Department of Homeland Security
Office of Inspector General

Annual Review of the United States Coast Guard's Mission Performance (FY 2007)

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Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the annual review of the U.S. Coast Guard's mission performance, as required by the *Homeland Security Act of 2002*. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

Richard L. Skinner
Inspector General

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Abbreviations

DHS	Department of Homeland Security
FY	Fiscal Year
GAO	Government Accountability Office
OIG	Office of Inspector General
OMB	Office of Management and Budget

OIG

Department of Homeland Security
Office of Inspector General

Executive Summary

This report presents our annual review of the U.S. Coast Guard's mission performance as required by the *Homeland Security Act of 2002*. To address the Act's requirements, we reviewed the Coast Guard's performance targets and results for each non-homeland security and homeland security mission, as well as resource hours used to perform the various missions from Fiscal Year 2001 through Fiscal Year 2007. We also reviewed budget figures allocated by mission from Fiscal Year 2004 through Fiscal Year 2007, and projected through Fiscal Year 2009.

The Coast Guard met 6 of 11 performance targets in Fiscal Year 2007, the same overall level of performance as Fiscal Year 2006. For the second year in a row, the Coast Guard met only 2 of the 6 performance targets for non-homeland security missions. Further, Coast Guard data show that in Fiscal Year 2007 compared to Fiscal Year 2006, non-homeland security missions resource hours decreased while homeland security missions resource hours increased. Similarly, Coast Guard budget projections in dollars and personnel from Fiscal Year 2007 to Fiscal Year 2009 illustrate decreases for the non-homeland security missions and increases for the homeland security missions.

The Coast Guard concurred with the majority of the findings in the draft report. The Coast Guard was concerned that the conclusions regarding greater mission emphasis on homeland security missions, based on budget authority allocation projections generated by the Coast Guard's cost model, were misleading. According to the Coast Guard, the model was not designed for nor intended to project out-year budget allocations across missions. The Coast Guard has established a working group to improve the cost model's out-year projection accuracy. We have made changes throughout the report to address the Coast Guard's comments, as appropriate, and have included the comments in their entirety as Appendix D.

Our analysis, however, of the Coast Guard's mission performance, resource hours, and budget projections shows a clear trend toward emphasizing the homeland security missions, which will lead to continuing difficulty in meeting future performance targets for the non-homeland security missions.

Background

Coast Guard Missions. Section 888 of the *Homeland Security Act of 2002*, Public Law 107-296, November 25, 2002, directs the Inspector General to conduct an annual review that assesses the performance of all the Coast Guard missions, with a particular emphasis on non-homeland security missions. This Section also defines the Coast Guard's missions as either non-homeland security missions or homeland security missions as follows:

Non-Homeland Security Missions

- Marine safety
- Search and rescue
- Aids-to-navigation
- Living marine resources
- Marine environmental protection
- Ice operations

Homeland Security Missions

- Ports, waterways, and coastal security
- Drug interdiction
- Migrant interdiction
- Defense readiness
- Other law enforcement

In addition, Section 888 of the Act prohibits the Secretary from substantially or significantly reducing any of the Coast Guard's missions or its capability to perform those missions, subsequent to the transfer of the Coast Guard to the Department of Homeland Security (DHS).

Performance Targets and Results. The Coast Guard's performance is measured as part of the DHS Performance Management Framework, which ties DHS' goals and objectives to its mission-oriented programs. Program performance goals are reported in terms of their associated performance measures and targets, which express the tangible, measurable objective against which actual achievement can be compared.

DHS participated in an Office of Management and Budget (OMB) Pilot Program for Alternate Approaches to Performance and Accountability Reporting for Fiscal Year (FY) 2007. This pilot program sought to improve performance reporting by presenting information in a more accessible, informative, and complete format. The pilot, pursuant to OMB Circular A-136, Financial

Reporting Requirements, is an alternative to the consolidated Performance and Accountability Report published in previous years. The Annual Performance Report, one of three separate reports of the pilot, contains DHS' Annual Performance Plan for FY 2009. The Annual Performance Report also contains more detailed performance information as required by the *Government Performance and Results Act*. It reports performance achievements for FY 2007 and communicates projected levels of performance associated with the FY 2009 President's Budget.

Resource Hours. The Coast Guard uses resource hours – generally the number of flight hours (for aircraft) and underway hours (for boats and cutters) dedicated to a specific mission – to determine the amount of time that is expended in each of its non-homeland security and homeland security missions. During our review, we analyzed the total number of resource hours reported by the Coast Guard from a baseline of pre-September 11, 2001 data, through FY 2007. The Coast Guard-calculated baseline is an annual average of resource hours based on eight FY quarters preceding September 11, 2001. We did not, however, verify the resource hour data reported by the Coast Guard, nor did we validate whether the Coast Guard accurately classified resource hour use for each mission. We assessed total resource hours for the 11 individual missions in order to identify the changes in each.

Budget Figures Allocated by Mission. The Annual Performance Report also contains full cost budget figures by Coast Guard mission, including allocated overhead and administrative costs. The figures presented are from FY 2004 through FY 2007, as well as projections for FY 2008 and FY 2009.

Results of Audit

Our analysis of the Coast Guard's mission performance, resource hours, and budget projections in dollars and personnel indicates a clear trend toward emphasis of the homeland security missions. Non-homeland security mission performance, as shown in Table 5 (page 14), declined to its lowest level in FY 2006 since FY 2001 and did not improve in FY 2007, meeting only two of six targets. In contrast, homeland security missions performance, as shown in Table 6 (page 22), improved significantly between FY 2001 and FY 2006 and maintained that level of performance for FY 2007, meeting four of five targets. In addition, the majority of resource hours prior to September 11, 2001, were dedicated to the non-homeland security missions while the majority of resource hours

since FY 2001 have been dedicated to the homeland security missions. Coast Guard budget projections in dollars and personnel from FY 2007 through FY 2009 illustrate decreases for the non-homeland security missions in contrast to significant increases for the homeland security missions, especially for the Ports, Waterways, and Coastal Security mission.

Non-Homeland Security Mission Performance Continues to Fall Short of Targets

The Coast Guard met the same 6 of 11 performance targets for FY 2007 that it met for FY 2006. For the second year in a row, the Coast Guard only met its performance targets for 2 of the 6 non-homeland security missions. Two of the non-homeland security missions, Search and Rescue and Living Marine Resources, missed their targets by less than 1% for both years. The targets for the other two non-homeland security missions, Aids-to-Navigation and Marine Safety, were more widely missed. According to the Coast Guard, its performance goals are "ambitious and achievable," and if properly established, may not be achieved each year.

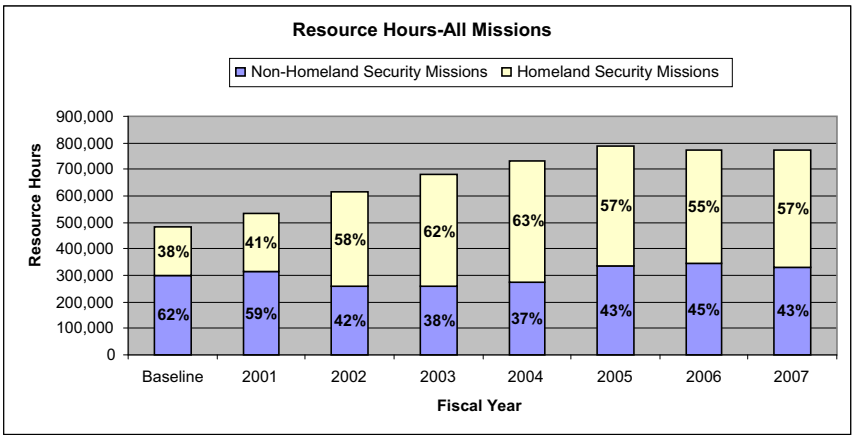
In contrast, the Coast Guard met four of the five performance targets for the homeland security missions for FY 2007, which matched its FY 2006 results. The only performance target that was not met was Defense Readiness, which has not been met since FY 2001. Coast Guard officials do not believe this measure will be met until new Deepwater assets are fielded. Coast Guard's Deepwater program is a 25-year, $24 billion effort to upgrade or replace existing vessels and aircraft.

Assessments of performance targets and results for Coast Guard non-homeland security missions and homeland security missions are included in Appendices A and B, respectively.

Total Resource Hours Remain Level, But Hours for Non-Homeland Security Missions Decline

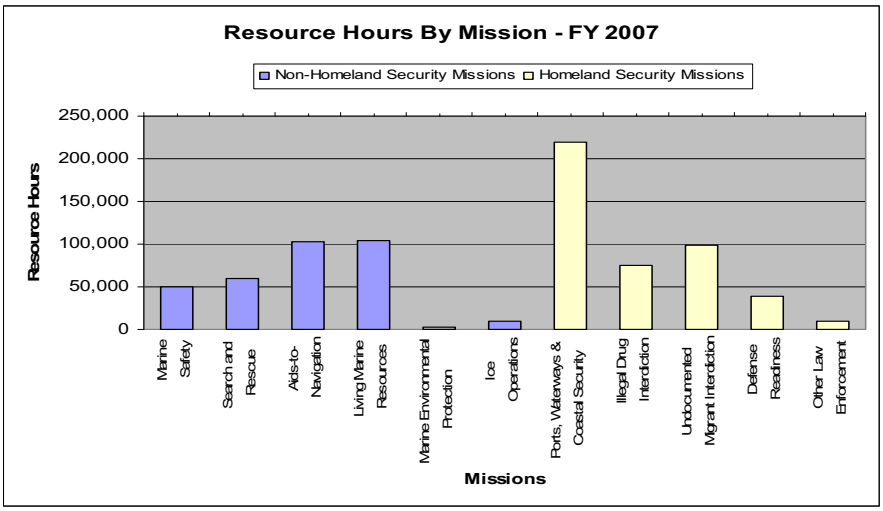
The Coast Guard's heightened responsibilities to protect America's ports, waterways, and waterside facilities from terrorist attacks will continue to require significant resource hours. However, an unexpected major event, such as a natural disaster (another Hurricane Katrina) or a man-made disaster (a terrorist attack) could result in shifting resources between non-homeland security and homeland security missions. Prior to FY 2001, the majority of resource hours were dedicated to the non-homeland security

missions; however, since September 11, 2001, the majority of resource hours have been dedicated to the homeland security missions as illustrated in the following chart.



