

GAO

Testimony

Before the Subcommittee on Oceans, Atmosphere, and Fisheries, Committee on Commerce, Science, and Transportation, U.S. Senate

For Release on Delivery
Expected at 2:30 p.m. EST
Wednesday, February 12, 2003

HOMELAND SECURITY

Challenges Facing the Coast Guard as it Transitions to the New Department

Statement of JayEtta Z. Hecker, Director
Physical Infrastructure



GAO
Accountability • Integrity • Reliability

Highlights

Highlights of [GAO-03-467T](#), a testimony before the Subcommittee on Oceans, Atmosphere, and Fisheries, Senate Committee on Commerce, Science, and Transportation

Why GAO Did This Study

The Coast Guard is one of 22 agencies being placed in the new Department of Homeland Security. With its key roles in the nation's ports, waterways, and coastlines, the Coast Guard is an important part of enhanced homeland security efforts. But it also has non-security missions, such as search and rescue, fisheries and environmental protection, and boating safety. GAO has conducted a number of reviews of the Coast Guard's missions and was asked to testify about the Coast Guard's implementation challenges in moving to this newly created Department.

What GAO Recommends

GAO is not making new recommendations in this testimony, but past reports have made specific recommendations aimed at some of these implementation challenges, such as developing a long-term strategy for how its resources will be used among its various missions.

www.gao.gov/cgi-bin/getrpt?GAO-03-467T.

To view the full report, including the scope and methodology, click on the link above. For more information, contact JayEtta Hecker at (202) 512-2834 or heckerj@gao.gov.

HOMELAND SECURITY

Challenges Facing the Coast Guard as it Transitions to the New Department

What GAO Found

The Coast Guard faces major challenges in effectively implementing its operations within the Department of Homeland Security. GAO has identified critical success factors for reorganizing and restructuring agencies, and its recent work in reviewing the Coast Guard has focused on challenges dealing with six of these factors—strategic planning, communications and partnership-building, performance management, human capital strategy, information management and technology, and acquisition management.

The Coast Guard faces challenges in all of these areas. The difficulty of meeting these challenges is compounded because the Coast Guard is not just moving to a new parent agency: it is also substantially reinventing itself because of its new security role. Basically, the agency faces a fundamental tension in balancing its many missions. It must still do the work it has been doing for years in such areas as fisheries management and search and rescue, but now its resources are deployed as well in homeland security and even in the military buildup in the Middle East. The Coast Guard's expanded role in homeland security, along with its relocation in a new agency, have changed many of its working parameters, and its adjustment to this role remains a work in process. Much work remains. Some of the work is strategic in nature, such as the need to define new missions and redistribute resources to meet the wide range of missions. Others include accommodating a sudden surge of new positions or trying to ensure that its most ambitious acquisition project—the Deepwater Project—remains viable.



The Coast Guard is still in the process of determining how the use of resources such as this patrol boat will be divided among the many missions the agency must meet.

Source: U.S. Coast Guard.

Madame Chair and Members of the Subcommittee:

I am pleased to be here today to discuss key implementation challenges facing the Coast Guard as it transitions into the newly created Department of Homeland Security (DHS). Creating this new department means merging disparate organizational structures, cultures, and systems into a cohesive working unit. The newly created DHS represents one of the largest reorganizations and consolidations of government agencies, personnel, programs, and operations in recent history. The department and agencies within it must deal with a myriad of organizational, human capital, process, technology, and environmental challenges that must be addressed and resolved at the same time that the new department is working to maintain readiness. For these and other reasons, we have designated the implementation and transformation of DHS as a high-risk area.¹

But the Coast Guard, even as a separate entity, was rapidly reinventing itself in many respects in the wake of the terrorist attacks of September 11th. After these attacks, the Coast Guard's priorities and focus had to shift suddenly and dramatically toward protecting the nation's vast and sprawling network of ports and waterways. The National Strategy for Homeland Security² recognizes the important role the Coast Guard now plays in protecting the nation's borders and infrastructure. While homeland security has long been one of the Coast Guard's missions, the agency has for decades focused its efforts on other major national objectives, such as conducting search and rescue operations at sea, preventing and mitigating oil spills and other threats to the marine environment, protecting important fishing grounds, and stemming the flow of illegal drugs and migrants into the United States. September 11th drastically changed the Coast Guard's priorities, and it did so by adding to the agency's many responsibilities rather than by replacing responsibilities that were already in place. For example, the recently enacted Maritime Transportation Security Act³ made the Coast Guard responsible for numerous new port security functions that will likely require sizable personnel and hardware commitments.

