



Highlights of [GAO-05-651T](#), a testimony before the Subcommittee on Fisheries and the Coast Guard, Committee on Commerce, Science, and Transportation, U.S. Senate

### Why GAO Did This Study

In 2002, the Coast Guard began a multiyear, \$19 billion to \$24 billion acquisition program to replace or modernize its fleet of deepwater aircraft and cutters, so called because they are capable of operating many miles off the coast. For several years now, the Coast Guard has been warning that the existing fleet—especially cutters—was failing at an unsustainable rate, and it began studying options for replacing or modernizing the fleet more rapidly. Faster replacement is designed to avoid some of the costs that might be involved in keeping aging assets running for longer periods.

This testimony, which is based both on current and past GAO work, addresses several issues related to these considerations: (1) changes in the condition of deepwater legacy assets during fiscal years 2000 through 2004; (2) actions the Coast Guard has taken to maintain and upgrade deepwater legacy assets; and (3) management challenges the Coast Guard faces in acquiring new assets, especially if a more aggressive schedule is adopted.

[www.gao.gov/cgi-bin/getrpt?GAO-05-651T](http://www.gao.gov/cgi-bin/getrpt?GAO-05-651T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Margaret Wrightson at (415) 904-2200 or [wrightsonm@gao.gov](mailto:wrightsonm@gao.gov).

## COAST GUARD

# Preliminary Observations on the Condition of Deepwater Legacy Assets and Acquisition Management Challenges

### What GAO Found

Available Coast Guard condition measures indicate that the Coast Guard’s deepwater legacy aircraft and cutters are generally declining, but these measures are inadequate to capture the full extent of the decline in the condition of deepwater assets with any degree of precision. GAO’s field visits and interviews with Coast Guard staff, as well as reviews of other evidence, showed significant problems in a variety of the assets’ systems and equipment. The Coast Guard has acknowledged that it needs to develop condition measures that more clearly demonstrate the extent to which asset conditions affect mission capabilities, but such measures have not yet been finalized or implemented.

The Coast Guard has taken several types of actions to help keep the deepwater legacy assets operational, but these actions, while helpful, may not fully address mission capability issues and may require additional funding. For example, to help meet mission requirements, Coast Guard staff are performing more extensive maintenance between deployments, but even so, aircraft and cutters continue to lose mission capabilities. One Coast Guard command is using a new approach to help sustain the oldest class of cutters, but this approach will likely require additional funds—something not included thus far in Coast Guard budget plans or requests.

If the Coast Guard adopts a more aggressive acquisition schedule, it will likely continue to face a number of challenges that have already affected its ability to effectively manage the Deepwater program. GAO has warned that the Coast Guard’s acquisition strategy, which relies on a prime contractor (“system integrator”) to identify and deliver the assets needed, carries substantial risks. In 2004, well into the contract’s second year, key components for managing the program and overseeing the system integrator’s performance had not been effectively implemented. While the Coast Guard has been addressing these problems—for example, putting more emphasis on competition as a means to control costs—many areas have not been fully addressed. A more aggressive acquisition schedule would only heighten the risks.

U. S. Coast Guard Deepwater Legacy Assets



Source: Photographs courtesy of the U.S. Coast Guard.