

NATIONAL PRESS CLUB LUNCHEON WITH ADMIRAL THAD ALLEN

SUBJECT: THE STATE OF THE COAST GUARD

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

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ALAN BJERGA: (Sounds gavel.) Good afternoon, everyone, and welcome to the National Press Club. My name is Alan Bjerga, a reporter for Bloomberg News, and President of the National Press Club. We are the world's leading professional organization for journalists, and are committed to our profession's future by providing informative programming and by fostering a free press worldwide. For more information about the Press Club, please visit our website at www.press.org. To donate to our professional programs, please visit press.org/library.

On behalf of our members worldwide, I'd like to welcome our speaker, and our guests at today's event, as well as our C-SPAN and public radio audiences. After the speech concludes, I will ask as many questions from the audience as time permits.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Jim Wolfe, Defense Technology Correspondent for Reuters; Robert Yoon, Political Research Director, CNN; Matt Mlynarczyk, President of Advocatus Group; John Fales, Marine and Sergeant Staff columnist for the *Washington Times*; Jan Leshner, Chief of Staff for the Department of Homeland Security; John Gallagher, Senior America's Correspondent for *Fair Play* magazine; Master Chief Skip Bowen, Master Chief Petty Officer of the Coast Guard and a guest of the speaker; Ken Yates, Senior Vice President for Jefferson Waterman.

Passing over our speaker, we have Donna Leinwand, past National Press Club President and a reporter for *USA Today*; Ms. Nancy Sutley, Chair of the White House Council on Environmental Quality, and a guest of the speaker; Ken Delechi, freelance

writer and editor; Amy Morris, executive editor for Federal News Radio. Thank you.
(Applause)

Our speaker today, Admiral Thad Allen, has served as Commandant of the 42,000 men and women of the largest component of the Department of Homeland Security, the U.S. Coast Guard, sometimes called the quiet service because of its lesser profile, but no less essential function for national security. He reports directly to the President, the Secretary of Homeland Security, and the Secretary of Defense. Now completing his four-year appointment as the 23rd Commandant, he has led the Coast Guard through a challenging time of terrorist threats in our ports and cities, and piracy on the sea lanes of commerce around the world.

The U.S. Coast Guard's roots extend to 1789 when the U.S. Lighthouse Service was established by the Treasury Department. The earlier Continental Navy was abolished after the Revolution. So in 1790, Alexander Hamilton wrote a bill creating a service of cutters to enforce our nation's customs laws. That later incorporated the U.S. life saving service to become our nation's first responder to natural disasters and maritime emergencies. It is the oldest seagoing service of the United States.

Today, it is a major source of rescue and assistance in times of disaster or emergency. From the 1980 Mariel boatlift to the 1991 Haitian exodus of 40,000 refugees, and the Indian Ocean tsunami, the U.S. Coast Guard played a vital role during Hurricane Katrina when it rescued nearly 25,000 people and medically evacuated close to 10,000. The Coast Guard is assisting in the Haiti earthquake aftermath as we speak. Its duties include search and rescue, law enforcement, marine safety, environmental protection, polar ice operations, and national security. I think all of us in Washington can relate to the polar ice part.

Today, Admiral Allen is speaking on the state of the Coast Guard and his view of its future. Let us extend a warm Press Club welcome to the Commandant of the United States Coast Guard, Admiral Thad W. Allen. (Applause)

ADMIRAL ALLEN: Well, thank you very much for that kind introduction. If I could just add a couple of comments to the introductions of the head table, I have two very good friends that have joined us here today. On my right is Nancy Sutley, Chairman of the Council of Environmental Quality. Nancy and I met last August when we traveled to the north slope of Alaska together to witness first hand the implications of an ice diminished arctic in the summer, the impact on indigenous populations up there, and some of the environmental challenges that we face in the Coast Guard while operating up there. She's been a great friend, and more recently has led a taskforce by the President, an interagency taskforce on ocean policy and very shortly will be putting out an ocean policy for the country, a governance structure. But more importantly a background on a concept for something called marine spatial planning, which will take a look at how we deconflict uses in the water; and of course, that's very, very important to the Coast Guard. So I want to thank Nancy for being with us today and being a great shipmate. Thank you, Nancy. (Applause)