¹*Major Management Challenges and Program Risks: Department of Homeland Security (GAO-03-102, January 2003).*

²*National Strategy for Homeland Security, The White House, Office of Homeland Security, July 16, 2002.*

³Pub. L. 107-295, Nov. 25, 2002.

My testimony today, which is based on a large body of work we have completed in recent years, both on governmental reorganization in general and the Coast Guard in particular, focuses on six key factors for implementation success: strategic planning, communication and partnership-building, performance management, human capital, information management and technology, and acquisition management. In prior reports and testimony before the Congress, we have identified these factors as among those that are critical to success in organizational change.⁴ Our recent work in reviewing the Coast Guard has focused on challenges the Coast Guard faces in dealing with these six success factors.

In summary, even though the Coast Guard has in many respects done a credible job of managing such things as strategic planning, partnership-building, and aligning its work force with its missions, it now faces major challenges in implementing all six of the implementation success factors. Its expanded role in homeland security and its relocation in a new agency have changed many of its priorities and working parameters, and its adjustment to this new environment remains a work in process. Thus, there is much work to be done. Some of the work is strategic in nature, such as the need to better define its homeland security mission and the level of resources needed to meet not only its new security mission responsibilities but its existing missions as well. Others include accommodating a sudden surge of thousands of personnel that are being added and trying to ensure that its most ambitious acquisition project—the Deepwater Project to modernize its fleet of cutters and aircraft—is well managed and remains on track. Overlying these challenges is a fundamental tension that the agency faces in balancing its many missions. On the one hand, it must still do the job it has been doing for years in fisheries management, search and rescue work, ship inspections, marine environmental protection, and other areas. On the other hand, a sizable portion of its resources are now deployed in homeland security work. In addition, the Coast Guard is contributing to the military buildup in the Middle East. Effectively addressing these implementation challenges in the context of this overarching tension is a sizeable task.

⁴*Homeland Security: Proposal for Cabinet Agency Has Merit, But Implementation Will Be Pivotal to Success* (GAO-02-886T, June 25, 2002). *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies* (GAO-03-293SP, November 14, 2002). GAO has identified several other factors as important to success, including organizational alignment, knowledge management, financial management, and risk management. However, these factors, as they relate to the Coast Guard were not covered in the scope of completed GAO work.

Background

The Coast Guard has a wide variety of missions, related both to homeland security and its other responsibilities. Table 1 shows a breakout of these missions—both security and non-security related—as delineated under the Homeland Security Act of 2002.⁵

Table 1: Security and Non-Security Missions of the Coast Guard

Mission area	Activities and functions within each mission area
Security Missions:	
Ports, waterway, and coastal security	Conducting harbor patrols, vulnerability assessments, intelligence gathering and analysis, and other activities to prevent terrorist attacks and minimize the damage from attacks that do occur.
Drug interdiction	Deploying cutters and aircraft in high drug trafficking areas and gathering intelligence to reduce the flow of illegal drugs across maritime boundaries.
Migrant interdiction	Deploying cutters and aircraft and conducting vessel inspections to eliminate the flow of undocumented migrants entering the United States by maritime routes.
Defense readiness	Participating with the Department of Defense (DOD) in global military operations; deploying cutters and other boats and aircraft in and around harbors to protect DOD force mobilization operations.
Non-Security Missions:	
Maritime safety	Setting standards and conducting vessel inspections to better ensure the safety of passengers and crew aboard cruise ships, ferries, and other passenger vessels and commercial and fishing vessels; partnering with states and boating safety organizations to reduce recreational boating deaths.
Search and rescue	Operating small boat stations and a national distress and response communication system; conducting search and rescue operations for mariners in distress.
Living marine resources	Protecting our nation’s fishing grounds from foreign encroachment; enforcing domestic fishing laws and regulations through inspections and fishery patrols.
Environmental protection	Preventing and responding to marine oil spills; preventing the illegal dumping of plastics and garbage into our nation’s waters.
Aids to navigation	Maintaining an extensive system of navigation aids in our waterways; monitoring marine traffic through vessel traffic service centers.
Ice operations	Conducting polar operations to facilitate the movement of critical goods and personnel in support of scientific and national security activity; conducting domestic icebreaking operations to facilitate year-round commerce.

