

The State of the Coast Guard Address

March 3, 2009

Master Chief Skip Bowen: Good afternoon, ladies and gentlemen. Welcome to the 2009 State of the Coast Guard Address. I'm Master Chief Skip Bowen, Master Chief Petty Officer of the Coast Guard, and I'll be your Master of Ceremonies this afternoon.

At your seat you'll find a Coast Guard calendar, a Coast Guard handout, and a question-and-answer card. At the conclusion of the Commandant's address, there will be a short Coast Guard video where your questions on these cards will be collected. At the conclusion of today's event, the Commandant will be also available for a brief press conference.

It is my honor this morning to introduce the Commandant of the United States Coast Guard, Admiral Thad W. Allen. You can read his full biography in your programs. But for my purpose, I thought I'd just relay a few thoughts about him that I think reflect the feelings of all those who have had the privilege of knowing him personally.

I first met Admiral Allen during the summer of 1993 when he took command at Coast Guard Group Captain of the Port Long Island Sound. We, the chiefs, immediately felt that he was unlike any commanding officer that we had ever worked for.

Beyond the fact that he could immediately grasp complex issues and generate workable solutions, he displayed an almost uncanny ability to communicate those solutions, no matter who he is speaking to. From very high level people in and out of government, to the lowest ranked entry level person in our service. He finds a way to connect, communicate and inform. One of his secrets is that he honestly cares. And it shows.

Admiral Allen is a dynamic leader that can cut through the bureaucracy and resolve problems at warp speed. The Coast Guard has long known this. And shortly after Katrina came ashore, the entire nation knew it.

John Quincy Adams said: "If your actions inspire others to dream more, learn more, do more, become more, you are a leader."

Admiral Allen is all that and more. He's both a man of vision and the most forward-thinking person I've ever met. At this time we're going to play a brief video introducing the Coast Guard as America's maritime guardian. After it ends I hope you'll join me in welcoming the 23rd Commandant of the United States Coast Guard, Admiral Thad W. Allen.
(Applause)

Admiral Thad W. Allen: Thank you, Master Chief, you're getting pretty good. Thanks for the kind introduction, and thanks for all the friends of the Coast Guard, our stakeholders, our partners, and the people that we serve in this country for being here today.

I'm going to start this speech with a disclaimer. Not usually the way you start a Coast Guard speech, but I think it's an appropriate one this year.

In the last two years, we have had a change in location, the format, and the content of this address to align with the submission of the President's budget, the submission of our Coast

Guard Congressional budget justifications, and actually the publishing of our Annual Posture Statement.

As the President indicated in his speech to the Joint Session of Congress last week, the detailed fiscal 2010 budget will be submitted in April.

Therefore, we're short on details, but I can tell you we do have a lot to talk about. And it's a great opportunity to talk about external challenges, what's going on in the Coast Guard, changes, and I believe this is an appropriate venue to do that. So thank you for being with us here today.

Last year I spoke about the unprecedented amount of change that's going on in our world. Our world is not only flat, but it's being compressed as well.

I compared the changes we faced with those faced by the Revenue Cutter Service at the turn of the last century when wireless telegraphy was shrinking the globe and the Industrial Revolution was propelling the United States forward. It was an era that spawned the modern Coast Guard in 1915.

Our service is at a new inflection point in history, a time that demands change, a time that demands a modernized Coast Guard.

I can report to you that for the last year we have been on task. We are moving forward deliberately, and at best speed. We are becoming more flexible, agile, and responsive to change, with all of our effort focused on mission execution.

This is not the same Coast Guard that existed even one year ago. From the heartlands of this nation, through our ports and across the maritime global commons, to the Arctic and the Horn of Africa, your Coast Guard is employing an astoundingly diverse set of capabilities and competencies. One of our combatant commanders recently told me: The Coast Guard is like a great fighter that punches above his weight.

I appreciated his comment, but it would be really nice to move to a higher weight class.
(Laughter)

We gather here today again in that fast-changing world. The accelerating pace of change most notably in technology, ubiquity of information, and the global trading system have created a metaphorical world without night.

In a world where the business day never ends but merely follows the sun, you almost get the sense that time and space are on the verge of becoming irrelevant.

And on the Internet, that's true. We know our global physical reach must be accompanied by effective and secure presence in cyberspace as well. That said, our ultimate task is to create effects in both worlds.

But I can tell you this: Time and space were not irrelevant last week for the four-man crew of the 58 foot fishing vessel Icy Mist. The vessel had become disabled and was blown aground in a remote part of the Aleutian Islands. Despite winds of 90 miles per hour and gusts over 100, the Coast Guard dispatched an HH-65 Charlie helicopter that was deployed from the cutter MUNRO. Arriving on scene, the helicopter attempted a hoist but had to abort due to serious

downdrafts and the turbulence along the cliff face above the grounded vessel that made hovering virtually impossible.

