentleman.

Mr. Weber, you are recognized.

Mr. WEBER. Thank you, Mr. Chairman.

Admiral Fagan, a couple of questions for you.

Does the administration get periodic updates or do they just when the OMB—when you all come in for a request, does the OMB just get it once a year and look at it?

Admiral FAGAN. So, again, sir, we fully engage in the budget process at all of the multiple steps and endeavor to be responsive to each of the pieces in the process as the President's budget is developed.

Mr. WEBER. So is there someone who interacts with the White House kind of on a periodic basis or is it just you walk in there and present a budget proposal to him?

Admiral FAGAN. We have a budget shop within the Coast Guard that engages the Department and the administration and entities as other organizations do as the budget process is developed.

Mr. WEBER. OK. Of course you know about the annual report that says if your stated goals were modified to address “mission activity gaps.” Is that addressed periodically or is that something you all report with the GAO, back to GAO, on an annual basis? Or do they monitor?

Maybe that is a question for Mr. Anderson.

Do you monitor that periodically?

Mr. ANDERSON. We monitor that when we have ongoing engagements, looking at that within the scope of our work for Congress. So as that comes up in our ongoing engagements that would be something that would be reportable.

Mr. WEBER. OK.

And, Admiral Fagan, do you agree with that assessment? Do you all have that kind of dialogue periodically?

Admiral FAGAN. I do, with regard to measures in the operational planning process that we utilize. It very much is an ongoing iterative discussion. We work with the Department, with GAO. The goal is to be better at the end of each cycle than we were when we started it.

Mr. WEBER. So they have stated that you have mission activity gaps. Do you—“test” is not the right word—but do you monitor that, do you come back and say, “Here is how you can address that gap and how you can do it better”? Do you all have that kind of interaction on a periodic basis?

Admiral FAGAN. Where there are gaps there is a very healthy discussion of what the gaps are, how to make the measure more reflective of performance in the mission set. And, again, it is very much an ongoing and continuing conversation so that we have the best, most reflective measures of performance available to our overseers and to the public.

Mr. WEBER. Other than not calling you all in here to testify to too many hearings, how can Congress help you all make that goal? In other words, close those gaps. How can we help you do that?

Admiral FAGAN. So, generally, sometimes the gaps are a result of how the performance measure is framed. Others can be a result of not being the only entity that controls an outcome.

Congress has been exceptionally supportive of the Coast Guard and of helping us to ensure that we are best meeting those performance metrics and measures, and we look forward to continuing an open and continuing dialogue with our overseers and with the other governmental agencies that share that same—

Mr. WEBER. And we appreciate that. Vice Admiral Karl Schultz came to my district in Texas, the three coastal counties, after Hurricane Harvey and just did an absolute—the Coast Guard just did an absolute yeoman's job. And I am not even sure that is accurate enough. So we appreciate that.

Would you give us any suggestions, Admiral, as to—and I have got about 1 minute left—how else we could help you?

Admiral FAGAN. Sir, this committee and Congress have been exceptionally supportive. We absolutely are committed to providing the information the committee has asked for to enable the oversight and resourcing conversation that is so critical to the success we achieved in Texas this past summer and the ongoing successes in the mission sets around the country, sir. Thank you.

Mr. WEBER. You betcha.

All right, Mr. Chairman, I am going to yield back.

Mr. HUNTER. I thank the gentleman.

I think what you have done, you have actually beat us down. We know if we require more reports from you, we just won't get them in the future, so we won't ask for any.

Ms. Plaskett is recognized.

Ms. PLASKETT. Thank you, Mr. Chair.

And first I want to just let everyone know how incredibly pleased and grateful I am to be here on this subcommittee and to have my first subcommittee hearing with Admiral Fagan.

Thank you so much for all that you and your men and women of the Coast Guard did for the Virgin Islands. I have been grateful for you even bringing me back home once or twice on some of your vessels as I was trying to make my way back home during the aftermath of Hurricanes Irma and Maria.

So the people of the Virgin Islands are enormously grateful to you all for the work that you have done and continue to do on our islands.

When I was looking at the GAO report one of the things that I noted was a discussion about the use of more realistic asset performance data. And they said that they reported “that the Coast Guard's strategic allocations of assets were based on unrealistic assumptions about the performance capacity of its assets and did not reflect asset condition and unscheduled maintenance.”

Can you talk just briefly about what your assessment of that portion of the report means?

Admiral FAGAN. So we continually evaluate what type of performance and effect we would be able to achieve with the assets that we have assigned. And performance measures that we use for the different asset types have served us well. There are some areas GAO has pointed out, and we are looking at how to refine those

measures to best reflect how the resources are able to perform in the mission sets.

Ms. PLASKETT. Well, to me, in a best case for the Coast Guard scenario, what this appears to me to mean is that you are trying to outperform yourself on assets and with material that doesn't meet the needs of what you all would like to do, that you are pushing your people and maybe performing in a manner that outperforms antiquated or old, you know, when they talk about unscheduled maintenance and the need for cutters that were 50 years old and the cutters were hampered by mechanical failure requirements.

If, in fact, you had the assets that you needed and were the best case scenario in terms of your budget allocations and the budgets that we have given you, then you would be able to perform more effectively. You know, as a parent that is what I would tell if my kid got a bad grade and they said that about me. What do you think?

Admiral FAGAN. So thank you.

Which is why we have undertaken the significant recapitalization that we have of the Coast Guard. The legacy assets do experience increased maintenance days, and those are days that they are not employed against the mission set.

The quicker we are able to bring the new assets online, I will use, for example, particularly in the Virgin Islands and the Caribbean, the Fast Response Cutters that are being deployed into that region are being deployed for great effect against some of the threats and the mission set and are experiencing some significant success.

Ms. PLASKETT. But as you talk about the fast cutters that are being used, I know, in the Virgin Islands, how is the effectiveness of that in comparison to the use of National Security Cutters or Offshore Patrol Cutters or having a larger amount of cutters to be able to meet the needs of what you see are the national security threats in that region?

Admiral FAGAN. So the new modernized cutters, the National Security Cutters, operational, the OPCs [Offshore Patrol Cutters] and the FRCs [Fast Response Cutters], are incredibly capable assets that with other force packages, aircraft and small boats, increase the effect that we are able to achieve in the mission sets. A National Security Cutter, a day afloat on a National Security Cutter provides a much larger impact than that same day afloat on a legacy 378-foot High Endurance Cutter.

Ms. PLASKETT. Thank you.

And just in closing, do you have any report on the status of the Coast Guard marine debris removal operations? I know there have been recent Washington Post articles about the state of debris removal in the Virgin Islands, and I know a lot of that is the Army Corps of Engineers. But has the Coast Guard been deployed to assist in moving those things directly off the island and are facing regarding these activities within the Virgin Islands and Puerto Rico, as well?

Admiral FAGAN. We were heavily involved under ESF-10 in a number of spill responses and heavily involved in removal of rec-

reational vessels. The larger debris removal I don't have any information on.

Ms. PLASKETT. OK. Thank you. I yield back.

Mr. HUNTER. I thank the gentlelady.

Mr. Graves, you are recognized.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman.

Admiral, thank you very much for being here.

First issue. In August of 2016 the Coast Guard proposed a final rule for TWIC [Transportation Worker Identification Credential] card readers at certain facilities adjacent to waterways. We had strong concerns that we spoke about in this committee room. We had subsequent followup meetings with the Coast Guard on that. And we are seeing inconsistent guidance coming out of the Coast Guard to some of these facilities.

And just to give you a little background, I think you know this, but you have a number of facilities that may have maritime access or a maritime component, but that can be a very minor component of a much larger facility. Yet you are requiring TWIC card readers at the entire facility.

These can be costly. Some of the information or guidance on securing some of the private information related to this has not been provided to some of these facilities. And I will say it again, that the Coast Guard indicated to us in this room and indicated to us in meetings that this could be delayed and sort of probably some stakeholder engagement, maybe looking at some tweaks to it.

So now we are in a situation where August of this year is implementation. All these facilities have been operating under the assumption for the last several months that there was going to be some type of change or revoking this rule while folks thought through it a little bit more. And now we are getting inconsistent guidance on whether or not this is going to actually apply in 2018 of this year.

Can you give me a little bit of an update on what we should be telling our constituents?

Admiral FAGAN. Yes, thank you. The Coast Guard is working in support of DHS—

Mr. GRAVES OF LOUISIANA. Would you mind going closer to the microphone?

Admiral FAGAN. I am sorry, sir. The Coast Guard is working in support of DHS, who is the regulatory lead on the effort. We are well aware of the confusion that when the final rule was published this summer with regard to extent of applicability, and particularly the concern no opportunity to comment. And so we are working with DHS to ensure that we provide the clarity that has been sought by your constituents.

Mr. GRAVES OF LOUISIANA. So it is March now. We are talking about August. That is 5 months. And some of these potential changes to comply with the rule candidly would probably take 1 year of construction and in some cases maybe even longer.

And I know you are aware we have all these chemical facilities along the Mississippi River between Baton Rouge and New Orleans, one of the largest industrial corridors in the world, and all of them have been operating under the assumption that this was

going to be pulled back, because that was the signal that we were all given.

And so we have strong concerns with the certainty and the ability of these facilities to even comply. And, again, we really need to know what to tell them to do at this point. I don't think it is fair, quite frankly, to come in and say, well, no, actually we are going to leave it in place as it was before, because I think we all acknowledge that the ability to comply probably was a little bit too challenging for some facilities based on how they are laid out.

I am really just looking for some guidance on what we are supposed to tell them. And what would you do if you were a plant or some other type of facility adjacent to one of these waterways right now?

Admiral FAGAN. Yes, sir, I understand the need for clarity. Again, we are working within the rulemaking process at DHS diligently to provide better clarity and certainty for the entities impacted by that rulemaking, sir.

Mr. GRAVES OF LOUISIANA. All right. I am going to say it one more time, that you can't comply with it at this point. You can't. Most of these places don't have enough time.

And if this is a problem at DHS or somewhere else I really would appreciate you all helping us identify where the challenge is, because it is just not fair. There was an opportunity for stakeholder input, and it is not fair at this point to come back and say, well, we are just going to leave the previous rule in place and apply it in 5 months.

So I appreciate you taking that back. If you want to talk to us offline about where we should be directing our phone calls or other things, I would appreciate that.

The fiscal year 2019 budget has approximately \$720 million in it for three heavies. And I understand that last week it went out for an RFP on design and construction.