Source: U.S. Coast Guard.

The Coast Guard has overall federal responsibility for many aspects of port security and is involved in a wide variety of activities. Using its cutters, boats, and aircraft, the Coast Guard conducts security patrols in and around U.S. harbors, escorts large passenger vessels in ports, and provides protection in U.S. waterways for DOD mobilization efforts. It also gathers and disseminates intelligence information, including gathering information on all large commercial vessels calling at U.S. ports; the

⁵Pub. L. 107-296, Nov. 25, 2002.

agency monitors the movement of many of these vessels in U.S. territorial waters. It conducts port vulnerability assessments; helps state and local port authorities to develop security plans for protecting port infrastructure; and actively participates with state, local, and federal port stakeholders in a variety of efforts to protect port infrastructure and ensure a smooth flow of commerce. In international maritime matters, the Coast Guard is also active in working through the International Maritime Organization to improve maritime security worldwide. It has spearheaded proposals before this organization to implement electronic identification systems, ship and facility security plans, and the undertaking of port security assessments.

The Coast Guard's homeland security role is still evolving; however, its resource commitments to this area are substantial and will likely grow. For example, under the recently enacted Maritime Transportation Security Act, the Coast Guard will likely perform numerous security tasks, such as approving security plans for vessels and waterside facilities, serving on area maritime security advisory committees, assessing antiterrorism measures at foreign ports, and maintaining harbor patrols. The Coast Guard has not yet estimated its costs for these activities; however, the President's fiscal year 2004 budget request includes over \$200 million for new homeland security initiatives, including new patrol boats, additional port security teams, and increased intelligence capabilities.

To provide for the orderly transition of the Coast Guard to DHS on March 1, 2003, the Coast Guard established a transition team last year that identified and began addressing issues that needed attention. Coast Guard officials told us that they patterned their transition process after key practices that we identified as important to successful mergers, acquisitions, and transformations.⁶ The agency's transition team consists of top management, led by the Chief of Staff, and enlists the assistance of numerous staff expertise throughout the agency through matrixing. According to Coast Guard officials, the scope of transition issues spans a wide variety of topics, including administrative and support functions, strategy, outreach and communication issues, legal considerations, and information management. The transition team focuses on both DHS-related issues and on issues related to maintaining an enduring

⁶*Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies (GAO-03-293SP, November 14, 2002).*

relationship with the Department of Transportation (DOT). In addition to its own transition team, senior Coast Guard officials participated with OMB in developing the DHS reorganization plan late last year.⁷ Also, key Coast Guard officials participate on joint DHS and DOT transition teams that have been established to deal with transition issues in each department.

The Coast Guard Faces Numerous Complex Implementation Challenges as It Transitions into DHS

We have testified that, despite the complexity and enormity of the implementation and transformation of DHS, there is likely to be considerable benefit over time from restructuring homeland security functions.⁸ These benefits include reducing risk and improving the economy, efficiency, and effectiveness of these consolidated agencies and programs. In the short term, however, there are numerous complicated challenges that will need to be resolved, making implementation a process that will take considerable time and effort. Reorganizations frequently encounter start-up problems and unanticipated consequences, and it is not uncommon for management challenges to remain for some time. Our past work on government restructuring and reorganization has identified a number of factors that are critical to success in these efforts. Coast Guard officials now involved in transition efforts told us that they are aware of these factors and are addressing many of them as they prepare to move to DHS. Our testimony today focuses on six of these factors—strategic planning, communication and partnership-building, performance management, human capital strategy, information management and technology, and acquisition management—and, based on past work, some of the key challenges the Coast Guard faces in addressing and resolving them.

Strategic Planning

The strategic planning process involves assessing internal and external environments, working with stakeholders, aligning activities, processes, and resources in support of mission-related outcomes. Strategic planning is important within the Coast Guard, which now faces a challenge in

⁷*Department of Homeland Security Reorganization Plan*, November 25, 2002. This plan, required by the Homeland Security Act of 2002, addresses (1) the transfer of agencies, personnel, assets, and obligations to DHS, and (2) any consolidation, reorganization, or streamlining of agencies transferred to DHS.