A long-range C-130 aircraft orbiting overhead for command and communications and air cover could not even drop rescue equipment because of the wind.

At that point, two large HH-60 Jayhawk helicopters that had been launched from our port operating base in St. Paul Island arrived on scene.

The original attempt to hoist had to be aborted because of the wind conditions. And at that point the persons on board felt they could get to shore. They did. They scrambled up to an open area where they were successfully hoisted. Despite hurricane force winds and a difficult transit to the scene, four fishermen were successfully rescued. Compare and contrast that to this.

At the same time last week our personnel defended our Coast Guard points of presence on the Internet against malicious software attacks.

But we also worked in joint teams with our defense partners to defend our cyber domain. And we conducted our foray into social media. We have developed partnerships with Google and YouTube.

We participate in blogger-round tables, and we have a presence on sites like Facebook and Flickr. We are managing the inevitable tension between network security access for our personnel and the need to be present in what I call a new social atmosphere. The reality is we must and will occupy both realms to execute our mission.

Today I'm giving my third State of the Coast Guard speech. I can report to you that the state of the Coast Guard is strong. The good news is there's never been greater demand for our services. The bad news is there's never been greater demand for our services. The nation values what we do, but the collective demands on the nation and the Coast Guard are considerable and it will continue to be.

Our First Secretary of Homeland Security, Tom Ridge, once said: "If we didn't have a Coast Guard, we'd have to invent one."

Added to this demand are the emerging challenges that would require us to sustain our commitment to modernization of the Coast Guard and mission execution and at the same time ensure allocation of resources focused on reducing risk across our mission set.

These challenges include the current fiscal crisis, which will create pressure on budgets, and a continued need to support our combatant commanders, engage foreign partners, and sustain overseas contingency operations in an era of persistent conflict, even as operating costs are migrated into annual appropriations as the President directed last week in his speech.

While funding levels set general limits on what is possible, our internal organizational structure, our ability to create effective doctrine, our ability to plan and execute operations, must be optimized to make the best use of every dollar appropriated.

For that reason, our current modernization efforts are critical. Regardless of whether we're enjoying budget growth, managing level funding or dealing with a programmatic reduction, such

as termination of LORAN-C, the best way to operate the Coast Guard is through a modernized service. I've told our people at all hands all over the Coast Guard that modernization is a change in business process and command and control. It's not budget-driven. It is driven by the necessity to change and adapt to ensure future readiness.

We will work closely with the Congress to complete the final legislative steps to allow stand-up of our operations command, force readiness command, and the redesignation of our leadership positions at headquarters. To use a nautical metaphor: We are ready to proceed at best speed.

I appreciate the very strong comments made in support of our modernization by our Chairman Elijah Cummings at a recent ribbon cutting ceremony for our Surface Forces Logistics Center at Curtis Bay, and his commitment to enacting this legislation.

In the meantime, we've aggressively moved to stand up our five logistics service centers and implement our bi-level support concept for the entire service. We're seeing immediate improvements. Petty Officer Gerald McCann of Station Neah Bay recently commented on my blog -- yes, my blog -- regarding the new small boat support system.

"I love it. Now with a quick click of the mouse I can find out what maintenance was done on my boat, what maintenance needs to be done, what my scheduled missions are and the status of the other boats at the unit. Where I used to have to spend 15 minutes, now it is done in less than two minutes."

As we deploy this new maintenance and logistics system across our operating units we have also implemented the blueprint for acquisition reform and have assumed the role as lead systems integrator not only for deep water, but for the entire service.

There's now a strong linkage and partnership between our operators that develop requirements, our technical authorities who certify that systems perform as specified, and our acquirers who translate requirements that meet technical authority standards into the cutters, boats, aircraft and systems that our people need and that our people deserve.

Through our new acquisition organization, the first national security cutter BERTHOLF has been commissioned and recently completed successful combat system qualification testing with the Navy.

We are working closely with the Navy's space and warfare systems command to complete information assurance and take final delivery. The WAESCHE and STRATTON are next in line. And HAMILTON is in the queue. The new Sentinel Class Patrol Boat contract has been awarded. And our new response boat is coming soon at a small station near you.

The sixth ocean sentry aircraft has just arrived in Elizabeth City in February. And Rescue 21, our near-shore command and control and communications system, has already covered over 24,000 miles of our coastline enhancing both our safety and our security.

This did not happen by accident. It is the result of hard work by our Office of Acquisition and the entire service. Let me be clear on this: Any discussion of our acquisition organization and its effectiveness needs to begin with where we are today and what has been accomplished in the last two and a half years. We must always learn from the past and make corrections where needed, but today we are in a new place and it needs to be recognized.

