



**STATEMENT OF EDWARD M. STULGINSKY**

**DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDITS**

**U.S. DEPARTMENT OF HOMELAND SECURITY**

**BEFORE THE**

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

**SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

**U.S. HOUSE OF REPRESENTATIVES**

**SEPTEMBER 14, 2006**



Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to discuss the Coast Guard's mission performance during FY 2005. Our statement today focuses on our annual review of the Coast Guard's performance of its homeland and non-homeland security missions.

We recently reported on the U.S. Coast Guard's mission performance, as required by Section 888 of the Homeland Security Act of 2002.<sup>1</sup> The Act directs the Inspector General to conduct an annual review that assesses the performance of all Coast Guard missions, with a particular emphasis on non-homeland security missions. To address these requirements, we reviewed the Coast Guard resource hours used to perform the various homeland security and non-homeland security missions, as well as performance goals and results, from FY 2001 through FY 2005. My testimony today addresses three issues:

- **First: The total number of resource hours devoted to Coast Guard missions has increased.** Coast Guard data show that total mission hours have increased in every period from FY 2001 through FY 2005. Since FY 2001, more resource hours have been dedicated to homeland security missions than for non-homeland security missions. However, after an initial drop in FY 2002, non-homeland security resource hours have increased every period, and have now returned to within 3 percent of baseline levels.
- **Second: Despite increases in resource hours, there is room for improvement.** The Coast Guard has been more successful in meeting goals for its non-homeland security missions, meeting 5 of 6 goals during FY 2005 and 22 of 28 goals (79 percent) since FY 2001, where measurable goals and results existed, but still leaving room for improved performance. The Coast Guard achieved 2 of 4 goals during FY 2005 and 30 percent of its homeland security goals (6 of 20) since FY 2001, which did not include the Ports, Waterways, and Coastal Security (PWCS) mission. The performance goal for the PWCS mission, by far the largest user of resource hours of any Coast Guard mission, was just established for FY 2005.
- **Third: Barriers to improving mission performance still exist.** Growth in total resource hours has leveled off. Since resource hours are based on the limited and finite number of available assets, the Coast Guard will be unable to increase total resource hours without the acquisition of additional aircraft, cutters, and boats. Consequently, the Coast Guard has a limited ability to respond to an extended crisis, and therefore must divert resources normally dedicated to other missions. To improve performance within their overall constraints, the Coast Guard must ensure that a comprehensive and fully defined performance management system is implemented, and that experienced and trained personnel are available to satisfy increased workload demands.

---

<sup>1</sup> Public Law 107-296, November 25, 2002.

## **Total Mission Hours Have Increased**

Coast Guard data shows that total mission hours have increased in every year from FY 2001 through FY 2005. The Coast Guard uses mission hours—generally the number of flight hours (for aircraft) and underway hours (for boats and cutters)—as a form of measurement to determine the amount of time dedicated to each of its non-homeland security and homeland security mission areas. During our review, we analyzed the total number of resource hours reported by the Coast Guard prior to September 11, 2001, (“baseline”) through FY 2005. We did not, however, verify the resource hour data reported by the Coast Guard, nor did we validate that the Coast Guard had accurately classified resource hour use for each mission. Coast Guard missions, as defined by Section 888 of the Homeland Security Act of 2002, include non-homeland security missions and homeland security missions as follows:

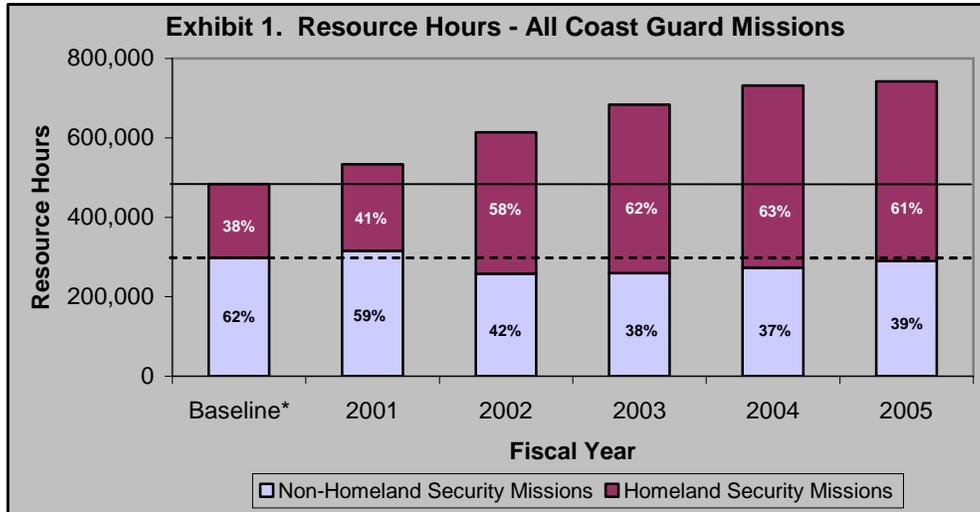
### Non-Homeland Security Missions

- Search and Rescue
- Aids to Navigation
- Ice Operations
- Living Marine Resources
- Marine Safety
- Marine Environmental Protection

### Homeland Security Missions

- Illegal Drug Interdiction
- Undocumented Migrant Interdiction
- Other Law Enforcement
- Defense Readiness
- Ports, Waterways, and Coastal Security

Our analysis did not include resource hour data for the marine safety and marine environmental protection missions because these missions are personnel intensive and are largely carried out without using Coast Guard aircraft, cutter, and boat assets. We assessed total resource hours for the remaining nine individual missions in order to identify the changes in each. Increases in resource hours have occurred every year from FY 2001 through FY 2005, as depicted in the following chart, Exhibit 1.



\* Coast Guard-calculated baseline (annual average based on eight fiscal year quarters preceding September 11, 2001) from which changes in resource hours since the September 11 attacks could be estimated.

Prior to FY 2001, the non-homeland security missions represented the largest percentage of resource hours within the Coast Guard. Following September 11, 2001, the Coast Guard dedicated a larger percentage of resource hours to homeland security missions than for non-homeland security missions, as depicted in Exhibit 1. While total resource hours grew each year, the percentage of resource hours dedicated to homeland security also grew until FY 2005, when the percentage of resource hours dedicated to non-homeland security missions increased for the first time. This shift in resource hours may be attributed to the Coast Guard’s response to Hurricane Katrina, when over one-third of all Coast Guard aviation assets were deployed to the Gulf Coast.<sup>2</sup>

In addition, in FY 2005, total non-homeland security resource hours returned to baseline levels. After an initial drop in non-homeland security resource hours in FY 2002, the non-homeland resource hours have increased every year, and in FY 2005 were within 3 percent of baseline levels. Not only are the total non-homeland security mission resource hours approaching baseline levels, but individual missions that constitute the non-homeland security category are also approaching the pre-9/11 levels in today’s post-9/11 environment.

**Despite Increases in Mission Hours, Performance Still Leaves Room for Improvement**

The Coast Guard is not meeting all of its performance goals, despite steady increases in mission hours. The Coast Guard uses outcome-oriented performance goals and measures to assess results of each Coast Guard mission in achieving current year goals, and to report past performance. Managers and executives use performance results to help gauge performance against resources appropriated by Congress for each Coast Guard mission,

<sup>2</sup> Non-homeland security aircraft resource hours for the 4th Quarter of FY 2005 were more than 60% greater than the 4th Quarter FY 2004 level.

which are aligned with the Department of Homeland Security's strategic goals. Performance measures are also used to monitor actions and enable executives to make decisions regarding future priorities.

As Shown in Exhibit 2, the Coast Guard has been much more successful in meeting its goals for its traditional non-homeland security missions, meeting 5 of 6 goals during FY 2005 and 22 of 28 goals (79 percent) since FY 2001. For homeland security missions, the Coast Guard met 2 of 4 goals during FY 2005 and 6 of 20 (30 percent) since FY 2001.