⁸*Homeland Security: Proposal for Cabinet Agency Has Merit, But Implementation Will Be Pivotal to Success* (GAO-02-886T, June 25, 2002).

merging past planning efforts with the new realities of homeland security. The events of September 11th produced a dramatic shift in resources used for certain missions. Cutters and patrol boats that were normally used offshore were quickly shifted to coastal and harbor security patrols. While some resources have been returned to their more traditional activities, others have not. For example, Coast Guard patrol boats in the nation's Northeast were still conducting security patrols many months later, reducing the number of fisheries patrols by 40-50 percent from previous years. Even now, the Coast Guard continues to face new security-related demands on its resources. Most notably, as part of the current military build-up in the Middle East, the Coast Guard has sent nine cutters to assist the DOD in the event of war with Iraq.⁹

While its greatly expanded homeland security role has already been merged into its day-to-day operations, the Coast Guard faces the need to develop a strategic plan that reflects this new reality over the long term. Where homeland security once played a relatively small part in the Coast Guard's missions, a new plan must now delineate the goals, objectives, strategies, resource requirements, and implementation timetables for achieving this vastly expanded role while still balancing resources among its various other missions. The agency is now developing a strategic deployment plan for its homeland security mission and plans to finish it sometime this year. However, development has not begun on a long-term strategy that outlines how it sees its resources—cutters, boats, aircraft, and personnel—being distributed across all of its various missions, as well as a timeframe for achieving desired balance among missions. We recommended in a recent report to this Subcommittee that the Coast Guard develop such a strategy to provide a focal point for all planning efforts and serve as a basis for spending and other decisions.¹⁰ The Coast Guard has taken this recommendation under advisement but has not yet acted on it.

Communication and Partnership-Building

There is a growing realization that any meaningful results that agencies hope to achieve are likely to be accomplished through matrixed

⁹The Coast Guard is sending one 378-foot high endurance cutter and eight 110-foot patrol boats to the Middle East in support of DOD's Enduring Freedom, the Global War on Terrorism.

¹⁰*Coast Guard: Strategy Needed for Setting and Monitoring Levels of Effort for All Missions* (GAO-03-155, November 12, 2002).

relationships or networks of governmental and nongovernmental organizations working together. These relationships exist on at least three levels. First, they exist within and support the various internal units of an agency. Second, they include the relationships among the components of a parent department, such as DHS. Third, they are also developed externally, to include relationships with other federal, state, and local agencies, as well as private entities and domestic and international organizations. Our work has shown that agencies encounter a range of barriers when they attempt coordination across organizational boundaries.¹¹ Such barriers include agencies' concerns about protecting jurisdictions over missions and control of resources, differences in procedures, processes, data systems that lack interoperability, and organizational cultures that may make agencies reluctant to share sensitive information.

Specifically, our work has shown that the Coast Guard faces formidable challenges with respect to establishing effective communication links and building partnerships both within DHS and with external organizations. While most of the 22 agencies moving to DHS will report to under secretaries for the department's various directorates,¹² the Coast Guard will remain a separate entity reporting directly to the Secretary of DHS. According to Coast Guard officials, the Coast Guard has important functions that will require coordination and communication with all of these directorates, particularly the Border and Transportation Security Directorate. For example, the Coast Guard plays a vital role with Customs, Immigration and Naturalization Service, the Transportation Security Administration, and other agencies that are organized in the Directorate of Border and Transportation Security. Because the Coast Guard's homeland security activities require interface with these and a diverse set of other agencies organized within several DHS directorates, communication, coordination, and collaboration with these agencies is paramount to achieve department-wide results.

Effective communication and coordination with agencies outside the department is also critical to achieving the homeland security objectives,

¹¹*Managing for Results: Barriers to Interagency Coordination*, (GAO/GGD-00-106, March 9, 2000).

¹²Most agencies within DHS are organized within one of the four directorates: Science and Technology, Information Analysis and Infrastructure Protection, Border and Transportation Security, and Emergency Preparedness and Response.

and the Coast Guard must maintain numerous relationships with other public and private sector organizations outside DHS. For example, according to Coast Guard officials, the Coast Guard will remain an important participant in DOT's strategic planning process, since the Coast Guard is a key agency in helping to maintain the maritime transportation system. Also, the Coast Guard maintains navigation systems used by DOT agencies such as the Federal Aviation Administration. In the homeland security area, coordination efforts will extend well beyond our borders to include international agencies of various kinds. For example, the Coast Guard, through its former parent agency, DOT, has been spearheading U.S. involvement in the International Maritime Organization. This is the organization that, following the September 11th attacks, began determining new international regulations needed to enhance ship and port security. Also, our work assessing efforts to enhance our nation's port security has underscored the formidable challenges that exist in forging partnerships and coordination among the myriad of public and private sector and international stakeholders.¹³