To my left is Jan Leshar, Chief of Staff to Secretary Napolitano. We are both from Tucson, Arizona, so we both work for our governor, former governor. She has the unfortunate background of having gone to Tucson High, I went to Palo Verde High, but we don't let that spoil things between us. Jan will be headed back to Tucson at the end of this month to resume her duties there after having helped the Secretary for this last year. We do not have a better friend in the Department of Homeland Security, and I do not have a better friend than Jan Leshar. Jan, thanks for being here. (Applause)

And let me thank the National Press Club. We have changed the format of this event over the years to coincide with the National Press Club's luncheon series. This allows us to access afforded by C-SPAN, and we thank the National Press Club for their partnership and also allowing us to have this simulcast on their website. We thank you very much for that.

We'd like to acknowledge a couple of other special guests here today, but I'm going to do it in a group. We have units here today, representatives from units, that responded to the Haitian crisis; early search and rescue recovery, surveillance, reporting back situational awareness, rendering aid as the first folks on scene. If you could stand, first we have crewmen from the Coast Guard cutter *Mohawk*, Key West, Florida. (Applause) And we have crewmen from Air Station Clearwater, flew an incredible amount of sorties and conducted innumerable number of medivacs and brought cargo. Please stand. (Applause) This is what makes my job worth it, folks.

I'd like to make two other comments before I begin my remarks. First of all, I would like to note over this last year, we lost a C130 out in Air Station Sacramento, the 1705, and we continue to grieve and support those families and survivors, and we wish them the best here today. I also did note today, the 12th of February, is the anniversary of another tragedy that happened in the Coast Guard back in the late 1990s. We lost all but one crewman on a motor surf boat that was attempting a rescue at station Quillayute River, and we keep them in our thoughts here today as well.

If I could set the scene for my remarks, let me take you to 4:52 on the 12th of January when a 7.0 magnitude earthquake devastated Port-au-Prince, Haiti. The news spread quickly through the corridors of Washington, D.C., and other capitals around the world. While most were gathering information and trying to understand the event, your Coast Guard was acting. Within the hour, cutters *Forward*, *Mohawk* and *Tahoma* received orders to proceed to Port-au-Prince. When the *Forward* arrived with the following morning's sunrise, they delivered command and control capabilities, medical supplies, and most importantly, hope, hope for the Haitian people and a promise that the world had not forgotten them.

Air Station Clearwater helicopters and C130s also arrived at first light, and evacuated the first American citizens, conducted damage assessment over flights and made arrangements to transport the Director of the United Nations Stabilization Mission in Haiti from Miami to Port-au-Prince. Within 24 hours, Coast Guard men and women

created the art of the possible where none seemed to exist. Before any knew how many were hurt, hundreds of injured Haitians were thanking our people for providing lifesaving first aid.

The crews of the cutters *Tahoma* and *Mohawk* created a makeshift clinic at the destroyed Haitian Coast Guard base, Killick barracks. Armed with only a limited supply of medical equipment, they broke off tree branches to use for splints. One of *Tahoma's* junior officers described his initial impressions. "There were screams, wailing, crying, and desperate calls for help. I knew I was walking into a bad situation, but nothing could have prepared me for what I saw at that clinic. Our guardians pushed forward, there were countless stories of lives being saved, and those that were lost. There was also a story about new life being brought into the world amidst the utter devastation." Here today is AST2 Chad Smolar, an Air Station Clearwater rescue swimmer who helped deliver a Haitian boy on *Tahoma's* flight deck. He went on to participate in over 80 medivacs. So we thank you, Petty Officer Smolar, and all the troops who are stationed in Clearwater. Would you please stand again. (Applause)

Petty Officer Elias Gomez who is a corpsman from the *Mohawk* is also with us today. He treated over 300 critically wounded patients. In one case, Petty Officer Gomez spent six hours inserting 50 sutures and 20 staples to reattach the scalp and forehead of an injured man. We are indebted to you, Petty Officer Gomez, and your shipmates from *Mohawk*. Would you please stand? (Applause)

By January 25th, we had five cutters in the immediate area, and nearly 900 Coast Guard people in theater. To date, we have evacuated nearly 1,200 American citizens, conducted 250 medical evacuations, and delivered over 700 responders to Port-au-Prince, pretty amazing for an organization whose entire active duty workforce could fit into National Stadium.

