A National Plan for

STREAMLINING

the United States Coast Guard

Message from the Commandant

Dear Men and Women of the Coast Guard,

I am proud to present you with the plan for Streamlining the United States Coast Guard. The initiatives described in this booklet are the result of a year of intense effort by the Streamlining and Training Infrastructure Study Teams and literally hundreds of adjunct members throughout the Coast Guard, government, and industry.

Implementation of this plan will help the Coast Guard meet the demanding realities of a decremental budget climate and comply with the requirements of the *National Performance Review* as well as the President's "Mandate for Change." In support of the President's deficit reduction initiative, this plan will **save**, on a cumulative basis, **nearly $1billion** by the year 2005 and **make available over $1 billion in property** for other uses. This Plan is truly an outline for better government at less cost. More importantly, it will position the Coast Guard to meet the challenges of the next decade while remaining true to our motto "Semper Paratus" - always ready - as the premier maritime Service in the world.

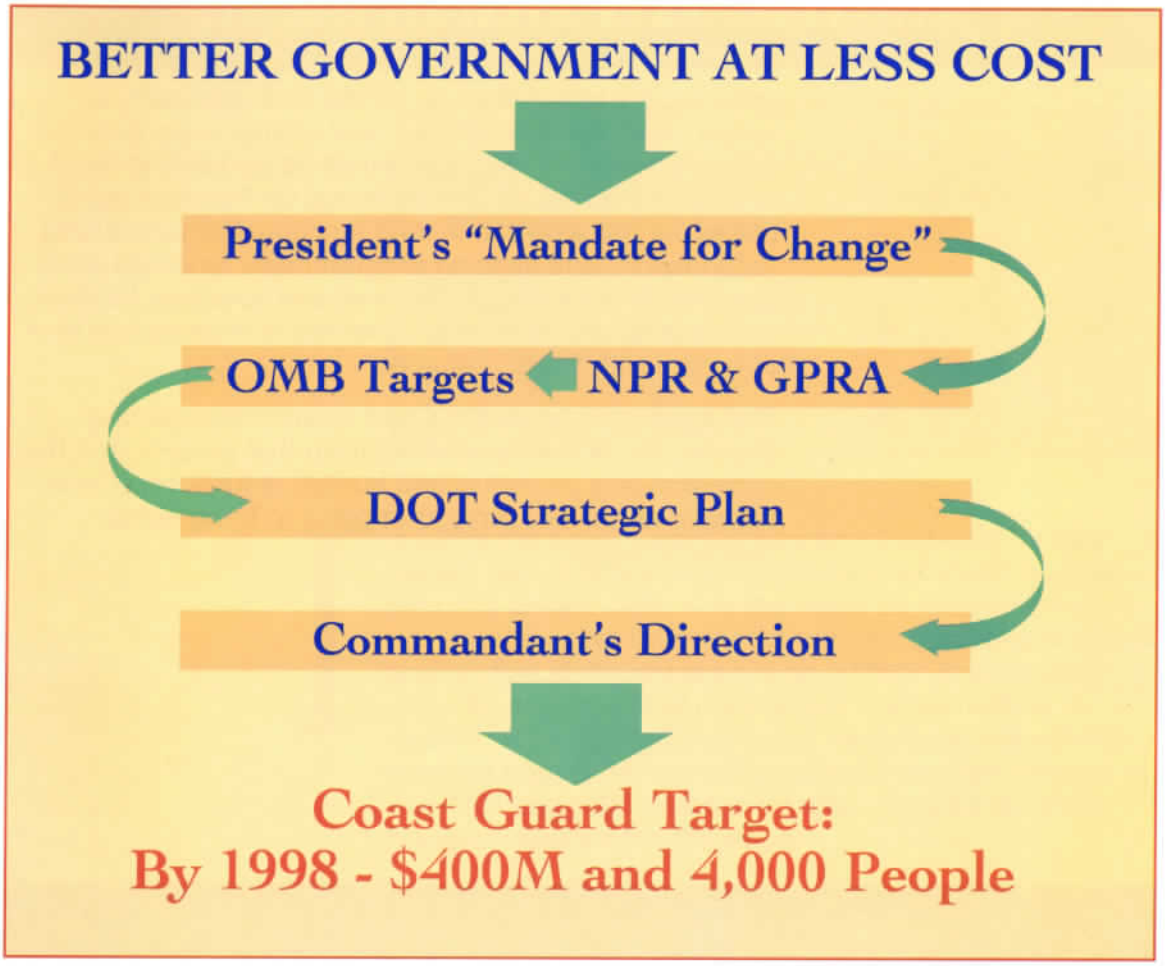
Sincerely,

Robert E. Kramek

Robert E. Kramek

Admiral, U.S. Coast Guard

Why Streamline?