I continue to hold meetings and program reviews with the chief executive officers of those companies who are providing these new capabilities. Senior leader involvement has been a key factor in stabilizing these programs and it will continue.

The state of the Coast Guard is strong. We're lucky we can claim good DNA. We are a unique product of the American Revolution, and our Constitution. In fact, a close reading of our Constitution reveals it to be the governance plan for maritime trade as well.

And as we all know, in Federalist Paper No. 12, published long before Alexander Hamilton proposed the first 10 marine cutters in 1790, he noted: "A few vessels judiciously stationed at the entrance of our ports might, at small expense, be useful sentinels of the laws."

For those who believe that homeland security is a new mission for the Coast Guard, it was in fact our first mission. Hamilton understood the economic value of the maritime transportation system. The results of his actions were impressive and immediate. 10 years after the Revenue Marine's formation, imports and exports in this country increased from \$52 million a year to \$205 million a year. That's a lot of money in then-year dollars. The modern maritime transportation system remains the lifeblood of our national economy. Over 90% of the world's trade is carried on the water.

And in the United States, the maritime transportation system carries 78% of all of our international trade, including 66% of all the crude oil consumed and generates millions of jobs.

All of these numbers are expected to increase in the next 15 years. To understand our current and future world of work, expand your view of the maritime domain.

Water covers 70% of the earth's surface, and its uses are expanding to meet the demands of our times. Massive manmade islands are being constructed off the Dubai to increase living space. As our energy needs grow, solutions are being sought in the water as well as on land. The demand for liquefied natural gas carriers continues to grow. Conversion of wind and tidal energy is growing as well. Exploration will continue in the Gulf of Mexico and into the Arctic.

Utilizing ocean thermal energy conversion technology, a Dutch company is building a manmade island 20 miles off their coast to provide power for two million homes. It's not a dream. It's scheduled for completion in the year 2020. Hamilton was a visionary, but for all his brilliance, even he could not have foreseen the expanded role of the modest revenue marine.

We are a small service, but we have a large impact on the daily lives of our citizens and the citizens of the world. The state of the Coast Guard is strong. Let me take you on a short trip from the heartland of our homeland to the homeland of our global partners.

In the heartland, our inland waterway navigation system in the Great Lakes move commerce through 38 states stretching from the Canadian border to the Gulf and Atlantic Coast and Pacific Northwest as well. This integrated, environmentally friendly system handles nearly 18% of all inner city freight by volume. A fact not known by many Americans is that one barge can carry the cargo of 15 rail cars and 58 trucks.

We are actively engaged with the Department of Transportation, the Maritime Administration, the Army Corps of Engineers, private industry, and our Canadian neighbors, to keep these waterways safe and efficient.

After the motor vessel Tinto Mara collided with a tug and barge on the Mississippi River last July, over 260,000 gallons of fuel were discharged in the Mississippi River. Nine potable water plants were closed; 300 maritime facilities were impacted, and hundreds of deep draft vessels were forced to loiter offshore. The environmental and economic ramifications multiplied by the hour.

With several Coast Guard units on scene, working as part of an interagency national recovery team, the river was reopened two days after the incident. Economic disruption was minimized.

This incident also revealed the need for better oversight to ensure how tow boats are operated by qualified individuals. As a result we have implemented random unannounced checks of tow boat operators.

Last June, sustained rains in the upper Midwest created severe flooding conditions throughout Indiana, Iowa, Illinois and Missouri.

Over 750 miles of waterways, 760 bridges, 11 locks and over 95 marine facilities were affected. A crippling economic blow to the region. Coast Guard Sector Upper Mississippi River led a coordinated effort with federal and state, local planners to save lives and quickly restore the marine transportation system to pre-flood conditions.

We also provided response and recovery forces to restore the waterways along the Gulf Coast following Hurricanes Ike and Gustav.

And, in fact, the 2008 Atlantic hurricane season was the third most costly on record with over \$41 billion in damage and the fourth busiest since 1944. It was the only year on record in which a major hurricane existed in every month from July through November in the North Atlantic.

While we searched to support hurricane relief operations, we also provided water-side security to the Republican National Convention in Minneapolis. Our response capabilities were also employed last month when 135 ice fishermen unintentionally got underway on an ice flow that broke free on Lake Erie.

Working with local authorities, we used helicopters, specially adapted air boats and ice rescue techniques, to prevent injuries and loss of life.

As these cases demonstrate, it's vitally important that we work with our maritime partners to limit disruptions and enhance resiliency in our ports and marine highways. To that end, I recently met with Secretary of Transportation Ray LaHood and proposed a series of initiatives to ensure the Coast Guard Transportation Department partnership remains strong.

We are mindful of our transportation safety obligations and we will attend to them. Ports are the front doors to our national economy, as intermodal connections, direct commerce to all points, in the country.

