



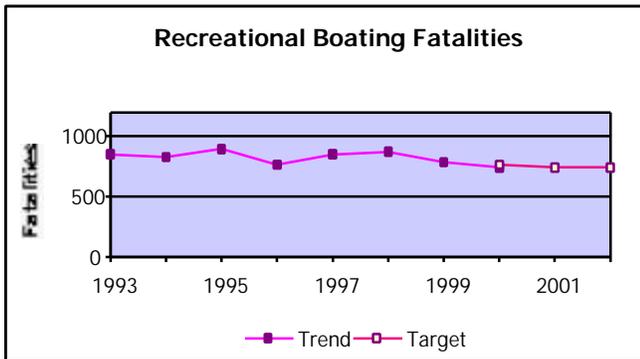
MAJOR PROGRAM PERFORMANCE

MARITIME

In the program performance area of maritime transportation, recreational boating fatalities are at all-time low despite the increase of recreational boats in use. Additionally, the Department met the Ready Reserve Force (RRF) no-notice activation target.

SAFETY

RECREATIONAL BOATING FATALITIES



Performance Measure: Number of recreational boating fatalities (Calendar Year).

2002 Goal: 742

2001 Goal: 749

2000 Goal: 763

2000 Performance: 742#
Preliminary estimate

During the last decade, approximately 800 Americans died each year from boating accidents, usually from drowning. Recreational boating is a popular activity in America, and the popularity of personal watercraft (PWC) continues to be strong. There are about

78 million recreational boaters in the United States — and most operators involved in accidents have had no boating safety training.

A growing U.S. population and a growing U.S. economy lead to growth in the number of recreational boats. Success of DOT efforts is, in part, dependent on the effectiveness of many individual state-run education and enforcement programs. Also, boater behavior is often difficult to influence — for example, boaters tend not to wear life jackets, ignoring the risks associated with the nature of their boating activity.

The preliminary estimate reveals that DOT met the performance target — recreational boating fatalities declined to an estimated 742 — the lowest number of fatalities reported to date. Actual and estimated performance and performance targets have been adjusted because of systematic undercounting of boating fatalities. This was noted in DOT’s FY 2001 Performance Plan and in the DOT IG’s April 2000 report on this performance measure. The Coast Guard is working with States to address the undercount problem.

While the recent trend in boating fatalities has been mixed, fatalities have declined dramatically since the early 1960s and 70s. Today, there are fewer than half the number of recreational

boating fatalities than there were in the early 1970s. At the same time, the number of recreational boats has more than doubled. This long-term reduction in fatalities is due to cooperative boating safety education and enforcement efforts, safer boats and equipment manufactured in accordance with Coast Guard standards, and life jacket use. Still, too many fatalities occur each year — mostly as a result of accidents involving operator-controllable factors.

More than half of all recreational boating fatalities are the result of capsizing or falls overboard — and the percent of victims who drown is approximately 70 percent. The majority of these drowning victims were not wearing life jackets. Accident prevention is the best way to reduce fatalities — but when accidents do occur, boaters have a vastly improved chance of surviving if they are wearing a life jacket.

Performance Measure: Percentage of all mariners in imminent danger who are rescued.

2002 Goal: 85

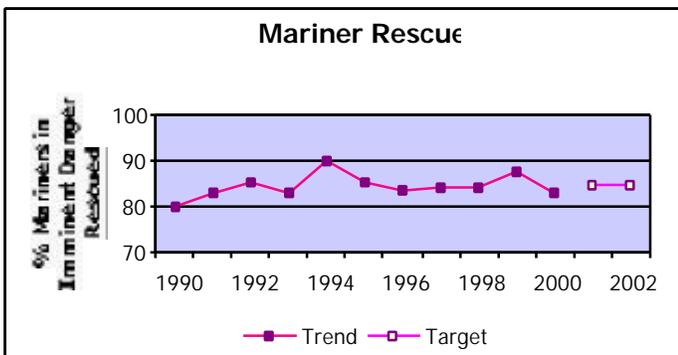
2001 Goal: 85

2000 Goal: N/A

2000 Performance: 82.7

The number of recreational and commercial marine users continues to increase as more Americans move to coastal areas and global trade grows. Operating in a remote, unforgiving environment, many mariners lose their lives, many more are injured, and billions of dollars of property are at risk. In 2000, the Coast Guard responded to 40,068 calls for assistance, and saved 3,365 lives. DOT seeks to save more lives in peril from the sea.