Can you talk a little bit about what your expectation is for timeline moving forward on when those would actually be operational and just some type of Gantt chart on what we are looking at moving to the right?

Admiral FAGAN. Yes. On Friday we did release the RFP broadly, looking for resource proposals for beginning construction of a heavy icebreaker. The Gantt chart moving forward is hopeful that the first heavy is delivered 2023 with then out-year delivery of additional hulls.

We used industry studies as a best practice to help in development of those RFPs and as a means to just help accelerate the quality of the design and the timeframe moving forward, and we are standing by and ready to execute when additional moneys are appropriated.

Mr. GRAVES OF LOUISIANA. All right. So first hull 2023. The next two obviously to the right of that. And you think things stay on schedule right now and anticipate funding obviously in the out-years to keep this thing going?

Admiral FAGAN. Yes, sir we have never been closer to having a heavy icebreaker as a Nation. It is critical. My first assignment 35 years ago was on the *Polar Star*. I am well aware of the criticality

and national security need of replacing that vessel, and I am confident we are on a positive timeline, sir.

Mr. GRAVES OF LOUISIANA. They are not paying attention, so I am going to keep talking.

Can I keep going? Is that all right?

[Audio malfunction in hearing room.]

Mr. GRAVES OF LOUISIANA. Oh, come on. You know what, Mr. Garamendi, you all go so far over. I sat here and watched you all like go 20 minutes in the red. So you all just keep talking. You all are good.

Three mediums. The budget—I am sorry, I am going to talk about three mediums then talk about another issue in the budget.

Can you talk about three mediums and sort of just what you expect timeline on that and a little bit about operations and again delivery on something on three mediums?

Admiral FAGAN. So the priority are the heavy icebreakers. We are focused right now on opening the delivery and product line on the heavy icebreakers, and the medium becomes part of those out-year conversations as we bring the first heavy online.

Mr. GRAVES OF LOUISIANA. Am I correct in recalling, though, that you all did identify the requirements for three mediums as well?

Admiral FAGAN. Yes, sir, three heavies, three mediums.

Mr. GRAVES OF LOUISIANA. OK. And so you are focusing on the three heavies, and obviously those are going to be significant costs on those. The mediums you are expecting further right. So you are expecting all three heavy hull deliveries, then moving to mediums. Do you expect any concurrent—

Admiral FAGAN. The exact timeframe on the mediums moving forward are very much part of the ongoing discussions. Focus absolutely is on the heavies, and then we will look to leverage what we can from the heavy icebreaker.

Mr. GRAVES OF LOUISIANA. OK. I think I can speak for Mr. Hunter, Mr. Garamendi on this, I am not sure that Congresswoman Plaskett cares about icebreakers in the Virgin Islands maybe. But as you know, the comparison of U.S. capabilities to other Arctic nations, we are significantly further behind where we are. You have a number of advocates here to ensure that we have the capabilities we need to address many missions of this Government. And just want to urge you to keep that on the front burner.

Last issue. The Waterways Commerce Cutter, I think there is \$5 million in fiscal year 2019 budget for that. Just curious if you can just very quickly again give us a summary of what you expect that to look like moving to the right.

Admiral FAGAN. Yes, sir, there is money in the budget for the Waterways Commerce Cutter. Again primary focus with regard to the next major project is the heavy icebreaker, but very much beginning requirements development and the work that marches us forward with regard to acquisition and replacement in the Waterways Commerce Cutter. That timeline, as well, will resolve itself, but again, a sense of urgency again and another major recapitalization need.

Mr. GRAVES OF LOUISIANA. Great. Thank you.

Mr. Chairman, I would like to yield back all of my remaining time to Mr. Garamendi.

Mr. HUNTER. You owe us now.

Mr. Garamendi, you are recognized for further statements or questions.

Mr. GARAMENDI. Given the extraordinary response of the Coast Guard to the hurricanes, I would expect that this year's metrics are not going to meet what was anticipated. Unintended or unanticipated events will undoubtedly modify those metrics.

And so in the reporting to us and to the GAO how can this be taken into account, by simply noting that we had 2,000 personnel that were doing things other than chasing drugs in the Caribbean? They were chasing survivors. Does that work? Does that fit for the GAO and how you might respond?

Admiral FAGAN. So you very accurately identified the opportunity cost to the organization associated with the responses this summer. How those are accounted for and the impacts on the performance metrics and measures will be part of the operational planning process in our internal look, the repeatable, reliable process.

I am not an expert on how we will do that bookkeeping, but I would expect that there will be some adjustment that reflects the significant level of effort expended by boats and assets and cutters against the disasters this past summer.

Mr. GARAMENDI. And I suppose GAO, as you do your reviews, you take these things into account.

Mr. ANDERSON. Absolutely. Our October 2017 report did focus on the goals and the reasons for unmet goals and highlighted seven case studies where we took a look at performance goals that crossed a variety of missions. And we analyzed some of the meaning behind why goals weren't met.

We would just like to point out, though, that your question does underscore something very important about the handful of reports that we have used to support this testimony statement, and that is, good data is needed for good allocation of assets. And we pointed out several times where there is a bit of a mismatch between the actual use and the assumed use of a handful of assets, which could limit the ability of the Coast Guard to surge.

So bringing this back to our central message, better data available on actual asset use will provide a clearer picture for the Coast Guard to then reallocate when there are unanticipated events.

Mr. GARAMENDI. OK. Thank you.

One of the results of the hurricanes was a significant loss of property assets, Coast Guard assets, and we have approved a budget for the replacement of those assets, or the replacement improvements, and whatever other maintenance might be required, to the tune I think of something less than \$1 billion.

Here is where I want to go with this question, and I want to use this for the other programs of record that are out there, and that is that it is important to me and I believe to this committee that we have a continuing update not every month, perhaps not every other month, but maybe on a 6-month cycle on the progress of these measured programs.

Mr. Graves spoke at length on things that are really not his turf, that is our turf, my turf, the chairman's turf, we call that our icebreakers, not Graves' icebreakers, but we will get over that, and we will deal with that personally here.

But he raises a very, very important point: What is the progress? How is it going? What problems have you encountered in the design, the money, the contracting, and the like? And then carrying on to the other light icebreakers, other heavies and other lights. We need to know that.

And so for all of the major programs that you have underway, the Offshore Patrol Cutters, the other various capital programs that you have, and now the followup on the hurricane repairs, these are important things for us to keep track of for two reasons. One, we may want to modify the program of record. Or we may want to cancel or augment. And we can't do that unless we know where you are in the process.

Now, I understand you do this occasionally, but not in a periodic way, so that, say, every 6 months where are you with the I think it is Fast Response Cutters that are built in Mr. Graves' district? Where are you with the Offshore Patrol Cutter? All of those things.

Where are you periodically along the line so that we can say, oh, my, there is a problem that comes about for whatever reason, and then we can address it or not, or encourage you to address it? Is that a sensible way for us to keep track of where we are in these programs that we have laid out for the Coast Guard to do? And can you do it?

Admiral FAGAN. We very much do what you have described with regard to program management and oversight of our major acquisitions, any one of which you have named. It is a regular, recurring, senior leadership-driven review. We are responsible to DHS as well.

And so the process is there. And to the extent that we can and should share information with our overseers I am confident we have got a well-developed ongoing process with regard to ensuring that we are responsibly and transparently and reliably spending the resources that are generously allocated to us.

Mr. GARAMENDI. So internally it is being done on these major programs.

Admiral FAGAN. Yes, sir.

Mr. GARAMENDI. And I suppose on the other, the 11 specific tasks that you are required to carry out, search rescue, so on and so forth, drug interdiction, and the like.

I am going work with the chairman and see if there is some way that we could receive just a periodic review of that.

Much of the GAO report appears to me to be one of setting up systems of metrics so the Coast Guard knows where it is on all of these tasks that it has to do, that there is a methodology of reporting, so many sailors doing—excuse me, so many coasties doing whatever they are supposed to be doing, so much drug interdiction, so much work on boating accidents and so forth. And that seems to me to be useful internally for the Coast Guard to keep track of where it is and what it is supposed to be doing.

For us, we have a somewhat different task. We will be looking at the larger picture, reviewing particularly where the big money is going, where the big tasks are going, and if we can set up some sort of a repetitious, not every month, maybe every 6 months, but certainly no less than every year, where we are reading, OK, where are you on the icebreakers, which probably would be like once

every other month because of the way in which it is now gearing up.

Anyway, that is kind of where I am coming from, and I would like to see if there is some way we can keep track of that.

Right now it is hit and miss depending upon when we are able to call a hearing, and maybe we are asking for it and maybe we are not. But just as a way of keeping track of where we are on these major programs would be useful as I look at what the Coast Guard is responsible to do.

With regard to the annual budgeting and so forth, I understand OMB, and I understand all the games that you have to play there, and I understand that you really don't control your budget, and that the Department of Homeland Security is probably ripping your budget off to build something, maybe a wall, I don't know. But whatever. We understand you don't control all of that. We can, if we have knowledge and information.

So thank you. I will let it hang out there and see.

Mr. HUNTER. I thank the gentleman.

That is a great question, if you could track the icebreaker progress. But if you can't do the CIP and everything else is late and your internal metrics and targets don't match your external outside-in metrics, I think it is a futile thing to ask you to report to us because you will just be late and say: We are working on it, it is important to us and we are working on it. But we can talk about that.

Mr. Anderson, let's go here, because we are talking about DHS. Is it DHS' prohibition on the Coast Guard that does not allow them to release a full annual performance report?

Mr. ANDERSON. I believe that would be a better question for the Coast Guard witness.

Admiral FAGAN. So, Mr. Chairman, with previous negotiations with DHS with regard to releasing the full report, the preference was for partial reporting within the totality of the DHS report.

We have every intent this year and are very close to publishing the full performance measures report. I am confident that here quite soon that will be publicly available, the total report will be fully published.

Mr. HUNTER. Does the Coast Guard feel that it is being asked to record too many metrics, too many things that don't have anything to do with the outcome of your 11 missions?

Admiral FAGAN. The performance measures report and the process that we use to look at those measures and evaluate our performance and effectiveness are part of the process, the annualized, repeatable process, and are absolutely critical and essential to us continually evaluating how we are performing and how—

Mr. HUNTER. But it can't be that essential, because a lot of these reports are late.

Admiral FAGAN. So are you referring to the performance report, sir?

Mr. HUNTER. No, CIP. But I am just saying these are all things that are due, these are all things that inform you about your progress and what you need and how much money you need and how well the Coast Guard is doing. If they are not on time, like the CIP, how do you use that to inform yourselves?

