

Coast Guard Commandant Admiral Bob Papp's Remarks

to the

Propeller Club Washington, DC

February 22, 2011

Thank you for the opportunity to appear before the D.C. Port this afternoon!

I spend a lot of time travelling around the country visiting our Coast Guard units and hard working men and women. I like to hold "all-hands" meetings so I can hear what's on their mind. So today, I'm going to treat this as an "all-hands"....

And, just as I've made it my practice over the years in my all-hands meetings to entertain any questions, comments, opinions, or gripes, – I'll entertain questions, comments, opinions, or gripes at the conclusion of my remarks... I want to start off by sharing something with you...

"Every since assuming my duties as Secretary, I have been concerned about the critical problem facing the United States Coast Guard because of the obsolescence of much of its equipment and facilities. A review of the long-range requirements for vessels, shore stations, and aircraft indicated a need for a phased program of capital expenditures totaling more than \$1 billion in order to provide adequate operating tools for the men and women of the Coast Guard."

Sound familiar? Those words are from then-Secretary of the Treasury Douglas Dillon – the year was 1961 (though Dillon was a Republican he was serving under President Kennedy and remained under President Johnson until 1965)– the Document was a study of the Coast Guard's origin, Responsibilities, Relationships and Direction to arm the Secretary with an understanding of existing challenges so he could decide a future course of action.

I thought Secretary Dillon's comments were apropos because, as some in the audience may be aware, I released my Commandant's Direction last week. It's good practice for a ship Captain to look back at their wake before extending out new track lines...

For more than 220 years, the U.S. Coast Guard has safeguarded the Nation's maritime interests on our rivers and ports, in the littoral regions, on the high seas, and around the world.

Our development has paralleled that of our Nation – we’ve grown – though it’s been sporadic, like a swinging pendulum between progress and doldrums. Our military organization and small size have allowed us to adapt, improvise, stay nimble and overcome when required.

We have kept a weather eye to windward...we see the fiscal pendulum swinging...and we know our government will have to make tough trade-offs that allow it to best serve the Nation, while also conforming to current fiscal realities.

This is why I reported last week that the Coast Guard is ready to meet mission demands, but facing many challenges.

To meet these challenges, my direction has set forth 4 priorities:

- 1) Rebuild the Coast Guard
- 2) Sustain Front Line Operations
- 3) Enhance Maritime Incident Prevention and Response
- 4) Support Military Families

What I’d like to do today, now that the President’s budget has been released, is discuss with you on a more tactical level how we’re going to tackle some of these challenges.

Rebuild the Coast Guard.

Our FY2012 budget requests \$1.4 billion to continue recapitalization of cutters; boats; aircraft; C4ISR – that’s command, control, communications, computers intelligence, surveillance and reconnaissance systems, and infrastructure to improve mission readiness.

This includes funding for \$642M in surface assets, including:

- Funding National Security Cutter # 5 (\$615M); We have 8 NSCs replacing 12 378’ HECs so it’s vital that we fund all 8...
- Offshore Patrol Cutter (Design and acquisition work). The OPC will replace our rapidly aging medium endurance cutters;
- Fast Response Cutters – 6 FRC’s of a planned 58;
- Response Boat-Mediums (RB-M) – this will fund 40 RB-Ms;
- Medium Endurance Cutter – this will fund operational enhancement work for 5 MECs at the Coast Guard Yard through the ongoing Mission Effectiveness Program.
- Air Assets – the budget provides \$289.9 million for air asset recapitalization and enhancement, including:
 - Construction of 2 HC-144 Maritime Patrol Aircraft and 5 Mission System Pallets and Spare Parts;
 - 1 HH60 helicopter (replacing one lost in an operational crash in 2010);
 - Conversion and sustainment projects for multiple other aircraft;

The budget also provides \$166.1 million for Other Asset Recapitalization...This includes...

Rescue 21 – by harnessing global positioning and cutting edge-technology, Rescue 21 has enabled us to replace our legacy VHF coastal distress system – and in many cases, take the search out of search and rescue by using direction finding equipment. Rescue 21 is already standing the watch over 40,000 miles of coast line – this funding will allow further deployment of Rescue-21 equipment in Sector Lake Michigan, San Juan Honolulu, Guam and also upgrade legacy VHF systems in the Western Rivers...

Interagency Operations Centers – the budget funds deployment of “Watchkeeper” information sharing capability to three locations – and deploys other sensors to enhance maritime domain awareness, as well as sharing tactical information.

The budget also provides \$193.7M to recapitalize shore infrastructure to replace things like condemned piers in Cape May, build up appropriate homeports and training facilities for our new Fast Response Cutters, and replace or repair several other stations...

This is our Top Priority. And it’s essential to mission execution – Our hard working men and women deserve modern tools to perform their challenging maritime missions –they also deserve modern habitability features on new ships.

Sustaining Front Line Operations.