It should also be clear that the Haitian response included superior team play by all of our Homeland Security partners and components. From the stand up to the Homeland Security Taskforce Southeast to coordinate the evacuation of American citizens to the work of TSA, CDP, ICE and CIS to prescreen and pre-clear Haitian orphans, we worked as a team, one that I am proud to be part of. In the interagency, we also worked closely with FEMA and USAID to support the larger relief effort in Haiti and embedded Coast Guard logisticians on the staff of the Joint Taskforce Haiti under U.S. Southern Command. The same teamwork is being displayed in our joint effort with our Canadian partners during the winter Olympics, which begin today.

As I deliver my final State of the Coast Guard Address, I would like to narrow my focus a bit, and I'd be glad to expand on topics and questions as you desire, address three major forces that are shaping our current and future environment. They are, of course, our budget requests for fiscal year 2011, the significant progress that has been made in modernizing the Coast Guard over the last three years; and the condition of our aging cutter fleet, are of concern to me.

These forces in combination create challenges and opportunities. To insure we optimize the resources available to us, and at the same time create the conditions for future success, we need a very clear understanding of our priorities, and we'll talk about that here today.

So what is the state of the Coast Guard? In two words: ready and resilient. We are ready and resilient. We demonstrated that in the view of the entire world in the first hours and days following the Haitian earthquake. We were there first because our operational forces and command and control structure are agile and flexible. Authority to move forces is delegated outside our headquarters, so our field commanders can act immediately. Our forces are working hard to sustain current operations, maintaining cutters until our new ones are delivered.

So let me turn to the first force shaping our current and future operating environment of fiscal 2011 budget request. I have communicated openly to our personnel regarding the details and intent of our 2011 budget. As President Obama remarked in the State of the Union speech, it is important to understand we are in a constrained budget environment. He said, "Families across the country are tightening their belts. The federal government should do the same." As the Commandant, I have rogered for this message. The request currently before Congress does reduce personnel in the Coast Guard by 773; but most importantly, allows us to remove cutters and aircraft from service that are aging and in need of replacement.

Some of these are being replaced, and some are being laid up to allow us to maintain our existing fleet. The good news is the budget contains nearly \$1.4 billion to allow us to continue replacing aging assets; assets like our high endurance cutters. The budget contains \$538 million to buy the fifth national security cutter to continue our replacement of our aging high endurance cutters.

It includes \$254 million for fast response cutters to replace our 110 foot control boat class. \$40 million so there for maritime patrol aircraft, and we are especially appreciative for the President and First Lady's support for our families, and for the \$13.9 million for improvement or acquisition of housing to support our families. And we thank them again.

As Commandant, I supported this budget as it has provided me the flexibility, and the Coast Guard the flexibility, to continue our recapitalization needs. Collectively, the personnel reduction decommission unit and recapitalizing funding reflect hard choices, choices that best position the Coast Guard to optimize our performance and protect the nation within the funding provided and still replace aging cutters and aircraft. Our intent is to manage current operations as funded in order to sustain our recapitalization program. The President's budget does this. This represents the best way forward in a constrained funding level.

And let me add here as the Commandant, and the Coast Guard's responsibility, to manage current operations with the force size and structure provided in the budget. We

can, and we will, do this. But we could use some help as well, and two things come to mind as the outgoing Commandant, on my wish list.

First, we would appreciate an acknowledgement by all of our partners of the following attributes of our service, and you've heard me say this before. We are multi mission, whole of government, service agency that has the capability to respond along our coast and offshore for any non-defense related incident related to our national interests. We support nearly every department and specialized agency of our government. As was noted in the introduction, we are federal first responders for the nation. And we are prepared to do our job with the resources provided in the budget under operating principles that has served us well for two centuries. And we must seek to balance our operations across all of our missions.