Total Coast Guard resource hours, comprised of the number of flight hours (for aircraft) and underway hours (for boats and cutters) dedicated to a specific mission, dropped to 770,716 in FY 2007, declining by less than 1%, compared to 774,112 in FY 2006. Of that total in FY 2007, non-homeland security resource hours dropped to 328,617, decreasing 4.7% compared to 344,993 the previous year. Homeland security resource hours reached 442,099 in FY 2007, increasing 3.0% compared to 429,199 the previous year.

Total resource hours for FY 2007 have increased 59.2% from baseline. Non-homeland security resource hours have increased 10% while homeland security resource hours have increased 138% from baseline figures. For FY 2007, 42.6% of resource hours were for non-homeland security missions while the balance of 57.4% represented homeland security missions. The largest percentage of all Coast Guard resource hours was utilized by Ports, Waterways, and Coastal Security, a homeland security mission, accounting for 28.5% of total resource hours for FY 2007. The following chart illustrates each mission's resource hours for FY 2007:



Assessments of resource hours for individual Coast Guard non-homeland security missions and homeland security missions, are included in Appendices A and B, respectively.

Future Budget Dollars and Personnel Resources to Emphasize Homeland Security Missions

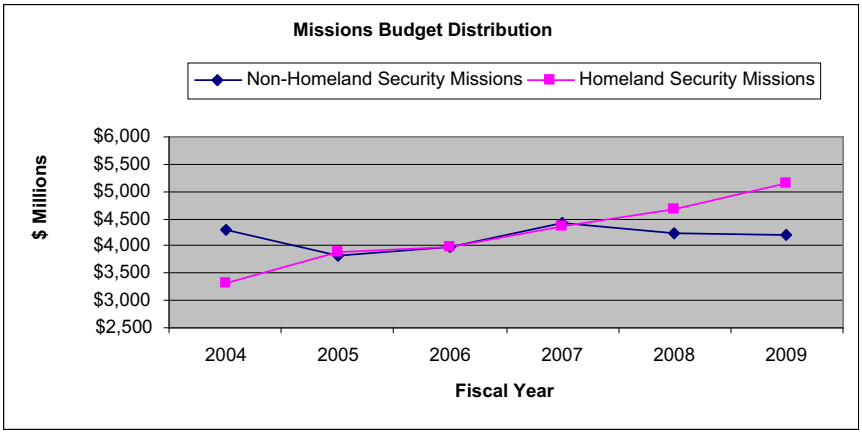
The Department of Homeland Security's Annual Performance Report for Fiscal Years 2007 – 2009 contains *Program Measure Results and Plan* tables which provide detailed information for each program (mission) that contributes to DHS goals and objectives. Each Coast Guard non-homeland security mission and homeland security mission has an individual table which includes information describing the resources needed (dollars and personnel) to achieve the mission's performance target. Budget dollar figures on the tables represent the full cost of the missions, including allocated overhead and administrative costs. Historical results are displayed for FY 2004 through FY 2007 and projections are made for FY 2008 and FY 2009.

Budget: We compiled and totaled the dollar budget figures for each mission from the Annual Performance Report, as presented in Table 1.

Table 1

U.S. Coast Guard Budget ($ Millions)						
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Non-Homeland Security Missions	←		Actual	→	← Estimated	→
Search and Rescue	$1,576	$911	$832	$929	$904	$924
Marine Safety	487	614	786	755	757	754
Aids-to-Navigation	946	1,153	1,156	1,321	1,276	1,189
Ice Operations	185	186	111	132	149	133
Marine Environmental Protection	350	255	337	298	373	359
Living Marine Resources	742	720	766	972	777	833
Total Non-Homeland Security Missions	**$4,286**	**$3,839**	**$3,988**	**$4,407**	**$4,236**	**$4,192**
Homeland Security Missions						
Migrant Interdiction	$245	$549	$504	$874	$510	$515
Drug Interdiction	907	1,017	1,244	1,280	1,208	1,276
Other Law Enforcement	103	95	108	160	105	136
Ports, Waterways, and Coastal Security	1,834	1,625	1,610	1,362	2,081	2,593
Defense Readiness	229	613	510	691	765	634
Total Homeland Security Missions	**$3,318**	**$3,899**	**$3,976**	**$4,367**	**$4,669**	**$5,154**
Totals	**$7,604**	**$7,738**	**$7,964**	**$8,774**	**$8,905**	**$9,346**

The figures clearly illustrate the Ports, Waterways, and Coastal Security mission dollars, which had declined between FY 2004 and FY 2007, are projected to almost double from FY 2007 to FY 2009. As the following chart illustrates, the annual budget projections in dollars (identified in Table 1) for FY 2009 by mission illustrate a 4.9% reduction for the non-homeland security missions from FY 2007, while homeland security missions will increase by 18.0%.

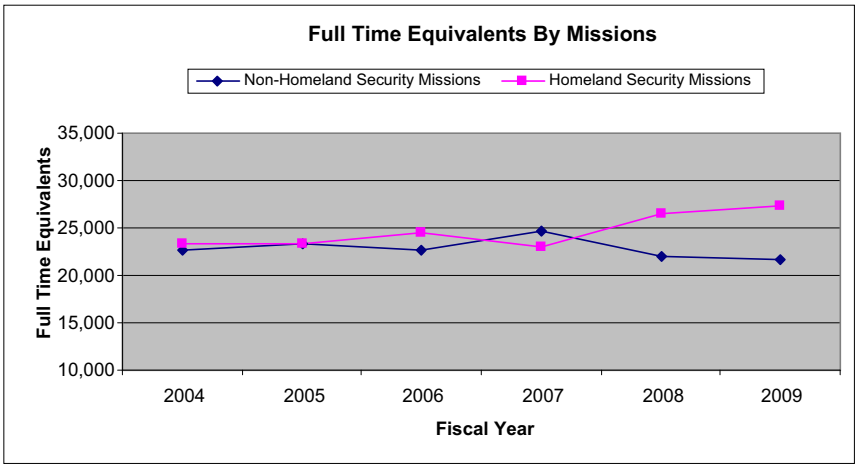


Personnel: We also compiled and totaled personnel figures from the Annual Performance Report, as presented in Table 2.

Table 2

U.S. Coast Guard Full Time Equivalents						
	FY 2004	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**
Non-Homeland Security Missions	←	**Actual**		→	← **Estimated**	→
Search and Rescue	4,845	4,136	4,652	5,004	4,893	4,826
Marine Safety	3,223	5,528	4,012	4,109	3,806	3,801
Aids-to-Navigation	6,749	6,985	7,526	8,549	7,330	7,269
Ice Operations	1,295	1,149	906	854	810	791
Marine Environmental Protection	1,944	1,460	1,356	1,222	1,174	1,138
Living Marine Resources	4,567	4,022	4,208	4,849	3,955	3,841
Total Non-Homeland Security Missions	**22,623**	**23,280**	**22,660**	**24,587**	**21,968**	**21,666**
Homeland Security Missions						
Migrant Interdiction	1,518	3,065	2,467	4,392	2,481	2,395
Drug Interdiction	5,494	4,662	6,333	6,159	6,006	5,798
Other Law Enforcement	657	445	703	758	587	575
Ports, Waterways, and Coastal Security	14,670	12,268	12,906	7,710	13,864	15,066
Defense Readiness	996	2,942	2,076	4,038	3,644	3,422
Total Homeland Security Missions	**23,335**	**23,382**	**24,485**	**23,057**	**26,582**	**27,256**
Totals	**45,958**	**46,662**	**47,145**	**47,644**	**48,550**	**48,922**

As indicated in the compiled figures (identified in Table 2) and in the following chart, budget projections for FY 2009 by mission show an 11.9% drop in personnel for non-homeland security missions from FY 2007. In contrast, the homeland security missions, led by increased resources allocated to the Ports, Waterways, and Coastal Security mission, are projected to increase by 18.2% from FY 2007.



Coast Guard officials stated it would be inaccurate to infer that the homeland security missions will be emphasized in FY 2008 and FY 2009 based on the figures provided in the Annual Performance Report. Officials indicated the tables in the Annual Performance Report are generated by a budget tool that distributes budget authority across mission-programs based on reported asset hours for prior FYs, and projected hours based on a 5-year historical baseline for current and future FYs. Officials said the budget tool was not designed for, nor intended to project, out-year budget allocations across missions. The Coast Guard has established a working group to improve the cost model's out-year projection accuracy. However, these published projections are based on historical data which, notwithstanding the limitations of the model as a predictive tool, from our analysis show a clear trend of emphasis towards the homeland security missions.