The FY2012 budget requests \$67.7 million to operate new assets delivered through recapitalization programs as well as funding personnel and in-service assets. I know the Arctic is a topic of much discussion these days. We’re an Arctic Nation. And we’re aware of the increased maritime activity taking place there. So, I want to specifically discuss ice-breakers – though I also want you to know that we conduct seasonal Arctic operations with our sea-going buoy tenders, and other ships, boats and planes.

So while ice breakers are an important asset, there are many other assets that we have involved in Arctic operations. The FY12 budget provides **\$39M** in icebreaker funding... We presently have 3 sea-going ice breakers. Cutter HEALY, commissioned in 1999, is a medium ice-breaker – she’s mostly used for scientific missions. HEALY is operational, and ready to meet mission – and we will continue to fund HEALY. Our two heavy ice breakers, POLAR SEA and POLAR STAR, were commissioned in 1976 and 1978. They’re not presently operational. POLAR STAR was in care-taker status for the past several years, and she’s currently in the ship yard undergoing major upgrades to return her to operations in FY2013. POLAR SEA suffered a major engineering failure and is also not operational. So we are going to decommission POLAR SEA and transition her crew to POLAR STAR.

Now, several people have asked, with the increasingly “wet” Arctic, why are we proposing to get rid of a heavy ice-breaker? Especially if we aren’t building any new ones. We’ll you’ll recall that I said these ships were commissioned in the late 1970s. They’re what we have, but they are capital intensive to run, and their age, even with expensive renovations, brings the risk of a high-failure rate—which is precisely what POLAR SEA just experienced. So you have to make a decision. Do you throw more money—and with ice breakers you’re talking Arctic size dollars—to keep old ships in service? Our decision to operate STAR—which is coming off major renovations, is the right one given the current fiscal climate. By the way, the estimates I’ve been given to build a new heavy ice-breaker are around \$800 million.

We’ll continue to conduct seasonal Arctic operations. And we’ll keep partnering with other Arctic Nations to meet our responsibilities – in fact last week I attended our annual summit with the Canadian Coast Guard. Our partnership has never been stronger. Going forward, we’ll need to make National level decisions on what type of Arctic capability we need to protect our interests, and resource it accordingly. Now, on to the section of my direction that I know directly impacts most of you in this room, who are in industry, or who represent industry in some fashion....

Enhancing Maritime Incident Prevention and Response.

Before we get into more detail on Marine Safety, I want to make one point up front – it’s the same point I made when I addressed the Passenger Vessel Association last week in St. Louis. I want you to know first and foremost, that the Coast Guard remains committed to its many partnerships within the Maritime Industry. That’s why strengthening our long-standing partnerships is one of my governing principles.

I know that you are facing increases in the complexity and growth of your industry...

And I know that increased regulation – even regulations that seek to enhance the safety and security of our ports and waterways have an impact on your businesses.

But of course, the Coast Guard also has to carry out its responsibilities. Our Marine Safety Program benefits everyone when we work together to prevent marine casualties – and protect the marine environment.

Pursuing these initiatives – in the right way – in a reasonable way – in a pragmatic way – and in a compassionate way – not only increases safety and security – it strengthens commerce.

I’m not positive, but I think the last time a Commandant spoke to this Port was in 2007. It was Admiral Thad Allen. Those of you who attended might recall that the issue *du jour* was that our Service had abdicated its marine safety responsibilities in favor of homeland security activities...

I think he started out his remarks by saying that you, the maritime industry had told him they had long felt like part of the CG family, and the family used to hold important discussions together in the living room – but as of late they felt they were banned from the house – Admiral Allen welcomed you back to the living room – Hopefully you still feel like you're welcome in the house...and we're still in the living room – I want you to let me know if that's not the case.

As you know, in response to your concerns, we put together a comprehensive plan... Marine Safety Performance Plan – or MSPP. The MSPP was a 5-year plan that outlined our goals to improve service to the entire industry, while addressing many of the concerns from the passenger vessel sector.

The Coast Guard launched six major initiatives:

- 1) Improve the capacity and competency of our personnel to ensure a superior workforce;
- 2) Improve service delivery to our stakeholders;
- 3) Improve management practices;
- 4) Improve recreational vessel safety;
- 5) Address towing vessel safety; and
- 6) Reduce the risks associated with commercial fishing.

The MSPP's 6 major initiatives got boiled down to (1) superior workforce; (2) superb service delivery; (3) quality management; (4) boat; (5) tow and (5) fish safe...but I guess that means folks cared enough to learn them...

We are continuing to implement the MSPP's multi-year strategy – and we will continue to improve the competency of our workforce, as well as adding capacity – the FY2012 budget provides over \$10 million for new inspectors, and training for existing ones.

We have also increased civilian inspector positions. Doing so increases continuity as the turnover for civilian inspectors tends to be much lower than our active-duty inspectors. We're focused on building a corps of civilian inspectors that will make up approximately one-third of our total inspection force. We anticipate this mix of two-thirds active duty and one-third civilian inspectors will provide the optimum balance. Civilians offer geographic stability and local corporate knowledge; active duty members bring their global perspective and geographically diverse experience.