Admiral FAGAN. So, sir, we are absolutely committed to delivering a CIP. I acknowledge that we are late on the deliverable. But that document is as valuable to us as it is to you, and we are committed to getting it to the committee as soon as possible, sir.

Mr. HUNTER. Let me ask you this, Mr. Anderson. How do the Service's 11 statutory missions align with the DHS goals for the Coast Guard?

Mr. ANDERSON. Well, in our recent review, we found there were 37 performance goals that are meant to align with the 11 statutory missions. Those goals either fully or partially aligned with the statutory missions.

Where there wasn't perfect alignment, we did recommend that the Coast Guard identify new goals needed or, alternatively, explain to Congress and to others why these proxy goals fit the bill.

One example here is on drug interdiction. The Coast Guard uses cocaine as a proxy. That doesn't reflect the entire suite of drug interdiction activities or all the narcotics that the Coast Guard ultimately interdicts. So we asked the Coast Guard—

Mr. HUNTER. Wait. What you are saying is they have metrics for coke, but not marijuana or heroin or whatever?

Mr. ANDERSON. Reportable metrics. The Coast Guard does—

Mr. HUNTER. They obviously have metrics on how much weed they interdict every year, right?

Mr. ANDERSON. Yes.

Mr. HUNTER. They just don't give that to you?

Mr. ANDERSON. They don't give that to you.

Mr. HUNTER. Got you. Why is that?

Mr. ANDERSON. That would also be a better question for the Coast Guard.

Mr. HUNTER. OK. Admiral, why would it affect—is this just an oversight or—

Admiral FAGAN. So we do use—cocaine, volume cocaine interdiction is one of our key metrics within the counternarcotics mission set. We acknowledge that there are—

Mr. HUNTER. Is that because it is the most expensive drug out there or most prevalent on the high seas or what?

Admiral FAGAN. It is the metric we are currently using, sir. We acknowledge that there are other indicators that would perhaps be better indicators of performance in the mission set, and we are very much—we look forward to having that conversation with GAO.

Mr. HUNTER. But you keep track of that.

Admiral FAGAN. We do track interdictions, detainees, yes, sir.

Mr. HUNTER. You just don't—OK, so just help clear this up. Why don't you give it to us?

Admiral FAGAN. I guess I was not aware that we weren't sharing that information.

Mr. HUNTER. Have we not requested it?

Admiral FAGAN. We do track that. We do track that, sir.

Mr. HUNTER. OK, thank you.

That is really all I have unless Mr. Garamendi or the other members here.

Ms. Plaskett, you are recognized.

Ms. PLASKETT. Sure. Thank you.

Mr. HUNTER. We are always happy to have somebody else chime in besides me and John.

Ms. PLASKETT. Anytime.

I just wanted to ask a couple of questions regarding commercial fishing classification. The classification standards that apply to virtually every other class of commercial vessels, in general, these standards have improved greatly the overall safety record of commercial vessels.

Mr. Anderson, does the GAO agree that classified standards improve the safety of the commercial vessels?

Mr. ANDERSON. Well, that is an area where we don't believe data exists. When we performed our performance evaluation, one of the key takeaways was that the Coast Guard needs data to determine whether classing has a positive effect on safety. So this is where there is a paucity of data.

Ms. PLASKETT. So it may not. It may or may not. You are still looking for the data to make that determination?

Mr. ANDERSON. Yes. We have ultimately recommended that a working group be formed to go get data such as that, because we believe that first we need the data to determine whether or not classing has a positive effect on safety.

Ms. PLASKETT. And why don't you have the data at this point?

Mr. ANDERSON. Well, there are various entities that ultimately collect the data. Coast Guard collects some. Other Federal agencies collect others. State regulators also collect some.

Hence, our recommendation for a working group to bring together those parties, to identify data on the number of commercial fishing vessels, which basically puts the Coast Guard in the position of having a denominator. Right now it essentially has a numerator.

Ms. PLASKETT. So in your recommendation for this working group, you mention that the Coast Guard, NIOSH [National Institute for Occupational Safety and Health], National Marine Fisheries Service should form the working group. Do you think that other stakeholders, such as State organizations or industry representatives, should be in that working group as well?

Mr. ANDERSON. Yes. We do believe that others should be in that working group, in large part, for the reasons I stated, that some of those entities have data on commercial fishing that may not currently be available to the Federal agencies.

Ms. PLASKETT. OK. And it is your recommendation as well that the Coast Guard issue regulations or guidance to clarify or implement alternative safety compliance programs, which you referred to as alternative to class approach. Is it necessary to issue formal regulations or would guidance be sufficient in this area?

Mr. ANDERSON. Well, I think in this area there are some advantages to regulations. Regulations set up a formal process. Regulations also invite a number of different perspectives to the table—including industry representatives. And it is time-bound. So I can see some advantages to the regulations route.

Ms. PLASKETT. Now, were you also able to determine whether the regulations or guidance was helpful in less than commercial class vessels that the Coast Guard reviews?

Mr. ANDERSON. I don't believe that was within the scope of that engagement.

Ms. PLASKETT. Have you done it in the past, do you know?

Mr. ANDERSON. I would have to get back in touch with you with an answer for that one. I can talk to my subject matter experts back at GAO.

Ms. PLASKETT. OK.

Admiral Fagan, do you know if that has been done, reviewed in the past, the effectiveness and the efficacy of the regulations to safety, of the Coast Guard having regulations or guidance on other vessels that are not commercial vessels?

So I am thinking in the Virgin Islands, we don't have large commercial vessels that one thinks of specifically, but we do have smaller vessels that are constantly around the island, whether they are yachts or individuals going on excursions or even private boaters in the area.

Do you know if there are studies that determine the effectiveness of those guidelines versus regulations?

Admiral FAGAN. I am not aware of a study that looked specifically at guidelines versus regulations. We, as we look at different types of vessels and the risk, use regulations and policy and voluntary safety systems, a whole host of tools, to help bring better safety records and safety for the people that are operating those vessels.

Ms. PLASKETT. Because I know, while I don't mind and I see the benefit to all coming on a lot of the vessels in the Virgin Islands for security reasons as well, not just safety of the vessel, I know that our weekend boaters, going to Buck Island in particular, you know, might have a different view of that.

So having the data I think would be really important. And I think that GAO, have they looked into the implementation of the classification requirements, whether or not which ones are necessary and which ones are most effective, if that has been put in place as well?

Mr. ANDERSON. The scope of that report was really on the need for more reliable data in these commercial fishing vessels.

With your permission, I do have one of my experts here to assist, if you would like an answer to that question specifically from one of my colleagues.

Ms. PLASKETT. If you could give that to us afterwards, that would be helpful.

OK. Thank you very much.

Mr. HUNTER. Mr. Garamendi, you are recognized.

Mr. GARAMENDI. I think I will do this for the record, just to save some time here, to follow up on what Ms. Plaskett was talking about, and it is the fishing classification standards. We have that for the larger commercial vessels. They are in line with the IMO [International Maritime Organization] standards. I believe that we have exempted the smaller boats, smaller fishing boats.

And the question is, from the experience of the Coast Guard, would we improve the life safety if the smaller boats were not exempted and had to meet higher standards or perhaps the international commercial standards?

Just we need to get into that. That is an issue that comes back here on a regular basis. And it would be helpful to have some of the Coast Guard experience and advice on that issue.

So I will let that hang out there. I doubt that you will have an answer right now, but we will give it to you for the record.

[The information from the U.S. Coast Guard follows:]

Operators of all vessels, both commercial and recreational, benefit from enhanced safety standards and practices. Preventative minimum safety is the basis of meeting the standards and regulations presently available, whether at the industry, Federal Government, or international convention (treaty) levels. For commercial vessels, the standards and regulations are based on the vessel's operations, the size of vessel, the amounts and types of cargo or passengers carried, and where the vessel operates. The standards and regulations for commercial vessel operations and construction are based on the vessel's intended use and the types of waters in which the vessel will operate.

Mr. GARAMENDI [continuing]. Also, the chairman and I were just trying to figure out how we can stay on top of the activities, the major programs that the Coast Guard is responsible to carry out. There are 11 of them. Then there are all these new ships that you are building, cutters that you are building, aircraft that you are repurposing, the C-27s and the like. And you, obviously, have heard frustration about the CIP and the lateness of it.

In a question that I asked a while ago, Admiral, you indicated that you do quarterly reviews, or maybe more often than quarterly, probably 6 months also, updates on how these major programs are going in the internal management of the Coast Guard. And I assume that is all the way up to the Commandant, sit around a table and say, what is happening with the C-27s out in McClellan. Are we getting them done? Are we not getting them done? What is the problem?

To ameliorate the frustration that we have about the CIP, which seems to be not timely, presented to us in a timely way, I think I am going to suggest that we pursue a more informal but more often review of where we are on the major programs that we follow.

There is a lot of money involved. They are critical to the future work or the ability of the Coast Guard to carry out its missions. And if you have that internal information, I don't know if it needs to be edited, but it would surely be helpful to us to keep track of where we are as we do our work on authorization and appropriations.

We are not the appropriating committee, but we do talk to them from time to time, and they should see things our way, and when they don't we try to persuade them otherwise.

But, taken together, I think we would be able to keep better track of where the Coast Guard is on its major programs and activities and simultaneously be able to be of more immediate help when needed on whatever the problem might be.

So I am going to let that hang out there for your review and someday over a cup of coffee maybe we can pursue that. Do you think that would be helpful, Mr. Anderson?

Mr. ANDERSON. I am sorry. Could you specify the part about which part would be helpful?

Mr. GARAMENDI. That it would be helpful to receive a, I don't know, let's say a quarterly or at least a semiannual update on where the major programs are. The Coast Guard apparently does it internally.

Mr. ANDERSON. I am aware that we provide a similar service for other major programs and other departments where we do speak to the appropriators and authorizers on a routine basis, such as quarterly.

[Nathan Anderson of the U.S. Government Accountability Office added the following post-hearing supplement to his remark:]

We also provide information on Coast Guard programs in our annual assessment of major DHS acquisition programs.

Mr. GARAMENDI. I thought you might. And it would be helpful, I think, for us in our oversight review. And we do—what, every other year, or every year, every other year—a reauthorization. Every other year a reauthorization. And the appropriations are annual.

And so if we can be helpful with the appropriators, this kind of information is important. Maybe less formal, but maybe we just sit on it with a cup of coffee and review where we are.

With that, Mr. Chairman, I yield back. Thank you very much.