Performance Measures Now Part of the DHS Annual Performance Report and are Evaluated for Completeness and Reliability

DHS participated in the OMB Pilot Program for Alternative Approaches to Performance and Accountability Reporting for FY 2007, as an alternative to the consolidated Performance and Accountability Report published in previous years. The objective of the pilot is to make the presentation of performance information more meaningful. As part of this pilot, three separate reports are produced: Annual Financial Report, Annual Performance Report, and Highlights Report. DHS anticipates this approach will improve its performance reporting by presenting the information in a more accessible, informative, and complete format. Of the three reports, our focus is the Annual Performance Report, which contains performance measures, targets, and results by mission.

The Annual Performance Report combines what was formerly known as the Performance Budget Overview along with the performance information formerly reported in the Performance and Accountability Report. The Annual Performance Report contains more detailed performance information than the former Performance and Accountability Report as required by the *Government Performance and Results Act*. The report is organized by the department's goals and objectives, with a summary for each program performance goal. Program performance goals are reported in terms of their associated performance measures and targets, which express the tangible, measurable objectives against which actual achievements can be compared. For each

performance measure presented in the Annual Performance Report, a description of the measure, the source of the data, how it is collected, and an assessment of the reliability of data are provided.

Reliability is determined by using OMB guidance, OMB Circulars A-136, Financial Reporting Requirements and A-11, Preparation, Submission and Execution of the Budget. According to the Annual Performance Report, performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained. At a minimum, the Annual Performance Report considers performance data to be reliable if program managers and decision makers use the data on an ongoing basis in the normal course of their duties. According to the Annual Performance Report, performance data are also considered reliable if supporting transactions and other data are properly recorded, processed, and summarized in accordance with criteria stated by management.

The department has reviewed performance measures for conformance to the standard of completeness and reliability as specified for federal agencies per OMB. The Annual Performance Report indicates that information contained therein is complete and reliable in accordance with these standards.

Performance Measures will be Refined to Improve Ability to Capture and Record Results

DHS is committed to enhancing its ability to measure and report on performance achievements. The Annual Performance Report also states that since many programs focus on prevention goals, developing outcome oriented performance measures is a challenge. This is an iterative process to improve performance measures as sophistication in quantifying results grows.

As such, the DHS Performance Plan for FY 2008 will contain 149 performance measures; of these 58 are new performance measures to improve the ability to capture and record results. Further, 36 performance measures have been retired and replaced with new performance measures.

The Coast Guard reported 11 performance measures in the FY 2007 Annual Performance Report. The Coast Guard will retire the following three existing performance measures for FY 2008:

Table 3

FY 2008 Retired Performance Measures	
Mission	**Measure**
Marine Safety	• Maritime injury and fatality index.
Marine Environmental Protection	• Five-year average number of chemical discharges and oil spills per 100 million short tons shipped.
Undocumented Migrant Interdiction	• Percent of undocumented migrants who attempt to enter the U.S. via maritime routes that are interdicted or deterred.

Also, the following 17 new performance measures will be added in FY 2008:

Table 4

FY 2008 New Performance Measures	
Mission	**Measure**
Aids-To-Navigation	• Federal aids to navigation availability.
Ice Operations	• Percent success rate in meeting requests for polar ice breaking.
Marine Safety	• Five-year average number of commercial mariner deaths and injuries. • Five-year average number of commercial passenger deaths and injuries. • Five-year average number of recreational boating deaths and injuries.
Marine Environmental Protection	• Five-year average number of oil spills per 100 million short tons shipped. • Percent of oil removed or otherwise mitigated as compared to the amount of oil released for reported spills of 100 gallons or more. • Five-year average number of chemical discharge incidents per 100 million short tons shipped.
Ports, Waterways, and Coastal Security	• Critical infrastructure required visit rate. • High capacity passenger vessel required escort rate. • Number of Transportation Workers Identification Credential spot checks. • Risk reduction due to consequence management. • Percent risk reduction for the transfer of a terrorist meta-scenario.[1] • Percent risk reduction for the transfer of a weapon of mass destruction meta-scenario.
Undocumented Migrant Interdiction	• Percent of undocumented migrants interdicted attempting to enter the U.S. via maritime routes.
Defense Readiness	• Defense Readiness of patrol boats. • Defense Readiness of port security units.

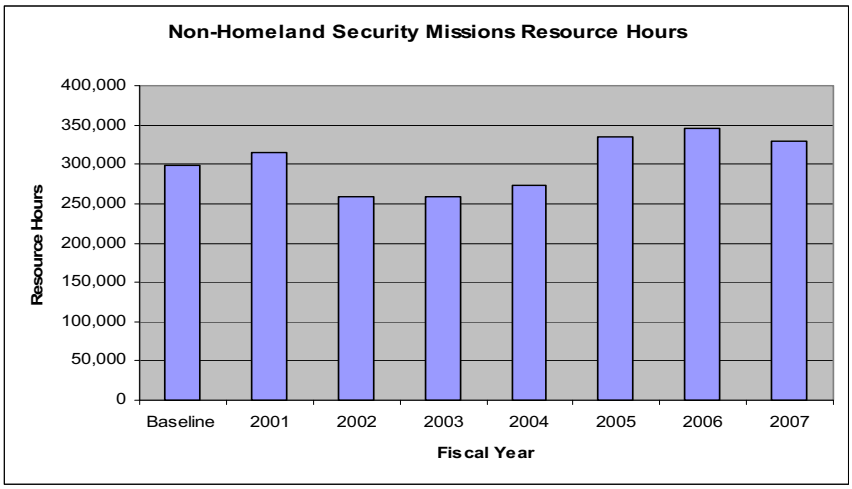
[1] A meta-scenario is a quantitative self-assessment by Subject Matter Experts to assess the overall effectiveness of all relevant activities against a comprehensive set of scenarios previously identified through an extensive strategic risk assessment.

As a result of the changes to the performance measures, the Coast Guard will report in FY 2008 on 12 non-homeland security mission measures and 13 homeland security mission measures.

Assessments of performance targets and results for non-homeland security missions and homeland security missions are included in Appendices A and B, respectively.

Non-Homeland Security Missions - Total

Resource Hours. After an initial drop in non-homeland security resource hours in FY 2002, the total non-homeland resource hours increased through FY 2006, then decreased in FY 2007 as shown in the chart below. The significant increase (23%) in resource hours from FY 2004 to FY 2005 is largely attributed to major Search and Rescue efforts in the aftermath of Hurricane Katrina. The FY 2007 total non-homeland security resource hours are 10% above baseline hours.



Performance Targets and Results. For FY 2007, the Coast Guard did not meet the same four of six non-homeland security missions performance measures it missed in FY 2006. The Search and Rescue and the Living Marine Resources missions did not achieve their targets by less than 1%. The Aids-to-Navigation and the Marine Safety missions did not achieve their targets by larger margins.

The Marine Environmental Protection mission has met its target for each year from FY 2001 through FY 2007 and the Ice Operations mission has met its target the past 3 years.

Specific performance targets and results for each of the non-homeland security missions from FY 2001 through FY 2007 are summarized in Table 5.

Appendix A
Non-Homeland Security Missions

Table 5

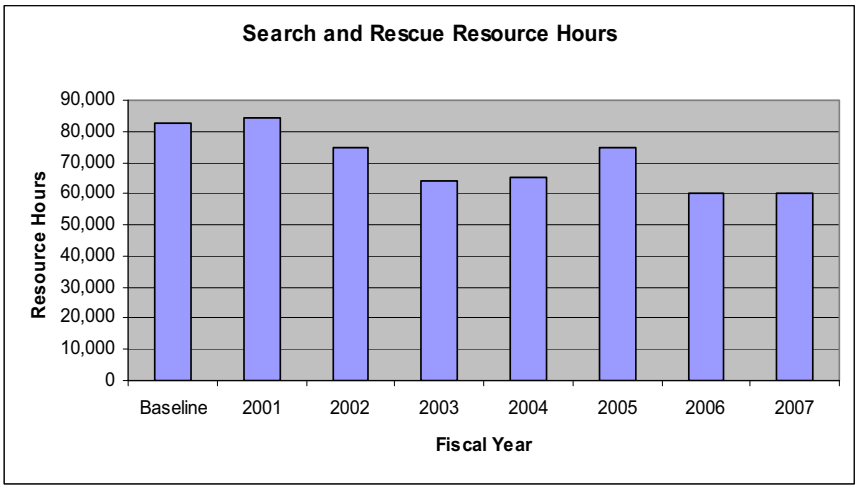
Non-Homeland Security Missions Performance Targets and Results									
Non-Homeland Security Missions		**FY 2001**	**FY 2002**	**FY 2003**	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**	**Performance Measure**
Search and Rescue	**Target**	85%	85%	85%	85%	86%	86%	86%	Percentage of mariners in imminent danger saved
	Actual	84.2%	84.4%	87.7%	86.8%	86.1%	85.3%	85.4%	
	Result	X Not Met	X Not Met	√ Met	√ Met	√ Met	X Not Met	X Not Met	
Aids-to-Navigation	**Target**	2,261	2,098	2,010	1,923	1,831	1,748	1,664	5-year average number of collisions, allisions, and groundings
	Actual	2,215	2,098	2,000	1,876	1,825	1,765	1,823	
	Result	√ Met	√ Met	√ Met	√ Met	√ Met	X Not Met	X Not Met	
Ice Operations	**Target**	8	2	8	2	2	2 Average 8 Severe	2 Average 8 Severe	Limit the number of days critical waterways are closed due to ice: 2 days in an average winter 8 days in a severe winter
	Actual	7	7	7	4	0	0	0	
	Result	√ Met	X Not Met	√ Met	X Not Met	√ Met	√ Met	√ Met	
Living Marine Resources	**Target**	97%	97%	97%	97%	97%	97%	97%	Percentage of fishermen complying with federal regulations
	Actual	98.6%	97.3%	97.1%	96.3%	96.4%	96.6%	96.2%	
	Result	√ Met	√ Met	√ Met	X Not Met	X Not Met	X Not Met	X Not Met	
Marine Safety	**Target**	N/A	N/A	1,543	1,513	1,317	1,280	4,549*	5-year average number of commercial mariner, commercial passenger, and recreational boating deaths and injuries*
	Actual	1,651	1,332	1,307	1,293	1,277	1,400	4,770*	
	Result	N/A	N/A	√ Met	√ Met	√ Met	X Not Met	X Not Met	
Marine Environmental Protection	**Target**	47	45	43	41	20	19 or less	19 or less	5-year average number of oil spills per 100 million short tons shipped and the 5-year average number of chemical discharge incidents per 100 million short tons shipped
	Actual	40.3	35.1	29.4	22.1	18.5	16.3	15	
	Result	√ Met	√ Met	√ Met	√ Met	√ Met	√ Met	√ Met	
Subtotal: Non-Homeland Security Goals Met		**4 of 5**	**3 of 5**	**6 of 6**	**4 of 6**	**5 of 6**	**2 of 6**	**2 of 6**	