Why are we streamlining? We are responding to the President's mandate for change and the Secretary of Transportation's determination to meet the goals of the *National Performance Review* and *Government Performance and Results Act*, which, in summary, are to focus on serving our customers and provide better performance at a lower cost. We are confident that the Coast Guard can capitalize on the capabilities of its well trained workforce and take advantage of today's technology to meet those goals.

With the national emphasis on reducing the federal budget deficit, each agency's budget will be under continuing pressure. Given this funding posture, the Coast Guard must absorb budget reductions of $60 million to $100 million a year over the next several years in order to meet targeted reductions of three percent per year over four years, a total of 12 percent. These reductions will require the Coast Guard to find permanent, recurring savings of about $400 million. To find that level of savings, the Coast Guard must streamline its organization as part of an overall multiyear budget strategy, or MBS.

How does streamlining differ from previous budget reductions? In the past, we have used a technique called downsizing, which reduced the budget with across-the-board cuts. While that approach meets the goal, it is arbitrary and may inflict disproportionate pain on some elements of the organization. In effect, downsizing reduces or removes resources from functions without reducing the required work. Under that approach, we would be unable to reach our goal of improving customer service since fewer resources would be available to meet an unchanged workload. Streamlining, on the other hand, places our focus on eliminating functional/organizational redundancies and aligning programmatic functions more consistently throughout the command structure. In short, streamlining will allow us to maintain or improve our level of service with fewer resources.

This booklet discusses the Coast Guard's streamlining process, the decisions resulting from that process, and the corresponding personnel and budget reductions. These required reductions serve as impetus to bring about needed change.

We Have Already Achieved Significant Reductions

FY 94 & 95

- 2,300 People & $149M
- 15 Cutters and 14 Aircraft

FY 96

- 870 People & $82M
- 3 Cutters and 3 Aircraft
- Consolidate 23 Stations

In 1993, the Coast Guard first received out-year budget targets that clearly indicated a number of tough budget years lay ahead. With a strong desire to minimize the adverse impact of these reductions, Headquarters program and budget staffs began work on a MBS. That strategy provides an element of control over our immediate destiny. It has helped us *plan* for budget reductions with minimal impact on operations rather than *react* to them in our FY94 and FY95 enacted budgets. Specifically these budgets included the following:

- Reduction of more than $149 million.
- Reduction of more than 2,300 people in the workforce.
- Reduction of the Selected Reserve Force from 10,500 to 8,000.
- Decommissioning of 15 older, more costly, multimission cutters.
- Relocation of aircraft as well as removal of 14 multimission aircraft from service.

The Coast Guard's FY96 budget submission contains an additional $82 million in reductions, continues many FY95 reduction initiatives, and translates into the following actions:

- Reduction of 870 military and civilian positions.
- Decommissioning of three cutters and laying up three more multimission aircraft.
- Consolidation of 23 small boat units around the country.

Yet, even with reductions of this magnitude, additional reductions are required.

How We Streamlined

Chartered two special teams
- Field Command, Control and Support including Headquarters
- Training Infrastructure

Highly participatory process
- Streamlined in the daylight
- Empowered workgroups
- Capitalized on TQM culture
- Hundreds of people participated
- Developed good business decisions

RESULT: *READY TO GO*

Because of the depth of projected budget reductions, we needed to take a close look at the complicated, interrelated command and control, support, and overhead structures and processes. To do so, we formed two teams; one team focused on Headquarters, field command and control, and support, including: 2 Areas, 10 Districts, 2 Maintenance and Logistic Commands (MLCs), and a host of subordinate structures; the other team focused on the training infrastructure: training centers, staffing, and training processes. Each team was chartered by the Chief of Staff to do the following:

- Identify streamlining and/or reengineering opportunities.
- Evaluate potential consolidations and reductions.
- Identify productivity enhancements/savings available through technology.
- Recommend improvements to identify savings.

In developing alternatives to meet the needed reductions, the Charter directed the study groups to concentrate on the overhead and support structure to find efficiencies, preferring that first-line operational field units not be directly affected. That direction gives voice to the organizational desire to maintain service delivery — to make reductions, yet at the same time continue to provide the same high level of quality service to the American public.

The teams used a *participatory process* within the Coast Guard which we refer to as streamlining in the daylight. The wide participation at all levels involved work groups, individual surveys, open e-mail access, and on-site visits to field units throughout the Coast Guard. That type of participation was facilitated by the Coast Guard's strong Total Quality Management (TQM) culture.

Now the initial work is behind us. Based on sound management analyses, our streamlining plan will provide more effective Coast Guard management at a significantly reduced cost. We are ready to implement a 5 part integrated business decision package.

