

THE STATE OF THE UNITED STATES COAST GUARD

TWO-THOUSAND AND SIXTEEN

ADMIRAL PAUL F. ZUKUNFT

COMMANDANT

[Extemporaneous welcome]

What a fitting venue for this year's State of the Coast Guard address.

In the past, you have heard the Coast Guard compared to a dull knife – and our Service being fraught with uncertain and stormy seas. Well, this year's State of the Coast Guard address will be different which is why I chose the Congressional Auditorium to deliver my address as we enter our 226th year of service.

Now, on behalf of the 88,000 women and men of the Coast Guard, I profoundly thank the 114th Congress and this administration for delivering an authorization bill along with the largest acquisition budget in Coast Guard history! This will allow me to shore up our aging infrastructure and invest in our capital fleet, particularly our offshore patrol cutter – the largest and most critical acquisition in Coast Guard history dating back to our fledgling fleet of 10 revenue cutters in 1790. And, there's more. The President's budget for 2017 paves the way to recapitalize our Nation's diminishing fleet of heavy icebreakers.

So today, in metaphoric terms, the barometer is rising, the storms have abated and that dull knife is being honed to a fine edge as the Coast Guard is carving a true and straight course into the 21st century. Yes, the state of the Coast Guard remains Semper Paratus – Always Ready to guard the Homeland, protect our environment, facilitate maritime commerce, save those in peril on the sea and attack transnational criminal organizations that attempt to exploit the maritime domain.

Our strategies that I announced last year – Arctic, Western Hemisphere, Cyber and Energy – are just as relevant today, and as reflected in our recent appropriation, strategy is driving budget like never before. By leveraging the intelligence community we are able to attack maritime threats with greater precision and balance risk across all of our mission areas to surge limited resources where they are needed most.

Let me give you a few examples. Our southwest border is continually besieged by unaccompanied minors fleeing the tri-border region of El Salvador, Guatemala and Honduras. This phenomenon is directly related to the violent crime that plagues this region, and that violent crime is directly attributed to the maritime flow of cocaine that is landed in Central America but ultimately destined for consumption in the United States.

By surging Coast Guard cutters and aircraft, and leveraging the robust capability of the intelligence community, we seized or disrupted more than 190 metric tons of cocaine and detained more than 700 smugglers for prosecution in 2015. I was aboard Coast Guard Cutter Stratton this past August when they offloaded 32 metric tons of cocaine in San Diego. Not to be outdone, her sister ship Coast Guard Cutter Bertholf, which is deployed again as I speak, interdicted 22 metric tons of cocaine to include an eight metric-ton seizure – the largest ever from a self-propelled, semi-submersible. Yes, our Western Hemisphere Strategy is bearing fruit to the point where our national security cutters are more than justifying their own cost in the value of cocaine removed in a single deployment!

But make no mistake – our strategy is not about bales of cocaine, but promoting regional stability in Central America that is being eroded by transnational criminal organizations. When I met recently with the president of Honduras he noted a 23 percent decrease in violent crime in his country – a result he attributes to whole-of-government drug interdiction. We are turning the tide in this fight, and we are reestablishing rule of law and stability in our own hemisphere!

To be clear, the problem of drug abuse and drug violence stretches to the American doorstep. Drug deaths in the United States continue to rise – nearly 50,000 Americans died of drug-related causes last year alone.

It is our unique Coast Guard authorities and competencies that fuel this national strategy which is why the largest naval presence throughout the Caribbean and Eastern Pacific has racing stripes and U.S. Coast Guard emblazoned on their hulls.

As we look further toward our high latitudes, Coast Guard Cutter Healy led a scientific mission to the North Pole this past summer – the first United States surface ship to independently accomplish this feat. Coast Guard Cutter Waesche deployed to the Arctic during the ice-free season, monitoring the offshore drilling activity in the Chukchi Sea, while providing maritime domain awareness of an Arctic exercise among the combined navies of Russia and China. I recently hosted the Arctic Coast Guard Forum in New London and signed the general agreement to establish this important international body that includes every Arctic nation, including Russia. I am committed to the safety, security and environmental stewardship of the Arctic, and I will continue to lead this effort at the international level. Collectively, we are ensuring that shared responsibilities for mass search and rescue, pollution response and safe navigation remain paramount among Arctic nations.