* The Marine Safety performance measure methodology changed to include recreational boating injuries in addition to the recreational boating fatalities and commercial vessel injuries and fatalities previously included. The FY 2007 target was changed to reflect the inclusion of recreational boating injuries.

Non-Homeland Security Mission: Search and Rescue

The Search and Rescue mission responsibilities include minimizing the loss of life, personal injury, and property loss and damage in the maritime environment by rendering aid to persons in distress and property associated with maritime transportation, fishing, and recreational boating.

Resource Hours. Resource hours for the Search and Rescue mission increased in FY 2001, decreased during FYs 2002 and 2003, and then slightly increased in FY 2004, as illustrated in the chart below. The decreases during FYs 2002 and 2003 were expected due to the responses to the events of September 11, 2001, with more resources directed to homeland security missions, such as Ports, Waterways, and Coastal Security. However, in FY 2005, Search and Rescue showed a significant increase, attributable to the Coast Guard's response to Hurricane Katrina, approaching baseline levels. FY 2007 resource hours held steady with the reduced levels in FY 2006, constituting 73% of baseline.

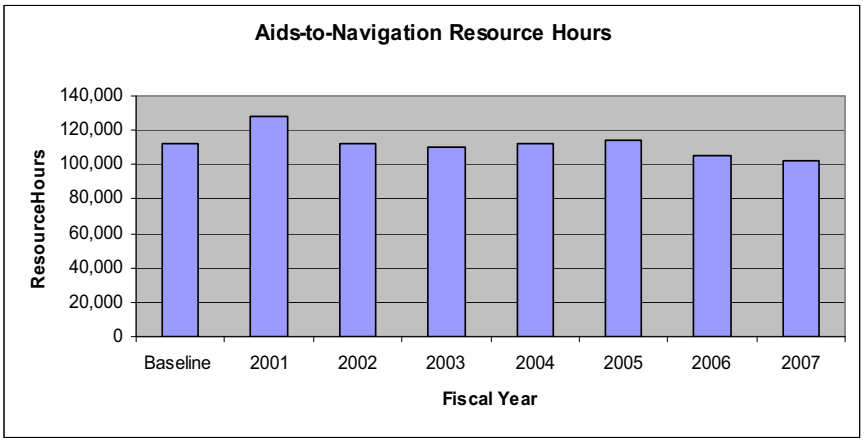


Performance Targets and Results. In FY 2007, the second year in a row, the Coast Guard missed meeting their target for saving mariners in imminent danger by less than 1%. The Coast Guard attributed missing the target to several unpredictable factors such as weather, location, incident severity, and life saving devices onboard, which influenced the number and the outcome of incidents. According to the Coast Guard, in FY 2008, Search and Rescue mission performance is expected to benefit from the installation of improved direction finder technologies on more aircraft and Digital Selective Calling capability onboard additional cutters and small boats.

Non-Homeland Security Mission: Aids-to-Navigation

The Aids-to-Navigation mission is a means for the Coast Guard to mark the waters of the United States and its territories to assist boaters in navigation and alert them to obstructions and hazards.

Resource Hours. The chart below shows FY 2007 resource hours at a 3% decrease from FY 2006, resulting in an approximate 9% decrease from the baseline level and the lowest resource hours to date for the Aids-to-Navigation mission.



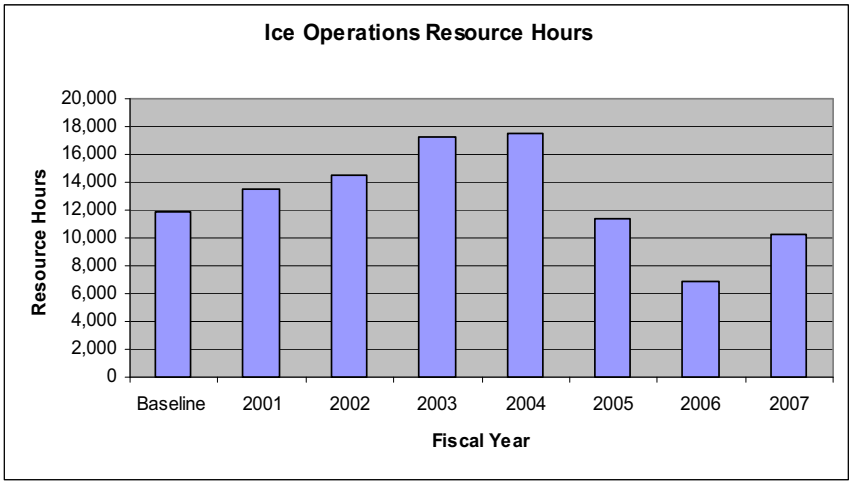
Performance Targets and Results. In FY 2007, the Aids-to-Navigation mission did not meet its performance target by approximately 10% after missing the FY 2006 target by less than 1%. This mission had been successful in meeting its established targets for the 5 years preceding FY 2006. To improve performance in FY 2008, the Coast Guard intends to expand requirements for vessels to carry Automatic Identification Systems and Electronic Chart Systems, as well as continue a review of the Short Range Aids to Navigation system.

A new performance measure will be added for FY 2008 to measure Aids-to-Navigation availability as an indicator of system functionality.

Non-Homeland Security Mission: Ice Operations

Ice Operations is responsible for icebreaking activities in the Great Lakes, St. Lawrence Seaway, and Northeast.[2] This facilitates the movement of bulk cargoes carried by regional commercial fleets during the winter months.

Resource Hours. Resource hours for Ice Operations steadily increased through FY 2004 and took a sharp decline in FY 2005 and again in FY 2006. These are not unusual fluctuations since this mission is dependent on ice accumulation, which fluctuates on a yearly basis. In FY 2007 resource hours increased by 49% from FY 2006, which resulted in a 14% decrease from the baseline level.



Performance Targets and Results. In FY 2007, the Ice Operations mission program successfully met its performance target. According to the Coast Guard, this was a result of cutter icebreaking efforts, particularly by the new USCGC MACKINAW. In FYs 2008 and 2009, the Coast Guard intends to implement recommendations from internal studies to preserve readiness during rehabilitation of its fleet of aging, 140 foot icebreaking tugs.

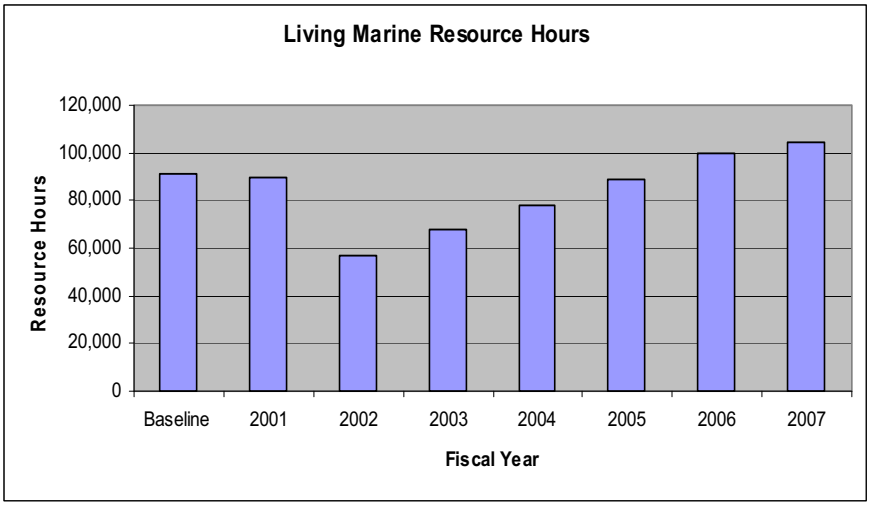
Also, in FY 2008 a new measure will be added to measure the percentage of success in meeting requests for polar icebreaking.

[2] In addition to domestic ice operations, the Coast Guard operates the only U.S.-controlled icebreakers capable of operations in the polar regions. The Coast Guard operates these cutters and is reimbursed for their operation and maintenance by the National Science Foundation. Resource hours for polar operations are included in the chart; however, only Coast Guard-directed domestic ice operations performance targets are measured.

Non-Homeland Security Mission: Living Marine Resources

This program's mission is to provide effective and professional at-sea enforcement of federal fisheries and other regulations to advance national goals for the conservation and management of Living Marine Resources and their environments.