Performance Management

A performance management system that promotes the alignment of institutional, unit, and individual accountability to achieve results is an essential component for organizational success. Our work has shown performance management is a key component of success for high-performing, results-oriented organizations. High-performing organizations have recognized that a key element of a fully successful performance management system is aligning individual employees' performance expectations with agency goals so that employees can see how their responsibilities contribute to organizational goals. These organizations (1) define clear missions and desired outcomes, (2) measure performance as a way of gauging progress toward these outcomes, and (3) use performance information as a basis for decision-making.¹⁴ In stressing these actions, a good performance management system fosters accountability.

The changed landscape of national security work presents a challenge for the Coast Guard's own performance management system. The Coast

¹³ *Container Security: Current Efforts to Detect Nuclear Materials, New Initiatives, and Challenges* (GAO-03-297T, November 18, 2002). *Port Security: Nation Faces Formidable Challenges in Making New Initiatives Successful* (GAO-02-993T, August 5, 2002).

¹⁴ *Executive Guide: Effectively Implementing the Government Performance and Results Act* (GAO/GGD-96-118, June 1, 1996).

Guard has applied the principles of performance management for most of its missions, but not yet for homeland security. However, the Coast Guard has work under way to define its homeland security mission and the desired outcomes stemming from that mission. The Coast Guard expects to have such measures this year and begin collecting data to gauge progress in achieving them. Progress in this area will be key in the Coast Guard's ability to make sound decisions regarding its strategy for accomplishing its security mission as well as its various other missions.

Human Capital Strategy

In any organization, people are its most important asset. One of the major challenges agencies face is creating a common organizational culture to support a unified mission, common set of core values, and organization-wide strategic goals. The Coast Guard, like the 21 other agencies moving to DHS, will have to adjust its own culture to work effectively within the department. The Coast Guard also faces other important new human capital challenges. For example, to deal with its expanded homeland security role and meet all of its other responsibilities, the Coast Guard expects to add thousands of new positions over the next 3 years. The Coast Guard acknowledges that such a large increase could well strain the agency's ability to hire, develop, and retain talent. Coast Guard officials acknowledge that providing timely training for the 2,200 new personnel it plans to bring on by the end of fiscal year 2003 and the additional 1,976 staff it plans to add by the end of fiscal year 2004 will likely strain its training capabilities. Compounding this challenge is that over the next decade, the Coast Guard is modernizing its entire fleet of cutters and aircraft with more modern, high technology assets that require a higher skill level to operate and maintain.

Information Management and Technology

One factor that often contributes to an organization's ineffectiveness or failure is the lack of accurate, complete, and timely information. Sometimes this lack of information contributes to the failure of a system or to cumbersome systems that cannot be effectively coordinated. In other instances, however, it can relate to the institutional willingness to share information across organizational boundaries. Concerns about information management have been well chronicled in the discussions about establishing DHS. Programs and agencies will be brought together from throughout the government, each bringing its own systems. Integrating these diverse systems will be a substantial undertaking.

The Coast Guard is among several agencies moving to DHS that will bring with it existing information technology problems. For example, 14 years

after legislation was passed requiring the Coast Guard to develop a vessel identification system to share vessel information, no such system exists, and future plans for developing the system are uncertain.¹⁵ Given today's heightened state of homeland security, such a system has even more potential usefulness. Coast Guard officials stated that law enforcement officials could use a vessel identification system to review all vessels that have been lost or stolen and verify ownership and law enforcement history.

Acquisition Management

Sound acquisition management is central to accomplishing the department's mission. DHS is expected to spend billions annually to acquire a broad range of products, technologies, and services. Getting the most from this investment will depend on how well DHS manages its acquisition activities. Our reports have shown that some of the government's largest procurement operations need improvement.

