



Defense Readiness Missions: Cost Assessment (Fiscal Years 2023/2024)

Report to Congress
July 15, 2025



U.S. Coast Guard

Foreword

July 15, 2025

I am pleased to present the following report, “Defense Readiness Missions: Cost Assessment (Fiscal Years 2023/2024),” as prepared by the U.S. Coast Guard.

Section 5114 of Title 14, U.S. Code, directs the annual submission of a report that adequately represents a calculation of the annual costs and expenditures of performing and executing all defense readiness mission activities.

Pursuant to Congressional requirements, this report is provided to the following members of Congress:

The Honorable Ted Cruz
Chairman, Senate Committee on Commerce, Science, and Transportation

The Honorable Maria Cantwell
Ranking Member, Senate Committee on Commerce, Science, and Transportation

The Honorable Sam Graves
Chairman, House Committee on Transportation and Infrastructure

The Honorable Rick Larsen
Ranking Member, House Committee on Transportation and Infrastructure

Please direct report inquiries to my Senate Liaison Office at (202) 224-2913 or House Liaison Office at (202) 225-4775.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin E. Lunday".

Kevin E. Lunday
Admiral, U.S. Coast Guard
Acting Commandant





Defense Readiness Missions: Cost Assessment (Fiscal Years 2023/2024)

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I. Legislative Language

This report responds to the language set forth in Section 5114 of Title 14, U.S. Code, which reads:

14 USC 5114: EXPENSES OF PERFORMING AND EXECUTING DEFENSE READINESS MISSIONS

Not later than 1 year after the date of enactment of this section, and every February 1 thereafter, the Commandant shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report that adequately represents a calculation of the annual costs and expenditures of performing and executing all defense readiness mission activities, including-

- (1) all expenses related to the Coast Guard's coordination, training, and execution of defense readiness mission activities in the Coast Guard's capacity as an armed force (as such term is defined in section 101 of title 10) in support of Department of Defense national security operations and activities or for any other military department or Defense Agency (as such terms are defined in such section);
- (2) costs associated with Coast Guard detachments assigned in support of the defense readiness mission of the Coast Guard; and
- (3) any other related expenses, costs, or matters the Commandant considers appropriate or otherwise of interest to Congress.

II. Background

Under Section 1 of Title 14, U.S. Code, the Coast Guard is “at all times an armed force of the United States.” In addition, the Coast Guard is the principal Federal agency responsible for maritime safety, security, and environmental stewardship in U.S. ports and inland waterways, along more than 95,000 miles of U.S. coastline, throughout the 4.5 million square miles of U.S. Exclusive Economic Zone, and on the high seas. Through its unique authorities, the Coast Guard is a military service, a law enforcement organization, a regulatory agency, a member of the U.S. Intelligence Community, and a first responder, supporting Department of Defense combatant commanders on all seven continents, securing U.S. maritime borders, combatting transnational criminal organizations, and safeguarding the \$5.4 trillion U.S. maritime economy.

The Coast Guard is responsible for executing a broad range of Homeland Security and Non-Homeland Security missions, leveraging authorities throughout the U.S. Code, including Title 10, Title 14, Title 33, Title 46, Title 50, among others. Of these, the Defense Readiness mission supports the National Defense Strategy, National Military Strategy, and Department of Defense operations by ensuring Coast Guard assets and personnel, including cutters, boats, aircraft, and deployable specialized forces, are trained and equipped to deploy and conduct joint operations to support the most critical needs of geographic combatant commanders as a critical component of the Joint Force.

The Operations and Support appropriation funds the Coast Guard’s roles and responsibilities as the principal Federal agency in the maritime domain providing for the safety, security, and stewardship of U.S. resources for the nation. The Operations and Support appropriation funds the annualization of prior-year funding, economic adjustments, and operating and maintenance funding for new and existing Coast Guard programs, projects, and activities.

The Operations and Support budget directly funds all Coast Guard missions and other Service activities in support of the Department of Homeland Security and national priorities. The Coast Guard does not represent or execute its budget by specific missions or activities. Accordingly, the Operations and Support budget is based upon cost categories – assets and personnel – which may be assigned to perform several of the Coast Guard’s statutory missions. For example, a 418-foot National Security Cutter’s primary missions include defense readiness, drug interdiction, and fisheries enforcement, and the cutter will also perform search and rescue; ports, waterways, and coastal security; migrant interdiction; and serve as a mobile command and control platform for contingency operations.