We should resist the urge to parse our mission set. And as an example some of that, for instance, what do our age to navigation and marine safety missions have to do with homeland security? Frankly, the answer is provided in the Quadrennial Homeland Security Review, which is available online, and you can read it. Protection of critical infrastructure; security and resiliency of global movement systems; effective emergency response, and continuity of a central services and functions. All of those relate to Coast Guard missions, all those relate to the Department of Homeland Security.

Second issue: we can expect constrained budget for the foreseeable future, as the President indicated at the State of the Union address. We are prepared to support these budgets and manage operations, as I noted earlier. We would ask that consideration be given to creating multi-year estimates that allow us to plan our acquisitions against our predictable funding strength. We have gone to extraordinary lengths to restructure and build an acquisition organization to meet oversight requirements and program management standards. As improved as we are, our acquisition baselines lack credibility when they are not supported by a five year capital investment plan provided to Congress in a timely manner, or overtaken and rendered effective by annual adjustments that change basic business plans. To our Congressional partners, we are working to change that. So to sum up, we understand and support the budget, and we are prepared to execute.

Let me turn now to the second force impacting our service, and that's Coast Guard modernization. It's important to take stock in what we've accomplished and what remains to be done. In my first State of the Coast Guard speech in 2007, I said there were three things that the Coast Guard must do to position the service for future success. Modernization enables all three. Here's what I said, and these are the quotes. "First, we need to understand our dramatically changed operating environment. Second, we must change to sustain and improve mission execution. Third, we must be more responsive to the needs of the nation." And I said, "Our challenge going forward would be to adapt our forces, command and control structure and mission support organization so that we would be nimble, flexible and capable of operating with multiple partners in response to specific incidents, surge operations and increased threat levels while sustaining our performance and our traditional missions."

That was the cause for action, the value proposition for Coast Guard modernization. It is no less valid today than three years ago, and you could make the case that the cause for action is more compelling given what we've experienced.

So what about today? That's a fair question. Let's review the bidding, and here are some highlights of what's been accomplished. We have replaced a multi-layered maintenance and logistics organization with a simplified construct that focuses on the operational unit and a product or program line manager. We've established logistics centers for our aviation facilities, cutter and small boat fleet, shore infrastructure and our command and control communications, cyberspace sensors and information technology. It's a mouthful.

Any unit in the Coast Guard with a support issue has a single point of contact for entry into our mission support system. We are now moving to induct our legacy assets into a unified logistics management information system that will be used by all logistics centers. For the uninitiated in the room, and for those of you from the larger military organization, this is tantamount to a logistical treaty of Westphalia within the Coast Guard. We're talking heavy culture here, folks.

For support that's not centered on an asset, as a ship and aircraft or a small boat, we created service centers to accomplish the same functions for personnel support, medical care and legal services. We have completely revamped our support structure for our reserve component and have reallocated positions that support our reservists closer to the service delivery point. We have a review under way to reaffirm the role and force structure of our reserve component, looking ahead to future mission demand.

The deployable operations group, the DOG, has distinguished itself in meeting a variety of operational demands for incident response, surge operations and increased threat levels. While we are reducing the total number of deployable units, let there be no mistake of the value this command brings to the concept of deployable specialized forces for the Coast Guard, for the Department of Homeland Security, and for the entire nation. Today, Port Security Unit 307 stands the watch in Port-au-Prince harbor.

The Coast Guard Force Readiness Command has been established under the able leadership of Rear Admiral Tim Sullivan pending passage of authorizing legislation to upgrade the command to a vice admiral. This organization has taken on some of the more complex and perplexing problems in our service, including consolidation of the myriad of visits and inspections that are now required of our operational commands. We have implemented every portion of modernization that has been possible with three exceptions. Of the three, two belong to the Coast Guard and one awaits action by Congress. The first remaining challenge for the service is the integration of support across our new logistic product and program lines at the unit level. The challenge is to replace a geographically based and isolated support command with an integrated organization that requires no intermediate intervention to integrate the mission support for our forces. That sounded complex, and it is, but the solution in concept is simple. We are replacing regional

support commands, and we're part of a multi-level support organization with an integrating structure that allows, for example, small boat product line manager to synchronize his support responsibilities, the product line manager for the communication and sensors on the small boat.