Recognizing their importance, we are reaching out to the private sector to balance our safety and security posture. We have heard about the concerns, the cumulative impact of regulations, delays in rule-making, lack of marine inspectors, and the delay in merchant mariner credentialing. We are moving forward in each of these areas with new resources and business processes. And I personally have conducted extensive outreach to every sector of the maritime transportation community both here and abroad, and I will continue to do that.

While the efficient flow of commerce is critical, we cannot neglect security. As our Former Secretary of Transportation Norm Mineta has said: Safety and security are two sides of the same coin.

The common theme running through the attacks in Mumbai, India, piracy off the Horn of Africa, and the advent of self-propelled semi-submersibles in the drug trade, are unregulated small boats that operate with relative anonymity.

Together with our homeland security partners, we have published a small vessel security strategy to increase awareness, and encourage legitimate vessel operators to report suspicious behavior.

Even an attempted small vessel attack on a commercial vessel would shut down a port for days, with far-reaching effects in the global marketplace. After the 2002 small vessel attack on the French tanker Lindbergh in Yemen, that country experienced a 50% decrease in shipping, and insurance premiums for inbound vessels rose 300%.

There are millions of vessels used for recreation and work in our ports and waterways. They value their independence and freedom. And we understand that.

We will, however, improve our visibility of these boating populations and full collaboration and consultation with our stakeholders.

Further offshore, the Coast Guard is the only federal law enforcement agency with large cutters capable of projecting presence to the limits of the exclusive economic zone and beyond.

Working with our homeland security component partners, other federal law enforcement agencies, the Department of Defense and our foreign partners, we have achieved record drug seizures and deterred mass migrations.

But the vastness of the maritime domain lacks a transparency of movement we have achieved in the domestic and international air traffic control systems.

We need to increase our offshore awareness. As a result of international collaboration through the International Maritime Organization, long-range identification tracking became mandatory on January 1st.

It provides contributing nations with access to vessel movements out to 2,000 miles at sea. Now arrival information can be compared against tracking data to increase safety and detect security anomalies. As we expand our detection capability, we must be able to respond as well, and in many cases well offshore.

Under the national strategy for maritime security that was issued in 2004, we have worked for nearly five years with our inner agency partners to develop and mature what we call Maritime

Operational Threat Response, M-O-T-R, MOTR. This is an unequivocal interagency success story. Utilizing prearranged protocols, federal officials coordinate their efforts to identify and mitigate risk in the maritime domain as far offshore as possible.

Agency roles are defined, and desired outcomes agreed upon. Within this framework, the Coast Guard is developing a concept for advanced interdiction operations which can extend our presence offshore to address long-range threats and noncompliant vessels.

The MOTR process is a gold standard for interagency coordination and cooperation. And it is important because the threats we face in the maritime commons tend to be agnostic to political boundaries and traditional jurisdictions.

Global threats require global solutions. And at the same time regional threats are best addressed regionally. To address global threats, we employ elements of national power but we must be prepared to act in concert with international legal regimes and our international partners.

In recent days and months we have worked extensively with our interagency partners to address piracy in the Horn of Africa. In support of the contact we've established under the recently issued piracy strategy, we have participated in meetings around the globe, most recently in Djibouti, Dubai and London to discuss responses ranging from military operations to a merchant vessel code of contact.

At the same time, a Coast Guard law enforcement detachment deployed on the USS Vella Gulf as part of an international coalition task force participated in the capture of 16 pirates in the Gulf of Aden. We're now using a recently signed Memorandum of Understanding with the government of Kenya to prepare a case package and to seek prosecution in Kenyan courts.

While the scourge of piracy holds our attention in the lower latitudes, the retreat of multi-year ice in the Arctic presents a far different set of challenges. The presence of open water in areas previously inaccessible due to year-round or fast ice creates new demands for Coast Guard presence.

While we are likely years away from routine shipping trends that take advantage of shorter routes, improved access through the Bering Straits and the Chukchi Beaufort Seas opens the way for increased oil and gas exploration, ecotourism, and research in support of potential outer continental shelf claims.

Limited air access, lack of logistics bases and harsh operating environments are testing our equipment, operating procedures and command and control capability. We're in the process of planning our third summer deployment to the North Slope, where we will continue to test our equipment, operational procedures and mission support capability.

Later this year we will release a report on high latitude operations that will help define requirements for future operations.

If I have a concern regarding Arctic operation, it lies with our ice breaker fleet. There are currently three ice capable ships in the United States fleet. Two are heavy ice breakers. The Polar Sea and the Polar Star. The third vessel, the Healy, is an ice strengthened research vessel designed and built for Arctic science and research. Polar Sea is operational. But the Polar Star has been inactive for 30 months and requires extensive repairs to return to service.

Appropriations were provided this fiscal year to begin those repairs and the contract was recently awarded. I would note we have strong support from our combatant commanders and the Joint Chiefs of Staff to acquire the necessary capability to maintain a presence in the Arctic.