Resource Hours. After the events of September 11, 2001, resource hours for Living Marine Resources showed a significant decrease in FY 2002. Since FY 2002, resource hours have steadily increased each year to where FY 2007 levels are higher than the baseline and all previous years.



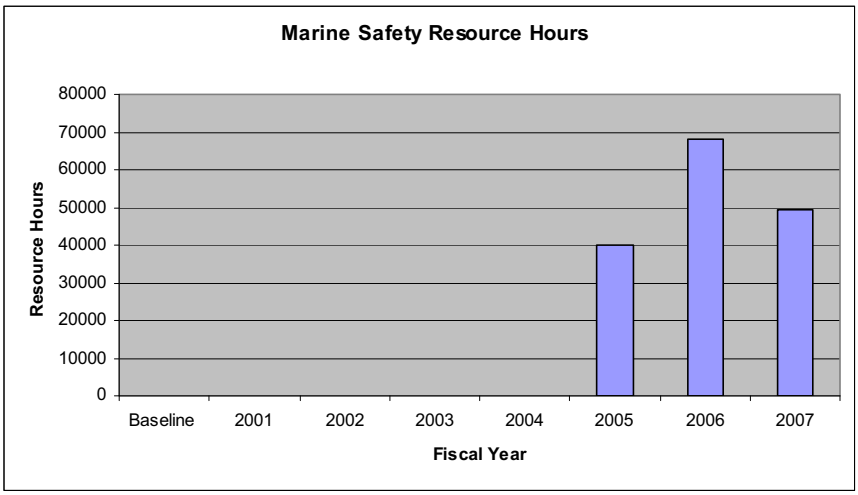
Performance Targets and Results. In FY 2007, the domestic fisheries mission did not meet its performance target for the fourth straight year, in all years by less than 1%. According to Coast Guard officials, the primary reason for not meeting the performance target was that Coast Guard domestic fisheries enforcement uncovered significant regulatory compliance shortfalls in a number of Northeastern Atlantic fisheries.

The Coast Guard advises that in FYs 2008 and 2009, performance will be temporarily affected by a reduction in available patrol boats, as these assets are taken out of service to undergo Mission Effectiveness Program enhancements. Coast Guard officials said that these effects will be short-term setbacks that will ultimately yield more sustained long-term performance as the legacy patrol boats return to service. They also said that offsetting this decline will be the addition of the first three new Maritime Patrol Aircraft, each of which will provide added monitoring and detection capabilities.

Non-Homeland Security Mission: Marine Safety

Marine Safety ensures the safe operation and navigation of U.S. and foreign flagged vessels. The mission is responsible for providing safe, efficient, and environmentally sound waterways for the myriad of commercial and recreational users. Domestic vessel inspections and port state control (foreign vessel) examinations are conducted in order to safeguard maritime commerce and international trade.

Resource Hours. The Coast Guard did not report hours for this mission prior to 2005. Resource hours for Marine Safety decreased by approximately 28% from FY 2006.



Performance Targets and Results. According to the Coast Guard, the Marine Safety mission did not meet its FY 2007 performance target because of the recent addition of untested performance targets for recreational boating injuries. In FY 2007, the Coast Guard partnered with state governments to increase personal flotation device use in high-risk recreational activities. Their efforts continue in FY 2008 and include new recreational boating initiatives such as ensuring manufacturer compliance with recreational boating standards.

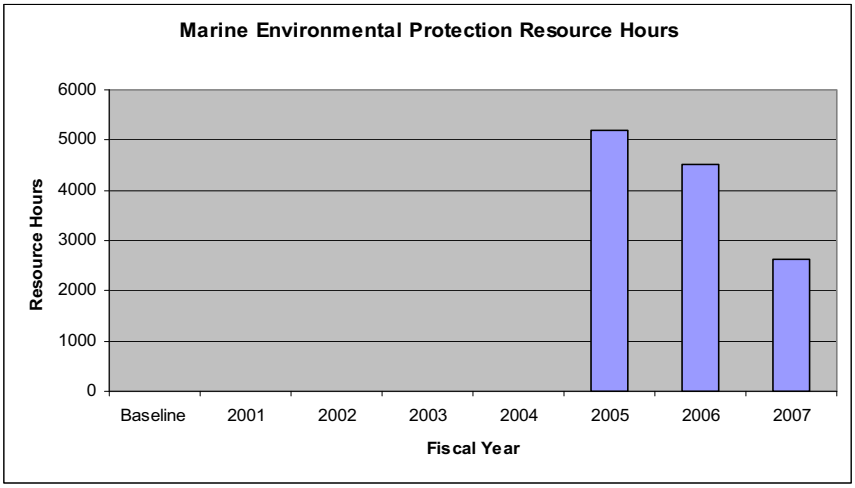
This measure is being retired for FY 2008 and replaced with three measures which will more closely link performance to goals. The new measures will report on the 5-year average number of:

- Commercial mariner deaths and injuries;
- Commercial passenger deaths and injuries; and
- Recreational boating deaths and injuries.

Non-Homeland Security Mission: Marine Environmental Protection

The Marine Environmental Protection falls under the Coast Guard's stewardship role and is concerned with averting the introduction of invasive species, stopping unauthorized ocean dumping, and preventing the discharge of oil or hazardous substances on the navigable waters of the United States.

Resource Hours. The Coast Guard did not report resource hours prior to FY 2005. Resource hours have declined from FY 2005 to 2007, with an overall 49% decrease during this timeframe.



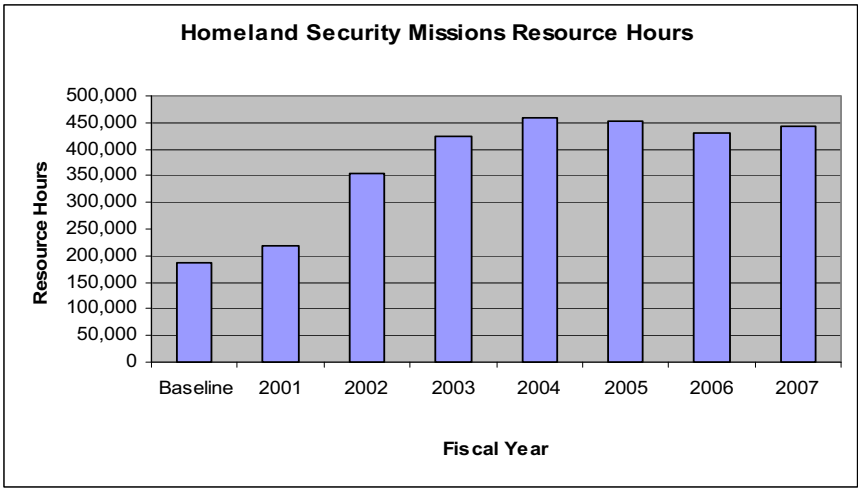
Performance Targets and Results. The performance target for this mission has been met since FY 2001. The Coast Guard attributes the continued success of this mission in FY 2007 to effective industry partnerships, joint federal agency exercises, and working to update a joint contingency plan between the United States and Mexico.

The FY 2007 performance measure will be retired for FY 2008 and expanded to the following three separate measures in order to improve the ability to capture and record results:

- 5-year average number of oil spills per 100 million short tons shipped;
- 5-year average number of chemical discharge incidents per 100 million short tons shipped; and
- Percent of oil removed compared to the amount of oil released for reported spills of 100 gallons or more.

Homeland Security Missions - Total

Total resource hours for homeland security missions increased from the baseline and peaked in FY 2004. Resource hours decreased in FYs 2005 and 2006 before increasing in FY 2007. The FY 2007 level is significantly (238%) above baseline levels, as depicted in the chart below.



FY 2007 resource hours for some individual homeland security missions increased compared to FY 2006 while others decreased. Ports, Waterways, and Coastal Security; Undocumented Migrant Interdiction; and Other Law Enforcement increased, while Drug Interdiction and Defense Readiness decreased. When comparing FY 2007 resource hours to the baseline, Ports, Waterways, and Coastal Security; Defense Readiness; Undocumented Migrant Interdiction; and Other Law Enforcement increased 1,039%, 505%, 234%, and 16%, respectively, while Drug Interdiction decreased 39%.

Homeland Security Performance Targets and Results. For FY 2007, the Coast Guard met four of five performance targets, as it did in FY 2006. The Defense Readiness mission has not been met in each year from FY 2001 through FY 2007 and the Coast Guard is not optimistic about meeting this performance target until Deepwater assets are fielded.

Specific performance targets and results for each of the homeland security missions from FY 2001 through FY 2007 are summarized in Table 6.