The second Coast Guard responsibility is for our financial audit. This is a goal I established at the outset of my term that I will not see accomplished. The reasons are complex, but the solution ultimately lies in the transition to a new financial accounting system that's being developed by the Department of Homeland Security. That system is under development, and it didn't make sense to procure a new unified accounting system for the Coast Guard, only to have to replace it several years later by the department's system. In the meantime, there are numerous areas where we can address material weaknesses and improve our representation to the auditors, and we are doing just that.

The third and final step in modernization journey involves Congress. There are four actions that I cannot take, the Coast Guard cannot take, absent Congressional authorization. The first is the change in the title of the Atlantic area command of the Coast Guard operations command, the proposed worldwide synchronizer of Coast Guard operations, or OPCOM. The second is the designation of the Pacific area command as the Coast Guard Force Readiness Command, or FORCECOM, the command responsible for training, equipping and providing forces to OPCOM.

The third is the upgrade of our deputy commandant for operations from Rear Admiral to Vice Admiral, and the forces upgrade of the vice commandant from vice admiral to admiral. I laid out these intentions in my first State of the Coast Guard address on the 13th of February, 2007. My request to allow full implementation of Coast Guard modernization is the passage of authorizing legislation so that we may move forward.

Finally, I'd like to talk about cutter readiness. I picked cutter readiness as the third force acting on our operating environment because it synthesizes and integrates the effects of our budget decisions, modernization, and our ability to conduct operations for the public we serve. The current condition of our high endurance cutters is of serious concern to me. Following the extensive repairs required to bring *Gallatin* and *Dallas* back into productive service over the last 18 months, we continue to experience increasing casualties to other high endurance cutters that are indicative of overall declining readiness.

This scenario underscores the need to be able to support the cutters that are in service pending their relief by newly constructed national security cutters. This tension between current support levels and the need to bring new cutters online was critical in our decision to decommission high endurance cutters, which is supported in the President's budget.

As we support the existing fleet, as they are relieved by new cutters, we have transitioned that support to our new logistics organization. This is a prime example where the new product line support structure allows us to provide better support and create

synergies not possible prior to modernization. Our ability to implement this new support structure will be more critical as we support our median endurance cutter fleet in advance of the offshore patrol cutter procurement that will begin in the 2012-2013 time frame. And we are also facing challenges this winter with an aging Great Lakes ice-breaking fleet.

Our recent experience and support of Haiti response, relief and recovery operations is instructive here. As I have noted in the past, the Coast Guard operates one of the oldest fleets in the world. No amount of maintenance can outpace the ravages of age. Here's what happened behind the scenes. Of the 12 major cutters assigned to Haiti relief operations, 10, or 83 percent, suffered severe emission affecting casualties. Two were forced to return to port for emergency repairs, and one proceeded to an emergency dry dock. We also had to divert air resources away from evacuation efforts to deliver repair parts. This process was coordinated flawlessly through our new logistics structure, including the creation of a forward deployed logistics structure at Guantanamo Bay. The response was a triumph for our new mission support organization, but underscored the condition of our fleet.

I would like to tell you that we over-extended because of the compelling nature of the mission in Haiti. The fact is, we will always, always, divert and respond. We will take every resource we have and throw it at the problem. The larger issue is that the condition of the cutters that responded is indicative of the overall readiness of the fleet. The average age of our high endurance cutters is over 41 years compared to 14 years for a Navy ship. The condition of our fleet continues to deteriorate, putting our crews at risk, jeopardizing our ability to do the job. That's why we must address future readiness, as we have in the President's budget.

So it would be logical for a person on the street to say, "So how do you do this?" The answer is, we play to our strengths. And as somebody told me a year or so ago we punch above our weight. As we continue to adapt and change in response to changing mission demand or fiscal challenges, there remain certain aspects of our service that are timeliness: our guardian ethos, our core values, and our operating principles. They guide the men and women of the Coast Guard, active duty, reserve, auxiliary and civilians. It is these people who remain undaunted, it is these people who create the art of the possible when none exist. And it is these people who do not need direction from higher authority to act.