Gene Renuart (NORTHCOM Commander) was supposed to be with us today. I don't see him here today. But I'm pleased to note that he represented the United States in Iceland several weeks ago at a NATO-sponsored Arctic conference. And I thank him for his leadership, and I thank him for his friendship. He's a terrific shipmate and a wingman.

Key to success in the Arctic will also be regional cooperation. Given the time and distance challenges, any major search and rescue operations or environmental response will likely exceed the capacity of any one individual country.

For that reason, we are working with the North Pacific Coast Guard Forum and the North Atlantic Coast Guard Forum to assess our collective capacity and create a framework for multi-lateral exercises and response operations.

Our experience has taught us that many maritime threats can be effectively addressed regionally, as I indicated earlier. The High Endurance Cutter MUNRO recently seized two Chinese vessels with miles of devastating drift nets onboard. It was only made possible because of Japanese and Canadian surveillance flights providing tracking data and a Chinese fisheries officer embarked onboard MUNRO who authorized the seizure of the vessel.

Just last month, the RUSH became the first vessel to exercise our bilateral agreement with the Republic of Kiribati when embarked ship riders authorized the seizure of a Japanese fishing vessel illegally operating in Kiribati waters.

Our ability to network with foreign governments at various levels was a key consideration in the development of the Cooperative Strategy for 21st Century Sea Power, which was jointly signed by me, the Chief of Naval Operations, and the Commandant of the Marine Corps in 2007.

The strategy has become a powerful tool to advance our maritime interests and create a framework for global partnerships.

Through training missions and joint operations, we can build a host nation's inherent maritime capabilities, create partners for global governance, and ultimately prevent conflict.

U.S. combatant commanders understand that most of the developing nations in the world need a Coast Guard more than they need a blue-water navy.

Last year, the cutter DALLAS demonstrated our multi-mission value by conducting law enforcement operations with Cape Verde, the first of its kind with an African nation. DALLAS then deployed to the Mediterranean where she became a platform of opportunity to deliver humanitarian assistance to the Republic of Georgia following their conflict with Russia.

As we meet here today, the cutter BOUTWELL is currently operating with a Navy Expeditionary Strike Group and will support four different combatant commanders and train with several foreign navies and coast guards as she circumnavigates the globe. We'll continue to

work globally and regionally in support of the United States maritime security and the security of the global commons.

As part of the U.S. delegation to the International Maritime Organization, we will focus on current issues ranging from air emissions from ships, to ballast water management which will prevent the introduction of invasive species. Finally, we support and will continue to press for the fair treatment of seafarers and the need to protect those that are abandoned by their shipping companies.

As you can see, our diverse operations in the homeland, in our heartland, in our ports, at sea, and around the globe, require adroit planning, savvy resource allocation and risk-informed decision making. The Coast Guard is strong. Not without challenges, but strong.

The fact that demand for Coast Guard services exceeds our capacity has always been the case. But as the nation faces fiscal uncertainty, we'll have to make difficult financial choices and manage resources to buy down risk in the most critical areas.

In doing so, we must recognize that the Coast Guard is a capital-intensive organization, and that the deteriorating condition of our fleet has been well documented. Two of our high endurance cutters, the DALLAS, on their return from deployment, and GALLATIN have experienced severe structural deterioration and have been removed from service for repairs. The cost of operating our major cutters is increasing and cutter availability is decreasing.

Our inland river and intercoastal construction tenders require attention, as do our 144-foot ice breaking tugs. We are experts at managing an aging fleet to meet mission requirements, but time is a merciless thief and it's stealing readiness with each passing year. We're grateful for the recently passed stimulus bill which provides some funding to replace equipment and direct funding at our aging shore facilities.

The key to current and future success lies in our ability to complete the modernization of our service so that we can effectively and efficiently allocate resources, support our personnel and sustain operational capability.

We will always focus on current operations and mission executions. We are guardians. Beyond that, modernization is job one. My job is to work within the political and governing structures that will face significant pressures on repositioning our nation for future success just as we are trying to reposition the Coast Guard.

I am on task. As we balance mission demand and resources, we know there's a strong hand at the tiller, the Department of Homeland Security. In her very brief tenure as secretary, and as our service secretary, Secretary Napolitano has demonstrated leadership, energy and focus that we admire and appreciate.

In closing, let me thank the men and women of the United States Coast Guard, active duty, reserve, civilian, and auxiliary, for the honor, respect and devotion to duty you display every day. We do not operate in a risk-free world.

As we learned with the loss of our Coast Guard Helicopter 6505 during a training exercise in Hawaii last fall, we can best honor the memory of our lost shipmates by rededicating ourselves to the guardian ethos that they live and died by.