MARINER RESCUE



Several factors compound the difficulty of successful response: untimely notification of distress to the Coast Guard, incorrect reporting of the distress site location, severe weather conditions at the distress site, distance to the scene, etc.

DOT met the performance target for mariners rescued but did not meet the target for property saved.

While Coast Guard’s ability to save the lives of mariners able to report their distress remains relatively constant, Coast Guard is concerned about the drop in the percent of all mariners saved. The 2000 result is the lowest seen since 1993.

Historically, the majority of search and rescue cases involve recreational boats, commercial fishing vessels, and “people only” (swimmers, divers, etc.). These cases also make up the majority of lives lost.

The Coast Guard was not able to maintain the percentage of property saved due to variations in the severity of search and rescue cases, and the severity of environmental conditions when rescue units got to the distress scene.

Performance Measure: Percentage of days that RRF ships are mission-capable while under DOD control.

2002 Goal: 99

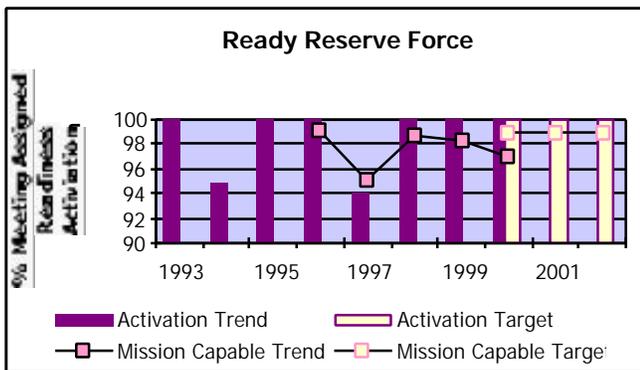
2001 Goal: 99

2000 Goal: 99

2000 Performance: 97

NATIONAL SECURITY

READY RESERVE FORCE (RRF) ACTIVATION



The Department of Defense (DOD) relies on the RRF for sealift of U.S. forces during the early stages of a military crisis, and for logistics sustainment after initial deployment. The RRF is composed of specially capable ships and non-commercial service support ships that can carry or offload heavy and oversized military cargoes which regular U.S. flag commercial cargo ships cannot. DOD appropriations fund RRF maintenance and operation, and DOT owns and manages the RRF. Consistent, high operational reliability of the RRF is essential for effective support of DOD.

Performance Measure: Percentage of RRF no-notice activations that meet assigned readiness timeliness.

2002 Goal: 100

2001 Goal: 100

2000 Goal: 100

2000 Performance: 100

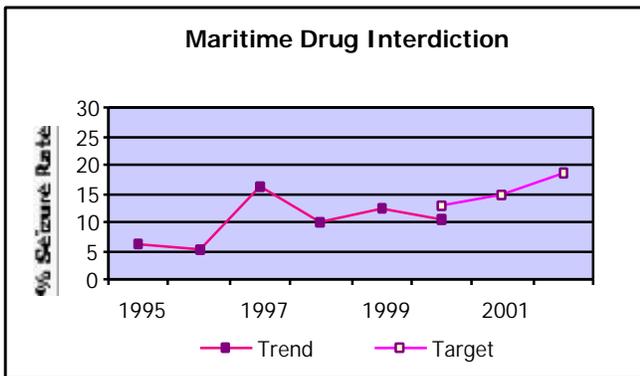
The availability of U.S.-licensed mariners to crew the RRF and the ability of the U.S. ship repair and industrial base to support critical surge activation of the RRF program are key external factors that come into play in large-scale activations of the RRF.

DOT met the no-notice activation target, but did not meet the mission-capable target. MARAD successfully activated all 18 RRF ships ordered by DOD with no advance notice within established timelines. DOD conducts these “no advance notice” tests annually to ensure

availability of these military support ships. After activation, the 13 ships operated at sea by the Military Sealift Command (MSC) were mission-capable 97 percent of the time, two percent less than our goal. One of the 13 ships had a main-propulsion boiler fire and underwent 44 days of major repairs.

MARAD successfully conducted 53 maintenance sea trials and 12 dock trials of RRF ships. These regularly scheduled trials are designed to monitor the readiness and material condition of various ships in the RRF and to provide crew training.