Table 6

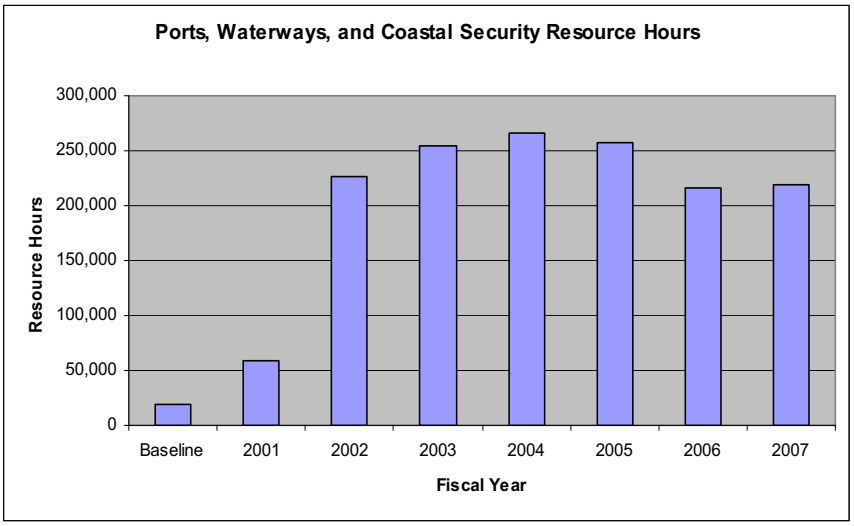
Homeland Security Missions Performance Targets and Results									
Homeland Security Missions		**FY 2001**	**FY 2002**	**FY 2003**	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**	**Performance Measure**
Ports, Waterways, and Coastal Security	**Target**	No Measure	No Measure	No Measure	No Measure	Baseline Establ.	14%	15%	Percent reduction in the Maritime terrorism risk over which the Coast Guard has influence
	Actual	N/A	N/A	N/A	N/A	3.4%	17%	15%	
	Result	N/A	N/A	N/A	N/A	N/A	√ Met	√ Met	
Drug Interdiction	**Target**	15%	18.7%	20.7%	15%	19%	22%	26%	Removal rate of cocaine that is shipped via non-commercial maritime means
	Actual	11.7%	10.6%	16.3%	30.7%	27.3%	26%	Est.*	
	Result	X Not Met	X Not Met	X Not Met	√ Met	√ Met	√ Met	√ Met	
Undocumented Migrant Interdiction	**Target**	87%	87%	87%	87%	88%	89%	91%	Percent of undocumented migrants who attempt to enter the U.S. via maritime routes that are interdicted or deterred
	Actual	82.5%	88.3%	85.3%	87.1%	85.5%	89.1%	93.7%	
	Result	X Not Met	√ Met	X Not Met	√ Met	X Not Met	√ Met	√ Met	
Defense Readiness	**Target**	100%	100%	100%	100%	100%	100%	100%	Percentage of time that CG assets included in the Combatant Commander Operational Plans are ready at a status of Resources and Training System (SORTS) rating of 2 or better
	Actual	67%	70%	78%	76%	69%	62%	51%	
	Result	X Not Met	X Not Met	X Not Met	X Not Met	X Not Met	X Not Met	X Not Met	
Other Law Enforcement	**Target**	202	202	202	202	200	199	199	Number of incursions into the U.S. Exclusive Economic Zone
	Actual	212	250	152	247	171	164	119	
	Result	X Not Met	X Not Met	√ Met	X Not Met	√ Met	√ Met	√ Met	
Subtotal: Homeland Security Goals Met		**0 of 4**	**1 of 4**	**1 of 4**	**2 of 4**	**2 of 4**	**4 of 5**	**4 of 5**	

* The Coast Guard estimates meeting the performance target based on forecasted cocaine flows, which will be validated in the summer of 2008 with the publication of the Interagency Assessment of Cocaine Movement Report.

Homeland Security Mission: Ports, Waterways, and Coastal Security

The Ports, Waterways, and Coastal Security mission is to prevent and protect against maritime security threats, reduce America's vulnerability to those threats, and minimize the adverse consequences of maritime security incidents that occur.

Resource Hours. Resource hours for Ports, Waterways, and Coastal Security rapidly increased in response to the events of September 11, 2001, resulting in a 1,039% increase over baseline levels by FY 2007[3] as shown in the chart below. Ports, Waterways, and Coastal Security is by far the largest user of resource hours of any Coast Guard mission.



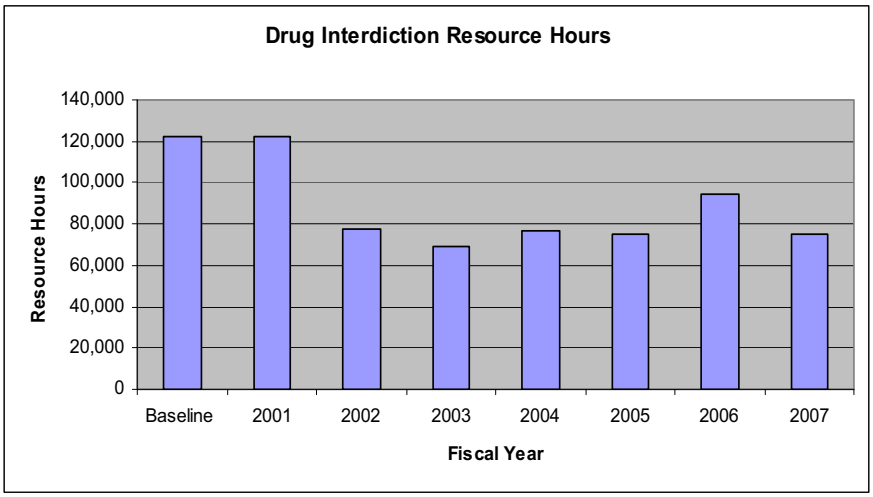
Performance Targets and Results. The Coast Guard met its performance target for FY 2007, and Coast Guard officials credited interagency partnerships with much of the success. For example, in partnership with the Transportation Security Administration, the Coast Guard is implementing the Transportation Worker Identification Card and is responsible for establishing and enforcing card access control requirements at regulated vessels and facilities. The Coast Guard is also partnering with the Domestic Nuclear Detection Office to equip Coast Guard boarding teams with radiation detection equipment.

[3] Prior to FY 2001 and the subsequent formal establishment of the Ports, Waterways, and Coastal Security program, resource hours were collected under a variety of categories that were used to establish the baseline.

Homeland Security Mission: Drug Interdiction

The Coast Guard's Drug Interdiction mission is key to combating the flow of illegal drugs to the United States. This mission is to reduce the supply of drugs from the source by denying smugglers the use of air and maritime routes in the Transit Zone, a six million square mile area that includes the Caribbean, Gulf of Mexico, and Eastern Pacific. The Coast Guard is the lead federal agency for maritime drug interdiction and shares responsibility for air interdiction with U.S. Customs and Border Protection.

Resource Hours. As shown in the chart below, the Drug Interdiction mission FY 2007 resource hours decreased by 20% from FY 2006 and are 39% below baseline levels. According to Coast Guard officials, the decrease in Drug Interdiction resource hours is largely attributed to the shift in operational focus to the Transit Zone in the Eastern Pacific Ocean and deep Caribbean Sea where the Coast Guard has achieved record drug removals in 2 of the past 3 years.

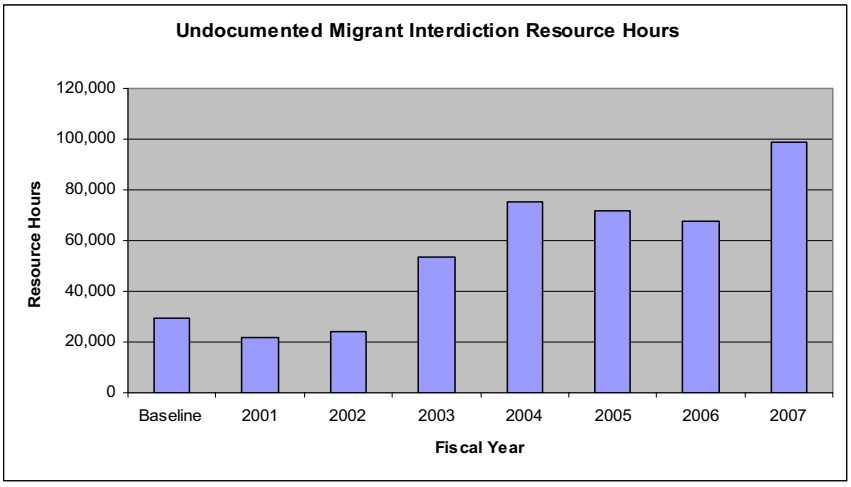


Performance Targets and Results. For FY 2007, the Coast Guard estimates that it will meet its performance target based on forecasted cocaine flows, which will be validated in the summer of 2008. The mission set a record in FY 2007 with 355,754 pounds of cocaine removed. The Coast Guard states that contributing factors to this success were: 1) Availability of actionable intelligence through close partnerships with Joint Interagency Task Force-South, and the Organized Crime Drug Enforcement Task Force investigation Panama Express; 2) International cooperation and partnerships; and 3) Expanding Airborne Use of Force by U.S. Coast Guard marksmen on Navy helicopters.

Homeland Security Mission: Undocumented Migrant Interdiction

The Undocumented Migrant Interdiction mission responsibilities consist of enforcing immigration laws at sea. To fulfill its responsibilities, the Coast Guard conducts patrols and coordinates with other federal agencies and foreign countries to interdict undocumented migrants at sea, denying them entry via maritime routes to the United States, its territories, and its possessions.

Resource Hours. Resource hours declined from FY 2005 to FY 2006 because of the decrease of available 110' cutters and the removal of eight 123' cutters from service. Coast Guard officials said that due to strategies to shift deployment vessels from other missions and increase the use of high speed interdiction boats, FY 2007 resource hours increased by 46% from FY 2006, resulting in a 234% increase over the baseline level.