Mr. HUNTER. I thank the ranking member.

Let me add, too, I was looking at your program baseline, the approved program baseline, which I assume informs the CIP, right, Admiral?

So that your program baselines, which I imagine a bunch of bars on charts, informs your capital investment for your 5-year building plan, basically. But your baseline doesn't have C-130J, C-27, C-144s, the ninth NSC that we gave, or the six FRCs needed to replace the CENTCOM [U.S. Central Command] FRCs.

If that is needed to inform your CIP, we might even be happy just seeing the program baselines that you have right now until the CIP is completed, whenever that may be. I am not enthusiastic about seeing anything, frankly.

On the Armed Services Committee we do mean things, like take away Suburbans and airplanes from four-stars when they don't get us the things that we require.

We are going to make sure too that we are not overburdening you with reports. Otherwise, that is our fault. Last authorization, we gave you a whole section with the reports that we thought were important. We changed the structure, right?

So now you have one section. We are going to go through that and look at those to make sure that you are not being overburdened and you are only reporting to us what you need to so that those few things could be on time for once, ever.

Lastly, with performance tracking, Mr. Anderson talked about how the higher headquarters says 800-something hours, the guys actually driving the boats say 500 hours, and that leaves you with a 300-hours-something gap. That doesn't help anybody, it really doesn't.

And I am just not sure why it is done that way. It is not done that way for any other service that I have seen. If your aircraft is this many years old and it has this many hours on it, here are how

many years or hours we expect out of it, right? That is how it is normally done. It is not a top-level thing where they say, this is what it is supposed to do if it was brandnew, and the people on the ground say, well, this is what it can actually do.

Am I getting that right, Mr. Anderson?

Mr. ANDERSON. Yes, you are. That report from about 2 years ago that we issued did say that there was a difference between what the field units knew could be used for a particular asset and the direction it was getting, the strategic intent from headquarters. There was a delta there. For the example that you are citing, it was 575 hours versus 825 hours for a cutter.

Mr. HUNTER. I think in the end, Admiral, it looks like the Coast Guard is making things harder on itself by not using consistent metrics, by not aligning with DHS, and not aligning with us on this committee so we can say, hey, your outcomes were great. Because if you look at your missions and you really delve into them and you don't do the 800 hours versus 500 hours, but you look at your outcomes, right, those things that we don't get all of that GAO was talking about that we would like to start getting, if you look at those you are successful.

So it looks to me like it is a problem between point A and point Z. You are getting to point Z and doing a great job. Point A sounds good. But everything in between, it is not matching up. And it is providing us with trouble, and it is providing you with trouble, and it is providing GAO with trouble, and probably DHS with trouble too.

So we will look through this and see what we can do to assist you to cut down on the reports you have to do that aren't necessary and to require the reports that we need. There are only a few of them, because we are not going to tell you how to tend buoys. We are not going to tell you how to jump out of a helicopter and rescue somebody.

Mr. GARAMENDI. Oh, come on. You can do that.

Mr. HUNTER. Right, we would like to. Marines don't do that; we just kill people.

But what we can ask you to do and what we need is a Capital Investment Plan, so we can say, here is how much money you are going to need, so we can go fight for it on your behalf.

And we can't do that the way that we have been doing it, which is with our secret handshakes with OMB and the administration, figuring out what you really need and then adding that to what you ask for, right.

It is not going to go that way forever, because you might have different personalities sitting here and a different personality sitting there, or vice versa, where the handshake control thing just doesn't work.

So, with that, I am not sure we—I mean, we accomplished a lot of venting here, and that is about it, I think.

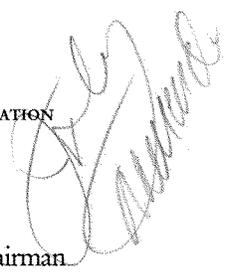
So thank you very much for being here.

With that, we are adjourned.

[Whereupon, at 3:18 p.m., the subcommittee was adjourned.]

STATEMENT OF  
THE HONORABLE JOHN GARAMENDI  
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION  
"IMPLEMENTATION OF COAST GUARD PROGRAMS"

MARCH 7, 2018



Thank you, and good morning. I want to thank Chairman Hunter for scheduling this afternoon's hearing to assess the status of the Coast Guard's capital planning and the Service's overall operational performance.

It has been said often that the United States Coast Guard – at all times a military service and also our Federal maritime law enforcement authority – is indispensable to ensuring the safe, efficient and reliable maritime commerce of the United States.

The Coast Guard's eleven statutory missions and diverse statutory authorities enable this multi-faceted Service to function as first responders, fisheries enforcement agents, port state control inspectors, or maritime border security, to name only a few of the critical assignments the men and women of the Coast Guard themselves day in, and day out.

Yet because the Coast Guard remains by far the smallest of the five armed military services, it does all of this with much less personnel and far fewer resources.

This reality puts a premium on the ability of the Coast Guard to effectively budget and plan for the capital resources it needs – its ships, aircraft, shore infrastructure, aids to navigation, telecommunications, and much, much more.

The Coast Guard has taken great strides over the past nine years to improve the transparency and accountability in the development of its five-year Capital Investment Plan, or CIP, and I commend the Service for this effort.

I will be interested to hear Admiral Fagan describe the highlights in the latest CIP, and most important, how the objectives and timetables in this CIP stack up against the reality of projected Coast Guard capital budgets and the Coast Guard's continued reliance on legacy assets that are well past their ideal lifespans.

Additionally, because there is always more for the Coast Guard to do, than resources and people available to the Coast Guard to get the job done, it is imperative that the Coast Guard develop thoughtful operational goals and set realistic performance measures to maximize the effective allocation of assets on any given day.

The Coast Guard simply has not the luxury of being able to waste time, effort or resources.

To best husband its limited assets, the Coast Guard needs measurable and accurate performance metrics. Moreover, the Coast Guard needs effective feedback loops to better translate its performance results into operational adjustments to improve performance.

I look forward also to hearing from Admiral Fagan on this topic, and additionally, I will look forward to hearing from Mr. Nathan Anderson from the Government Accountability Office, to better understand GAO's recommendations for how the Coast Guard might improve its operational proficiency.

Thank you.

U. S. Department of  
Homeland Security  
United States  
Coast Guard



Commandant  
United States Coast Guard

2703 Martin Luther King Jr Ave SE  
Washington, DC 20593-7000  
Staff Symbol: CG-0921  
Phone: (202) 372-4411  
FAX: (202) 372-8300

**TESTIMONY OF  
REAR ADMIRAL LINDA L. FAGAN  
DEPUTY COMMANDANT FOR OPERATIONS POLICY AND CAPABILITY  
ON  
"IMPLEMENTATION OF COAST GUARD PROGRAMS"  
BEFORE THE  
HOUSE COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE  
MARCH 7, 2018**

**Introduction**

Good morning Mr. Chairman and distinguished Members of the Subcommittee. It is my pleasure to be here today to discuss the implementation of key Coast Guard programs, most notably those that have recently undergone a Government Accountability Office evaluation.

First, let me thank you for the outstanding support this subcommittee has given the Coast Guard, especially as it relates to the supplemental funding for hurricane response activities. This critical infusion allows the Service to not only rebuild damaged and destroyed facilities, but also provides the ability to build to modern resiliency standards and ensure the best chance of withstanding future disasters. The Coast Guard is an integral part of the communities these facilities serve, and is committed to continuing to execute its missions in these areas. Your support is helping make this possible.

The U.S. Coast Guard is the world's premier military, multi-mission, maritime service responsible for the safety, security and stewardship of U.S. waters and hundreds of miles seaward. At all times, a military service and branch of the U.S. Armed Forces, a federal law enforcement agency, a regulatory body, a first responder, and a member of the U.S. Intelligence Community, the Coast Guard stands the watch and serves a nation whose economic prosperity and national security are inextricably linked to broad maritime interests.

The Coast Guard plays a critical role in maritime border security, by protecting and defending more than 100,000 miles of U.S. coastline and inland waterways comprising the Maritime Transportation System, saving thousands of lives per year, and safeguarding the world's largest Exclusive Economic Zone (EEZ), encompassing 4.5 million square miles of ocean. Securing the Nation's maritime borders and reducing risk to its ports and infrastructure requires a layered, multi-faceted approach.

Because of the Coast Guard's unique authorities, capabilities, competencies, and partnerships, the Service is well-positioned to undertake such an approach and meet a broad range of maritime border security requirements. This layered approach allows the Coast Guard to detect, deter, and counter threats as early and as far from the U.S. shores as possible. Indeed, the Coast Guard is fully engaged in answering the call and balancing a multitude of dynamic maritime risks facing our Nation.

#### **Strategic Focus and Resource Allocation**

The Coast Guard safeguards the Nation's maritime interests in its territorial waters, on the high seas, and abroad. To ensure alignment with national strategies and best position the Service to address myriad complex challenges, the Service developed Western Hemisphere, Arctic, energy, and cyber strategies. Each year, the Coast Guard conducts a strategic review as part of the annual program plan development process to determine areas of focus for improved performance, what initiatives are needed to better attain operational goals, and what effect they may have on the aggressive, but achievable, targets promulgated for each five-year planning horizon. By using these strategies and plans as guideposts, leveraging the intelligence community, and employing a risk-based approach to direct resources where they are most needed, the Coast Guard is able to mitigate maritime threats with greater precision and effect.

This strategic allocation of resources, bearing in mind specific asset capabilities and capacities, is critical to the Coast Guard's ability to operate in dynamic, vast, and diverse areas of responsibility. The Coast Guard has adopted the Standard Operational Planning Process (SOPP) as a deliberate planning system to communicate strategic intent and influence mission execution based on program planning. The system, after considering all of the competing demands for Coast Guard resources, operational risk, and platform availability, allows Coast Guard operational commanders to designate mission priorities and distribute available asset resource hours optimally across Coast Guard missions.

Delegating the tactical control of assets to operational commanders is central to the Coast Guard's success, providing the Service with the capability and flexibility to perform day-to-day operations while also remaining ready to respond to major national contingencies. This approach aligns resources with strategic priorities while allowing operational commanders sufficient flexibility to manage risk, leverage partnerships, and make trade-offs in responsible ways that make sense for their areas of operations. Feedback loops are integrated into the system, and the Coast Guard has established asset allocation processes to ensure mission accomplishment and metrics to measure outcomes.