Exhibit 2, Non-Homeland Security Missions Performance Goals and Results							
Mission	Measure	2001	2002	2003	2004	2005	Total Met
Search and Rescue	Percentage of mariners' lives saved	x Not met	x Not Met	✓ Met	✓ Met	✓ Met	3 of 5
Aids To Navigation	5-year average collisions, allisions, and groundings	✓ Met	✓ Met	✓ Met	✓ Met	✓ Met	5 of 5
Ice Operations	Days of waterway closures 8 for severe winter 2 for average winter	✓ Met	x Not Met	✓ Met	x Not Met	✓ Met	3 of 5
Living Marine Resources	Percentage of fishermen complying with federal regulations	✓ Met	✓ Met	✓ Met	x Not Met	x Not Met	3 of 5
Marine Environmental Protection	5-year avg. annual oil spills exceeding 100 gallons and chemical discharges per 100M tons shipped	✓ Met	✓ Met	✓ Met	✓ Met	✓ Met	5 of 5
Marine Safety	5-year average annual fatalities and injuries	N/A	N/A	✓ Met	✓ Met	✓ Met	3 of 3
SUBTOTAL Non-Homeland Security		4 of 5	3 of 5	6 of 6	4 of 6	5 of 6	22 of 28
Homeland Security Missions Performance Goals and Results							
Mission	Measure	2001	2002	2003	2004	2005	Total Met
Illegal Drug Interdiction	2001-2003: Cocaine seizure 2004-2005: Cocaine removal rate	x Not Met	x Not Met	x Not Met	✓ Met	✓ Met *	1 of 4
Undocumented Migrant Interdiction	Percentage of migrants interdicted or deterred	x Not Met	✓ Met	x Not Met	✓ Met	x Not Met	2 of 5
Other Law Enforcement	Foreign vessel incursions into U.S. EEZ	x Not Met	x Not Met	✓ Met	x Not Met	✓ Met	2 of 5
Defense Readiness	Percentage of units meeting C-2 combat readiness level	x Not Met	0 of 5				
Ports, Waterways, and Coastal Security	Risk-based measure developed; baseline for 2005 and future targets established.	**	No Measure	No Measure	No Measure	Measure Baselined	
SUBTOTAL Homeland Security		0 of 4	1 of 4	1 of 4	2 of 4	2 of 4	6 of 20

\* FY 2005 actual results are pending publication of the noncommercial maritime flow in the Interagency Assessment of Cocaine Movement.

\*\* Ports, Waterways, and Coastal Security (PWCS) program was formally established after the events of September 11, 2001.

Of the 11 Coast Guard missions (6 non-homeland security and 5 homeland security), only 2, Aids to Navigation and Marine Environmental Protection, achieved the established goals for the entire 5-year period. In addition, the Marine Safety mission met its goals for the 3 years for which goals were established and results were available. Seven of the remaining missions did not consistently meet the goals, including Living Marine Resources, Search and Rescue, Ice Operations, Illegal Drug Interdiction, Undocumented Migrant Interdiction, Other Law Enforcement, and Defense Readiness.

Lastly, the Coast Guard only recently developed a risk-based performance measure for the Ports, Waterways, and Coastal Security (PWCS) mission. The PWCS mission is by far the largest user of resource hours of any Coast Guard mission. Yet it has taken the Coast Guard 3 years to develop a performance measure, thereby not measuring performance for the largest portion of Coast Guard resources since FY 2002. A key concern regarding this newly established risk-based performance measure is its subjectivity. The measure introduces many layers of subjectivity involving the human scoring of scenarios, and the potential for inconsistent or “uneven” evaluations based on different human input. Therefore, the ability of this measure to accurately depict performance of the PWCS missions—and remain consistent over time—has not been clearly established. As such, the measure may not be representative of the PWCS mission performance, and may restrict the measure’s usefulness for evaluative purposes.

### **Barriers to Improving Performance Still Exist**

The Coast Guard faces three major barriers to improving or sustaining its mission performance:

- Growth in resource hours has leveled off;
- Limited and finite assets to respond to crises; and
- Lack of comprehensive and fully-defined performance management system.

### ***Growth in Resource Hours Has Leveled Off***

Growth in total Coast Guard resource hours, which are significantly greater than baseline levels, has leveled off. The increase in total resource hours from FY 2004 to FY 2005 was less than 1.5 percent and total resource hours for the Coast Guard are reaching a maximum. Based on total resource hour data as displayed in Exhibit 1, coupled with Coast Guard’s limited and finite level of aircraft, cutters, and boats, the Coast Guard is within 4 percent of its statistically projected maximum level of resource hours. Given that resource hours are based on the limited and finite number of available assets, the Coast Guard will be unable to increase its total resource hours without the acquisition of additional aircraft, cutters, and boats.

### ***Limited and Finite Assets to Respond to Crises***

The Coast Guard has a limited and finite number of assets, and therefore available resource hours, to respond to an extended crisis. With no additional reserve assets for use in catastrophic situations, the Coast Guard must use resource hours normally dedicated to other missions to respond to crises and to meet often drastically changing mission priorities.