Meanwhile, Coast Guard Cutter Polar Star is heading north having completed their third consecutive Operation Deep Freeze in Antarctica, flying the flag of our Nation's sole operational heavy icebreaker capable of operating in ice up to 21-feet thick. It causes me great discomfort, as it should everyone in this audience, that the U.S. has no insurance policy – no self-rescue capability whatsoever – should Coast Guard Cutter Polar Star and her nearly 40-year-old

engineering plant suffer an engineering casualty and become beset in the ice of Antarctica. I am grateful for the President's ardent support and his call for heavy icebreakers to ensure the United States maintains year-round access to the strategic polar regions. Importantly, the President's budget includes funding to accelerate the acquisition of new heavy icebreakers, and with the support of Congress, I am moving out to recapitalize our Nation's ice-breaking capability.

Around the world, we are recognized as the world's premier Coast Guard and our international partners routinely invest in us to gain expertise and unique capabilities.

Today, 22 members are serving in Saudi Arabia as the Kingdom of Saud generates a maritime border guard in the image of the United States Coast Guard.

Thirty-six senior enlisted members are currently residing in the United Kingdom with their families and serving full time on a three-year tour in the Royal Navy. "How's that?" you might ask. A number of years ago, the Royal Navy curtailed its hiring due to fiscal constraints. This gap in their recruitment pool has manifested itself in a shortage of senior enlisted technicians and leaders in Her Majesty's Navy today. Which goes to prove – you cannot surge expertise and leadership, you have to grow it from the ground up.

Today, our all-Reserve Port Security Unit 313, out of Seattle, is standing the watch, securing the maritime approaches to the detention facility in Guantanamo as we have for nearly a decade.

And in the Middle East, our squadron of six patrol boats continues to police the waters of the Northern Arabian Gulf and fend off provocations by the Iranian Republican Guard Navy.

In his charge to the first captains of the Revenue Marine, our Coast Guard forbearers, Alexander Hamilton stated, "...be mindful that we are a country of free men impatient of rude and haughty behavior."

Ever mindful of Hamilton's principle of restraint, this past year our Helicopter Interdiction Squadron crews employed aviation use of force on 49 separate occasions – surpassing their record of 46 the previous year. These interdictions most often occur at night against evasive go-fasts, and time and again our crews deliver precision disabling fire into the multiple outboard engines of these drug-laden vessels – without causing undue injury to the traffickers.

This summer, a group of "kayactivists" took to the shipping lanes in Puget Sound to block the movement of a fleet of support vessels destined for offshore drilling operations in the Arctic. Our sector personnel met with the protesters and assured their First Amendment right to assemble inasmuch as it did not impede safe navigation. When a breach occurred – it was command presence and patience that ruled the day. I share this story of restraint because it deescalated a tense situation in such a way that it never became a national story.

As I look around the room, across the Homeland and throughout the world where we are standing the watch, I could not be more proud of our Coast Guard.

And, there's another attribute of the Coast Guard that traces its roots back to Alexander Hamilton. And that is "Service before self."

Bernie Webber epitomized this attribute. During his heroic rescue of 32 mariners from the SS Pendleton, showcased in Disney Pictures' *The Finest Hours*, he stated, "We will all live – or we will all die," – and live they did. But for the record, there is no Coast Guard regulation that says, "You have to go out – but you don't have to come back." I expect all of our Coast Guard crews to make it back!

And when I think of "Service before self," my first thought is our Coast Guard Auxiliary – nearly 30,000 strong, all-volunteer patriots who wear a uniform very similar to mine and safeguard our waters and the more than 74 million recreational boaters who ply those waters. This past year, our Coast Guard Auxiliary contributed more than 4 million operational hours in support of Coast Guard missions and, most importantly, saved 166 lives. You would be hard pressed to find a more professional and committed group of volunteer maritime guardians anywhere on the face of the globe. Please join me in a round of applause for our Coast Guard Auxiliary!

As you have just heard, since my last State of the Coast Guard address, your Coast Guard is earning public trust. We're about mission accomplishment, intelligence driving operations and strategy driving budget. And now, we have a budget that strikes the words "doing more with less" – or worse – "doing everything with nothing" from our lexicon. So, you might ask, "Given all of that, what's next?"

DUTY TO PEOPLE

Let me tell you. It's one of my three guiding principles and can be distilled into three words – Duty to People. Yes, I am overjoyed with our recent budgets and the great strides we are making with the support of this Congress and administration to recapitalize the Coast Guard. Our air, afloat and ashore capital plants are coming out of remission. They are being replaced with much more capable and complex platforms, while our world of work in prevention, response, support, intelligence and cyber continue to expand.

For all the investments we are making in our capital plant – if they are not matched with a commensurate investment in our people – those aircraft, cutters, rescue boats and the skill sets required to operate them will become hollow.

In the past, the Coast Guard could be compared to that line out of the movie *Field of Dreams*, "If you build it, they will come." And what a dream team that we have assembled with some of the

absolute best talent in our Nation taking the oath to serve in the United States Coast Guard. And it's no different with our civilian workforce who arrive as subject matter experts.

