

ISSUE BRIEF

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Congress Should Support the Coast Guard's Modernization Efforts

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With responsibilities ranging from drug interdiction to search and rescue—and an expanding area of operation in the Arctic—the Coast Guard will see its workload only increase in the future. Therefore, Congress should support the sea service's modernization efforts by ensuring that they properly replace aging assets with new cutters and aviation assets.

External Pressure

In addition to the Coast Guard's internal budget concerns, it will be facing capability problems due to external cuts as well. The Navy will decommission its entire fleet of *Oliver Hazard Perry*-class frigates by the end of 2015, some of which have played an integral role in Joint Interagency Task Force South, serving as platforms from which Coast Guard interdiction teams deploy to intercept drug-running vessels.¹

Military officials have stated that the intended replacement Littoral Combat Ships will not be ready in time to fill the role vacated by these frigates.² Task force officials have explained how its missions will suffer as a result of capability shortfalls.³ The Coast Guard's revitalization efforts are therefore even more critical.

Some Progress, Some Concern in Cutter Fleet

The Coast Guard's primary initiatives involve modernizing its cutter fleet. Three new classes of cutter are currently replacing legacy craft or are in development: the National Security Cutter (NSC), Offshore Patrol Cutter (OPC), and Fast Response Cutter (FRC). The Coast Guard has seen progress in some of these programs but potential shortfalls in others.

National Security Cutter. The NSC is the new flagship of the Coast Guard, replacing the *Hamilton*-class High Endurance Cutters.

The Coast Guard requested \$638 million for fiscal year (FY) 2015 to procure the eighth and final NSC.⁴ This is a positive step for the NSC fleet, since the Coast Guard had not requested advanced funding in FY 2013 or FY 2014. (It was subsequently added by Congress.) A failure to receive this funding could have halted the construction of the seventh and eighth NSCs. Outgoing Coast Guard Commandant Admiral Robert Papp, however, remained steadfast in his stated need for eight NSCs, and FY 2015's request follows through on this.

Offshore Patrol Cutter. The OPC, which will replace three classes of legacy medium endurance cutters, is receiving steady (yet potentially insufficient) funding for research, development, and advanced procurement. The FY 2015 budget proposal requests \$20 million for such funding.⁵ Though this is roughly on par with the funding enacted in FY 2014, that year's plan also called for \$65 million for FY 2015, more than three times what the Coast Guard subsequently requested.

Admiral Papp has assured Congress that this would not cause cost problems for the OPC program,

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but the Coast Guard should more clearly explain how this reduction will affect not only its production costs but the fleet's future development.

Fast Response Cutter. The FRC represents the biggest concern in the Coast Guard's FY 2015 request. In FY 2014, the Coast Guard requested two FRCs rather than the six that had previously been planned. Congress added funding for four additional FRCs to get the program back on track. In FY 2015, only two have been requested again. This could hinder efforts to reach the 58-FRC fleet on time and cause per-unit costs to increase. For the fleet growth to remain on track, Congress will again have to add funding for four FRCs.

Admiral Papp testified before Congress that "the contract actually calls for up to six a year... We'd love to buy a six-year because that gives us the best price."⁶ Though the Coast Guard is working to keep the per-unit cost down with a lower rate of production, Congress should strive to ensure that taxpayer dollars are better spent while also enabling the Coast Guard to revitalize its fleet more rapidly.

Polar Icebreakers. The Coast Guard icebreaking capability is lacking. Currently, the sea service sails one medium icebreaker, the *Healy* (which serves primarily as a research vessel for the National Science Foundation), and the *Polar Star*, which is over four decades old and recently received a \$90 million upgrade to extend its service life for seven to 10 years. This falls well below the Coast Guard's requirement for three medium and three heavy-duty polar icebreakers.