The Coast Guard has major acquisitions that pose significant challenges. The agency is involved in two of the most costly procurement programs in its history—the \$17 billion Integrated Deepwater Project to modernize its entire fleet of cutters and aircraft, and the \$500 million national response and distress system, called Rescue 21, to increase mariner safety. We have been reviewing the planning effort for the Deepwater Project for a number of years, and the agency's management during the planning phase was among the best of the federal agencies we have evaluated, providing a solid foundation for the project. While we believe the Coast Guard is in a good position to manage this acquisition effectively, the current phase of the project represents considerably tougher management challenges. The major challenges are:

- **Controlling costs.** Under the project's contracting approach, the responsibility for the project's success lies with a single systems integrator and its contractors for a period of 20 years or more. This approach starts the Coast Guard on a course potentially expensive to alter once funding has been committed and contracts have been signed. Moreover, this approach has never been used on a procurement of this size or complexity, and, as a result, there are no models in the federal government to guide the Coast Guard in developing its acquisition strategy. In response

¹⁵*Coast Guard: Vessel Identification System Development Needs to Be Reassessed.* (GAO-02-477, May 24, 2002).

to the concerns we and others have raised about this approach, the Coast Guard developed cost-related processes and policies, including establishing prices for deliverables, negotiating change order terms, and developing incentives.

- **Stable sustained funding.** The project's unique contracting approach is based on having a steady, predictable funding stream of \$500 million in 1998 dollars (\$544.4 million in 2003 dollars) over the next 2 to 3 decades. Significant reductions in levels from planned amounts could result in reduced operations, increased costs, and/or schedule delays, according to the Coast Guard. Already the funding stream is not materializing as the Coast Guard planned. The 2002 fiscal year appropriation for the project was about \$18 million below the planned level. The fiscal year 2003 transportation appropriations have not yet been signed into law; however, the Senate appropriations committee has proposed \$480 million for the Deepwater Project, and the House appropriations committee proposed \$500 million.
- **Contractor oversight.** Because the contracting approach is unique and untried, the challenges in managing and overseeing the project will become more difficult. To address these challenges, the Coast Guard's plans require the systems integrator to implement many management processes and procedures according to best practices. While these practices are not yet fully in place, in May 2002, the Coast Guard released its Phase 2 Program Management Plan, which establishes processes to successfully manage, administer, monitor, evaluate, and report contract performance.
- **Unproven technology.** Our reviews of other acquisitions have shown that reliance on unproven technology is a frequent contributor to escalated costs, schedule and delays, and compromised performance standards. While the Coast Guard has successfully identified technologies that are sufficiently mature, commercially available, and proven in similar applications for use in the first 7 years of the project, it has no structured process to assess and monitor the potential risk of technologies proposed for use in later years. Specifically, the Coast Guard has lacked uniform and systematic criteria, which is currently available, to judge the level of a technology's readiness, maturity, and risk. However, in response to our 2001 recommendation, the Coast Guard is incorporating a technology readiness assessment in the project's risk management process. Technology readiness level assessments are to be performed for technologies identified in the design and proposal preparation and procurement stages of the project.

For these and other reasons, our most recent series of Performance and Accountability Reports continues to list the Deepwater Project as a project

meriting close management attention.¹⁶ We will continue to assess the department's actions in these areas.

The Coast Guard's move to DHS may complicate these challenges further. For example, central to the acquisition strategy for the Deepwater Project is a clear definition of goals, needs, and performance capabilities, so that a contractor can design a system and a series of acquisitions that can be carried out over 2 to 3 decades, while meeting the Coast Guard's needs throughout this time. These system goals and needs were all developed prior to September 11th. Whether the Coast Guard's evolving homeland security mission will affect these requirements remains to be seen. Properly aligning this program within the overall capital needs of DHS is critical to ensuring the success of the Deepwater Project. Also, the Homeland Security Act of 2002 requires the Secretary of DHS to submit a report to the Congress on the feasibility of accelerating the rate of procurement of the Deepwater Project. If the project is accelerated, even greater care would need to be exercised in managing a project that already carries numerous risks.

In conclusion, these challenges are daunting but not insurmountable. The Coast Guard continues to do an admirable job of adapting to its new homeland security role through the hard work and dedication of its people, and it has the management capability to address the implementation issues discussed here as well. However, reorganizations frequently encounter startup problems and unanticipated consequences, and even in the best of circumstances, implementation is a lengthy process that requires a keen focus, the application of sound management principles, and continuous reexamination of challenges and issues associated with achieving desired outcomes. As the Coast Guard addresses these and other challenges in the future, we will continue to monitor its efforts as part of our ongoing work on homeland security issues, and we will be prepared to report to you on this work as you deem appropriate.

Madame Chair, this concludes my testimony today. I would be pleased to respond to any questions that you or members of the Subcommittee may have at this time.