After the first day of rescue operations in Haiti, a third class petty officer said this in an email to his mother. "Today was the first day I think I've truly been more thankful to be an American. Not because of our infrastructure or the freedoms given to us, but because as a country, we will be there when a country of less fortune is in need. Haiti rarely exports anything to our country. They have no oil or major cash crop we use. But as a country, we will stand together and put aside our different opinions on healthcare, war, or economy and help out those in need."

These are remarkable words written by somebody so junior in such a concise and meaningful way, and it tells me, and it should tell you, that the state of the Coast Guard is reflected in our people and it's reflected in their resiliency. So the Coast Guard today remains true to our motto, *Semper paratus*. We have made significant cultural changes, process improvements and structural enhancements and sustained readiness in the face of ever-increasing demand for our services, and the high performance expectations of the American public. While the state of the Coast Guard remains strong and resilient today, to remain strong, to remain resilient, to remain true to our motto requires continued support for the hard decisions made and supported in this President's budget.

We are up to the challenge. Thank you, and I'd be glad to take any questions you have. (Applause)

MR. BJERGA: And thank you, Admiral Allen. There is no shortage of questions that have come in today, many of which are from service members who've actually emailed the National Press Club. And we appreciate their contributions as well. Our first question is as a veteran of disaster response, please compare and contrast the challenges of the situation in Haiti with the situation in Louisiana and Mississippi after Hurricane Katrina?

ADMIRAL ALLEN: And that's a terrific question. Let me start with the response model for Haiti. We're dealing with a foreign sovereign government that the entire international community is trying to support. The way the United States accomplishes that support for the government of Haiti is through our Chief of Mission, or Ambassador Merton is on ground. Now, most embassies are not staffed to handle surge operations, such as what has been going on in Haiti, so USAID dispatched a senior official down there to assist the ambassador. That is the person who focuses the response by the American government for the government of Haiti. In support of that effort, two entities were established. One was Joint Taskforce Haiti until Lieutenant General Keen from U.S. Southern Command, and a team of folks who was sent down by the Department of Homeland Security and other agencies to support Ambassador Lucke, who was the head representative from USAID.

In Katrina, the people we were supporting were the local and the state governments, the mayor and the governor. And in the United States, there are federal prohibitions regarding what the federal government can or should do. And this was all in support of the mayor and the governor. So my role as a principal federal official was to work with Joint Taskforce Katrina Commander, Russ Honore as we put together a response package to support Mayor Nagin and Governor Blanco. So there are similarities, but the overall governance structure is a little different.

MR. BJERGA: President Obama has vowed no cuts to defense, and the Department of Defense is seeing small budget increases for fiscal year '11. Other homeland security agencies are also adding jobs. As chronically under-resourced and over-tasked as the Coast Guard is, how is it that it is taking a 3 percent budget cut and losing nearly 800 jobs in contrast to other agencies that are gaining?

ADMIRAL ALLEN: Let me reinforce what I said. What is important about the President's budget is it has allowed me, it's allowed the Secretary the flexibility to focus on recapitalization and then manage current operations with the funding provided. And we can argue about funding levels, is it too much or too little? Everybody always wants more. You never have enough budget. The real issue for me in this budget is can we continue to recapitalize the Coast Guard? Because if we don't do that, we will create a hollow force in the future. And that's what this budget is intended to address.

MR. BJERGA: This message came from the parent of a recent Coast Guard recruit. How can you justify standard recruiting procedures continuing in high schools and store fronts when, in fact, there is an apparent backlog of fully processed recruits being told they could be delayed up to, if not more, than a year? Realizing budget cuts and job retention, why spend the time and money to continually process recruits that, in fact, have nowhere to go and have placed their lives on hold with the potentially empty promise of enlistment?

