

# CRS Report for Congress

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## Homeland Security: Coast Guard Operations — Background and Issues for Congress

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### Summary

The Coast Guard is the lead federal agency for maritime homeland security. The Coast Guard's homeland security operations pose several potential issues for Congress, including adequacy of Coast Guard resources for performing both homeland security and non-homeland security missions, and Coast Guard coordination with other agencies involved in maritime homeland security. This report will be updated as events warrant.

### Background

**The Coast Guard's Role in Homeland Security.** The Coast Guard, which is a part of the Department of Homeland Security (DHS), is the lead federal agency for maritime homeland security. Section 888(a)(2) of The Homeland Security Act of 2002 (P.L. 107-296 of November 25, 2002), which established DHS, specifies five homeland security missions for the Coast Guard: (1) ports, waterways, and coastal security, (2) drug interdiction, (3) migrant interdiction, (4) defense readiness, and (5) other law enforcement.<sup>1</sup> Under the Ports and Waterways Safety Act of 1972 (P.L. 92-340) and the Maritime Transportation Security Act (MTSA) of 2002 (P.L. 107-295 of November 25, 2002), the Coast Guard has responsibility to protect vessels and harbors from subversive acts. The Coast Guard issued final rules implementing MTSA on October 22, 2003 (see 68 Fed. Reg. 60448).<sup>2</sup> With regard to port security, the Coast Guard is responsible for evaluating, boarding, and inspecting commercial ships approaching U.S. waters, countering terrorist threats in U.S. ports, and helping protect U.S. Navy ships in U.S. ports. A Coast Guard officer in each port area is the Captain of the Port (COTP), who is the lead federal official for security and safety of vessels and waterways in that area.

<sup>1</sup> Section 888(a)(1) defines the Coast Guard's non-homeland security missions as (1) marine safety, (2) search and rescue, (3) aids to navigation, (4) living marine resources (fisheries law enforcement), (5) marine environmental protection, and (6) ice operations.

<sup>2</sup> For more on port security, including the roles of other federal and local agencies, as well as industry, see CRS Report RL31733, *Port and Maritime Security: Background and Issues for Congress*, by John F. Frittelli.

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**Homeland Security In FY2006 Coast Guard Budget<sup>3</sup>.** The Coast Guard states that its proposed FY2006 budget contains almost \$200 million for starting or continuing homeland security initiatives. The Coast Guard states that its homeland security budget initiatives are guided by four policy and resource-investment pillars:

- **Enhance Maritime Domain Awareness (MDA).** MDA refers to knowing at all times what is happening in the maritime domain, particularly with regard to merchant ships that are in or near U.S. waters or might be headed toward the United States. The Coast Guard wants to improve its MDA by implementing a C4ISR (command, control, communications, computers, intelligence, surveillance, and reconnaissance) system that integrates ashore, afloat, and airborne elements. The Coast Guard's proposed FY2006 budget contains more than \$122 million for enhanced MDA.
- **Build and administer an effective maritime security regime.** This refers to establishing and overseeing domestic and international security standards for ships and ports, so as to shape the maritime security environment in a way that reduces threats and vulnerabilities and mitigates the consequences of maritime security incidents. This area includes \$13 million in the Coast Guard's proposed FY2006 budget for continued implementation of MTSA.
- **Increase Operational Presence.** This refers to implementing a layered defense for countering maritime threats as far from U.S. shores as possible, in part by organizing and sustaining a public-private sector partnership and increasing international cooperation. The Coast Guard's proposed FY2006 budget contains about \$7 million for increased operational presence.
- **Improve response posture.** This refers to establishing and maintaining enhanced maritime security readiness, including layered maritime security operations for selective area control and denial, heightened levels of emergency preparedness, and targeted responses to the threat of terrorism.

Programs in the FY2006 Coast Guard Budget that support one or more of these four pillars include, among others, the Deepwater program,<sup>4</sup> the Automatic Identification System (AIS), Rescue-21, the High Frequency Communication Recapitalization program, the Common Operational Picture (COP), Maritime Patrol Aircraft (MPA) gap reduction, installation of mission equipment on Coast Guard HC-130J aircraft, airborne use of force, cutter boat — over the horizon, and the small and medium response boat programs.

Of the Coast Guard's \$8.146-billion budget request for FY2006, \$5.547 billion is for the Operating Expenses (OE) account that finances daily operations. Of the total

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<sup>3</sup> Sources for information in this section: U.S. Department of Homeland Security, United States Coast Guard, *FY 2005 Report[:] FY2004 Performance Report [and] FY 2006 Budget In Brief*, pp. 6-7, 43, and 52; and testimony of Admiral Thomas Collins, Commandant of the Coast Guard, before the Homeland Security Subcommittee of the House Appropriations Committee on March 10, 2005.

<sup>4</sup> For more on the Deepwater program, see CRS Report RS21019, *Coast Guard Deepwater Program: Background and Issues for Congress*, by Ronald O'Rourke.

requested for the OE account, \$2,625 million, or about 47%, is requested for the Coast Guard's five homeland security missions, including \$1.576 billion (28%) for ports, waterways, and coastal security, \$720 million (13%) for drug interdiction, \$181 million (3%) for migrant interdiction, \$99 million (2%) for defense readiness, and \$48 million (1%) for other law enforcement.