For example, in the aftermath of Hurricane Katrina, the Coast Guard deployed over one-third of its aviation assets from all over the country to the Gulf Coast to aid in search and

rescue operations. As a result, this had a significant effect on resource hours—more than a 60 percent increase in hours used for non-homeland security missions in the 4th Quarter of FY 2005, versus the 4th Quarter FY 2004. During a November 2005 congressional hearing,<sup>3</sup> the Commandant noted that in moving these assets to the Gulf Coast, the Coast Guard did incur additional risk throughout the rest of the country, such as fewer counter-drug, fisheries enforcement, and migrant interdiction operations conducted in the Caribbean and Florida Straits. The Commandant noted that this is of particular concern due to the age and condition of the Coast Guard’s assets.

The Coast Guard’s limited capacity is further exacerbated by extended crisis operations, because the heavy use of these assets during the operations results in significant maintenance and reconditioning of those assets during the following months. This loss of resources following extended crisis operations can affect readiness for other missions. Extended crisis operations also result in deferred training, further depleting resource hour availability. During his November 2005 testimony, the Commandant also noted that while the Coast Guard is well positioned for immediate and effective first response, its limited “bench strength,” i.e., reserve capability, makes it impossible to sustain these operations for an extended period of time.

### ***Lack of Comprehensive and Fully Defined Performance Management System***

In September 2004, we reported that the lack of a comprehensive and fully-defined performance management system impedes the Coast Guard’s ability to gauge its performance, allocate resources effectively, and target areas for improved performance.<sup>4</sup> In addition, we stated that the workload demands on the Coast Guard would continue to increase and require experienced and trained personnel, contradicting recent declining experience levels among its personnel. We also stated that sustaining a high operating tempo, due to growing homeland security and national emergency demands, would further tax the Coast Guard’s infrastructure including its aging cutter and aircraft fleet. The Coast Guard’s Short-range Aids-to-Navigation (ATON) program is a case in point.

The Coast Guard’s ATON program uses a fleet of seagoing and coastal buoy tenders, ice-breaking tugs, inland construction tenders, river tenders, harbor tugs, self-propelled barges, and small boats to maintain a system of about 50,000 federal signal stations with buoys, lights, and daybeacons. The fleet is also used to perform a number of non-ATON-related missions such as search and rescue; ports, waterways, and coastal security; marine environmental protection; defense readiness; and law enforcement. We are concerned that the non-ATON-related workload demands and an aged ATON fleet may be undermining ATON program performance. For example, between FYs 2002 and 2005, the ATON fleet logged 510,000 resource hours for all Coast Guard missions, of which 103,000 hours (20 percent) were devoted to non-ATON-related missions (6 percent non-

---

<sup>3</sup> Joint hearing before the House Homeland Security Subcommittee on Science and Technology and the Armed Services Subcommittee on Terrorism, Unconventional Threats and Capabilities regarding “Responding to Catastrophic Events: The Role of the Military and National Guard in Disaster Response,” November 9, 2005.

<sup>4</sup> OIG Report Number OIG-04-43.

homeland security missions and 14 percent homeland security missions). During the same period, the ATON availability rate dropped from 98.3 percent to 97.6 percent—well below the target rate of 99.7percent.

Further, over 20 percent of the buoy inventory and the bulk of the ATON fleet are aged and in need of replacement or rehabilitation. Of particular concern are reports that the ATON fleet has significant safety, supportability, environmental compliance, and habitability concerns that have existed for decades. The Coast Guard estimates the cost of rehabilitating and replacing these ATON assets could exceed \$500 million; however, to date, the Coast Guard has done little to mitigate or eliminate these concerns. The Coast Guard will have to address these ATON issues to avoid further deterioration of the navigation availability rate and to maintain the ability of the ATON fleet to perform its non-ATON-related missions.

For all Coast Guard missions, the Coast Guard has been sustaining performance through increases in resource hours. Much of the credit is due to the dedication and perseverance of the men and women of the Coast Guard. We remain concerned, however, that the Coast Guard is nearing its resource hour capacity, a situation that could significantly limit the Coast Guard's ability to "squeeze out" any more resource hours from its existing assets to ensure the capacity and readiness to respond to the effects of future environmental crises or major terrorist attacks. To improve performance, the Coast Guard must ensure that a comprehensive and fully defined performance management system is implemented and that its personnel have the training, experience, equipment, and infrastructure needed to perform its homeland and non-homeland security-related missions.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions the Subcommittee may have.