ADMIRAL ALLEN: That's a good question as well. We need to understand what the budget is right now, and how we get to an appropriation. The President's budget request is on the Hill. That has to be acted upon by appropriation committees in the House and the Senate, and then reconciled. One of the challenges we have in the Coast Guard is we do not know, or very close to the beginning of the fiscal year, what our funding level will be. And our ability to manage the workforce close in is constrained on what's appropriated. So while we have people waiting to access into the Coast Guard right now, and we know the budget that's on the Hill right now has reductions for the Coast Guard, until we know what's appropriated, we cannot take the final steps. This creates some concerns in our workforce about the future and about what is going to happen and how we will implement this. And as I told my entire workforce in an all hands email I sent on the 1st of February, we will manage the personal impacts associated with this. We will pass the information as soon as we know it, and we will be totally transparent. In the meantime, we are going to have to manage a workforce that is larger now than we will be able to support in 2011. And we will do that in a totally transparent manner.

MR. BJERGA: Another question, one of many related to the budget cuts. As the need for budgetary cuts grows, has any consideration been given to cutting costly officer billets and replacing them with less costly enlisted counterparts?

ADMIRAL ALLEN: Always a question of interest to the field. Actually, in the personnel changes for the 2011 budget, there was a reduction of over 1,000 military personnel. That is mostly related to the ships that are being laid up and taken offline that are going to allow us to recapitalize the fleet, as I noted earlier. But in addition to that, there are over 300 civilian positions being added on. So there is somewhat of a conversion of some positions from military to civilian. This is going to help us meet the goals that the department has established as far as taking a look at the total makeup of our

workforce and the consideration of the diverse aspect and the people that make up our workforce.

As far as the officer to enlisted ratio, I will have our budget people determine that for the outcome of this budget, and I will put it out on a blog for everybody to read.

MR. BJERGA: Given that the nation's fiscal crisis is not going to go away any time soon, is it a possibility in future years that cuts could come to entitlement programs, such as healthcare, active duty pay, retirement pay, allowances, et cetera?

ADMIRAL ALLEN: I don't believe so. First of all, let me state very clearly, and I think the President has made this clear, too, the commitment to our men and women in the military is very, very strong with the President. It's very strong with Secretary Gates and Chairman Mullen and Joint Chiefs of Staff. One of the things, as we work both the Coast Guard budget and the defense budget, that is central is to make sure that we fund full entitlements. Not only that, but the Coast Guard has parity, similar entitlements for DOD. Those are where we start building the budget, and they will not be diminished.

MR. BJERGA: How will the lack of funding for NAIS in the fiscal year '11 budget request impact Coast Guard operations?

ADMIRAL ALLEN: NAIS is the National Automated Identification System for those who do not know what that means. That is a way for us to receive transponder locating information from commercial vessels, 300 gross tons or greater, under international regulations and 65 feet and greater under rules that we are making in the Coast Guard right now. We think this is a critical piece of what we call maritime domain awareness. It is competing with other items in our recapitalization agenda right now. And as I said, our aging cutters are our number one responsibility. But as we move forward, we're going to have to revisit what we think about maritime security in this country as it relates to not only the national AIS system, but integrated operation centers and how we want to conduct operations at the port level.

We have not had any viable threat to our ports since 9/11. That doesn't mean there won't be one in the future, and we should manage against that. Right now, the policy discussion inside the administration is whether or not there's a credible enough maritime security requirement to build those out, and we believe there is.

MR. BJERGA: Given the budget and personnel situations, do you foresee any expanded opportunities for the Coast Guard auxiliary to deploy and assist the active duty Coast Guard during foreign crises like the current situation in Haiti?

ADMIRAL ALLEN: We love the Coast Guard auxiliary, and they're a great, great benefit to the nation. They come from the local communities where we operate. Their paycheck is, "Thank you." They work for psychic income. We do give them stipends to recover the amount of money paid for gas and some per diem cost when they're working. But most of the time, this is a labor of love for them and that's the reason

we love them so much. We have, in many cases, found new, unique ways to employ auxiliariats. Most recently, completely around the world during our cutter deployments, and actually in support of DOD operations, we have created a linguist program to provide translating capabilities. We will take auxiliariats and their skills and apply them where we can match them up in the Coast Guard, and we'll continue to do that.

