

ISSUE BRIEF

No. 4515 | FEBRUARY 1, 2016

Top Five Modernization Priorities for the Coast Guard in 2016

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Congress showed progress in 2015 by helping the Coast Guard reach its modernization requirements, such as the allocation for a ninth National Security Cutter (NSC) and an increase in the overall acquisition, construction, and improvements (AC&I) account over what the Obama Administration requested. Yet the Coast Guard has a long way to go in recapitalizing its forces. Here are five areas on which Congress should focus in 2016:

1. Offshore Patrol Cutter (OPC). Coast Guard Commandant Admiral Paul Zukunft has stated that the OPC is his “number one acquisition priority.”¹ Yet the program has consistently received insufficient funding. In particular, the fiscal year (FY) 2016 budget request ignored the previous year’s funding recommendation of \$90 million, asking only for \$18.5 million without a clear explanation for the reduction. Congress added this funding back in its FY 2016 appropriation for the Coast Guard, which will hopefully facilitate a faster path to procurement.

In 2016, the Coast Guard should:

- **Request resources commensurate with the OPC program’s objective of procuring the first hull by FY 2018.** If it fails to do so, Congress should question the reduction and more appropriately fund this program.

2. Polar Icebreakers. To manage U.S. interests in the Arctic and Antarctic regions, the Coast Guard requires three heavy and three medium polar icebreakers.² It currently sails one of each. The heavy polar icebreaker USCGC *Polar Star*, built in the 1970s, required an expensive overhaul to extend its service life into the early 2020s.³ So far only “pre-acquisition” funding totaling \$21.6 million since FY 2013 has been dedicated to a new heavy icebreaker.⁴ The Coast Guard had planned to spend \$778 million over the same time period. It is estimated to cost around \$1 billion for one such vessel.⁵

In September 2015, the President announced he was “accelerating” the procurement of a heavy icebreaker from FY 2022 to FY 2020.⁶ However, this actually delayed the procurement year from FY 2013 plans, which had stated FY 2018 as the year an icebreaker would be bought. The Administration had never publicly acknowledged this delay until it announced the “acceleration.”⁷

The Coast Guard also recently issued a Special Notice to industry on the Federal Business Opportunities Web site explaining operational requirements for a heavy icebreaker and that it will hold an industry day on the program.⁸ This represents a promising step for the program. However, the current lack of icebreakers combined with the cost and time to build one new vessel will create challenges for the program.

To meet the icebreaking needs, Congress should:

- **Explore who can provide this capability in the most cost-effective and expedient manner possible, including purchasing foreign-built icebreakers, which potentially cost significantly less than those built in the U.S.**

This paper, in its entirety, can be found at <http://report.heritage.org/ib4515>

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3. Unmanned Aerial Systems (UAS). The Coast Guard has long acknowledged the role UAS will play in amplifying its ability to provide aerial intelligence, surveillance, and reconnaissance (ISR), and has staked some of the capabilities of new platforms such as the NSC and the OPC on UAS.⁹ For example, the Coast Guard's decision to replace 12 legacy cutters with only eight NSCs was partly based on the inclusion of onboard UAS, which reportedly give the NSC an aerial ISR area of 58,000 square nautical miles instead of only 18,300 without them.¹⁰ Aerial ISR is a critical component of missions ranging from search and rescue to drug interdictions where monitoring large areas for long periods of time is necessary.

However, due to consistently insufficient AC&I funding, UAS programs have taken a back seat to higher priorities such as the new cutters. The level of ISR capability above was to be provided by vertical takeoff and landing virtual unmanned aerial vehicles (VUAV), which were originally part of the NSC and OPC systems but were canceled due to budget and program issues.¹¹ The ScanEagle UAS has been used by the military for years and has

already participated in a successful drug interdiction onboard the NSC *Bertholf* in 2014.¹² This system is reportedly less capable than the VAUV but could be implemented more rapidly.