DRUG INTERDICTION



Performance Measure: Seizure rate for cocaine that is shipped through the transit zone (high seas between source countries and the United States).

- 2002 Goal: 18.7
- 2001 Goal: 15
- 2000 Goal: 13
- 2000 Performance: 10.6

Illegal drugs threaten our children, our communities, and the social fabric of this country. Approximately 52,000 deaths occur annually in America from drug abuse and drug-related crimes, accidents, and illnesses. The Coast Guard seized a record 60.2 metric tons of cocaine, and about 23 metric tons of marijuana in 2000. However, an estimated 568 metric tons of cocaine slipped through the transit zone on its way to the United States via non-commercial means. The authorized levels in the Western Hemisphere Drug Elimination Act are fully funded to improve our ability to interdict these flows of illegal drugs.

Drug interdiction operates in a challenging and ever changing environment. The international drug syndicates operating throughout our hemisphere are resourceful, adaptable, and extremely powerful. At the same time, socioeconomic conditions here and abroad influence demand and supply for illegal drugs.

DOT did not meet the performance target, although the Coast Guard seized a record 60.2 metric tons of cocaine in 2000. Record interceptions of cocaine resulted from greater patrol effort in the eastern Pacific Ocean, improved intelligence sharing with other law enforcement agencies and better cooperation with Central and South American countries.

Northward cocaine flow has increased, thereby negating the effect of increased seizures. A growing threat in smuggling has been the shipment of cocaine to the United States through the eastern Pacific. The Coast Guard shifted forces to adapt to this change in drug transport.

Interdictions in this region accounted for over 80 percent of all drugs seized by the Coast Guard in 2000.

The Coast Guard began to deploy faster boats and armed helicopters to improve interdiction of small, fast smuggling boats that had heretofore presented a vexing operational problem. In six out of six intercept operations, these new assets seized over one metric ton of cocaine, over 5 metric tons of marijuana, and detained 18 suspects.

The Coast Guard continued operations in the vicinity of Puerto Rico, off the seaward ends of the Southwest border in the Gulf of Mexico and off California, and elsewhere in the Caribbean to deny trafficking routes and keep constant deterrent pressure on smugglers.

Management Challenge – Coast Guard Capital Acquisition Budget (IG/GAO)

The \$9.8 to \$15 billion, 20-year Deepwater Project is the largest capital improvement project ever undertaken by the USCG. The IG has acknowledged that the USCG is using an innovative planning process and that, when completed, it should provide a good basis for establishing needs and developing an acquisition strategy. However, the IG and GAO have stated that there are several critical challenges remaining to demonstrate that the Deepwater Project is justified and affordable. Findings were that the USCG should fill gaps in the planning process and respond to concerns about how it can proceed with a request to start buying assets in advance of completing its comprehensive planning process. Also, USCG should develop reliable cost estimates to avoid problems other

agencies have encountered in major system replacements, and take into account competing budget demands from other DOT agencies.

In its report of January 2000, the Interagency Task Force on Roles and Missions validated USCG missions, and confirmed ongoing or increasing demand for future USCG services. Accordingly, the USCG has undertaken the recapitalization of its assets in the deepwater operating environment. The Deepwater Capability Replacement Project will provide a performance-based acquisition of assets to perform USCG deepwater missions worldwide. Working with industry teams, the USCG will acquire an integrated system of surface, air, command and control, intelligence and logistics systems. The conceptual design phase of the project was completed in December 1999. Functional design will be completed in April 2001.

Last, the IG has identified the Coast Guard Search and Rescue program's effectiveness as needing additional focus due to staffing, training and capital asset readiness problems; particularly with regard to budget and acquisition schedule estimates for replacing the National Distress and Response System.

FY 2000

- Deepwater Legacy Asset Baseline updated (June 2000).
- National Distress and Response System (NDRS) Phase I contract (Design, Demonstration and Validation) awarded (August 2000).

FY 2001

- Complete Deepwater functional design and implementation plan (June 2001).
- Issue Deepwater Phase II (Detailed Design and Cost Estimates) Request for Proposal (July 2001).
- Receive Phase II proposals from Deepwater industry teams (September 2001).
- Complete NDRS Phase I and evaluate designs and costs (September 2001).

FY 2002

- Award Deepwater contract (March 2002).
- Issue NDRS Full Scale Development Request for Proposal and award full scale development contract (September 2002).