¹⁶*Major Management Challenges and Program Risks: Department of Transportation* (GAO-03-108; January 30, 2003).

Contacts and Acknowledgements

For information about this testimony, please contact JayEtta Z. Hecker, Director, Physical Infrastructure, at (202) 512-2834, or heckerj@gao.gov. Individuals making key contributions to this testimony include Christopher Jones, Sharon Silas, Stan Stenersen, and Randall Williamson.

Related GAO Products

Major Management Challenges and Program Risks: Department of Transportation. [GAO-03-108](#). Washington, D.C.: January 30, 2003.

Major Management Challenges and Program Risks: Department of Homeland Security. [GAO-03-102](#). Washington, D.C.: January 30, 2003.

Homeland Security: Management Challenges Facing Federal Leadership. [GAO-03-260](#). Washington, D.C.: December 20, 2002.

Container Security: Current Efforts to Detect Nuclear Materials, New Initiatives, and Challenges. [GAO-03-297T](#). New York, NY: November 18, 2002.

Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies. [GAO-03-293SP](#). Washington, D.C.: November 14, 2002.

Coast Guard: Strategy Needed for Setting and Monitoring Levels of Effort for All Missions. [GAO-03-155](#). Washington, D.C.: November 12, 2002.

National Preparedness: Technology and Information Sharing Challenges. [GAO-02-1048R](#). Washington, D.C.: August 30, 2002.

Homeland Security: Effective Intergovernmental Coordination Is Key to Success. [GAO-02-1011T](#). Washington, D.C.: August 20, 2002.

Port Security: Nation Faces Formidable Challenges in Making New Initiatives Successful. [GAO-02-993T](#). Washington, D.C.: August 5, 2002.

Homeland Security: Critical Design and Implementation Issues. [GAO-02-957T](#). Washington, D.C.: July 17, 2002.

Managing for Results: Using Strategic Human Capital Management to Drive Transformational Change. [GAO-02-940T](#). Washington, D.C.: July 15, 2002.

Homeland Security: Title III of the Homeland Security Act of 2002. [GAO-02-927T](#). Washington, D.C.: July 9, 2002.

Homeland Security: Intergovernmental Coordination and Partnerships Will Be Critical to Success. [GAO-02-899T](#). Washington, D.C.: July 1, 2002.

Homeland Security: New Department Could Improve Coordination but May Complicate Priority Setting. [GAO-02-893T](#). Washington, D.C.: June 28, 2002.

Homeland Security: Proposal for Cabinet Agency Has Merit, But Implementation Will Be Pivotal to Success. [GAO-02-886T](#). Washington, D.C.: June 25, 2002.

Homeland Security: Key Elements to Unify Efforts Are Underway but Uncertainty Remains. [GAO-02-610](#). Washington, D.C.: June 7, 2002.

National Preparedness: Integrating New and Existing Technology and Information Sharing into an Effective Homeland Security Strategy. [GAO-02-811T](#). Washington, D.C.: June 7, 2002.

Coast Guard: Vessel Identification System Development Needs to Be Reassessed. [GAO-02-477](#). Washington, D.C.: May 24, 2002.

National Preparedness: Integration of Federal, State, Local, and Private Sector Efforts Is Critical to an Effective National Strategy for Homeland Security. [GAO-02-621T](#). Washington, D.C.: April 11, 2002.

Coast Guard: Budget and Management Challenges for 2003 and Beyond. [GAO-02-538T](#). Washington, D.C.: March 19, 2002.

Homeland Security: Progress Made, More Direction and Partnership Sought. [GAO-02-490T](#). Washington, D.C.: March 12, 2002.

Homeland Security: Challenges and Strategies in Addressing Short- and Long-Term National Needs. [GAO-02-160T](#). Washington, D.C.: November 7, 2001.

Coast Guard: Actions Needed to Mitigate Deepwater Project Risks. [GAO-01-659T](#). Washington, D.C.: May 3, 2001.

Coast Guard: Progress Being Made on Deepwater Project, but Risks Remain. [GAO-01-564](#). Washington, D.C.: May 2, 2001.

Managing for Results: Barriers to Interagency Coordination. [GAO/GGD-00-106](#). Washington, D.C.: March 9, 2000.

Executive Guide: Effectively Implementing the Government Performance and Results Act. [GAO/GGD-96-118](#). Washington, D.C.: June 1, 1996.