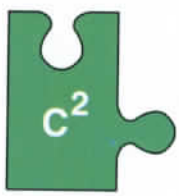
What is the Plan?

A 5-Part Integrated Business Decision Package

- Reduce Headquarters
- Consolidate Field Command and Control and Support
  - Merge Area/District and District/District
  - Create Activities
  - Create Integrated Support Commands
- Enhance Training
- Close Governors Island
- Create Centers of Excellence

We developed a business decision package containing five pieces as the focus of the streamlining effort. Generally, each piece is defined as follows:

Headquarters and Headquarters Units: The organization at Coast Guard Headquarters consisting of about 2,400 people and 22 Headquarters Units (excludes Training Commands) with about 3,700 people.



Field Command and Control and Support: Areas, Districts, and MLCs consisting of about 3,700 people. While studying these organizations, the team also evaluated how groups, marine safety offices, air stations, support centers, and bases could be folded into realigned Area, District, and MLC organizations.

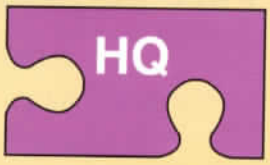
Training: Improvements and alternatives for the Coast Guard training infrastructure, staffing, and funding. The training component included nine Headquarters units with about 2,300 people involved in delivering training and the Headquarters organization that oversees the training program.

Governors Island: The largest Coast Guard facility. Previous studies indicated considerable potential support costs savings by closing Governors Island without detrimental effects on operations in the New York area. Our effort focused on analyzing the costs and benefits of relocating Coast Guard organizations now on Governors Island.

Centers of Excellence: Consolidate the Coast Guard electronics, communications, and information resource manager support facilities to fewer sites, restructure the research and development (R&D) program, and consolidate five civilian personnel service offices into one center within a Coast Guard Personnel Command.

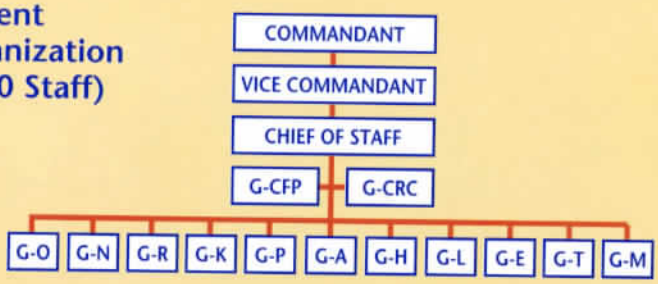
What is the Plan?

Part 1 - Headquarters Reductions Will Lead the Way

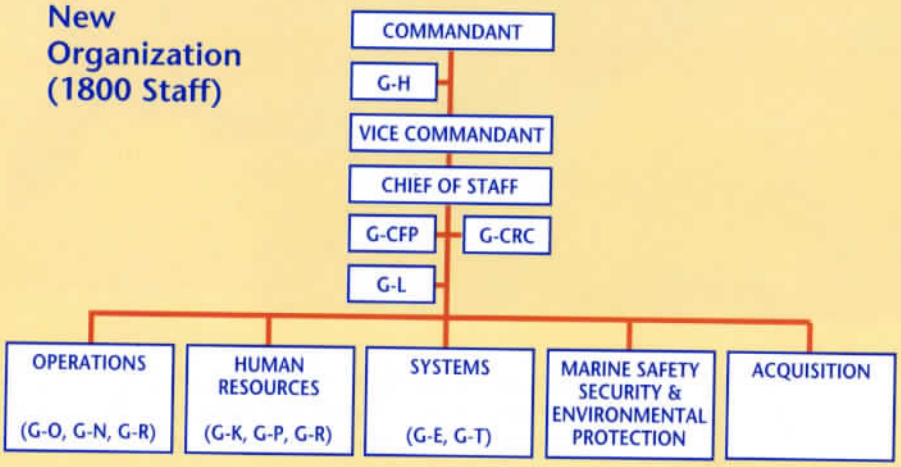


- Functional Directorates
  - Reduce Staff by about 300
  - Relocate about 300 Staff to Field Units
  - Recurring Savings of $15M-$20M

Current Organization (2400 Staff)



New Organization (1800 Staff)