In the immediate term, Congress should:

- **Pursue incorporation of the ScanEagle UAS on the NSC.** These systems are available now, already benefit from economies of scale, and have proven their use onboard the NSC.

Longer term, Congress should:

- **Continue to support the Coast Guard's exploration of VUAV, which is the optimal long-term system for providing aerial ISR capability.**

4. Multiyear Procurement. Congress can authorize funding for multiyear procurement (MYP), which enables program managers and contractors to plan further into the future and exploit economies of scale for major programs. Congress has authorized MYP for Navy shipbuilding programs, but not

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 2. Ronald O'Rourke, "Coast Guard Polar Icebreaker Modernization: Background and Issues for Congress," Congressional Research Service Report for Congress No. 34391, updated January 15, 2016, <https://www.fas.org/sgp/crs/weapons/RL34391.pdf> (accessed January 28, 2016).
 3. George Tibbits, "Coast Guard: Icebreaker to be Reactivated by 2013," Associated Press, March 11, 2010, <http://www.stripes.com/news/coast-guard-icebreaker-to-be-reactivated-by-2013-1.99914> (accessed January 28, 2016).
 4. O'Rourke, "Coast Guard Polar Icebreaker Modernization."
 5. Ibid.
 6. Press release, "Fact Sheet: President Obama Announces New Investments to Enhance Safety and Security in the Changing Arctic," The White House, Office of the Press Secretary, September 1, 2015, <https://www.whitehouse.gov/the-press-office/2015/09/01/fact-sheet-president-obama-announces-new-investments-enhance-safety-and> (accessed January 28, 2016).
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 8. USCG Polar Class Icebreaker Program, Federal Business Opportunities, January 13, 2016, https://www.fbo.gov/index?s=opportunity&mode=form&id=68bf40747603b6acecc73e5ccc2974b6&tab=core&_cview=1 (accessed January 28, 2016).
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 10. U.S. Department of Homeland Security, Office of Inspector General, "U.S. Coast Guard's Acquisition of Vertical-Takeoff-and-Landing Unmanned Aerial Vehicle," June 24, 2009, https://www.oig.dhs.gov/assets/Mgmt/OIG_09-82_Jun09.pdf (accessed January 28, 2016).
 11. Ibid.
 12. Meghann Myers, "New Funds to Aid Coast Guard in Adopting a UAV," *Navy Times*, April 25, 2015, <http://www.navytimes.com/story/military/coast-guard/2015/04/25/coast-guard-drone-uav-budget-surveillance/26193019/> (accessed January 28, 2016).
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for the Coast Guard.¹³ As the Coast Guard intends to buy six FRCs and two OPCs annually for many years, MYP could lower costs on these programs and better use taxpayer dollars.

Congress should:

- **Investigate what savings could be yielded as a result of MYP and whether it will field capabilities more rapidly.**

5. Overall AC&I Funding. The Obama Administration has consistently underfunded the Coast Guard. While Coast Guard officials have argued that an AC&I budget of \$1.5 billion is necessary to continue to modernize its assets, the Administration has requested around \$1 billion per year the past three years.¹⁴

The Administration should:

- **Request a level of AC&I funding commensurate with what the Coast Guard has argued is a minimum.** If it fails to do so, Congress should investigate this underfunding and more robustly invest in Coast Guard capabilities. Congress did so in FY 2016, increasing AC&I funding to around \$1.6 billion. If the Coast Guard's myriad modernization needs are to be met, this must continue.

Conclusion

The Coast Guard's motto is *Semper Paratus*—"Always Ready." Congress can help uphold this motto by giving the Coast Guard the resources it needs to continue to protect U.S. waters.

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13. Ronald O'Rourke, "Coast Guard Cutter Procurement: Background and Issues for Congress," Congressional Research Service *Report for Congress*, No. 42567, December 14, 2015, <https://www.fas.org/sgp/crs/weapons/R42567.pdf> (accessed January 28, 2016).

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