Today, the American workforce is changing. Each day, hundreds of military and civilian personnel leave federal service, and notably, the largest concentration of our civil servant workforce is 54 years of age and nearing retirement. On the recruiting front, less than 25 percent of people between the ages of 17 to 24 meet the minimal requirements for military service.

This harkens back to the lesson of the Royal Navy – you can't surge experience and leadership – you have to grow it from the bottom up!

And let there be no doubt, we are competing for talent at a time when there is no lack of competition in the private sector – from airlines to cruise ships to the hi-tech industry.

Last month I visited Silicon Valley – Facebook, Tesla, LinkedIn, Google and others – and, I left with a few critical takeaways. First, they are seeking competitive talent just like we are – and they have fantastic brand recognition! Second, the private sector recognizes that retaining top talent goes far beyond benefits and compensation. Organizational trust is a new form of currency. Third, people care a lot about mission! I met employees at the tech companies I visited that said, "We are here to change the world. That's our mission."

How are we managing talent in a 21st century workforce for the Coast Guard?

Fortunately, the Coast Guard has a fantastic brand and a deeply imbued sense of mission that permeates everything we do. We must never lose sight of that! Rather we must ensure that everyone willing and qualified to join us is provided with the training, resources and opportunity to maximize their ability to serve. Our leaders at all levels of the organization must energetically embrace and cultivate that environment!

In 2018 and beyond, we are shifting to a blended retirement plan. All military members will be entitled to contribute five percent of their pay with a matching government contribution and take it with them after just a few years of service. This provides a greater level of flexibility than the military has offered since the current system took shape in World War II. It is a great incentive for our future workforce. However, I am equally mindful that it may open doors for members to depart well before the traditional 20-year mark, and not insignificantly, we have to figure out how to fund that five percent match!

Our commitment to diversity and inclusiveness is reaping huge rewards, and today, our Coast Guard Academy is more diverse than it has ever been in its 150-year history with the classes of 2018 and 2019 comprised of nearly 40 percent women and 33 percent underrepresented minorities. And I am sure most Academy graduates in the audience today probably feel like I do – I'm glad I applied when I did, because I would not want to compete with the young men and women in New London today!

Yet, the work is not done. When I look at a given year group after 10 years of active duty service, half of our women and minority members have departed the Coast Guard. We must tackle retention!

So – what’s a commandant to do?

We have a strategy for the Arctic, Western Hemisphere, energy, cyber and a five-year Strategic Intent – all promulgated within the last two years.

And now, we finally have a strategy for our people – a Human Capital Strategy that will have a myriad of action items and provide a framework for talent management and recruiting, training and retaining the absolute best active, reserve, civilian and auxiliary workforce in the world. We reached back to a number of our retired flag officers who helped in crafting this strategy, and Rear Adm. Bill Kelly will be my trail boss in its implementation. And while Bill and I are passionate New York Mets fans, that pales by comparison to my passion for our people!

And if you look in the eyes of our people, you will find this passion for “Service before self” and Duty to People at each and every Coast Guard unit.

Case in point: Petty Officer 2nd Class Jennifer Smith was vacationing in Belize this past year. She was assaulted and robbed at knife-point, suffering stab wounds to her spinal column and back of her head. She and her husband had just purchased a fixer-upper in Michigan that Jennifer will never return to because of her injuries, causing financial hardship to exacerbate her physical pain. This is where Duty to People kicks in. Our chief petty officers and members of her unit contributed more than \$10,000 in materials and thousands of work hours to turn this fixer-upper into a model home suited for Better Homes and Gardens! That is Duty to People.

A fundamental aspect of Duty to People is trust. The one breach of trust that bothers me most is sexual assault in our Coast Guard. We are moving in the right direction to educate the workforce and respond to every allegation of sexual assault. We've seen a decreasing number of unrestricted reports and that may indicate fewer assaults – but we can't decrease attention on this. Let me be clear – no one who joins the Coast Guard – male or female – should ever be the victim of sexual assault, especially by a shipmate. That is a breach of trust that must be driven from the Coast Guard forever. We will all continue to say “Not in my Coast Guard.”

And while our civilian workforce is a positively motivated and highly committed component of our Coast Guard as reflected in the Employee Viewpoint Survey, there is much room for improvement in providing upward mobility for our civil servants and reducing the bureaucracy and time required for a civil servant to join the Coast Guard. I cannot be the employer of choice when it takes 145 days to add a new civil servant to our team.