We know how complex the maritime industry has become – and we need to keep pace with it –we think this ratio of civilians and military is the correct mix...

We've also increased competency. We've leveraged recruiting tools to attract and hire the most competitive candidates. And, we've created a career ladder system for entry level civilian marine inspectors – nicknamed CAMI – for civilian apprentice marine inspectors. Our goal is to assign 2 CAMIs to certain so-called feeder ports – which are ports that have a diverse high-volume workload that allow us to effectively train inspectors in a number of marine inspection competencies...

We've also worked hard to strengthen our marine safety career paths...we've developed Marine Safety Career Guides for our Officer, Civilian and Enlisted members—and we've embraced a apprentice-journeyman, and senior inspector career progression system.

I want to pause for a moment and stress what an important issue this is for me. I've been stressing to our Coast Guard work force – across our entire portfolio of missions – that in some cases, perhaps because of operational demands, our focus was on training to qualification. Well qualification is important – but I want our workforce focused on training to proficiency. We need to be not just qualified, but training to become the very best marine inspectors, sailors, aviators – or the best in whatever our chosen specialty area is...so I'm fully committed to ensuring our focus is on proficiency.

This MSPP has been successful so far, and we will continue with it.

Now, we've said at all times that the MSPP is a living document – and, I think we've backed up that claim. We've been transparent by keeping the plan posted on the internet; we also posted comments we've received on the plan – as well as our own annual updates.

Recently, the Department of Homeland Security Office of Inspector General also weighed-in with their comments. And, we welcome their oversight.

They pointed out that the MSPP does not contain baseline information, performance targets and milestones, or completion dates and resources to achieve each of its goals – so it's hard to measure our progress...

They also recommended that we modify our goals and objectives into quantifiable measures.

We welcome these recommendations. And we've concurred with them.

Though, we did point out to the Inspector General that the MSPP they reviewed – which is the plan for 2009-2014 – was our initial performance plan.

My Deputy Commandant for Operations is Admiral Brian Salerno. I want to point out that Admiral Salerno is a career marine safety officer – it was important for me to appoint someone with Marine Safety experience to be the Deputy Commandant of operations – which has recently been made a 3-star – Vice Admiral position to reflect its increased responsibility. Admiral Salerno is in the process of developing the MSPP for 2012-2017, which will incorporate these recommendations. In the interim, we're also working these suggestions into the existing MSPP.

There's also another partnership that we remain committed to – and that's our partnership with YOUR employees who are licensed mariners. I want YOU to know that the Coast Guard – and specifically our National Maritime Center – remains committed to providing you, our 216 thousand active U.S. merchant mariners with first-class service.

In 2009, our average merchant mariner credentialing time was 80 days...we were working hard to make the transition from regional centers to a centralized National Maritime Center...while still processing documents. This was sort of like changing the propeller of an aircraft while you're flying. We overcame some challenges and growing pains along the way...(I think President Obama used the line changing an airplane engine in mid flight in his recent State of the Union Address)...

Well, today I'm happy to report that our average credentialing time during 2010 was 18.2 days...that's the average time an active application for a mariner is in Coast Guard control before reaching completion.

Our goal was 30 days – and we've nearly cut that in half. This is a significant accomplishment – the goal now is to sustain this level of performance.

Now I know these are averages, and there may be some anomalies out there...we can always do better.

We've also tried to use technology to do things smarter. We're working on systems that will allow maritime training schools to electronically submit course completion data directly into our mariner application system – as well as a similar application that will allow mariners to electronically update their sea service.

And, we're also working on an internet-based application that will allow mariners to apply for their credentials on-line – as well as allowing the National Maritime Center to access necessary credentialing information directly from other data bases such as sea service and training records and background information...I'm hoping I can report to you in the near future that, yes we have an "App for That!"...

We're also harnessing technology to improve transparency in the application process. Applicants now receive auto-generated e-mail notifying them of the status of their application. I'm told the system generates over 1,000 emails a day during peak processing times – so I suspect it won't be long before we get our first complaint from a mariner about too much spam-mail...we'll consider that success.

Finally, Sectors... we attempted to do something extremely challenging when we merged two of our most defined career-cultures –M and Ops Ashore. It was clearly the right thing to do. But, while we were able direct and order that M and Ops Ashore "merge" we were not able "direct" or "order" many of the other steps required to achieve Sector completion.

For instance, in most cases, the legacy M offices remain in the same place. I'm focused on completing Sectors – but co-locating these legacy offices is costly –it involves selling property, and constructing new office space – so this will remain an on-going challenge. Hopefully, those of you in the audience who have operations that interface with our Sectors are getting good service – if you're not we need to hear from you.

I've found that it's often more beneficial for you to ask me questions, than for me to speak to you – so what I'd like to do at this point is take your questions, comments, gripes and opinions.... A good Coast Guard Chief Petty Officer can work all four into one! – and I'm sure some of the maritime attorneys in the room are equally capable.

Thank you, Semper Paratus...