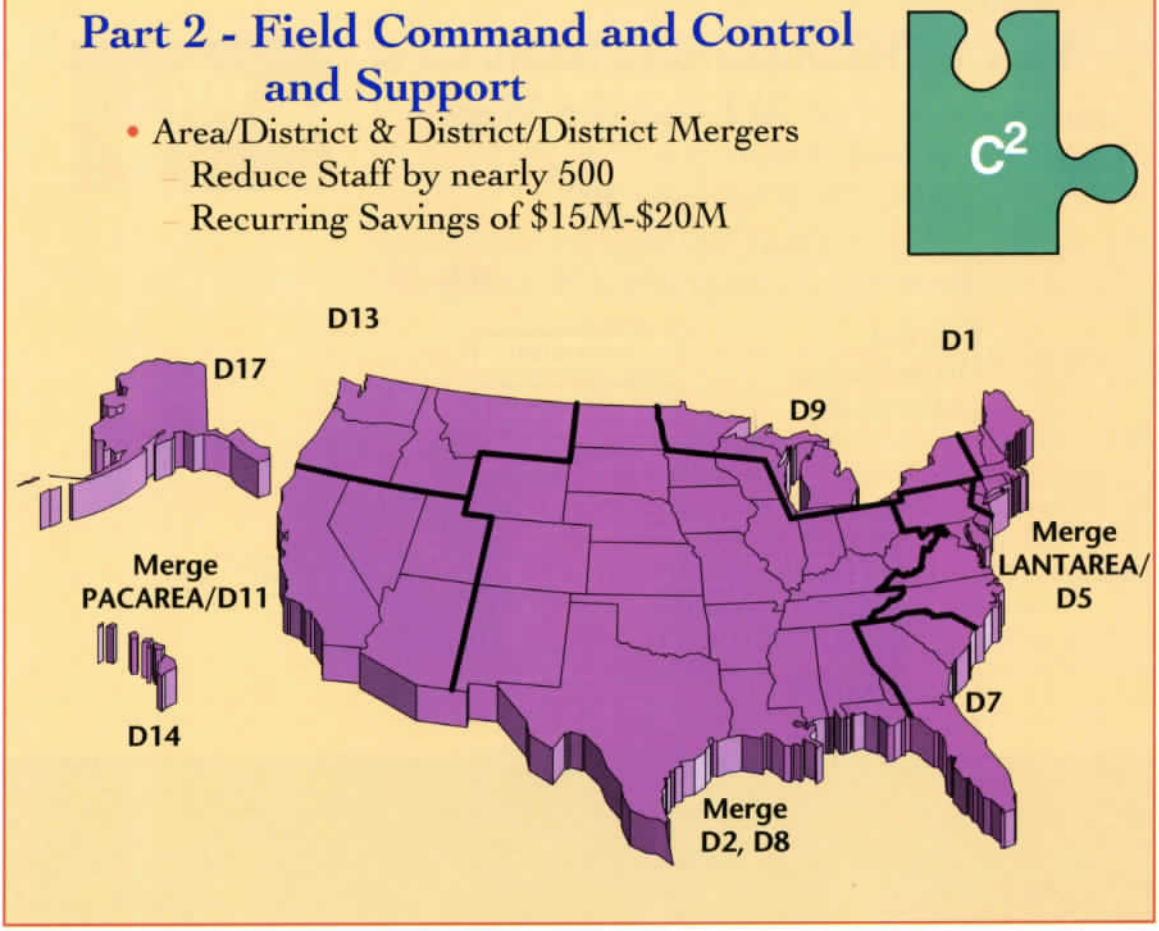
Currently, at Headquarters 11 operating and support program directors report to the Chief of Staff. By reorganizing to match similar and related work processes, we can reduce these programs to five "directorates," and reduce some 300 staff. This would save $15 million to $20 million in personnel costs annually.

In the process of studying Headquarters, the participants revalidated the findings of previous studies that some functions could move out of Headquarters which will lead to the relocation of some 300 more staff to field units. The study also identified opportunities to begin breaking down organizational barriers to work flow to gain the synergies associated with cross-functional program management.

What is the Plan?

Part 2 - Field Command and Control and Support

- Area/District & District/District Mergers
  - Reduce Staff by nearly 500
  - Recurring Savings of $15M-$20M



This plan acknowledges the strength of the Area-District field structure that serves the public and Coast Guard well. Over the past decade, the command and control system has been tested in extraordinary ways: Exxon Valdez, the Gulf War, Haiti-Cuba operations, floods, hurricanes, earthquakes and other natural disasters, and major transportation incidents such as the Amtrak derailment in Mobile, Alabama. In each case the Area-District architecture proved flexible, responsive, and more than up to the task.