The Coast Guard's responses to Hurricanes Harvey, Maria, Irma, and Nate demonstrated the value of its versatility and sense of on-scene initiative, as it mobilized over 2,000 active duty members, 800 reservists, and 150 civilians to directly assist more than 11,000 people, reopen critical waterways, and mitigate damage to the environment.

In addition to this impressive hurricane response, in fiscal year 2017, the over 40,000 active duty members, 7,000 reservists, 9,400 civilian employees, and 25,000 volunteer members of the Coast Guard made great achievements in service to the Nation.

The Coast Guard prosecuted over 16,000 search and rescue cases, saving 4,228 lives, assisting 22,000 more, and preserving more than \$76 million in property from loss. Coast Guard men and women also responded to 12,270 pollution incident reports, mitigating damage to sensitive natural resources.

Frontline Coast Guard operators and assets completed over 5,300 security inspections of maritime facilities, 4,468 small vessel security boardings, and 635 boardings of “high-interest” vessels. At the same time, Coast Guard Patrol Forces Southwest Asia, consisting of six patrol boats and 250 personnel, provided near-continuous presence in the Arabian Gulf supporting maritime security operations while providing critical training and capacity building in the region.

Coast Guard marine safety personnel completed 5,300 security-related inspections at Maritime Transportation Security Act regulated facilities, while conducting approximately 39,000 vessel and 16,000 facility inspections. Concurrently, they added more than 5,800 towing vessels to the inspected fleet as the result of requirements set out in the Coast Guard and Maritime Transportation Act of 2004.

The Coast Guard boarded 5,518 domestic fishing vessels to ensure critical fish stocks remain available for future generations. The Service also patrolled the largest Exclusive Economic Zone in the world, supporting the Nation’s sovereign interests and suppressing illegal foreign fishing.

The Coast Guard supports more than \$4.6 trillion of economic activity vital to our Nation’s economic well-being, and it does so by facilitating the movement of people and goods through the Nation’s waterways. The Coast Guard maintains the world’s largest aids to navigation system, servicing nearly 30,000 aids and responding to over 7,700 discrepancies while reviewing 3,600 marine event permit applications and completing over 10,000 waterways activities. The Coast Guard identified and tracked more than 1,000 icebergs threatening ship traffic in the North Atlantic, and dedicated 5,300 operational hours to enable movement of commerce worth over \$1.5 billion through ice impeded waters of the Great Lakes and Eastern Seaboard.”

#### **Strategic Challenges**

##### *Maritime Border Security*

The Coast Guard is pivotal to securing our Nation’s maritime border. Persistent threats include illegal migration, human trafficking, and the flow of illicit drugs. Transnational Criminal Organizations (TCOs) use networks to commit these dangerous crimes. TCO networks are driven by immense profits from drug trafficking and other illicit activity, and their indiscriminate use of violence weakens regional governments in Central America, stymies legitimate economic activity and development, terrorizes peaceful citizens, and fuels migrant flows.

Coast Guard patrol assets in the maritime approaches to the border get results by employing timely intelligence from an expanding network of partners. The new National Security Cutters (NSCs), Fast Response Cutters (FRCs), and legacy cutter and aircraft fleets achieved impressive operational successes in fiscal year 2017. Coast Guard crews interdicted 2,512 undocumented migrants, and seized a record 223 metric tons of cocaine, 31,190 pounds of marijuana, 6 kilograms of heroin and other opiates, and 168 kilograms of methamphetamines, worth \$6.6 billion

wholesale. Despite this impressive performance, the Service missed its target for cocaine removal by 3 percent. Critical acquisitions like the Offshore Patrol Cutter (OPC), a more capable and reliable replacement for our outdated Medium Endurance Cutters (MEC), are essential to long-term success in securing America's maritime borders.

#### *Polar Regions*

As sea lanes in the Arctic open and access to natural resources increases, the Coast Guard is promoting safe and responsible activity within this vital region. In concert with partner nations in the Arctic, the Service continues to solidify maritime governance regimes, strengthen prevention and response capabilities and capacities, and increase domain awareness in this vast and rapidly changing region.

The Coast Guard's enduring success in the polar regions hinges upon assured access and support for U.S. sovereign interests. The Nation's credibility and ability to protect its interests cannot be guaranteed with an aging national icebreaker fleet and it must be recapitalized. The support of the Administration and Congress to procure new heavy polar icebreakers is critical for U.S. national security.

#### *Cyber Domain*

Cybersecurity is not only a vital component of economic and national security, but it is also critical to the Coast Guard's ability to fulfill its statutory responsibilities. In addition to safeguarding its own networks from malicious cyber activity, the Coast Guard is developing regulatory approaches and guidance for industry that will instill stronger cybersecurity protocols in the Nation's critical Maritime Transportation System infrastructure. For example, Coast Guard-led Area Maritime Security Committees (AMSC) are incorporating cybersecurity subcommittees into their current practices.

Success is also dependent upon building, developing, and retaining an appropriate cyber skill set in the Service's workforce. Given the growing global demand for cyber professionals, the Coast Guard will be challenged to compete for this highly specialized and uniquely qualified staff.

#### *Maritime Safety, Security, and Stewardship*

The prosperity of the Nation is inextricably linked to a safe and efficient Maritime Transportation System. Increased recreational and commercial waterway usage, compounded by growing domestic natural gas extraction and transport, deeper U.S. ports, and the expansion of the Panama and Suez Canals, has placed growing pressure on the Maritime Transportation System. Continued uncertainty and volatility in the domestic energy sector requires dynamic planning efforts on the part of the Coast Guard and its partners to effectively regulate existing and emerging technologies and ensure the safety, security, and environmental stewardship of the Nation's waterways.

*Living Marine Resources*

Fishery resources are a critical source of sustenance in a world with an ever-increasing population. The Coast Guard's role in the enforcement of laws and regulations that preserve living marine resources is a fundamental and significant mission. It involves two interwoven missions: preventing illegal catch from over-depleting fish stocks, and providing for the safety of the mariners and vessels who fish U.S. waters and perform one of the Nation's most hazardous occupations.

Like maritime border security, significant assets are needed to ensure compliance with fishery laws. Since the majority of fishery activities are beyond the operational range of boats or even smaller cutters, programs like the OPC are critical to providing the appropriate platforms to detect and board vessels and verify compliance. The dispersed and far-reaching nature of this mission resulted in the Coast Guard achieving only 23 percent of its fiscal year 2017 target number of compliance boardings for fishery enforcement.

In addition to protecting the fish stocks, the Coast Guard is charged with protecting the mariners that harvest them. Over the years, the Coast Guard has increased its oversight of fishing vessels through new authorities delegated by Congress. Currently, the Service is seeking ways to improve the range and quality of data it maintains on active fishing vessels and their key characteristics. Additionally, it is exploring alternatives to address new mandates, such as those requiring certain fishing vessels to be classed. The Coast Guard looks forward to working with Congress as it strives to meet new requirements and facilitate legislative intent in this area.

**Measuring Success**

As the Coast Guard pursues its strategic goals across all missions, aggressive and achievable indicators of mission success are more critical than ever. The Coast Guard was one of the first agencies to adopt the requirements of the Government Performance and Results Act when it was first enacted in 1993, and the Service is committed to continued refinement and expansion of its portfolio of strategic and management metrics to ensure that benchmarks for performance are clearly defined. These metrics are developed in consultation with the Department of Homeland Security and Office of Management and Budget, and they undergo a rigorous vetting process. Only some activities the Coast Guard performs are represented by strategic or management metrics. These key measures are complemented by an extensive array of operational measures that assist Coast Guard leadership at all levels in making informed decisions related to the utilization of assets and personnel across the entire spectrum of Coast Guard mission implementation.

Annually, Coast Guard strategic measures are reported in the Department of Homeland Security's Annual Performance Report and made available to the public. Additionally, the Coast Guard prepares its own Annual Performance Report, which contains the results of all strategic, management, and key operational measures. In alignment with a recent GAO audit recommendation, the Coast Guard will make the Annual Performance Report for fiscal year 2017 publicly available.

**Conclusion**

A responsive, capable, and agile Coast Guard is an indispensable instrument of national security and, in many cases, the first line of defense for America's vast maritime borders. To ensure the Coast Guard is equipped to address the demands of a rapidly evolving operational environment, the Service, with the continued strong support of the Administration and Congress, will maintain momentum for ongoing asset recapitalization programs while embracing decisions based on the principles of strategic management.

The progress the Coast Guard has made in critical recapitalization efforts is tremendous. However, the Service's greatest strength is undoubtedly its people, and Coast Guard operations require a resilient, capable workforce that draws upon the broad range of skills, talents, and experiences found in the American population. Recognizing that operational platforms are hollow without a capable and proficient workforce, the Service will continue emphasis on talent management by implementing its Human Capital Strategy and its Diversity and Inclusion Strategic Plan. Together, modern platforms and a strong, resilient workforce will ensure the Coast Guard is prepared to meet future challenges.

While many challenges still lie ahead, with the continued support of the Administration and Congress, the Coast Guard's future is bright and it will continue to live up to its motto to be Semper Paratus – Always Ready. Thank you for the opportunity to testify before you today and for all you do for the men and women of the Coast Guard. I look forward to answering your questions.

|                   |  |
|-------------------|--|
| <b>Question#:</b> | 1                                      |
| <b>Topic:</b>     | Necessary Information                  |
| <b>Hearing:</b>   | Implementation of Coast Guard Programs |
| <b>Primary:</b>   | The Honorable David Rouzer             |
| <b>Committee:</b> | TRANSPORTATION (HOUSE)                 |

**Question:** Due to a recent DC Circuit Court decision, farmers and ranchers across the country will be forced to report low-level manure odors to the US Coast Guard. It's likely that more than 200,000 farmers and ranchers will be now be required to report to the Coast Guard.

Is this information truly necessary for the Coast Guard to do its job in coordinating an emergency response?

**Response:** On March 23, 2018, the President signed the Fair Agricultural Reporting Method Act (FARM) Act as part of the Consolidated Appropriations Act, 2018, thus eliminating this reporting requirement. In light of that, the Coast Guard will not be receiving this information, and it will not impact its emergency response coordination. If the requirement were still in place, the information would not be necessary for the Coast Guard to do its job in coordinating an emergency response.

|                   |  |
|-------------------|--|
| <b>Question#:</b> | 2                                      |
| <b>Topic:</b>     | Response Center Impact                 |
| <b>Hearing:</b>   | Implementation of Coast Guard Programs |
| <b>Primary:</b>   | The Honorable David Rouzer             |
| <b>Committee:</b> | TRANSPORTATION (HOUSE)                 |

**Question:** What impact will an additional 200,000 farms reporting have on the Coast Guard's National Response Center to carry out its work, particularly considering these reports must be submitted by farmers within a 24-hour period?