In addition to its proposed FY2006 budget, the Coast Guard on April 12, 2005 submitted to Congress draft language for a Coast Guard authorization act for 2005 containing sixteen provisions that the Coast Guard said would provide important new authorities, as well as expansions and clarifications of existing authorities. Several of these authorities related to credentials for merchant mariners. Others would extend the Coast Guard's vessel anchorage and movement authority to the 12-mile limit of U.S. territorial waters and enhance penalties for violating MTSA.<sup>5</sup>

## Issues for Congress

Potential issues for Congress concerning the Coast Guard's homeland security operations include, among others, the following:

- the sufficiency of Coast Guard funding, assets, and personnel levels for adequately performing both homeland security and non-homeland security missions;
- the division of the Coast Guard's budget between homeland security and non-homeland security missions;
- whether the Coast Guard is achieving sufficient interoperability and coordination with other DHS, federal, state, and local authorities involved in the maritime aspects of homeland security, including coordination of operations and coordination and sharing of intelligence;
- monitoring compliance with the facility and vessel security plans that the Coast Guard has reviewed and approved;
- how the Coast guard assesses security risks to various ports and prioritizes these risks for allocating port-security funding;
- completing foreign port security assessments;
- implementing a long-range vessel-tracking system required by MTSA;
- implementing AIS;
- inland waterway security; and
- response plans for maritime security incidents.

In March 2005, the Government Accountability Office (GAO) testified that:

The Maritime Transportation Security Act of 2002 charged the Coast Guard with many maritime homeland security responsibilities, such as assessing port vulnerabilities and ensuring that vessels and port facilities have adequate security plans, and the Coast Guard has worked hard to meet these requirements. GAO's reviews of these efforts have disclosed some areas for attention as well, such as developing ways to ensure that security plans are carried out with vigilance. The

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<sup>5</sup> For a discussion, see Department of Homeland Security, U.S. Coast Guard, Statement of Admiral Thomas H. Collins on Homeland Security Missions of the Post-9/11 Coast Guard Before the Committee on Homeland Security, U.S. House of Representatives, June 8, 2005, pp. 5-6.

Coast Guard has taken steps to deal with some of these areas, but opportunities for improvement remain.

The Coast Guard has three efforts under way that hold promise for enhancing mission performance but also merit ongoing attention. One is a new coastal communication system. The fiscal year 2006 budget request includes \$101 million to move the system forward. A successful system would help almost all Coast Guard missions, but to develop it the Coast Guard must build more than 300 towers along the nation's coasts, some of them in environmentally sensitive areas. The second effort involves restructuring the Coast Guard's field units — tying resources and command authority closer together. This effort represents a major organizational change, and as such, it may be challenging to implement successfully. The third effort, enhancing readiness at the Coast Guard's stations for search and rescue and other missions, remains a work in process.

The Deepwater program, which would receive \$966 million under the budget request, appears to merit the most ongoing attention. GAO reviews of this program have shown that the Coast Guard clearly needs new or upgraded assets, but the Coast Guard's contracting approach carries a number of inherent risks that, left unaddressed, could lead to spiraling costs and slipped schedules. The Coast Guard is taking some action in this regard, but GAO continues to regard this approach as carrying substantial risk. Some expansion of cost and slippage in schedule has already occurred.<sup>6</sup>

A January 2005 GAO report on Coast Guard station readiness stated:

The Coast Guard does not yet know the extent to which station readiness needs have been affected by post-September 11 changes in mission priorities, although increases in homeland security operations have clearly affected activities and presumably affected readiness needs as well. Following the attacks, stations in and near ports received the bulk of port security duties, creating substantial increases in workloads. The Coast Guard is still in the process of defining long-term activity levels for homeland security and has yet to convert the homeland security mission into specific station readiness requirements. Until it does so, the impact of these new duties on readiness needs cannot be determined. The Coast Guard says it will revise readiness requirements after security activity levels have been finalized.

Increased staffing, more training, new boats, more personal protection equipment (such as life vests), and other changes have helped mitigate many long-standing station readiness concerns. However, stations have been unable to meet current Coast Guard standards and goals in the areas of staffing and boats, an indication that stations are still significantly short of desired readiness levels in these areas. Also, because Coast Guard funding practices for personal protection equipment have not changed, stations may have insufficient funding for such equipment in the future.