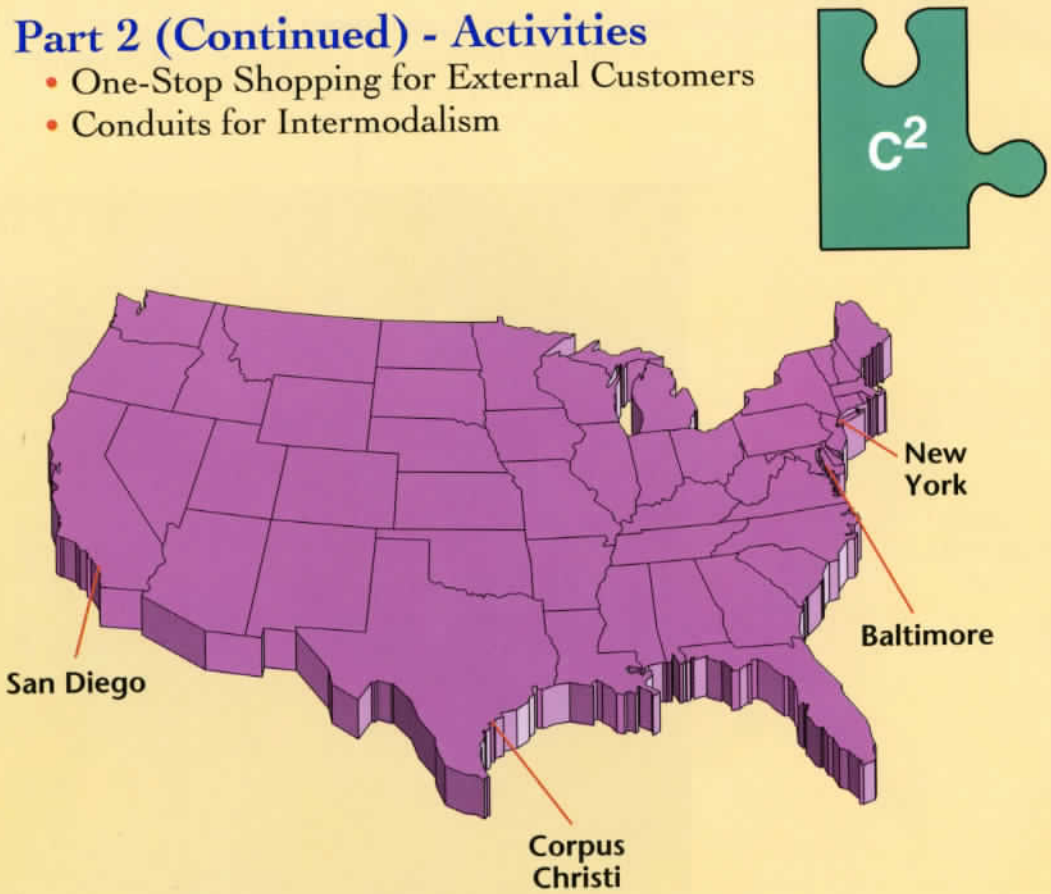
Nonetheless, the study group found that streamlining offered a number of opportunities for increased efficiencies. From a historical perspective, through the 1980s, our field structure consisted of 12 major District staffs, two of which served in a dual role as Areas. Each staff was fully functional, overseeing both operations and support, with the District Commanders in charge of all Coast Guard work within their geographic boundaries. In 1987, two Districts were eliminated to gain greater efficiencies in the field, and the roles of Areas as theater commanders and Districts as tactical commanders were

enhanced and clarified. The Maintenance and Logistics Command concept, also established at that time, reduced the number of support management centers from 12 to 2. Streamlining now takes those concepts one step further. Our two Areas are merged with nearby Districts, yet retain the clarity of function. Two adjacent Districts are merged, all other Districts are reduced in staff through a reorientation to focus on operations, with support elements shifted to MLC control.

What is the Plan?