**Response:** As explained above, on March 23, 2018, the President signed the Fair Agricultural Reporting Method Act (FARM) Act as part of the Consolidated Appropriations Act, 2018, thus eliminating this reporting requirement. In light of that, the Coast Guard will not be receiving this information, and it will not impact its emergency response coordination. If the requirement were still in place, the CERCLA animal waste reporting requirement would have likely had a negative impact NRC operational capabilities and delayed critical emergency communications. The NRC must focus on time sensitive emergency response efforts that currently benefit the general public and the environment. The NRC annually fields nearly 55,000 phone calls and processes approximately 30,464 incident reports. It is typically staffed by a maximum of six watch standers at peak hours, each of whom undergoes approximately four months of training to prepare them for this position. The current NRC staffing levels, information technology, and infrastructure are not designed to process a sudden or drastic increase in incident report volume. The prospect of receiving additional incident reports related to air releases of hazardous substances from animal waste at farms would have likely negatively impacted NRC operations. Leading up to November 15, 2017, the day on which industry originally thought it would need to start reporting its emissions related to animal waste, the NRC, which typically receives 100–150 calls per a day, handled more than 1,000 calls a day (a 567%–900% increase). This volume created call wait times of two–three hours, leading to delays communicating incidents to first responders.

United States Government Accountability Office

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Testimony  
Before the Subcommittee on Coast  
Guard and Maritime Transportation,  
Committee on Transportation and  
Infrastructure, House of Representatives

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For Release on Delivery  
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Wednesday, March 7, 2018

## COAST GUARD

### Actions Needed to Improve Data Quality and Transparency for Reporting on Mission Performance and Capital Planning

Statement of Nathan Anderson, Acting Director  
Homeland Security and Justice

## GAO Highlights

Highlights of GAO-18-408T, 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, a component of DHS, serves as the principal federal agency responsible for maritime safety, security, and environmental stewardship in U.S. ports and waterways. To ensure that the Coast Guard is effectively fulfilling its missions, agency managers must have accurate information and base decisions on sound analyses for effective program management.

This statement discusses Coast Guard actions needed to (1) improve the quality of data used for program management and (2) improve the transparency of its data for reporting on mission performance and planning.

This statement is based on relevant products GAO issued from June 2014 through December 2017 on Coast Guard strategic planning and management issues, as well as related recommendation follow-up conducted through February 2018. GAO reviewed applicable laws, regulations, policies and guidance. GAO also interviewed Coast Guard officials responsible for administering these programs and obtained information on how they used data to inform decisionmaking. GAO interviewed a range of stakeholders, including federal and industry officials.

### What GAO Recommends

GAO is not making new recommendations in this statement but has made them to the Coast Guard and DHS in the past on improving its program management through, among other things, better quality and more transparent data. DHS and the Coast Guard agreed with these recommendations and reported actions or plans to address them.

View GAO-18-408T. For more information, contact Nathan Anderson at (202) 512-3541 or [andersonn@gao.gov](mailto:andersonn@gao.gov).

March 2018

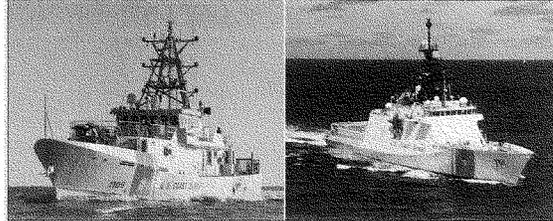
## COAST GUARD

### Actions Needed to Improve Data Quality and Transparency for Reporting on Mission Performance and Capital Planning

#### What GAO Found

GAO's prior work recommended multiple actions to improve the Coast Guard's program management by improving the quality of data it uses to manage and report on its mission performance. Specifically, GAO recommended actions such as collecting more complete data and clarifying the data limitations to facilitate more effective program management. For example, in December 2017, GAO found that more information is needed to calculate vessel safety statistics that could enhance the Coast Guard's knowledge about accident, injury, and fatality trends involving commercial fishing vessels. Having more complete information could be useful for carrying out its marine safety mission, and GAO recommended, among other things, that the Coast Guard ensure that data collected during commercial fishing vessel incident investigations is accurately captured. In 2018, the Coast Guard reported taking initial steps to capture more accurate data.

#### Coast Guard Ships



Source: U.S. Coast Guard. | GAO-18-408T

GAO's prior work also identified areas where the Coast Guard could improve the transparency of the data it uses for reporting on its mission performance as well as its capital planning purposes. For example, in an October 2017 report on performance goals, GAO found the Coast Guard's Annual Performance Report (APR) has not been released publicly since 2011. Consequently, there has not been full visibility over performance across all of the Coast Guard's missions. Coast Guard officials stated that a decision by Department of Homeland Security (DHS) leadership to limit the number of performance goals shared publicly had deterred the Coast Guard from public release of its APR. GAO recommended that APRs be available on the Coast Guard's website; the Coast Guard plans to publicly release future APRs. In addition, previous GAO reports found that the Coast Guard's annual 5-year capital investment plan, which projects acquisition funding needs for the upcoming 5 years, did not consistently reflect current total cost estimates or the effects of tradeoffs made as part of the annual budget cycle. GAO made recommendations to help the Coast Guard plan for future acquisitions and the difficult trade off decisions it will face given funding constraints. The Coast Guard agreed, but it is unclear when it will complete the 20-year plan.

United States Government Accountability Office

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Chairman Hunter, Ranking Member Garamendi, and Members of the Subcommittee:

I am pleased to be here today to discuss U.S. Coast Guard (Coast Guard) actions that could improve its program management by improving the quality and transparency of the data it uses to manage its mission performance and capital planning. The Coast Guard, within the Department of Homeland Security (DHS), serves as the principal federal agency responsible for maritime safety, security, and environmental stewardship in U.S. ports and waterways. The Coast Guard's 11 primary statutory missions identified in the Homeland Security Act of 2002, as amended, encompass the agency's important roles and responsibilities.<sup>1</sup> For example, as part of its marine safety mission, the Coast Guard performs mandatory safety inspections, conducts accident investigations, and promotes accident prevention involving vessels at sea, including for commercial fishing vessels.

To ensure that the Coast Guard is effectively fulfilling its missions, agency managers must have accurate and reliable mission performance information to monitor and track the progress the agency is making toward achieving its goals.<sup>2</sup> We have previously reported that evaluation can play a key role in strategic planning and program management, and that findings supported by sound analyses strengthen decision making.<sup>3</sup> Our findings are consistent with Office of Management and Budget (OMB)

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<sup>1</sup>The Coast Guard's 11 missions outlined in the Homeland Security Act of 2002, as amended, as well as other mission responsibilities, are identified in table 1 of this statement. See 6 U.S.C. § 468(a).

<sup>2</sup>The Government Performance and Results Act of 1993 (GPRA), as updated and expanded by the GPRA Modernization Act of 2010 (GPRAMA), requires agencies to establish annual performance goals with target levels of performance to measure progress towards those goals. See Pub. L. No. 111-352, 124 Stat. 3866 (2011) (amending Pub. L. No. 103-62, 107 Stat. 285 (1993)). Although GPRA and GPRAMA requirements apply to those goals reported by departments (e.g., DHS), they can also serve as performance management leading practices at other organizational levels, such as for component agencies (e.g., Coast Guard). In addition, GPRA requires executive agencies to prepare an annual performance report (APR) on program performance for the previous fiscal year, including a discussion of why any performance goals were not met and plans to meet those goals in the future.

<sup>3</sup>GAO, *Designing Evaluations 2012 Revision*, GAO-12-208G (Washington, D.C.: January 2012). This report addresses the logic of program evaluation design, presents generally accepted statistical principles, and describes different types of evaluations for answering varied questions about program performance, the process of designing evaluation studies, and key issues to consider toward ensuring overall study quality.

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guidance on assessing an agency's performance, which emphasizes the need for frequent, data-driven reviews, including data analyses, and identifying steps necessary to increase agency performance.<sup>4</sup> However, we have previously raised questions about whether annual performance goals<sup>5</sup> and reported performance information accurately reflect the extent to which the Coast Guard is accomplishing its mission goals. We have also raised concerns about the Coast Guard's management of its capital asset acquisitions given the impact these assets can have on the Coast Guard's ability to conduct some of its missions.

- In 2014, we reported that better information on performance and funding was needed to address Coast Guard acquisition shortfalls.<sup>6</sup>
- In 2016, we reported that the Coast Guard did not provide field units with realistic strategic goals to allocate their limited resources, and testified on Coast Guard actions to improve its asset allocation process.<sup>7</sup>
- In 2017, we issued five reports and testimonies that collectively underscore the importance of collecting good data and addressing its

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<sup>4</sup>GAO, *Managing for Results: Agencies Report Positive Effects of Data-Driven Reviews on Performance but Some Should Strengthen Practices*, GAO-15-579 (Washington D.C.: July 7, 2015); OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, pt. 6, Section 270.3 (July 2017).

<sup>5</sup>Throughout this statement we use the term performance goal, which the Office of Management and Budget (OMB) and Government Performance Results Act (GPRA) of 1993 define as comprising a measure, a target, and a time frame. This is the term that most federal agencies use to assess and report performance. See Pub. L. No. 103-62, 107 Stat. 285 (codified as amended at 31 U.S.C. §§ 1115-11125). However, DHS and the Coast Guard use the term performance measure instead of performance goal to distinguish its performance measures from high level mission goals. Since DHS and the Coast Guard use the term performance measure as also comprising a measure, target and a time frame, they have all the elements of what we consider to be a performance goal, and therefore we evaluated them as such.

<sup>6</sup>GAO, *Coast Guard Acquisitions: Better Information on Performance and Funding Needed to Address Shortfalls*, GAO-14-450 (Washington, D.C.: June 5, 2014).

<sup>7</sup>GAO, *Coast Guard: Actions Needed to Improve Strategic Allocation of Assets and Determine Workforce Requirements*, GAO-16-379 (Washington, D.C.: May 24, 2016). GAO, *Coast Guard: Actions Underway to Develop Acquisition Plans that Reflect New Assets and Improve the Asset Allocation Process*, GAO-16-633T (Washington, D.C.: June 14, 2016).

