

# 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. For FY2007, the Coast Guard is requesting a total of about \$4.5 billion for missions defined in The Homeland Security Act of 2002 (P.L. 107-296) as the Coast Guard's homeland security missions. This equates to about 54% of the Coast Guard's total requested FY2007 budget. 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. H.Rept. 109-413 of April 6, 2006, the conference report on H.R. 889, the Coast Guard and Maritime Transportation Act of 2006, contains several provisions relating to the Coast Guard's homeland security operations. 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> The Coast Guard, in its proposed FY2007 budget, excludes drug interdiction and other law enforcement from its definition of its homeland security missions.<sup>2</sup>

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<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> U.S. Department of Homeland Security, *U.S. Coast Guard [FY]2007 Budget in Brief*.  
(continued...)

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.<sup>3</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.

**Homeland Security Missions In The Coast Guard Budget.** Table 1 below shows FY2005-FY2007 funding for the Coast Guard's homeland security and non-homeland security missions.

**Table 1. FY2005-FY2007 Funding For Homeland Security Missions** (FY2005 actual, FY2006 enacted, FY2007 requested; homeland security missions as defined in Section 888(a)(2) of Homeland Security Act of 2002 [P.L. 107-296])

	PWCS <sup>a</sup>	Drug interdiction <sup>b</sup>	Migrant interdiction	Defense readiness	Other law enforcement <sup>b</sup>	Total
<i>Funding amounts (millions of dollars, rounded to nearest million)</i>						
<b>FY05</b>	1,625	1,017	549	613	95	3,899
<b>FY06</b>	1,735	1,211	462	616	144	4,168
<b>FY07</b>	2,035	1,239	487	603	153	4,516
<i>Percent of total Coast Guard budget</i>						
<b>FY05</b>	21.0	13.2	7.1	7.9	1.2	50.4
<b>FY06</b>	20.9	14.6	5.6	7.4	1.7	50.2
<b>FY07</b>	24.2	14.7	5.8	7.2	1.8	53.6

**Source:** Prepared by CRS using data from U.S. Department of Homeland Security, *U.S. Coast Guard [FY]2007 Budget in Brief*. Washington, 2006. (February 2006) Table 1 on p. B-2. Figures may not add due to rounding.

a. Ports, waterways, and coastal security

b. The Coast Guard, in its proposed FY2007 budget, excludes drug interdiction and other law enforcement from its definition of its homeland security missions.

## 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 performing both homeland and non-homeland security missions;
- the division of the Coast Guard's budget between homeland security and non-homeland security missions;

<sup>2</sup> (...continued)

Washington, 2006. (February 2006) Table 1 on p. B-2.

<sup>3</sup> For more on port security, see CRS Report RL31733, *Port and Maritime Security: Background and Issues for Congress*, by John F. Frittelli.

- 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 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>4</sup>

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

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<sup>4</sup> Government Accountability Office, *COAST GUARD[:] Observations on Agency Priorities in Fiscal Year 2006 Budget Request*, GAO-05-364T, Mar. 17, 2005.

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 develop measurable annual goals that would allow the agency and others to track stations' progress.<sup>5</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>6</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

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<sup>5</sup> Government Accountability Office, *COAST GUARD[:] Station Readiness Improving, but Resource Challenges and Management Concerns Remain*, GAO-05-161, Jan. 2005.

<sup>6</sup> Department of Homeland Security, Office of Inspector General, *Major Management Challenges Facing The Department Of Homeland Security*, Nov. 2004, p. 17.

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>7</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 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>8</sup>

## Legislative Activity in 2005

**H.R. 889 (Coast Guard and Maritime Transportation Act of 2006).** The conference report (H.Rept. 109-413) on H.R. 889 was filed on April 6, 2006.

- **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 and anchorage movement authority to U.S. territorial waters out to 12 nautical miles from shore.
- **Section 202** permits the Coast to provide technical assistance (including law enforcement and maritime safety and security training) to foreign navies, coast guards, and other maritime authorities.
- **Section 206** expands the Coast Guard's reserve recall authority.

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<sup>7</sup> Ibid., p. 17.

<sup>8</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.

- **Section 211** inserts a new phrase into 14 USC 3 so that it reads as follows (with the inserted phrase noted in italics): “Upon the declaration of war *if Congress so directs in the declaration* or when the President directs, the Coast Guard shall operate as a service in the Navy, and shall so continue until the President, by Executive order, transfers the Coast Guard back to the Department of Homeland Security.”
- **Section 213** requires the Coast Guard to report on “opportunities for cost savings and operational efficiencies that can be achieved through and the feasibility of colocating Coast Guard assets and personnel at facilities of other armed forces throughout the United States.”
- **Section 305** amends 46 USC 70106 to permit Coast Guard maritime safety and security teams to be used for any Coast Guard mission.
- **Section 309** requires the Secretary of the department in which the Coast Guard is operating to establish a review process before administration law judges to consider an appeal of a denial of an application for a transportation security card.
- **Section 404** directs the Coast Guard to conduct a three-year pilot program for a long-range vessel tracking system, subject to the availability of appropriations.
- **Section 406** requires the Coast Guard to review and report on the adequacy of Coast Guard assets and facilities at certain locations for performing the Coast Guard’s missions, and to review and report on the adequacy of Coast Guard end strength for performing the Coast Guard’s missions.
- **Section 411** requires a report on the availability and effectiveness of software information technology systems for port security, the data evaluated by such systems, and the costs associated with implementing such technology at all Sector Command Centers, Joint Harbor Operations Centers, and strategic defense and energy dependent ports.
- **Section 419** authorizes a competitive grant to design, develop, and prototype a device that integrates a Class B Automatic Identification System (AIS) transponder with an Federal Communications Commission (FCC)-approved wireless maritime data device. The section also expresses the sense of the Senate that the FCC should quickly resolve the disposition of its rulemaking on the AIS and licensee use of AIS frequency bands.

**FY2007 DHS Appropriations Bill.** This bill will make FY2007 appropriations for DHS, including the Coast Guard. For discussion of this bill, see CRS Report RL33428, *Homeland Security Department: FY2007 Appropriations*, coordinated by Jennifer E. Lake and Blas Nuñez-Neto.