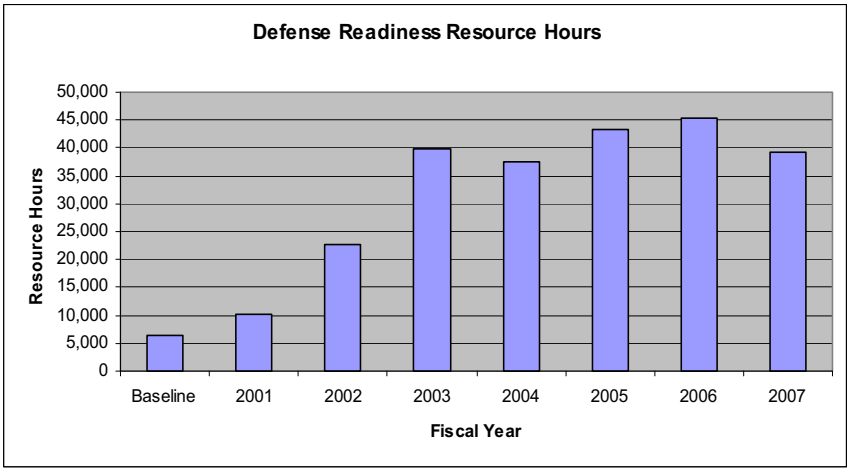
Performance Targets and Results. The Coast Guard met its target for this mission in FY 2007, which Coast Guard officials attributed to vessel-on-vessel use of force tactics, high-speed interdiction boats, and increased use of biometric identification.

In order to improve the ability to capture and record results, this measure will be retired for FY 2008 and replaced by a measure of the percent of undocumented migrants who are interdicted or deterred when attempting to enter the U.S. via maritime routes.

Homeland Security Mission: Defense Readiness

The Defense Readiness mission is to provide essential capabilities to support national security and military strategies. Resource hours depict the execution of these defense missions, while the performance targets and results measure the Coast Guard's readiness to perform the mission.

Resource Hours. As shown in the chart below, resource hours for Defense Readiness reached their highest level in FY 2006. Resource hours decreased by 14% in FY 2007 from FY 2006, still resulting in a net 505% increase over baseline.



Performance Targets and Results. This performance measure has not been met from FY 2001 through FY 2007. The Coast Guard indicates that for FY 2007, readiness of Port Security Units was below standards. Coast Guard officials said that declining readiness of the aging legacy fleet limited asset availability to combatant commanders. The Coast Guard expects this trend to continue until new Deepwater assets (replacement vessels and aircraft) are fielded.

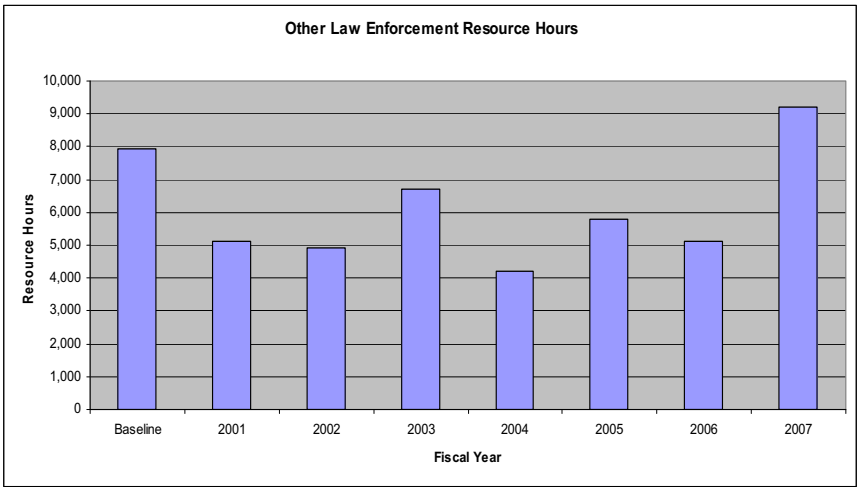
In addition to the existing performance measure, and in order to improve the ability to capture and record results, the following two performance measures will be added for FY 2008:

- Defense readiness of Port Security Units, and
- Defense readiness of patrol boats.

Homeland Security Mission: Other Law Enforcement

Other Law Enforcement is responsible for preventing illegal foreign fishing vessel encroachment in the U.S. Exclusive Economic Zone.[4] This Coast Guard mission plays a vital role in protecting the integrity of our maritime borders and ensuring the health of United States fisheries. The Coast Guard focuses on three high-threat areas for illegal foreign incursions: the United States—Mexican border in Gulf of Mexico, the United States—Russian Maritime Boundary Line in the Bering Sea, and the eight non-contiguous Exclusive Economic Zones in the Western/Central Pacific.

Resource Hours. As shown in the chart below, the resource hours for the Other Law Enforcement mission were below baseline in every year except FY 2007. The greatest numbers of resource hours were recorded in FY 2007, measuring 16% above baseline.



Performance Targets and Results. In FY 2007, for the third year in a row, the Coast Guard met this performance target. According to Coast Guard officials, foreign fisheries enforcement efforts were notably successful in working with the Department of State to engage Central American Governments in ensuring that their fishing fleets honor U.S. Exclusive Economic Zone restrictions in the Pacific Ocean.

[4] An Exclusive Economic Zone generally extends to a distance of 200 nautical miles (370 km) out from its coast. Within the Exclusive Economic Zone, the coastal state has sovereign rights for the purpose of exploring, exploiting, conserving, and managing natural resources, both living and nonliving, of the seabed, subsoil, and the subjacent waters and, with regard to other activities, for the economic exploitation and exploration of the zone. The U.S. has the largest Exclusive Economic Zone in the world, encompassing over 2.25 million square miles and 90,000 miles of coast line.

Section 888 (f) (1) of the *Homeland Security Act of 2002* directs the Inspector General to conduct an annual assessment of the Coast Guard's performance of all its missions, with a particular emphasis on non-homeland security missions. The objective of this review was to determine the extent that resource hours and performance results and targets for each Coast Guard mission have changed from prior to September 11, 2001, through FY 2007.

We reviewed the following GAO reports and testimonies:

- *Coast Guard Observations on the Fiscal Year 2009 Budget, Recent Performance, and Related Challenges, GAO-08-494T, March 6, 2008;*
- *Coast Guard Deepwater Program Management Initiatives and Key Homeland Security Missions, GAO-08-531T, March 5, 2008;*
- *Coast Guard Preliminary Observations on Deepwater Program Assets and Management Challenges, GAO-07-446T, February 15, 2007;*
- *Coast Guard Efforts to Improve Management and Address Operational Challenges in the Deepwater Program, GAO-07-460T, February 14, 2007; and*
- *Coast Guard Observations on the Fiscal Year 2008 Budget, Performance, Reorganization, and Related Challenges, GAO-07-489T, April 18, 2007.*

We analyzed the total number of resource hours reported by the Coast Guard prior to September 11, 2001, through FY 2007. We did not attempt to verify the resource hour data, nor did we attempt to validate whether the Coast Guard had accurately classified such data. We assessed total resource hours for the 11 individual Coast Guard missions to identify the changes in each.

We analyzed performance measures and targets to determine whether the targets for each of the Coast Guard's missions had been accomplished. We obtained information on performance from the Department of Homeland Security Annual Performance Report, Fiscal Years 2007-2009. We also reviewed the FY 2009 President's Budget Request Strategic Context Congressional Submission for the U.S. Coast Guard. Lastly, we held discussions with Coast Guard officials to obtain information on why the Coast Guard did not meet its performance targets for certain missions.

We conducted our audit between March and May 2008 under the authority of the *Inspector General Act of 1978*, as amended. We conducted this performance audit in accordance with generally accepted government auditing standards, except that we relied on Coast Guard data and did not verify data against original documentation. Those standards 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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United States Coast Guard

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7501

OCT 28 2008

MEMORANDUM

From: RDML K.A. TAYLOR
COMDT (CG-8)

Reply to Attn of: CG-823
Mark Kulwicki
202-372-3533

To: Assistant Inspector General
Department of Homeland Security

Subj: DHS OIG ANNUAL REVIEW OF THE USCG'S MISSION PERFORMANCE (FY 2007)

Ref: (a) DHS OIG Draft Report of September 26, 2008

1. This memorandum transmits the Coast Guard's response to the Office of Inspector General (OIG) report findings and recommendations contained in reference (a).

2. The Coast Guard appreciates the OIG's analysis of our mission performance and concurs with the majority of the findings outlined in the report. However, as expressed during staff discussions, we are concerned the report's conclusions regarding greater mission emphasis on homeland security missions based on budget authority allocation projections generated by the Mission Cost Model (MCM) are misleading and do not fully account for the limitations of the MCM as a predictive tool. The MCM was not designed for, nor was it intended to project out-year budget allocations across missions and should not be used as an indicator of mission emphasis or level of effort. The Coast Guard does not emphasize one mission or mission set over another. Each mission is performed based on our statutory requirements, the level of threat and risk, and the availability of resources.

3. The enclosed supplemental information includes a discussion on the limitations of the MCM as a predictive tool, and provides actual operating budget expenditures across missions to demonstrate the level of Coast Guard spending on each mission area from 2004 to 2007. Since the Coast Guard is not appropriated by, nor does it allocate funding to specific missions, actual operating budget expenditures are a more accurate indicator of how the Coast Guard's budget authority is consumed across its 11 homeland and non-homeland missions.

4. The Coast Guard recommends the OIG review the information provided and include in the executive summary and body of the report: (1) a more thorough explanation regarding the limitations of the MCM as a predictive tool; (2) because the MCM is not a predictive tool, include actual operating budget data (see enclosure) to more clearly display how the Coast Guard executes its operating budget across homeland and non-homeland security missions. In addition, the OIG should re-evaluate the report's conclusion regarding emphasis or level of effort based on the information provided in this response. At a minimum, the report should explicitly recognize

Subj: DHS OIG ANNUAL REVIEW OF THE USCG'S MISSION PERFORMANCE (FY 2007) 7501

there are several factors beyond budget allocations and resource hours contributing to mission performance.

