



Highlights of [GAO-07-575T](#), a report to before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, U.S. House of Representatives

Why GAO Did This Study

The Coast Guard's Deepwater program is a 25-year, \$24 billion plan to replace or modernize its fleet of vessels and aircraft. While there is widespread acknowledgment that many of the Coast Guard's aging assets need replacement or renovation, concerns exist about the acquisition approach the Coast Guard adopted in launching the Deepwater program. From the outset, GAO has expressed concern about the risks involved with the Coast Guard's acquisition strategy, and continues to review Deepwater program management.

This statement discusses (1) the Coast Guard's acquisition approach for the Deepwater program; (2) Coast Guard efforts to manage the program, hold contractors accountable, and control costs through competition; (3) the status of the Coast Guard's efforts to acquire new or upgraded Deepwater assets; and (4) operational challenges the Coast Guard is facing because of performance and design problems with Deepwater patrol boats.

What GAO Recommends

This testimony contains no recommendations. In 2004, GAO made 11 recommendations on management and oversight, contractor accountability, and cost control through competition. In addition, in April 2006 we reported that progress had been made, but continued monitoring was warranted.

www.gao.gov/cgi-bin/getrpt?GAO-07-575T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Stephen L. Caldwell at (202) 512-9610 or CaldwellS@gao.gov.

COAST GUARD

Status of Efforts to Improve Deepwater Program Management and Address Operational Challenges

What GAO Found

In 2001, we described the Deepwater program as "risky" due to the unique, untried acquisition strategy for a project of this magnitude. The Coast Guard used a system-of-systems approach to replace deteriorating assets with a single, integrated package of assets. The Coast Guard also used a system integrator—which relies on a contractor for requirements development, design, and source selection of major system and subsystem subcontractors. The Deepwater program is also a performance-based acquisition, meaning that it is structured around the results to be achieved rather than the manner in which the work is performed. If performance-based acquisitions are not appropriately planned and structured, there is an increased risk that the government may receive products or services that are over cost estimates, delivered late, and of unacceptable quality.

From the program's outset, GAO has raised concerns about the risks involved with the Coast Guard's Deepwater acquisition strategy. In 2004, GAO reported that program management, contractor accountability, and cost control were all challenges, and made recommendations in these areas. The Coast Guard has taken some actions to address these issues.

Of the 10 classes of upgraded or new Deepwater aircraft and vessels, the delivery record for first-in-class assets (that is, the first asset to be delivered within each class) is mixed. Specifically, 7 of the 10 asset classes are on or ahead of schedule, while 3 asset classes are currently behind schedule due to various problems related to designs, technology, or funding.

The Coast Guard is facing operational challenges because of performance and design problems with Deepwater patrol boats. Specifically, in November 2006, performance problems led the Coast Guard to suspend all normal operations of the 123-foot patrol boats that had been converted from 110-foot patrol boats. In addition, in February 2006, the Coast Guard suspended design work on the Fast Response Cutter, due to design risks that has led to a delivery delay for the vessel.

Deepwater Vessel and Aircraft Classes

National Security Cutter (NSC)	Offshore Patrol Cutter (OPC)	Fast Response Cutter (FRC)	Short-Range Prosecutor (SRP)	Long-Range Interceptor (LRI)
HH-65 Multi-Mission Cutter Helicopter (MCH)	HH-60 Medium Range Recovery Helicopter (MRR)	Maritime Patrol Aircraft (MPA)	HV-911 Vertical Takeoff Unmanned Aerial Vehicle (VUAV)	Long-Range Surveillance Aircraft (LRS)

Source: U.S. Coast Guard.