Our people accept personal risk on a daily basis without any expectation of recognition. They are called by a higher duty to defend the nation and save those in peril. When our rescue swimmer Abram Heller jumped into the frigid Bering Sea to save the survivors of the Alaska Ranger, he willingly put his life on the line to fulfill his obligation as a guardian.

As a sea service, we've answered this clarion call throughout our history. In the Annual Report on the U.S. Life Saving Service in 1885, the Congress explained our ethos in simpler terms: "These poor plain people took their lives in their hands and, at the most imminent risk, crossed the most tumultuous sea, and all for what? Only so that others might live to see home and friends."

Secretary Napolitano underscored our ethos and our shared responsibility within the Department of Homeland Security in her testimony before Congress last week. And what I've encouraged our people to do is to say to themselves, when they wake up in the morning, what are they going to do that day to improve the safety and security of Americans? And when they leave work that evening, what did they accomplish that day to improve the safety and security of Americans?

That is why every member entering the Coast Guard hears these words: "I am America's maritime guardian. I serve the citizens of the United States. I will protect them. I will defend them. I will save them. I am their shield. For them I am semper paratus. I live the Coast Guard values. I am a guardian. We are the United States Coast Guard."

Thank you, God bless America.
(Applause)

We changed the format this year to allow for some Q&A. I think we have some moderators.

>> **Moderator:** Good afternoon. We'll start our question-and-answer session. First, I'd like to thank everyone who submitted questions here today as well as online on the Coast Guard's website. For the sake of brevity, we may paraphrase some of the questions so we can get to as many questions as possible.

Our first question, Admiral, on the topic of marine safety performance. The commercial maritime community has complained the last couple of years of a shift in Coast Guard focus from traditional roles, specifically marine safety. A generalization of the complaints is that the Coast Guard is not adequately staffed with experienced inspectors. Additionally, many of the inspectors are junior and inexperienced, especially when compared with the shipmasters, chief engineers and port personnel that they are regulating. What is the Coast Guard doing to address these challenges?

Admiral Thad W. Allen: Thanks for the question. We've actually been addressing this issue for about 18 or 24 months. And I would just say this: Almost the same answer I gave on the acquisition organization. I think we need to look at where we're at today rather than two years ago.

We're not where we need to be, but we certainly have thrown a lot of resources and put a lot of energy into this issue. Over 300 positions have been added to the marine safety program. We're looking at a blended workforce of OCS and academy accessions that ultimately move up to become a professional marine inspector.

Also looking for creating civilian positions for continuity and consistency between the ports. And we also look, of course, to our enlisted and warrant lieutenant program in that middle ground there to give us some bench strength as well. We're creating centers of expertise, focus on the various industry segments whether it's liquefied natural gas, the brown water tow boat industry, oil and offshore gas exploration, cruise ships, so forth, including our merchant mariner credentialing system in West Virginia.

We're putting resources on this. Somebody once told me: You don't make policy to spend money. We're spending money. I put out unambiguous guidance to the field on how I expect our people to interact with the maritime transportation sector.

I've gotten really positive feedback from folks like BIMCO who actually did a survey and told us that it was going the right direction. So I would call it a work in progress. But we need to have you give us the feedback. And I would tell anybody, if you've got a problem, go directly to your sector commander and captain of the port and make the problem known early to them so they can take care of it.

>> **Moderator:** Thank you, sir. The next question was asked here today: Topic is environmental protection. Is there any possibility that EPA and the Coast Guard will sign a memorandum under which the Coast Guard will enforce the EPA's Vessel General Permit?

Admiral Thad W. Allen: Well, as you know, we're in a little bit of a transition period here right now. We're up against a hard deadline. We had a lot of court action that was involved in this. We now have a general discharge permit. I had a very close relationship with the last EPA administrator. I met quarterly, breakfast, lunch, wherever, to go through these problems. I have no problem at all signing an agreement with EPA and parting as we move forward on this.

>> **Moderator:** Thank you, sir. The next question was also asked here today: Topic is LORAN. The President's budget overview proposes eliminating LORAN, which will leave the nation without a primary back-up for GPS. What problems do you foresee if E-LORAN is not funded and deployed?

Admiral Thad W. Allen: I'm going to make a distinction between operating LORAN and a back-up for GPS. While one could be the other, it doesn't necessarily have to be. The policy decision was taken to terminate LORAN-C. Negotiations, discussion and outreach to stakeholders will continue on the requirement for back-up to GPS.

Should that back-up become E-LORAN, that's something that can be addressed in the future. We've vacillated for years on LORAN-C. We have stations in Alaska. They're operating with 1960s vacuum tube technology that have yet to be converted. It is time for an up-or-down vote on LORAN-C. It has served this country well. There's not a maritime navigation requirement for it, but regarding positioning and timing, those requirements need to be generated in the interagency, and the Department of homeland Security will have the lead on that effort.

