

ISSUE BRIEF

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Congress Should Continue Momentum on Coast Guard Cutter Fleet

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Seasonal Arctic operations, need for presence and engagement in Southeast Asia, and declining availability of U.S. Navy assets for joint operations are a few examples of the Coast Guard's increasing mission requirements. As such, the need to meet their modernization goals is growing more urgent. The Coast Guard budget request for fiscal year (FY) 2016 shows some promise in this direction. However, delays in the Offshore Patrol Cutter (OPC) program mean Congress should push more to provide the fleet with the resources that it needs to continue to protect U.S. waters and national security interests.

National Security Cutter

The most prominent Coast Guard acquisition success story over the past few years is the procurement of all eight Legend Class National Security Cutters (NSCs). The eight cutters will not only provide critical capabilities for the majority of the Coast Guard's 11 core missions, but also extend the service's operating range, amplify its surveillance capabilities, and allow it to operate in adverse conditions such as Arctic waters and high sea states (e.g., stormy conditions). Additionally, NSCs act as "afloat operational-level headquarters for complex law enforcement and national security missions involving multiple Coast Guard and partner agency participation."¹

The FY 2016 Coast Guard budget proposal continues to support this fleet with \$91.4 million for "structural enhancement and post-delivery activities."² The allocation would cover the cost of completing construction of the fifth through eighth NSCs and bringing them to operational status. Full funding will also enable the Coast Guard to deploy these ships in an expedient, cost-effective fashion.

While the NSC program is on course to deliver eight cutters to the Coast Guard, the two phases of the Fleet Mix Analysis (FMA) study conducted in 2009 and 2011 found that nine cutters would reduce risk and fulfill the NSCs mission requirements. Congress should ask what risks the Coast Guard will be incurring without a ninth NSC in its fleet.

Fast Response Cutter

The Fast Response Cutter (FRC) supports missions such as drug interdictions. In May 2014, two FRCs demonstrated this capability by interdicting a narcotics shipment worth \$3 million near the Bahamas.³ Since then, the FRC has continued to augment Coast Guard capacity at sea. Nevertheless, gaps remain.

The Western Hemisphere drug transit zone alone is roughly 6 million square miles of ocean for the Coast Guard to cover. Coast Guard Commandant Admiral Paul F. Zukunft has admitted that the Coast Guard observes 80 percent of all drug trafficking attempts in the maritime domain, but only has the presence to act on 20 percent, "so 60 percent get a free ride."⁴

To address this need, the FY 2016 budget requests \$340 million to procure six FRCs—an improvement over previous budgets in which the Coast Guard

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requested funding for only two FRCs. According to a congressional report, “limiting procurement to two FRCs per year drives up the unit cost and results in the loss of almost \$30,000,000 in savings compared to an order of six FRCs per year.”⁵ Likewise, slower procurement will prolong capability gaps, especially since the Coast Guard’s legacy craft are reaching the end of their service lives and need to be replaced soon.

Congress should support this funding request because it would recapitalize the Coast Guard’s patrol craft fleet more quickly and cost-effectively.

Offshore Patrol Cutter

The Offshore Patrol Cutter is the Coast Guard’s most critical modernization program, yet it is the least established of the three cutter programs. Admiral Zukunft has repeatedly stated that the OPC is his “number one priority.”⁶ However, major planned investments in the OPC have been consistently delayed over the past few years, and the FY 2016 budget request perpetuates this pattern.

The FY 2016 budget “[s]upports technical review and analysis of preliminary and contract design phase deliverables for the OPC project.”⁷ This includes \$18.5 million to continue “technical and project management (\$4.7 million) and design and development work (\$13.8 million),”⁸ but Admiral Zukunft testified that there is “about a \$70 million gap to do the final design work to award the offshore patrol cutter”⁹ in the FY 2016 budget request. The FY

2015 budget projected spending \$90 million in FY 2016, but the FY 2016 budget request would provide only \$16.5 million. The Coast Guard had originally planned to begin OPC procurement by FY 2016.¹⁰

Recapitalizing the Fleet

The Coast Guard has begun to realize some of its recapitalization goals. Congress has supported the Coast Guard in recent years by restoring funding for the NSC and FRC programs. By turning their focus to the OPC, Members of Congress can realize this capability more quickly. Congress can take the following steps to continue to recapitalize the fleet:

- **Increase OPC funding to at least the FY 2015 projected level.** The reduction from \$90 million to \$18.5 million in the FY 2016 budget ignores Admiral Zukunft’s statements that the OPC program is critical. Congress should also look at whether previous years’ levels of projected funding are actually sufficient to begin procuring the OPC more quickly.
- **Revisit the Fleet Mix Analysis.** The Coast Guard’s program of record represents the minimum number of vessels needed to meet its statutory missions without assuming excessive risk. The Fleet Mix Analysis and other studies have found that double that number would be optimal. Congress could fund the acquisition account

1. U.S. Coast Guard, “National Security Cutter: Program Profile,” <http://www.uscg.mil/acquisition/nsc/features.asp> (accessed April 10, 2015).
2. U.S. Department of Homeland Security, *Budget-in-Brief: Fiscal Year 2016*, http://www.dhs.gov/sites/default/files/publications/FY_2016_DHS_Budget_in_Brief.pdf (accessed April 10, 2015).
3. Lieutenant Stephanie Young, “Coast Guard Fast Response Cutters Make History,” *Coast Guard Compass*, June 9, 2014, <http://coastguard.dodlive.mil/2014/06/coast-guard-fast-response-cutters-make-history/> (accessed April 10, 2015).
4. Meghann Myers, “Zukunft: Ships Needed for Arctic, Drug Interdiction,” *Navy Times*, January 15, 2015, <http://www.navytimes.com/story/military/2015/01/15/zukunft-coast-guard-arctic-drugs-immigration/21815303/> (accessed April 10, 2015).
5. Department of Homeland Security Appropriations Bill, 2015, H. Rept. 113-481, 113rd Cong., 1st Sess., June 19, 2014, <https://www.congress.gov/congressional-report/113th-congress/house-report/481/1> (accessed April 10, 2015).
6. Admiral Paul F. Zukunft, “President’s Fiscal Year 2016 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, February 25, 2015, <http://transportation.house.gov/calendar/eventsingle.aspx?EventID=398626> (accessed April 10, 2015).
7. Admiral Paul F. Zukunft, “President’s Fiscal Year 2016 Budget Request for Coast Guard and Maritime Transportation Programs,” written testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, U.S. House of Representatives, February 25, 2015, <http://transportation.house.gov/UploadedFiles/2015-02-25-Zukunft.pdf> (accessed April 10, 2015).
8. Ronald O’Rourke, “Coast Guard Cutter Procurement: Background and Issues for Congress,” Congressional Research Service *Report*, March 9, 2015, <http://fas.org/sgp/crs/weapons/R42567.pdf> (accessed April 10, 2015).
9. Zukunft, testimony before the Subcommittee on Coast Guard and Maritime Transportation.
10. O’Rourke, “Coast Guard Cutter Procurement.”

at a higher level, which could make long-lasting investments to ensure the Coast Guard can better execute its missions.

- **Continue to fight national security cuts.** The Coast Guard is suffering budget instability under sequestration and inconsistent budgeting. A more robust, consistent funding commitment would ensure that the Coast Guard not only better protects the nation, but also uses taxpayer dollars more efficiently.

Conclusion

The Coast Guard has protected U.S. citizens, borders, and commerce for more than 224 years. It is Congress's responsibility to ensure that it receives the resources it needs to continue providing this maritime security.

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