Part 2 (Continued) - Activities

- One-Stop Shopping for External Customers
- Conduits for Intermodalism

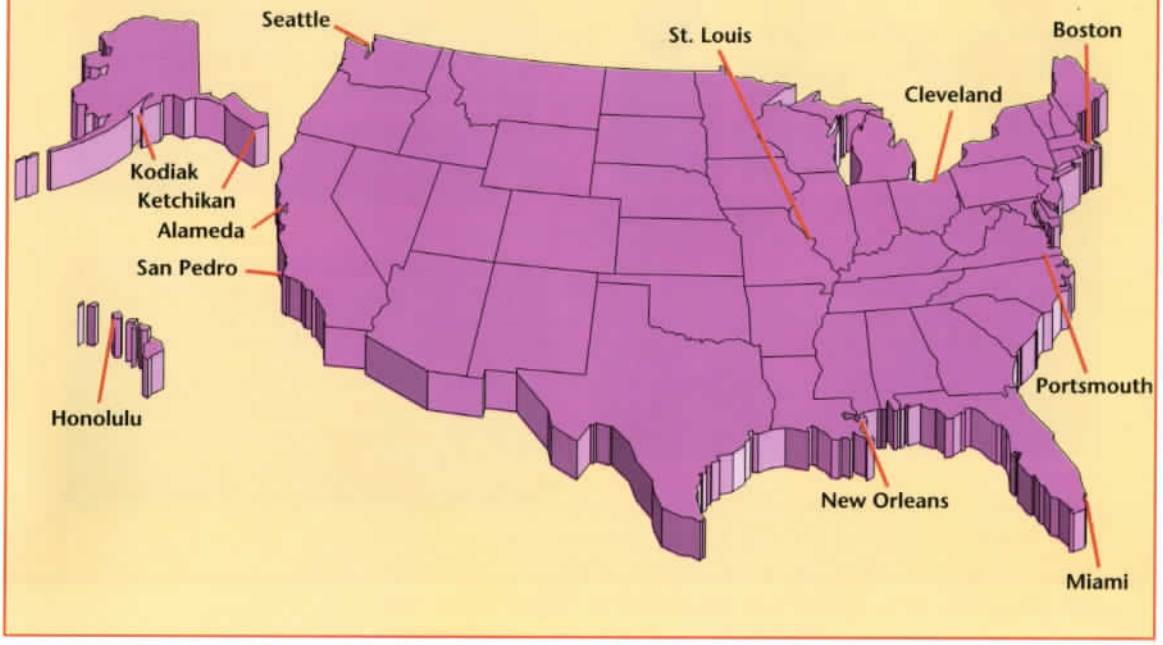


Below the level of the District (Groups, Air Stations, and Marine Safety Offices), we have enhanced the operational effectiveness of field units by creating a single point of contact for external customers in major ports. In these port areas, individual commands are linked to become Activities — merging operations centers, communications centers, and support staffs where possible — that bring about greater coordination and concentration of operational capabilities to respond to demands for the delivery of Coast Guard services. The concept of Activities will be initially prototyped in four locations. Activities will provide a structure that draws together the full range of operational disciplines within the port, approaches, and coastal environment so they may become more coordinated and focused on the effective conduct of operational missions. This concept also offers the potential to solve some of the communication, coordination, and duplication-of-effort inefficiencies that are currently associated with delivery of service in ports.

What is the Plan?

Part 2 (Continued) - Integrated Support Commands (ISCs)

- One-Stop Shopping for Internal Customers
- Decentralized Empowered Support Delivery



The plan provides a more focused delivery of the wide array of support services required by operational units in meeting mission demands by establishing Integrated Support Commands (ISCs). In the past, bases and support centers provided equipment maintenance support, while a variety of units and staffs provided finance, personnel, and information resource management (IRM) support. Under the ISC concept, seven support centers and five large bases will be converted to ISCs for all personnel and finance, as well as for the more traditional industrial support for cutters, boats, and other operating units. The ISC will serve all customers in their geographic area; not to absorb or duplicate a customer unit's capability, but to augment that capability. The current fragmentation created by support delivery being split between districts and various MLC commands would be resolved by bringing all support under the MLCs. Some types of support currently provided by the districts will be centralized in the MLC while other types of support will be decentralized and delivered from the ISCs. The ISC concept is key to obtaining savings from the consolidation of Areas and Districts.

What is the Plan?

Part 3 - Enhance Training

- Strengthen Headquarters' Focus on Training
- Improve Key Processes
- Create Leadership Development Center

Key Processes

- Performance Technology Center
- Improved Responsiveness
- Core and Strand

Leadership

- Leadership Development Center
  - Officer, Enlisted, Civilian, Cadet/OCS
  - Active, Reserve and Auxiliary

Headquarters

- Director of Reserve and Training
  - In Concert With HQ Reorganization
  - Flag Level Element of Human Resources Directorate

The streamlining plan addresses Coast Guard training needs in three ways: the Headquarters training management structure, key training processes, and the field training delivery organization. The streamlining plan and other budgetary-driven reductions increase the pressure on our people to meet customer needs in a constantly changing environment. To effectively respond to this challenge, the Coast Guard's training system must rapidly meet new training needs through well focused and timely curriculum development with efficient training delivery systems. Consequently, the streamlining plan concentrates on how the Coast Guard should manage and organize its training structure and systems to provide our historically high level of service to the public in a more complex environment.

First, the plan emphasizes the critical importance of training to the service by establishing the Director of Reserve and Training in Headquarters. This provides specific flag-level attention to training "Team Coast Guard" - active duty, civilian, reserve, and auxiliary work forces. This Director will serve as the clearinghouse on training policy, determine resource allocation, and monitor the effectiveness of existing training on a continual basis.

The plan establishes a prototype Performance Technology Center (PTC) at Yorktown to improve responsiveness in training design, development, and delivery options. The new organization will be a one-stop service center for training product development. The outputs of the Center will include job performance aids, correspondence courses, resident training, computer based training, and unit level training.

The PTC will also oversee the application of technology for delivering costly resident training. This can potentially lead to significant future enhancements and efficiencies by delivering training to the job site through interactive computer based training thus reducing the future demand for resident training.