A new heavy polar icebreaker is estimated to cost nearly \$1 billion. In the FY 2013 budget, the Coast

Guard planned to direct \$380 million to the program in FY 2015, but this year only \$16 million was requested.⁷ Considering the Coast Guard's overall budgetary pressures, other major recapitalization programs, and the icebreaker's unrealistic funding schedule, the Coast Guard should look to other options, such as leasing foreign icebreakers more readily available. This would fulfill the primary capability requirement more quickly while also saving the Coast Guard from having to dedicate an enormous portion of its budget to one vessel.

Gains in Aviation

Though the Coast Guard's aviation funding saw a dramatic decrease, requesting \$107 million less than in FY 2014, this is partly due to the transfer of C-27J Sherpa aircraft from the U.S. Air Force.

This transfer enables the Coast Guard to modernize its aircraft fleet without buying as many HC-144 Ocean Sentry aircraft. The sea service had planned to buy 36 HC-144s, but since they acquired 14 C-27Js, that number was significantly reduced.⁸ However, this does not completely fulfill the Coast Guard's aviation recapitalization requirement and also does not address how the planes' different capabilities change operational planning.

Robust Coast Guard Modernization

As Congress continues vetting the budget request, it should do the following to ensure that the Coast Guard continues to have the assets it needs to perform its missions into the future:

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1. Joint Interagency Task Force South, <http://www.jiatfs.southcom.mil/> (accessed May 6, 2014).
 2. Gina Harkins, "Marines to Set Sail Around South America," *Military Times*, April 11, 2014, <http://www.militarytimes.com/article/20140411/NEWS/304110050/Marines-set-sail-around-South-America> (accessed May 8, 2014).
 3. Sam LaGrone, "Budget Cuts Could Pull Navy Out of the War on Drugs," USNI News, March 5, 2014, <http://news.usni.org/2013/03/04/budget-cuts-could-pull-navy-out-of-the-war-on-drugs> (accessed on May 8, 2014).
 4. U.S. Department of Homeland Security, *FY 2015 Budget Overview*, p. 2005, <http://www.dhs.gov/sites/default/files/publications/DHS-Congressional-Budget-Justification-FY2015.pdf> (accessed May 6, 2014).
 5. Ibid.
 6. Admiral Robert J. Papp Jr., "President's Fiscal Year 2015 Budget Request for Coast Guard and Maritime Transportation Programs," testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, U.S. House of Representatives, March 26, 2014, <https://transportation.house.gov/calendar/eventsingle.aspx?EventID=371224> (accessed May 6, 2014).
 7. Ronald O'Rourke, "Coast Guard Polar Icebreaker Modernization: Background and Issues for Congress," Congressional Research Service *Report for Congress*, March 28, 2014, <https://www.fas.org/sgp/crs/weapons/RL34391.pdf> (accessed May 6, 2014).
 8. Bill Carey, "U.S. Coast Guard Inherits Air Force C-27J Spartans," *Ain Online*, January 9, 2014, <http://www.ainonline.com/aviation-news/ain-defense-perspective/2014-01-09/us-coast-guard-inherits-air-force-c-27j-spartans> (accessed May 6, 2014).
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- **Better fund the FRC fleet.** If only two FRC vessels are procured in FY 2015, the consequences could include both per-unit cost increases and a failure to adequately replace legacy craft coming out of the fleet. Congress should support the Coast Guard's original plan to procure six FRCs in 2015.
- **Support other fleet modernization.** The Coast Guard has made progress in modernizing its fleet, and Congress should support the efforts to fulfill the NSC requirement this year. Congress should also require more explanation of the OPC program's development and how reductions in advanced funding will affect it.
- **Look to alternatives to icebreaker procurement.** It is extremely unlikely that the Coast Guard will be able to afford a new heavy polar icebreaker without crowding out other acqui-

tion programs, let alone reach its requirement of six polar icebreakers. Congress should enable the government to lease foreign-built icebreakers, which would in turn require exemptions from the Merchant Marine Act of 1920.

Meeting the Challenges Ahead

The U.S. Coast Guard will continue to take on additional responsibility as the world relies more on the seas, particularly with expansion of economic interests in the Arctic. Congress should facilitate the sea service's ability to perform its missions and continue protecting American interests in U.S. waters and abroad.

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