Procurement, Construction, and Improvement, and Research and Development appropriations fund the Coast Guard’s enduring recapitalization efforts in support of the Department of Homeland Security and national priorities, which include defense readiness missions. The assets and new initiatives are inherently multi-mission and invest in the holistic readiness of the Coast Guard.

III. Report

Expenses of performing and executing the Defense Readiness mission are an estimated share of the expected or actual utilization of assets and activities based upon the reported percentage of time aircraft, cutters, and boats spent conducting defense-related activities.

Methodology for determining Allocations and Spending for Defense Readiness-Related Activities

The Coast Guard does not represent or execute its budget by specific missions or activities. Similarly, the Coast Guard's financial systems are not structured to aggregate accounting data by operating programs or mission areas. The Coast Guard utilizes an employment-based mission cost model as its official methodology for estimating budgetary funding and spending for each of its missions. For this report, the Coast Guard used information from the mission cost model to estimate the funding allocation and spending for defense-related activities. The methodology used in the mission cost model is repeatable and is based on the attribution of direct support and overhead funding or actual spending that are proportionally allocated to reflect historical mission employment data.

Operations and Support

Operations and Support funds are used to operate assets and facilities; maintain capital equipment; improve management effectiveness; and recruit, train, and sustain all active-duty military and civilian personnel. Budget presentations for current and future years use the most recent Operations and Support asset cost data and systematically allocate costs in the following manner:

- **Direct Costs:** Applied directly to the operating assets that perform missions.
- **Support Costs:** Applied to assets for which cost variability can be specifically linked to operating assets (based on allocation criteria).
- **Overhead Costs:** Applied to assets based on proportion of labor dollars spent where cost variability cannot be specifically linked to operating assets. This is a standard industry approach to overhead allocation.

Once all Operations and Support costs are fully loaded on mission-performing assets, those costs are further allocated to Coast Guard missions (Defense Readiness, Drug Interdiction, Search and Rescue, etc.) using actual or baseline projections for operational employment hours.

Procurement, Construction, and Improvements

Procurement, Construction, and Improvements funding finances the acquisition of new capital assets, construction of new facilities, and physical improvements to existing facilities and assets. The funds cover Coast Guard-owned and operated vessels, aircraft, shore facilities, and other equipment, such as computer systems. The mission cost model is used to develop an allocation of costs by mission areas for proposed Procurement, Construction, and Improvements projects based on the typical employment of assets germane to the project. For example, if a new asset is being

proposed for commissioning through a Procurement, Construction, and Improvements project, costs would be applied to missions using the operational profile of a comparable existing asset. The Coast Guard uses a zero-based budget approach in developing its request for Procurement, Construction, and Improvements funding. Program changes in the Procurement, Construction, and Improvements account may vary significantly from year-to-year depending on the specific platforms or construction projects supported.

Research and Development

Research and Development funding finances research, development, and test and evaluation in support of Coast Guard missions. The mission cost model is used to develop an allocation of costs by mission areas for proposed Research and Development projects. Allocation of funding is accomplished within the Research and Development appropriation by evaluating each project's anticipated contribution to defense related efforts based on subject matter expert professional judgment.

Defense Related Activities Employment Categories

Defense-related activities are divided between eight applicable employment categories. The employment category definitions for each category are outlined below:

Military Operations-Peace: Direct support to Department of Defense during peacetime for military defense/capability-related operations. Includes freedom of navigation exercises, combat systems test and evaluation, and logistics support to Department of Defense resources conducting training while own unit is not actually participating in training. It does not include Outside the Continental United States Department of Defense (expeditionary) port security missions, which are reported under Military Operations – War; or Continental United States domestic port security, which are reported under ports, waterways, and coastal security *Prevention* or ports, waterways, and coastal security *Protection*.

Military Exercise: Cutter and/or boat participation in U.S. Navy and other Department of Defense sponsored military exercises (for example, U.S. Navy fleet exercises), Maritime Defense Zone exercises, and/or port breakout exercises. This category will also include participation in Battle Group deployments and exercises.

Military Operations -War: Warfare mission during periods of actual or potential conflict. Includes direct participation in military operations or support operations, military incidents, undeclared war or conflict in which the Rules of Engagement are necessary. Examples include: National Security Cutter/ Medium Endurance Cutter battlegroup operations, Port Security Unit/ Fast Response Cutter Outside the Continental United States deployment for naval coastal warfare/ harbor defense or related Department of Defense force protection missions, visit and search operations in support of United Nations sanctions, C-130 logistic support for Port Security Unit or air detachment and deployments. This category does not include the use of force for law enforcement activities or operations that fall under domestic U.S. port security.