I would say also, as a former LORAN-Commanding Officer in Southeast Asia, I have two vacuum tubes sitting in my office at Coast Guard headquarters. They were similar to the ones at my station in Lamphoon, Thailand, which I closed in 1975 after the fall of Saigon. And those same tubes are being used in Alaska today.

>> **Moderator:** Thank you, sir. The next question was asked online. The topic is Arctic policy. Do you envision a return of ice breaker funding from the National Science Foundation to the Coast Guard in the 2010 federal budget?

Admiral Thad W. Allen: We were provided guidance with the 2009 appropriation that there should be a fund-based transfer between the National Science Foundation and Coast Guard to sustain ongoing based funding of our ice breakers. We're currently working that issue inside the administration in advance of the roll-out of the budget in April and more to follow.

>> **Moderator:** Two more parts to this question, sir. In the current economic and budget climate, do you see ice breaker funding increasing or decreasing?

Admiral Thad W. Allen: Well, if I could put the horse before the cart, first we need to stabilize our current fleet and resolve the funding issues between the Coast Guard and the National Science Foundation. Then we need to have a requirements development process that takes us to where we need to be for ice breaking requirements in the Arctic. There's a new national security presidential directive that's currently under review by the new administration. Need to go to an alternatives analysis whether the current ice breakers can be rehabbed or what to do about potentially new ones.

I'm more concerned about losing current capability and putting this country in a position where they're at risk and unable to establish presence in the Arctic. The current ice breaker fleet is my main focus.

>> **Moderator:** Last question on this topic, sir: Do you foresee the return of Polars to Operation Deep Freeze duties or continuation of the National Science Foundation outsourcing it to foreign contractors?

Admiral Thad W. Allen: The first thing we have to do is resolve the base funding. If we follow the guidance that was provided by the Congress and remove that to the Coast Guard, I, for one, am in favor of resolving this for good and coming up with a mechanism where we provide the services and National Science Foundation doesn't feel they have to mortgage their base funding or deal with another country or another entity to provide those ice breaking services. The Coast Guard should be doing this.

>> **Moderator:** This question was asked here today, sir. The topic is the war on Iraq. In light of President Obama's recent announcement of significant troop reductions in Iraq in August 2010, how will that affect the Coast Guard's shoreside presence in Bahrain and the future of the six 110-foot patrol boats currently operating in the Persian Gulf?

Admiral Thad W. Allen: Current discussions regarding ground combat forces in Iraq. There's no -- there's been no clear discussion on what the naval forces should be out there. The current challenge right now, as you know, is providing security to the oil platforms which constitute the majority of the GDP for Iraq. That discussion has not occurred yet.

>> **Moderator:** Thank you, sir. Next question was asked online. The topic is recapitalization. Two parts to this question, sir. The first one, how will the Coast Guard learn from the mistakes of BERTHOLF while building the rest of the national security cutters and other offshore assets?

Admiral Thad W. Allen: I think I just explained it, but let me give it one more try here. We have a new acquisition organization. We have clearly delineated roles and responsibilities on how we develop requirements who owns the requirements. We have clear and delineated roles and responsibilities for our technical authorities which ensure that any acquisition meets the standards and specifications put forward. And we have acquirers that are partnering to do that.

We have a review of the structural issues that were associated with the BERTHOLF. They've been reviewed by the Navy. We are in agreement. We can achieve the fatigue life projected with the changes envisioned for the future cutters. I believe the program is stabilized.

The best example I can give you of the new organization is the award of our fast response cutter, the Sentinel Class Contract, that survived both the GAO and a court challenge as being properly awarded.

>> **Moderator:** Next part of the question, sir. What is the Coast Guard doing about its other recapitalization needs such as shore infrastructure?

Admiral Thad W. Allen: Shore infrastructure is a problem. I've tried to push that up as close to \$100 million a year as I can. I think we'll get there this year because of the money that was provided in the stimulus package. Our challenge will be to sustain that level in subsequent years. But right now I'm very satisfied with where we are at shore, that we probably need to look at the out years and whether or not that will be sufficient.

>> **Moderator:** Next question, sir, was asked here today. It's on departmental leadership. As mentioned in your prepared remarks, there's a new Secretary of Department of Homeland Security and she has already articulated a different perspective from the previous secretary. How will this different perspective affect the services, roles and missions?

Admiral Thad W. Allen: I think the secretary brings a fresh perspective on what the department does. If there's anything unique to Secretary Napolitano is her ability to see things from the position of the state and local governments. She came from that community.

She is personal friends with the other governors in the National Governors Association. And I think she brings a perspective of what it's like down on the ground, or, as she says, boots on the ground. She knows what it's like to be the chief executive officer of a state and the implication of federal policy.