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limitations and being transparent about it for the benefit of congressional decisionmakers and the public.<sup>8</sup>

My testimony today describes some of the findings and recommendations from these reports. Specifically, I will discuss Coast Guard actions needed to (1) improve the quality of data used for program management and (2) improve the transparency of data used for reporting on its mission performance and capital planning.

This statement is based on eight products we issued from June 2014 through December 2017 on Coast Guard strategic planning and performance management, and recommendation follow-up activities conducted through February 2018. To perform the work for our previous reports, among other things, we reviewed applicable laws, regulations, policies and guidance for selected performance goals. We interviewed Coast Guard officials responsible for administering these programs and obtained information on their processes for ensuring data reliability, including performing electronic testing for obvious errors in accuracy and completeness. We determined that data were sufficiently reliable for reporting some information, but in other instances, data reliability limitations precluded us from reporting information, which we describe later in this statement. We also conducted site visits and interviewed a range of other stakeholders, including federal officials and industry representatives. Further details on the scope and methodology for the previously issued reports are available within each of the published products. In addition, after the issuance of our reports and through February 2018 we contacted the Coast Guard to obtain updated information and documentation, as appropriate, on the status of recommendations we made.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards

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<sup>8</sup>GAO, *Coast Guard Cutters: Depot Maintenance Is Affecting Operational Availability and Cost Estimates Should Reflect Actual Expenditures*, GAO-17-218 (Washington, D.C.: March 2, 2017). GAO, *Coast Guard Recapitalization: Matching Needs and Resources Continue to Strain Acquisition Efforts*, GAO-17-654T (Washington, D.C.: June 7, 2017). GAO, *Coast Guard Acquisitions: Limited Strategic Planning Efforts Pose Risk for Future Acquisitions*, GAO-17-747T (Washington, D.C.: July 25, 2017). GAO, *Coast Guard: Actions Needed to Enhance Performance Information Transparency and Monitoring*, GAO-18-13 (Washington, D.C.: October 27, 2017). GAO, *Commercial Fishing Vessels: More Information Needed to Improve Classification Implementation*, GAO-18-16 (Washington, D.C.: Dec 14, 2017).

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require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

With a staff of over 47,000 members, the Coast Guard operates a multimission fleet of 201 fixed and rotary-wing aircraft and over 1,400 boats and ships.<sup>9</sup> Operational control of surface and air assets is divided into two geographic Areas (Pacific and Atlantic), within which are nine Districts consisting of 37 sectors and the stations within them. The Coast Guard's program oversight, policy development, and personnel administration are carried out at the Coast Guard's headquarters. As shown in table 1, the Coast Guard is responsible for 11 statutory missions identified in the Homeland Security Act of 2002, as amended.<sup>10</sup> The Coast Guard manages these missions through six mission programs, also listed in table 1. As part of its marine safety mission, for example, the Coast Guard conducts, among other activities, safety inspections and vessel accident investigations, including those involving commercial fishing vessels, which are part of an industry with one of the highest death rates of any industry in the United States.

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<sup>9</sup>In addition to the 47,000 members of the Coast Guard military component (active and reserve), Coast Guard officials reported that about 8,500 civilians support the Coast Guard in both field and staff positions, and these staff are further supplemented by approximately 26,500 volunteer members of the Coast Guard Auxiliary.

<sup>10</sup>6 U.S.C. § 468(a).

**Table 1: Information on the Coast Guard's Mission Programs and 11 Statutory Missions<sup>a</sup>**

| Mission program                         | Statutory mission  | Description  |
|---|--|--|
| Maritime security operations            | Ports, waterways, and coastal security (response activities)   | Ensure the security of the waters subject to the jurisdiction of the United States and the waterways, ports, and intermodal landside connections that comprise the marine transportation system, and protect those who live or work on the water or who use the maritime environment for recreation. |
| Maritime law enforcement                | Migrant interdiction   | Stem the flow of undocumented alien migration and human smuggling activities via maritime routes.  |
|   | Drug interdiction  | Stem the flow of illegal drugs into the United States.   |
|   | Living marine resources  | Enforce laws governing the conservation, management, and recovery of living marine resources, marine protected species, and national marine sanctuaries and monuments.   |
| Maritime prevention                     | Other law enforcement  | Enforce international treaties, including the prevention of illegal fishing in international waters and the dumping of plastics and other marine debris.   |
|   | Ports, waterways, and coastal security (prevention activities) | Ensure the security of the waters subject to the jurisdiction of the United States and the waterways, ports, and intermodal landside connections that comprise the marine transportation system, and protect those who live or work on the water or who use the maritime environment for recreation. |
|   | Marine safety  | Enforce laws that prevent death, injury, and property loss in the marine environment.  |
| Maritime response                       | Marine environmental protection (prevention activities)        | Enforce laws that deter the introduction of invasive species into the maritime environment, stop unauthorized ocean dumping, and prevent oil and chemical spills.  |
|   | Search and rescue  | Search for, and provide aid to, people who are in distress or imminent danger in the maritime environment.   |
| Defense operations                      | Marine environmental protection (response activities)          | Respond to oil and chemical spills.  |
|   | Defense readiness  | Maintain the training and capability necessary to immediately integrate with Department of Defense forces in both peacetime operations and during times of war.  |
| Marine transportation system management | Aids to navigation   | Mitigate the risk to safe navigation by providing and maintaining more than 51,000 buoys, beacons, lights, and other aids to mark channels and denote hazards.   |
|   | Ice operations   | Establish and maintain tracks for critical waterways, assist and escort vessels beset or stranded in ice, and remove navigational hazards created by ice in navigable waterways.   |

Source: Coast Guard | GAO-18-408T

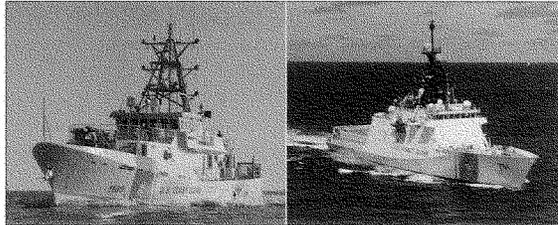
<sup>a</sup>See 6 U.S.C. § 468(a). The Coast Guard divides responsibilities for 2 of the 11 missions into separate Coast Guard programs. Specifically, the Ports Waterways and Coastal Security mission encompasses the Maritime Security Operations response activities and Maritime Prevention activities. Similarly, the Marine Environmental Protection mission encompasses the Maritime Response program activities and Maritime Prevention activities. The Coast Guard has other mission responsibilities not explicitly delineated in the Homeland Security Act of 2002, as amended. These include products and services for the Intelligence Community; activities and efforts to support U.S.

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diplomacy and international relations, Bridge Administration, Great Lakes Pilotage, and other Waterways Management functions supplementary to providing Aids to Navigation.

For each of its 11 missions, the Coast Guard has developed goals and targets to assess and communicate agency performance. The Coast Guard's performance assessment process also includes identifying performance gaps and implementing corrective actions to address unmet performance goals. As part of its process, the Coast Guard is to establish targets for the current and subsequent 2 fiscal years, according to Coast Guard officials. Each target is set by the Coast Guard, but according to the Coast Guard's Annual Performance Report (APR), some are derived from external factors. For example, DHS requires that Coast Guard set a 100 percent target for the *percent of people in imminent danger saved in the maritime environment*. Further, several of the Coast Guard's assets used to conduct these missions are approaching the end of their intended service lives. As part of its efforts to modernize its assets used to carry out various missions, the Coast Guard has begun acquiring new vessels, such as the National Security Cutter, the Fast Response Cutter as well as other assets. However, concerns surrounding the affordability of this effort remain as the Coast Guard continues to pursue multiple new acquisitions without long-term planning to guide the affordability of its acquisition portfolio. Figure 1 shows the Coast Guard's Fast Response Cutter and National Security Cutter.

Figure 1: The Coast Guard's Fast Response Cutter and National Security Cutter



Source: U.S. Coast Guard. | GAO-18-408T

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## Coast Guard Actions that Could Improve Data Quality

We previously reported on actions the Coast Guard could take to ensure that, among other things, it addresses limitations posed by incomplete data, the use of unrealistic asset performance data, and limitations with its performance goal data, for more effective program management.<sup>11</sup> Examples of data limitations that we have recommended that the Coast Guard take action on are below.

**Improve completeness of mission data.** In December 2017, we found that several different federal agencies play a role in overseeing and promoting commercial fishing vessel safety, including the Coast Guard.<sup>12</sup> As part of its marine safety activities, the Coast Guard conducts, among other activities, safety inspections and vessel accident investigations. Commercial fishing has one of the highest death rates of any industry in the United States and vessel disasters are the leading cause of fatalities among fishers, according to the National Institute for Occupational Safety and Health. However, our December 2017 review found that more information is needed to calculate vessel safety statistics that could enhance the Coast Guard's knowledge about accident, injury, and fatality trends involving commercial fishing vessels.

The Coast Guard collects some data on commercial fishing vessels that operate in federal waters—including a vessel's length and construction date—but data on the population of the active U.S. commercial fishing vessel fleet are not complete. Between 2006 and 2015, the Coast Guard investigated 2,101 commercial fishing vessel accidents that were identified as occurring in federal waters.<sup>13</sup> While the number of accidents generally increased over this time period, the number of injuries and fatalities declined over the same 10-year period. However, we could not

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<sup>11</sup>GAO-18-16; GAO-18-13; GAO-16-379.

<sup>12</sup>GAO-18-16.

<sup>13</sup>In this statement, a commercial fishing vessel accident refers to instances where the Coast Guard responded after the vessel's crew reported a marine casualty involving damage to the vessel or other property, injury or loss of life, or harm to the environment. Accidents that did not occur in federal waters include, for example, those that occurred in state waters or misclassified observations. The United States' federal waters—also called the Exclusive Economic Zone—begin at the seaward boundary of each of the coastal states (generally 3 nautical miles from shore) and extends to 200 nautical miles from shore. In the instances of Texas, Puerto Rico, and the Gulf side of Florida, federal waters begin at 9 nautical miles from shore. The area within 3 nautical miles is generally referred to as state waters.

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assess the number of accidents, injuries, and fatalities by fishery—meaning the area in which a certain type of fish (e.g., shrimp, salmon, crab) is caught—because the Coast Guard's data is not complete.<sup>14</sup> Further, we were unable to calculate the rates of commercial fishing vessel accidents, injuries, and fatalities, because reliable data on certain information needed to do so—including the total number of vessels that are actively fishing and the fishery or region in which the vessel operates—are either not maintained or are not collected by the Coast Guard or other federal agencies. Having this information could be useful to carrying out the Coast Guard's marine safety mission, which includes enforcing laws to prevent death, injury and property loss in the marine environment.