The Coast Guard will consolidate similar components of different courses - the core and strand concept. That concept recognizes the overlaps and commonalties among our 23 enlisted ratings. It attempts to take advantage of those overlaps to minimize the resource requirements of entry level technical training ("A" schools) by combining curricula, facilities, and instructors.

All leadership development will be performed at a newly created Leadership Development Center at the Coast Guard Academy in New London, CT. This will diversify the Academy's mission, leverage its overhead costs, and bring future officers into close contact with the current leaders of our military and civilian components.

These changes will strategically position the Coast Guard to address performance issues quickly and in the most cost-effective manner possible, a necessity in a future of higher demands, rapid technological change, and stringent fiscal constraints.

What is the Plan?

Part 4 - Close Governors Island

- Reduce Staff by About 500
- Recurring Savings of $30M - $35M

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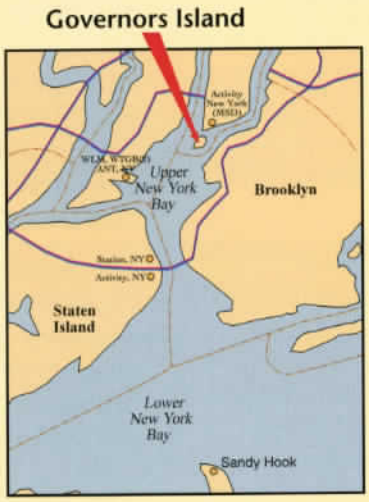


The streamlining plan calls for a major movement of Coast Guard forces from Governors Island. The Coast Guard will continue to perform all the same missions but at a significantly lower cost from other, less expensive locations.

The Atlantic Area Command will move to Portsmouth, Va., and combine with the Fifth Coast Guard District. The MLC will also move to the same area of the combined Area/District in Tidewater. Both High Endurance Cutters (WHECs) will relocate to Charleston, SC, closer to their operating area, which will reduce transit times.

Coast Guard operations in the important New York harbor area will be managed from a new Activity Command at Fort Wadsworth on Staten Island. The small boat station will be relocated to a nearby Rosebank site, and Coast Guard families will live in newly completed housing, recently obtained from the Navy at Fort Wadsworth. Other local cutters will be relocated to sites in Northern New Jersey. Thus, the Coast Guard will continue to provide all services in New York harbor but at substantially lower cost.

Governors Island is a key part of the streamlining package and offers the biggest single savings. Relocation from the Island alone will save about 500 full time positions and $30 million to $35 million annually.

What is the Plan?

Part 5 - Centers of Excellence

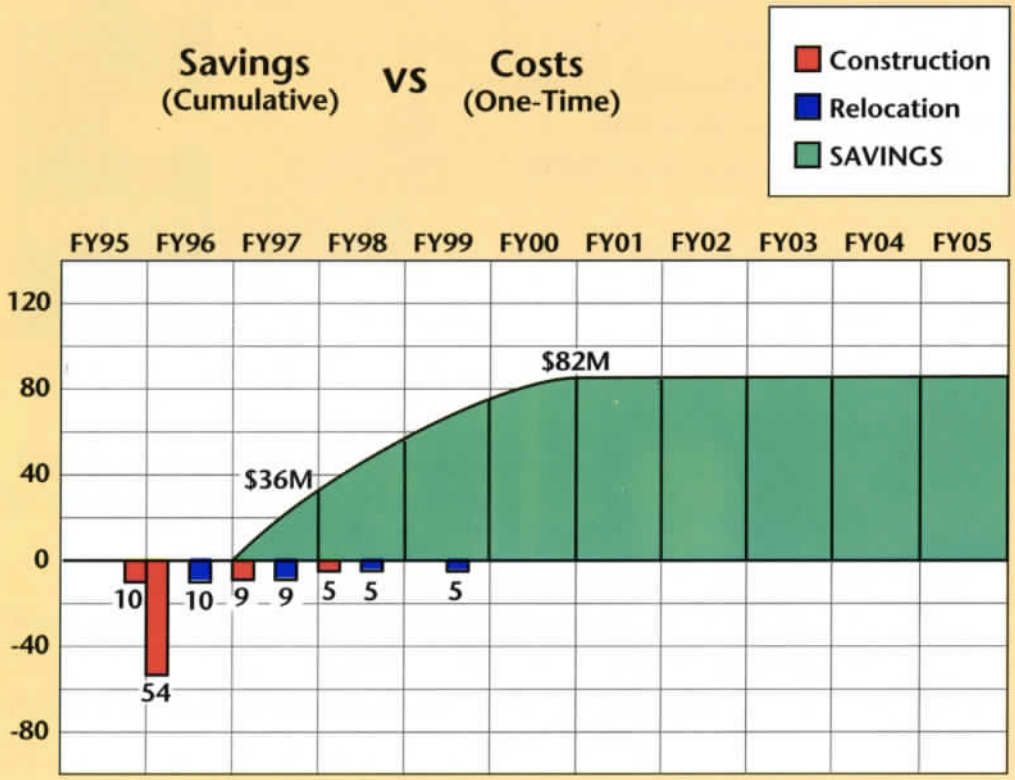
- Consolidate C3/IRM
- Restructure R&D
- Coast Guard Personnel Command
- Reduce Staff by about 50
- Recurring Savings of $3-$4M