It's not unlike some of the feedback we get on the cumulative impact of regulations, lack of continuity on federal policy between states and states initiatives in the absence of federal movement on regulations.

So I'd say that's a very fresh point of view that she brings to the department, and we appreciate it.

>> **Moderator:** Next question was asked online. The topic is seafarer access. What is the Coast Guard doing to ensure that required facilities security plans incorporate measures to address seafarers access to shore leave?

Admiral Thad W. Allen: We provided pretty clear guidance to our captain of ports and our sector commanders. And I've personally spoken at numerous meetings, conferences regarding this.

If there's a problem with shore leave, this needs to be immediately brought to the attention of our captain of the ports. While sometimes we lack the hard legal capability to force something to happen, our role in the leadership -- our leadership position in the ports can make a significant difference but we have to know that access is being denied in a near real time space and time so we can react and deal with the facilities. We support mariner access, bottom line.

>> **Moderator:** Next question, Admiral, was asked here today. Has to do with pay parity with the Department of Defense. Given some of the aspects of the changes in government spending, is the Coast Guard's military compensation package in danger of no longer mirroring the Department of Defense's?

Admiral Thad W. Allen: Well, our compensation and benefits are established in the National Defense Authorization Act, not in our authorization act. So our benefits are the same. Sometimes we have access issues on special programs because they don't clearly state Armed Forces, they may say DOD. We have to work those issues. But on pay it's all laid out in the National Defense Authorization Act. Now, how that's funded within the DOD appropriation and DHS appropriation is another matter. And we do seek parity and equity in making sure that is fully funded.

>> **Moderator:** Next question was asked here today: The topic is UAVs, and the question is: What is the current status of UAV, for the Coast Guard?

Admiral Thad W. Allen: Regarding high altitude UAVs, we have joined together with Customs and Border Protection to create a joint program office with the Department of Homeland Security.

I don't see any reason why the Coast Guard should be out in front leading the development of a maritime predator program if we already have one up and operating inside the department with Customs and Border Protection.

The challenge is to create a maritime variant with a sensor that will give us the surface coverage that we need in a high altitude UAV.

I think we also have the challenge of coordinating with the Department of Defense. And both of us have the challenge of access to air space dealing with the FAA. And I think there's real opportunities for DHS to partner with DOD in that regard.

On vertically launched UAVs we've had discussions with the United States Navy regarding their fire scout development, which is going to be the UAV for the littoral combat ship. I've agreed with Gary Roughhead (Navy CNO) that we need to take a look at whether or not the fire scout is a capable UAV for the national security cutter. And we would even not rule out in the future composite squadron, some way to make our requirements joint basing and joint deployments.

>> **Moderator:** This question was asked here today, sir. The topic is the size of the Coast Guard. What is the current manpower strength of the Coast Guard and what is the overall goal?

Admiral Thad W. Allen: I said last year, and I'm not going to retract it because I said it, and I can't take it back, that we are capable of growing by 2,000 a year at our accession points without making an additional investment.

Now, having that capacity on one hand begs the issue of whether or not that will be possible in the current fiscal environment. It's clear, and I said on many occasions, our demand outstrips our supply for services.

A decision on how big the Coast Guard should be moving forward, especially in this fiscal environment, is something we'll have to work with the new administration.

I'll tell you this, and I said this last year, this notion of doing more with less needs to leave our lexicon. You only do what you can with what you've got. And if you have mission creep or you have additional demands placed on you that you increase your risk position of what you don't do, and that's the discussion we have to have.

>> **Moderator:** Yes, sir. Sir, this is the last question. It was asked online. The topic is modernization. How will we measure the success of modernization if we define our ultimate mission execution as our 11 outcome measures, how will each segment of modernization move our outcome measures in a positive direction?

Admiral Thad W. Allen: That's an outstanding question, especially for an old budget wienie like me. Here's the deal: This is a chicken and an egg thing. We can take a look at our performance measures and see how we can get better granularity in what we're trying to achieve and the effect we're trying to achieve, or we can create an organization that is more responsive and more competent to develop those measures.

I have not been sanguine with our performance measures for several years. Most of them predate 9/11. A lot of them don't accurately indicate what we're doing out there. And a lot of them are dealing with performance that takes place where we don't own the entire environment and somebody else may have an impact on the outcome.

My goal would be to stand up force readiness command, properly allocate functions and responsibilities, and I think, for my successor, a real central issue is going to be taking a look at performance measures, are they adequate and are those the right things we should be measuring.

>> **Master Chief Bowen:** Thank you, ladies and gentlemen, for attending this year's State of the Coast Guard address. For those who asked questions today that were not answered, we will post the responses on the Commandant's Corner website. For those of you in the press, the Commandant will be available for a brief media conference in this ballroom. I invite all of our guests to please join us with a reception in the Holman Lounge next door. Thank you.