We recommended in our December 2017 report that the Coast Guard ensure that data it collects during commercial fishing vessel incident investigations is accurately captured. We also recommended that the Coast Guard work with stakeholders to form a working group to determine an efficient means to establish a reliable estimate of the population of active commercial fishing vessels. The Coast Guard agreed with both recommendations, and in February 2018 informed us that it is in the process of developing additional data fields to capture more information, such as the fishery in which the commercial fishing is involved, and is engaging stakeholders to establish an appropriate working group. We will continue to monitor these actions.

**Use more realistic asset performance data.** In our May 2016 report on Coast Guard strategic planning, we found that the Coast Guard did not provide field units with realistic goals for allocating assets, by mission.<sup>15</sup> We reported that the Coast Guard's strategic allocations of assets were based on unrealistic assumptions about the performance capacity of its assets and did not reflect asset condition and unscheduled maintenance. This was due, in part, to the Coast Guard not including information from its field units on the actual performance of its assets. For example, agency officials noted that one of its classes of cutters was 50 years old and these cutters were hampered by mechanical failures requiring emergency dry dock repairs, which resulted in reduced availability to carry out their missions during the year. In another example, a field unit

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<sup>14</sup>A fishery is the combination of one or more fish stocks, and fishing for such fish stocks.

<sup>15</sup>GAO-16-379.

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stated that based on historical use, it planned for 575 hours per vessel for one type of cutter instead of the 825 hours performance capacity.

Because actual asset use has consistently fallen below asset performance capacities, there is not a direct alignment between the Coast Guard's strategic operational goals and its prospects for achieving those goals. As a result, the headquarters' strategic intent, which is based on asset capacity rather than actual performance, did not provide the field with strategic, realistic goals for allocating assets by mission. Agencies should use quality information that is appropriate, current, complete, accurate, accessible, and timely to achieve objectives and address related risks.<sup>16</sup> We recommended that the Coast Guard incorporate field unit input, such as information on assets' actual performance, to inform more realistic asset allocation decisions. The Coast Guard concurred with this recommendation, and in February 2018 informed us that it plans to address this recommendation through changes to two process documents that are under revision, with an expected completion date in March 2018.

**Improve performance goal data.** In our October 2017 review of Coast Guard performance goals, we reported that the Coast Guard and DHS identified limitations with two of the seven selected performance goals we reviewed, including *the five year average number of recreational boating deaths and injuries*.<sup>17</sup> In particular, officials believe that many recreational boating injuries that do not require hospitalization are not reported to the Coast Guard. These officials believe that the amount of underreporting may vary over time due to changes in industry trends, making it difficult to accurately determine actual injury rates and program performance.<sup>18</sup> We determined that the data for this performance goal was not sufficiently reliable for the purposes of our reporting objectives due to these likely limitations. We found that the Coast Guard did not report the possible extent of these limitations with this performance goal in its fiscal year 2016 APR.

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<sup>16</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

<sup>17</sup>GAO-18-13.

<sup>18</sup>For example, officials cited the increased use of stand-up paddleboards as an example of changing industry trends.

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For the other performance goal, the Coast Guard and DHS identified limitations with the *number of detected incursions of foreign fishing vessels violating U.S. waters*, which is publicly reported in DHS's APR. DHS's review of this performance goal, reported in August 2015, raised questions about the validity of this goal—that is, whether it provides a useful measure of the Coast Guard's performance. Specifically, the review noted that this performance goal is intended to measure a deterrence effect, but doing so is inherently difficult and may lead to contradictory interpretations of performance. In October 2017, we found that the data for this performance goal was sufficiently reliable for our reporting objective purposes, but questions remain about its validity. Reliable data is not a useful indication of performance unless it is also a valid representation of the goal being addressed.<sup>19</sup> DHS officials reported that they did not include a discussion of the limitations for this performance goal in DHS's fiscal year 2015 APR because the performance goal met the minimum threshold for data reliability despite the goal's limitations. Coast Guard officials reported they were aware of these limitations and were working with DHS and OMB to improve the performance goal and implement corrective actions within 1 to 2 years. We recommended that the Coast Guard assess the extent to which documentation on performance data reliability contains appropriate information on known data reliability limitations and update these documents, as needed, based on the results of the assessment. The Coast Guard concurred and in February 2018, informed us that it had taken initial actions to address our recommendation. However, our preliminary review of these actions indicates that further action will be needed to fully address our recommendation, such as documenting and reporting the limitations of performance data.

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<sup>19</sup>GAO, *Assessing the Reliability of Computer-Processed Data*, GAO-09-680G (Washington, D.C.: July 1, 2009).

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**Coast Guard Actions that Could Improve Transparency of Data for Reporting on Its Mission Performance and Capital Planning**

Our previous reports have identified areas in which the Coast Guard could improve the transparency of its data used for reporting on its mission performance and planning.

**Improve transparency of data on mission performance.** In our October 2017 report on performance goals, we found that the Coast Guard's APR has not been released publicly since 2011 due to a previous DHS leadership decision.<sup>20</sup> Consequently, there has not been full visibility over performance across all of the Coast Guard's missions.<sup>21</sup> For example, one of the Coast Guard's missions—defense readiness—has no goals that are publicly reported or shared with Congress, even though measures related to defense readiness are included in the Coast Guard's APR.

Coast Guard officials stated that they could see the benefit of publicly releasing their APR; however, DHS's decision to limit the number of performance goals shared publicly has so far deterred the Coast Guard from pursuing the public release of its APR. DHS officials told us that the department is concerned about conflicting information that a component's APR might present because it is vetted and produced separately from the DHS APR. However, the lack of transparency regarding performance data shared publicly and with Congress can result in an incomplete picture of mission performance and can limit effective oversight of Coast Guard operations. As a result, the public and Congress may be unable to determine the extent to which the Coast Guard is meeting its missions. We recommended that future Coast Guard APRs be available on the Coast Guard's public website. The Coast Guard concurred with this recommendation and in February 2018, the Coast Guard informed us that

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<sup>20</sup>GAO-18-13.

<sup>21</sup>To measure mission performance, the Coast Guard uses three types of performance goals and measures established by DHS for performance reporting by the Coast Guard and other DHS components: Strategic goals are used to reflect achievement of missions that are publicly reported in the DHS APR. As part of DHS's APR, these goals are subject to GPRA and GPRAMA requirements. Management goals are used to gauge program results and tie to resource requests that are reported to Congress and publicly available through the DHS Congressional Budget Justification, along with the strategic goals. Operational measures are additional DHS component measures not reported by DHS, but used internally by components to inform management of operations and activities. The Coast Guard has at least 150 additional internal performance measures used to inform management of operations and activities based on our analysis of the Coast Guard's Strategic Performance Directive and Operational Performance Assessment Report.

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it had completed its 2017 APR and are determining an appropriate approach for making it publicly available.

**Improve capital planning transparency.** In our previously issued work on the Coast Guard's annual 5-year capital investment plan (CIP),<sup>22</sup> we found that the CIP does not consistently reflect current total cost estimates or the effects of tradeoffs that are made as part of the annual budget cycle.<sup>23</sup> We made several recommendations in recent years intended to help the Coast Guard plan for future acquisitions and the difficult tradeoff decisions it will likely face. The Coast Guard generally concurred with these recommendations and is in various stages of implementation. For example, in 2017 we reported that we have made recommendations that DHS and the Coast Guard take several actions to gain an understanding of what the Coast Guard needs to meet its mission within its likely acquisition funding levels.<sup>24</sup> These recommended actions included the Coast Guard: (1) conducting a comprehensive portfolio review across all its acquisitions to develop revised baselines that meet mission needs and reflect realistic funding scenarios and (2) developing a 20-year plan that identifies all necessary recapitalization efforts and any fiscal resources likely necessary to complete these efforts. For example, in 2014 we recommended the Coast Guard develop a 20-year fleet modernization plan that identifies all acquisitions needed to maintain the current level of service and the fiscal resources needed to acquire them. Without these efforts, the Coast Guard will continue, as it has in recent years, to plan its future acquisitions through the annual budgeting process, an approach that has led to delayed and reduced capabilities.

In 2016, the Coast Guard revised its 2005 Mission Needs Statement, which provides a basic foundation for long-term investment planning that is to serve as the basis for evaluating the effectiveness of various fleet mixes, and inform the Coast Guard's CIP. However, the 2016 Mission Needs Statement did not identify specific assets the Coast Guard needs to achieve its missions, nor did it update the annual hours it needs from

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<sup>22</sup>Since 2012, the Coast Guard has been legislatively required to submit a CIP annually to certain Congressional committees, alongside its budget proposal, that includes, among other things, projected funding for capital assets in such areas as acquisition, construction, and improvements needed for the upcoming 5 fiscal years. 14 U.S.C. § 2902.

<sup>23</sup>GAO-14-450.

<sup>24</sup>GAO-14-450; GAO-17-654T.

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each asset class to satisfactorily complete its missions.<sup>25</sup> The Coast Guard has stated it is developing a 20-year Long-term Major Acquisition Plan, but it has not stated when the plan will be completed or what will be included in this plan, such as potential trade-offs that could be made across the Coast Guard's portfolio of acquisitions to better meet mission needs within realistic funding levels. A long-term plan with a tradeoff analysis would facilitate a full understanding of the affordability challenges facing the Coast Guard while it builds the Offshore Patrol Cutter. DHS concurred with our 2014 recommendation, but it is unclear when the Coast Guard plans to complete the 20-year plan.

Chairman Hunter, Ranking Member Garamendi, and members of the subcommittee, this completes my prepared statement. I would be happy to respond to any questions you may have at this time.

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### GAO Contacts and Staff Acknowledgments

If you or your staff members have any questions about this testimony, please contact Nathan Anderson at (202) 512-3841 or [andersonn@gao.gov](mailto:andersonn@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Other individuals making key contributions to this work, and the underlying reports on which it is based, include Dawn Hoff (Assistant Director); Andrew Curry (Analyst-in-Charge); Chuck Bausell; David Bieler; Richard Cederholm; John Crawford; Timothy J. DiNapoli; Michele Fejfar; Laurier R. Fish; Peter Haderlein; Eric Hauswirth; Laura Jezewski; Tracey King; Benjamin Licht; Marie A. Mak; Gary Malavenda; Diana Moldafsky; Heidi Nielson; Meg Ullengren; and Kayli Westling.

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<sup>25</sup>GAO-16-633T.

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