In keeping with the *National Performance Review* and the Coast Guard streamlining plan, we will create Centers of Excellence as follows:

- We will reduce the number of electronics, communications, and IRM support facilities by at least one.
- We will restructure our Research and Development (R&D) program.
- We will combine the overall management of military and civilian personnel into a single Coast Guard Personnel Command (CGPC) located in the Washington, DC area. In addition, delivery of civilian personnel services will be consolidated from five offices, one of which is on Governors Island, into a single full service center within the CGPC. Delivery of services for our military members will remain as presently configured, however, civilian personnel services will be provided through a streamlined "hub and spoke" delivery organization. That center will form a hub to consolidate the expertise needed to provide those functions generally not requiring face-to-face interaction with the customer. On-site liaisons, the spokes, would be expanded to some 14 different geographic sites that have large concentrations of civilian employees.

How Do We Meet Our Goals?

By Investing Now to Save Sooner



This chart depicts the cumulative of costs and savings for the streamlining initiatives as presented. The blue and red shaded areas represent construction and relocation costs by year and quarter for the plan described in this booklet. Savings, shown in green, are cumulative starting in FY97 through FY00 and beyond.

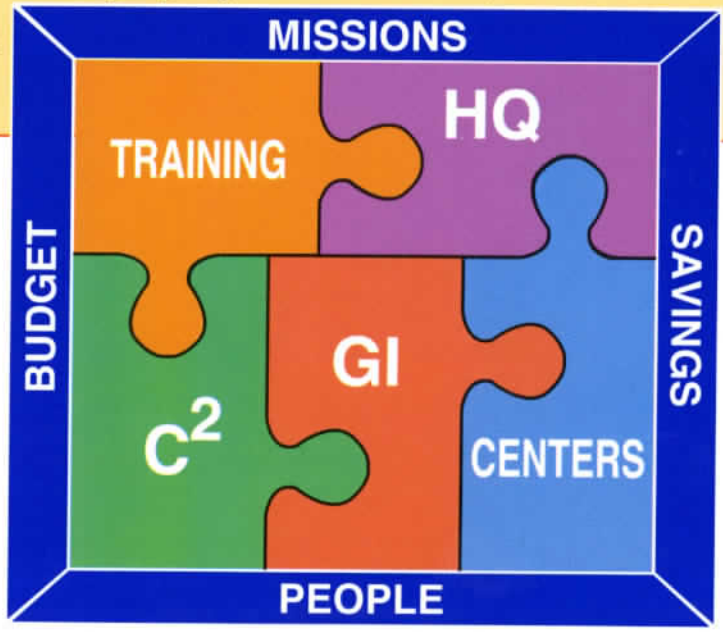
Recurring reduction by FY00 amounts to nearly $100 million annually and more than 1,400 military/civilian billets/positions. Considering projected savings from this current effort, together with our FY94, FY95, and FY96 reductions, the Coast Guard is well positioned to meet the $400 million, 4,000 billet/position reduction targets.

Summary

A 5-Part Integrated Business Decision Package

- Meets the President's "Mandate for Change"
- Postures CG for the future
- Contributes to reduction target
- Retains service to the public
- Nearly $1 Billion in Cumulative Savings by 2005
- Makes available excess property valued at over $1 billion

"Better Government at Lower Cost"



The streamlining plan presented in brief here contributes significantly to a leaner, more efficient Coast Guard that retains the ability to meet and exceed the expectations of the Department, the Congress, the President, and the American public. The Coast Guard will meet the challenge to reduce costly overhead and infrastructure, yet remain "Semper Paratus" - as a strong humanitarian organization and a valued member of the Department of Transportation and Armed Forces.

This package supports the President's deficit reduction initiative by providing cumulative savings of nearly $1 billion by 2005 and making available over $1 billion in property for other uses. Additionally, in all mission areas, the Coast Guard will continue as the premier maritime Service in the world. Through the streamlining initiatives, the multiyear budget strategy, and a continuing commitment to leverage technology to make our people more productive, the Coast Guard is truly an example of "Better Government at Lower Cost."

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