The Coast Guard does not have an adequate plan in place for addressing remaining readiness needs. The Coast Guard's strategic plan for these stations has not been updated to reflect increased security responsibilities, and the agency lacks specific planned actions and milestones. Moreover, the Coast Guard has yet to

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<sup>6</sup> Government Accountability Office, *COAST GUARD[:] Observations on Agency Priorities in Fiscal Year 2006 Budget Request*, GAO-05-364T, Mar. 17, 2005.

develop measurable annual goals that would allow the agency and others to track stations' progress.<sup>7</sup>

A November 2004 report by the DHS Inspector General stated:

The Coast Guard faces three major barriers to improving and sustaining its readiness to perform its legacy missions. First, the lack of a comprehensive and fully defined performance management system impedes the Coast Guard's ability to gauge its performance, allocate resources effectively, and target areas for improved performance. The Coast Guard has yet to comprehensively define a performance management system that includes all the input, output, and outcomes needed to gauge results and target performance improvements, balance its missions, and ensure the capacity and readiness to respond to future crisis or major terrorist attacks. Second, the workload demands on the Coast Guard will continue to increase as it implements MTSA. This complex work requires experienced and trained personnel; however, the Coast Guard has in recent years suffered from declining experience levels among its personnel. Third, sustaining a high operating tempo due to growing homeland security demands, such as added port, waterway, and coastal security patrols, will tax the Coast Guard's infrastructure including its aging cutter and aircraft fleet.<sup>8</sup>

The report also stated:

The Coast Guard faces challenges in fully implementing MTSA and enforcing the required vessel, facility, and area security plans.... These plans are to be implemented in concert with the national security and homeland defense strategies and plans. The Coast Guard must ensure that these plans are effectively implemented, including its key and unique role of ensuring the MTSA regulations are enforced. In addition, the Coast Guard must identify, target, track, board, inspect, and escort high interest vessels that may pose a substantial risk to U.S. ports due to the composition of the vessel's crew, passengers, or cargo.... The Coast Guard faces a major management challenge to validate and fully implement these targeting procedures.<sup>9</sup>

A June 2004 GAO report stated:

Owners and operators have made progress in developing security plans for their port facilities and vessels. However, the extent to which the Coast Guard will have reviewed and approved the approximately 12,300 individual plans by July 1, 2004, varies considerably. About 5,900 plans were being developed under an option allowing owners and operators to self-certify that they would develop and implement plans by July 1, using industry-developed, Coast Guard-approved standards and templates. These individual plans will not be reviewed before July 1 unless owners or operators choose to submit them for review. The remaining 6,400 plans went through a review process established by the Coast Guard. Every plan required revisions, some of which were significant. As of June 2004 — 1 month before the deadline for implementation — more than half of the 6,400 plans were still in process. The Coast Guard took steps to speed up the process and to allow facilities and vessels

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<sup>7</sup> Government Accountability Office, *COAST GUARD[:] Station Readiness Improving, but Resource Challenges and Management Concerns Remain*, GAO-05-161, Jan. 2005.

<sup>8</sup> Department of Homeland Security, Office of Inspector General, *Major Management Challenges Facing The Department Of Homeland Security*, Nov. 2004, p. 17.

<sup>9</sup> *Ibid.*, p. 17.

to continue operating with less than full plan approval after July 1, as long as the Coast Guard was satisfied with their progress. The Coast Guard's strategy for monitoring and overseeing security plan implementation will face numerous challenges. Whether the Coast Guard will be able to conduct timely on-site compliance inspections of all facilities and vessels is uncertain because questions remain about whether the Coast Guard will have enough inspectors; a training program sufficient to overcome major differences in experience levels; and adequate guidance to help inspectors conduct thorough, consistent reviews. Another challenge is to ensure inspections reflect assessments of the normal course of business at facilities and aboard vessels.<sup>10</sup>

## Legislative Activity in 2005

**H.R. 889 (Coast Guard and Maritime Transportation Act of 2005).** Section 101 authorizes FY2006 appropriations for the Coast Guard. Section 102 authorizes an active-duty end strength of 45,500 for the Coast Guard for FY2005 and FY2006.

**S. 1280 (Coast Guard Authorization Act of 2005).** Section 101 authorizes FY2006 appropriations for the Coast Guard. Section 102 authorizes an active-duty end strength of 45,500 for the Coast Guard for FY2006. Section 201 extends the Coast Guard's vessel anchorage and movement authority to all U.S. territorial waters. Section 202 enhances penalties for violations of the Maritime Transportation Security Act. Section 204 requires DHS to submit a report on opportunities for co-locating Coast Guard assets and personnel at facilities of other U.S. armed forces. Section 207 permits the Coast Guard to provide technical assistance, including law enforcement and maritime safety and security training, to foreign navies, coast guards, and other maritime authorities. Section 212 requires a report on the status of implementing Government Accountability Office recommendations concerning management of the Deepwater program. Section 213 requires the submission of a revised Deepwater program baseline that justifies the projected numbers and capabilities of each asset and compresses the program's acquisition period to 10 or 15 years. Section 215 authorizes a pilot program for long-range tracking of vessels using satellites systems with an existing non-profit maritime organization with demonstrated capabilities in this area.

**H.R. 2360 (FY2006 DHS Appropriations Bill).** This bill makes FY2006 appropriations for DHS, including the Coast Guard. For more on FY2006 appropriations for DHS, including the Coast Guard, see CRS Report RL32863, *Homeland Security Department: FY2006 Appropriations*.

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<sup>10</sup> U.S. General Accounting Office, *Maritime Security: Substantial Work Remains to Translate New Planning Requirements into Effective Port Security*, GAO-04-838, June 2004.