National Capital Region Escort: Operations in the National Capital Region of the United States in which the Coast Guard escorts a subject aircraft.

National Capital Region Intercept: Operations in the National Capital Region of the United States whose specific and primary purpose is to intercept an aircraft and identify potential inbound threats to the National Capital Region.

National Capital Region Support: Operations in support of the National Capital Region intercept mission. This category should be used whenever a resource is utilized to support flights that occur in support of National Capital Region Intercept. Examples include: flights to and from units supporting the National Capital Region and flights moving personnel/parts needed for aircraft readiness to support the National Capital Region.

Tailored Ships Training Availability: Includes the time cutters spend at tailored ship training and Command Assessment of Readiness and Training, either at the U.S. Navy training site or at another site hosting exportable Navy tailored ship training. Transit time is also included if the sole purpose of the transit is to go to or return from tailored ship training.

Reserve: Includes activities which endeavor to train Reserve officers and enlisted personnel for active duty in time of war or national emergency or at such times as necessary to augment Coast Guard forces during domestic emergencies or peak operations. Training of Reserve personnel is normally conducted in conjunction with other employment categories.

Mission Cost Model for Defense Readiness Related Activities

Each employment category has associated Operations and Support and Procurement, Construction, and Improvements estimated associated funding. While the mission cost model is not an expenditure report, it does provide the estimated amount appropriated for each mission based on the total budget authority.

Defense Readiness Activities (Fiscal Year 2023)

Defense Readiness Activities	Operations and Support	Procurement, Construction, and Improvements	TOTAL
Military Operations -Peace	\$67,875,000	\$2,137,000	\$70,012,000
Military Exercise	\$63,077,000	\$4,174,000	\$67,251,000
Military Operations -War	\$249,276,000	\$10,106,000	\$259,382,000
National Capital Region Escort	\$877,000	\$81,000	\$958,000
National Capital Region Intercept	\$9,922,000	\$894,000	\$10,816,000
National Capital Region Support	\$78,397,000	\$7,050,000	\$85,447,000
Tailored Ships Training Availability	\$69,467,000	\$24,501,000	\$93,968,000
Reserve	\$989,000	\$17,000	\$1,006,000
Research and Development	- - -	- - -	\$585,000
TOTAL	\$539,880,000	\$48,960,000	\$589,425,000

Defense Readiness Activities (Fiscal Year 2024)

Defense Readiness Activities	Operations and Support	Procurement, Construction, and Improvements	TOTAL
Military Operations -Peace	\$247,601,000	\$45,045,000	\$292,646,000
Military Exercise	\$45,922,000	\$6,818,000	\$52,740,000
Military Operations -War	\$401,474,000	\$5,988,000	\$407,462,000
National Capital Region Escort	\$1,410,000	\$49,000	\$1,459,000
National Capital Region Intercept	1,074,000	\$37,000	\$1,111,000
National Capital Region Support	\$61,742,000	\$2,151,000	\$63,893,000
Tailored Ships Training Availability	\$29,456,000	\$9,733,000	\$39,189,000
Reserve	\$103,821,000	\$1,436,000	\$105,257,000
Research and Development	- - -	- - -	\$419,000
TOTAL	\$892,500,000	\$71,257,000	\$964,176,000

IV. Conclusion

As a critical component of the Joint Force and the only military service located in the Department of Homeland Security, the Coast Guard maintains readiness to support Department of Defense activities and operate as a force provider alongside the other Armed Forces while carrying out its other statutory missions.

World-wide demand for Coast Guard services has never been greater, and we expect that demand to continue. Geo-political tensions with state and non-state actors may challenge regional maritime governance regimes and have the potential to impact global economies that rely on the free flow of maritime commerce. Similarly, the growing integration of technology and innovation across global seaports create unintended pathways for malign actors to disrupt port operations, including the movement of military cargoes during peacetime and/or global or regional contingencies. The Coast Guard serves as connective tissue between the interagency, the private sector, and international partners vis-à-vis maritime governance. The Coast Guard's blend of authorities, partnerships, and maritime governance expertise is a force-multiplier to the Department of Defense in support of national security and homeland defense.

The Coast Guard continues to see an increased demand for its services to protect the American people and deter our adversaries both domestically and abroad. The current threat profile presented by our adversaries indicates a willingness to deploy malign activities below the threshold of conflict, where the Coast Guard operates daily. Capital investments to modernize capabilities, improve existing shore-based infrastructure, and integrate new and enhanced technologies are critical to keep pace with an evolving maritime environment.