5. While the Coast Guard recognizes it did not meet the performance goals in 4 of the 6 non-homeland security mission-programs, it should be explicitly noted in the text that the Search and Rescue and Living Marine Resources missions missed their targets by less than one percent rather using the phrase "narrowly missed" (page 4). The Coast Guard would prefer to bring quantitative specificity to the discussion to provide the reader context on performance. In addition, it should be noted Coast Guard performance goals, in compliance with Office of Management and Budget (OMB) Performance Assessment Rating Tool (PART) directives, are "ambitious and achievable."[1] As such, ambitious goals for any given mission, if properly established, may not be achieved each year. This should not be interpreted as a lack of performance or emphasis, but a confirmation the performance goals are appropriately ambitious to drive mission performance improvement. The Coast Guard continually reviews and evaluates both its performance goals and measures to ensure they are truly representative of desired Coast Guard mission outcomes and meet OMB PART requirements.

6. The Coast Guard appreciates the OIG's support and efforts to accurately report our mission performance in FY 2007. Your consideration of the information and recommendations provided above are also greatly appreciated.

7. If you have any questions, my point of contact is Mr. Mark Kulwicki. He can be reached at (202) 372-3533

#

Enclosure (1) USCG Comments and Supplemental Information

[1] Program Assessment Rating Tool Guidance No. 2008-01: http://www.whitehouse.gov/omb/part/fy2008/part_guid_2008.pdf

2

USCG COMMENTS AND SUPPLEMENTAL INFORMATION

Mission Cost Model Budget Authority Allocation

The Coast Guard is not appropriated nor does it allocate its budget authority by mission. To meet congressional requirements to demonstrate how the Coast Guard's budget authority is distributed across its 11 missions, the Mission Cost Model (MCM) was developed to capture personnel and asset operating costs based on actual Abstract of Operations resource hours to determine how the Coast Guard allocated its budget authority by mission for a given year. Although it was not designed as a predictive tool, the MCM has been used to provide projections of budget authority allocations throughout the budget build process including projections based on the President's Budget submission to Congress.

However, because the MCM uses a historical 5-year average of asset hour distribution as a baseline to project future-year budget authority allocation across missions, its ability to accurately predict how much the Coast Guard will spend on each mission is very limited. The current baseline is over 4 years old and does not fully account for specific program initiatives, emergent mission requirements, or more recent mission activity trends. This limitation in the MCM often results in a disparity between what the MCM projects for out-year budget authority allocation and what the Coast Guard actually spends on each mission.

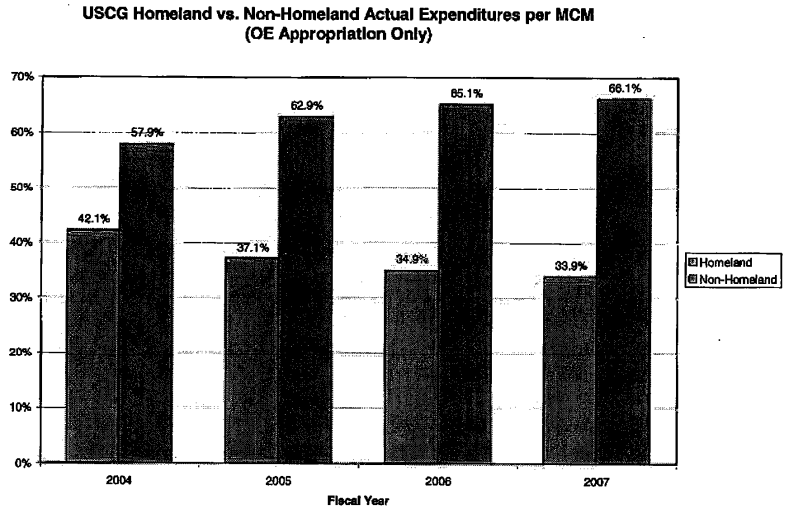
While this issue is discussed briefly on page 9 of the report, the conclusion reached by the OIG regarding homeland security emphasis is not fully supported by actual operating budget authority allocation data. The following table demonstrates actual operating budget authority allocation across all 11 missions from 2004 to 2007 was fairly stable and it even indicates a declining trend in the Ports, Waterways and Coastal Security (PWCS) mission-program, which is the largest of the homeland security missions.

USCG Operating Expenses by Mission-Program (OE Appropriation only)

Mission-Program	FY 2004 Actual	FY 2004 Actual %	FY 2005 Actual	FY 2005 Actual %	FY 2006 Actual	FY 2006 Actual %	FY 2007 Actual	FY 2007 Actual %
Search and Rescue	$439,200	9.3%	$615,019	11.6%	$579,880	10.7%	$603,511	10.5%
Marine Safety	$300,500	6.4%	$443,246	8.4%	$526,844	9.7%	$501,870	8.7%
Aids to Navigation	$665,100	14.1%	$915,610	17.3%	$900,740	16.6%	$1,047,910	18.2%
Ice Operations	$150,900	3.2%	$141,030	2.7%	$86,337	1.6%	$104,604	1.8%
Marine Environmental Protection	$120,900	2.6%	$118,380	2.2%	$132,420	2.4%	$141,876	2.5%
Living Marine Resources	$374,700	7.9%	$457,705	8.6%	$490,779	9.0%	$582,466	10.1%
Undocumented Migrant Interdiction	$397,100	8.4%	$353,975	6.7%	$317,441	5.8%	$527,715	9.2%
Ports, Water-ways & Coastal Security	$1,233,500	26.1%	$1,205,500	22.7%	$1,206,508	22.2%	$935,420	16.2%
Defense Readiness	$354,900	7.5%	$410,545	7.7%	$371,500	6.8%	$490,162	8.5%
Other Law Enforcement	$129,700	2.7%	$56,516	1.1%	$68,952	1.3%	$90,714	1.6%
Illegal Drug Interdiction	$551,100	11.7%	$585,379	11.0%	$752,188	13.8%	$737,082	12.8%
Total	$4,717,600	100.0%	$5,302,905	100.0%	$5,433,589	100.0%	$5,763,330	100.0%

1

The following graph depicts the total budget authority distribution between non-homeland and homeland security missions. Again, while the OIG report concludes the Coast Guard continues to emphasize homeland security missions based on their analysis and MCM projections, the actual operating expenditure data indicates the opposite.



The above table and graph do not include major acquisitions of capital assets. Due to the high unit acquisition costs of cutters, aircraft, boats, shore facilities and command and control systems, and the delay between when an asset is funded and when it actually becomes operational, budget allocation projections generated by the MCM within the Acquisitions, Construction and Improvement (AC&I) appropriation do not represent budget authority allocated to actual mission resource hours. For example, the project, program or activity (PPA) line item for the National Security Cutter (NSC) within the AC&I appropriation may be more than $300 million in a given year. Since the NSC primarily conducts homeland security missions, the MCM projection allocates a large portion of the $300 million to homeland security missions even though the cutter will not be operational for years and has not performed one hour of homeland security missions. Therefore, MCM projections based on the AC&I appropriation should be considered separately from the operating budget when seeking to determine mission emphasis or level of effort.

2

Full-time Positions

In addition, it should be noted that the same discrepancies associated with MCM budget authority allocation projections apply to the projected distribution of Full-time Positions (FTP). Again, an emphasis or level of effort determination should not be made based on projected FTP allocations reflected in MCM. In fact, a review of the FY 2009 President's Budget would indicate that the Coast Guard is moving forward with several initiatives to increase operational capacity across all missions with a particular emphasis on increasing capacity within the Marine Safety program, where the Coast Guard asked for an additional 276 marine inspectors and investigators. Indeed, the FY 2009 enacted appropriation actually provides 434 additional marine safety personnel (the largest focused mission area FTP increase in our FY 2009 budget).

Resource Hours

The OIG report also concludes the Coast Guard is emphasizing homeland security missions based on the total resource hours dedicated to homeland versus non-homeland security mission. While the Coast Guard does allocate more total resource hours to homeland security missions, the distribution trend since 2005 has been flat as indicated in the graph on page 5 of the report. The conclusion that the Coast Guard is decreasing its emphasis on non-homeland security missions is not supported by the distribution trend of total resource hours, or the distribution of actual operating budget authority displayed in the graph above. It should also be noted, while the report does include a general statement regarding a shift in security priorities after the 9/11 terrorist attacks, it should include reference to the statutory mandate for additional PWCS mission requirements included in the Maritime Transportation Security Act of 2002.

In addition, a raw look at resource hours by themselves does not fully indicate a specific mission emphasis. Some missions, by their nature and operating requirements, are more resource-hour intensive than others. In general, homeland security missions including PWCS, drug and migrant interdiction, and Other Law Enforcement missions, require more resource hours to meet mission performance goals than non-homeland security missions such as marine safety or marine environmental protection. Many homeland security missions require extended cutter deployments, maritime patrol aircraft hours and small boat deployments. On a comparative, level-of-effort basis, it is clear one hour of a 6-week cutter patrol in support of drug interdiction operations does not produce the same level of mission outcomes as a 1hour barge inspection by a marine inspector. It is not possible to determine the Coast Guard's overall level of effort to meet mission performance goals in any one mission area just based on the total number of asset hours allocated to each mission.

Mission Cost Model Update

Given the identified limitations of the MCM as a predictive tool, the Coast Guard has established a working group to improve the MCM's out-year projection accuracy. This is a comprehensive effort to improve not only the calculations used by the MCM to project

budget authority allocation, but also improve the data input and mission profiling for assets, projects and programs. These changes will improve the consistency of budget allocation projections for the future-year budgets.

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Appendix E
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