Here with us today is Mr. Andrew Dove, a civilian technician who works at our Coast Guard Yard in Curtis Bay. He is the equivalent of NASA employees back in the 1960s who when asked what they do would respond, “We are going to put a man on the Moon.” Well that’s already been accomplished, but Andrew can be found working in and around our 50-year-old cutters in spaces that require a human contortionist. He can proudly say he is safely putting men and women to sea – attacking traffickers, saving lives, protecting the environment and securing our homeland! Yes, he is a vital part of the mission support network that stands strong behind every Coast Guard operation! Andrew, thank you for all that you do for our Coast Guard!

And we owe it to our all-volunteer Auxiliary to eliminate the backlog of background checks that has been constricting the ability of our Auxiliary to recruit and retain new members. Last year 1,500 potential auxiliarists were awaiting background checks. This year, it’s more than 2,500! I have directed the development of a plan that will provide short term relief and a long term solution to Auxiliary background checks. We are going to fix it. Period.

As I take inventory of our Coast Guard – including all 41,000 active, 7,000 reserve, 8,500 civilian and nearly 30,000 Auxiliary – we are well equipped but under-manned to be *Semper Paratus* in a world that is anything but tranquil or secure from manmade and natural disasters. We are fortunate that Katrina, Deepwater Horizon and Sandy were not compounded with a mass migration, terrorist attack or complex catastrophe, like a Cascadia Subduction Zone event in the Pacific Northwest. And yes, sea levels are rising at a point where more of our growing population and wealth is concentrated in the coastal zones. We must be *Semper Paratus* when the next major event occurs, as the American public expects.

Which is why our Human Capital Strategy and retaining our most vital asset, our people, is the bedrock of the state of the Coast Guard.

Most people have seen the great American cinema classic *Jaws*. In it, Police Chief Brody, when he first lays eyes on the 30-foot Great White shark attacking New England beachgoers, says to his colleague, “You’re going to need a bigger boat.” It is a great line that lives on as an expression to state the obvious.

We’ll let me nuance that a bit. Looking at the challenges we’re facing in the world today: ladies and gentlemen, you’re going to need a bigger Coast Guard.

Part of my commitment under Duty to People is ensuring we have an appropriately sized and trained force. As required by our 2015 Authorization Act, I am directing a Coast Guard Manpower Requirements Plan to formally establish a force size informed by strategy, analysis and risk management.

As we move forward, Duty to People will take shape in a number of ways across our organization. You are going to see mission, Service and individual level changes to best align our talent with demand in the 21st century.

It works like this: at the mission level we will employ a Cyber Task Force that will take our Cyber Strategy and turn it in to an operational arm of the Coast Guard. By necessity – we will be a more specialized Coast Guard across our prevention, response, support, intelligence and cyber communities.

At the Service level, you are already seeing assignment policy changes to improve geographic stability, expanded maternity leave, rebalanced sea pay and a continued emphasis on our Sexual Assault Prevention and Response Campaign.

And at the individual level, we're going to overhaul tuition assistance, institutionalize a continuum of leadership development among our enlisted, officer and civilian workforce and provide occupational credentialing for our servicemembers that translate to educational and qualification equivalences in the private sector.

This list is far from inclusive. And to our women and men of the Coast Guard: I will keep you apprised and continue to seek your input as we add flesh and bone to our Human Capital Strategy.

Let me close by saying that I could not be more optimistic in today's state of the Coast Guard. Our strategy is driving our largest ever acquisition budget; intelligence is driving record-breaking operations; and, our Coast Guard people are the heartbeat behind it all. As I travel, I meet new enlisted members at Cape May with advanced degrees. We have civil servants, like Andrew, providing technical expertise and specialized knowledge in every mission area. We have volunteer auxiliaries bringing more than 160 job skills to our workforce. And we have a Coast Guard Reserve comprised of corporate executives, first responders and all walks of professional life bringing broad talent and tremendous surge capacity to the Coast Guard every day! And, we have Coast Guard families – those who did not take an oath to join this Service – but they support us, serve alongside us and carry us. Please join me in a round of applause for our Coast Guard families and all Coast Guard women and men on watch today.

Throughout my career I have always been an optimist, placing my trust in our senior leadership to plot the right course for the Coast Guard. And those leaders got it right when you look at how the Coast Guard has evolved since then. We are a Service that is no stranger to challenges and the metaphors "dull knife" and "uncertain and stormy seas" aptly described those challenges. With the extensive and rich talent across all our mission sets, the Coast Guard is well postured to endure those challenges that may lurk beyond the horizon.

Let me reassure you. Today's trackline steers us clear of any rocks and shoals, and true to BM1 Bernie Webber's heroics, these are truly the *Finest Hours* to serve in the United States Coast Guard.

God Bless you and Semper Paratus.