MR. BJERGA: Given that you love auxiliariats and want to use them more, how extensively can you use them to make sure that they still love you? (Laughter)

ADMIRAL ALLEN: Well, it is kind of a dance. I spend a lot of time going around and talking with our auxiliariats, telling them how much we appreciate their services. In fact, I will tell you this. When they found out what our modernization plans were, since they are not constrained by Title xiv changes in their senior leaders or positions, the auxiliary is already modernized. They have already gone to the structure that we are proposing to Congress. And they did that as a show of good faith to support us and reorganize auxiliary operations so they could be effectively interfaced with us. And I think it's a great partnership.

MR. BJERGA: Web 2.0 is becoming more widespread throughout the federal government and is gaining more acceptance. Can you please explain how the Coast Guard uses Web 2.0? Does Web 2.0 social networking, et al., help the U.S. Coast Guard carry out its mission more effectively?

ADMIRAL ALLEN: I said this in many venues, and I'll maybe say it here today because there's some of the crowd that haven't heard it. I believe that the convergence of computation and internet data transmission has produced an equivalent in our social environment that is the equivalent to climate change. And Dr. Holdren from the Office of Science and Technology Policy, said last fall in a speech to the Coast Guard, there are three ways to adapt to climate change. You can suffer, adapt or manage. I would tell you, this is a fundamental change in our social atmosphere and there are three strategies to adapt social media; suffer, adapt, or manage. I've tried to move the Coast Guard into the manage category after spending a couple of months suffering. So we have a blog, Facebook, Twitter, Flickr, YouTube, and video libraries, and so forth. This is the way our new digital natives learn, think, act and congregate to produce social outcomes. We have to understand that, they are part of our workforce and we have to adapt to meet them.

MR. BJERGA: Be interested in hearing more of your thoughts on the suffering part of your adjustment to social media. Given that you were making this transition, what sort of impacts were you seeing negatively when you hadn't done it, and what are some of the positive impacts you've had from having it?

ADMIRAL ALLEN: Well, I'm giving away a strategy here, but I think everybody probably already understands this. The responsibility for the fidelity, veracity, truth, accuracy of anything you see on the internet rests with the reader. There are no barriers to entry. That space could be populated by anybody, and we found out in our national security and defense realm, that it is being populated by people that don't like us

very much. If information out there is not correct, you have a couple of choices. You can let it stand and suffer, you can adapt and go tit for tat, that's not always productive. Or you can manage. We've chosen to fill the space with our information. You can't control their entry and you can't control what they put out there, but you can control what you do and you can fill the space.

MR. BJERGA: You also made reference in an earlier answer to climate change. What are some specific steps the Coast Guard is taking to become more green?

ADMIRAL ALLEN: Well, first of all, we've been representing the Secretary on the Interagency Taskforce on Ocean Policy with Nancy Sutley, who's with us here today. Beyond that, though, we are doing a lot of work at the International Maritime Organization where I'm the competent authority for U.S. shipping and lead the U.S. delegation on behalf of the State Department. At the recent General Assembly of the IMO in London the last week of November, 2009, after piracy, climate change and air emissions and those types of issues were the number two issue, followed by treatment of seafarers international transportation system. The way we use the maritime environment is really impacted by the types of fuels that are operated. We have issues with invasive species carried in ballast water. We're working very hard to invoke national standards and work very closely with Nancy in issuing a notice of proposed rule making. We're in the process right now.

But finally, climate change has the potential to change our operating environment. And if you look at the north slope of Alaska, what I tell everybody, because there's a lot of arguments about the science. And I've said before I'm agnostic to the science. There's water where there didn't used to be, and I'm responsible for it. In other words, there's a territorial sea, a contiguous zone, and 200 mile exclusive economic zone that carries with it the same responsibilities and authorities that the Coast Guard has in the lower 48. We cannot abdicate that responsibility, and that is a huge change in the mission set.

I've been told by some folks it's mission creep and it's not our responsibility, but that is not the truth. The truth is, it's a national responsibility and it's something we have to have a serious policy discussion about.

MR. BJERGA: With each answer, Admiral Allen, there are a couple of more questions engendered in each response and it's fun to keep shuffling the cards up here. Please keep them coming. Here's a question on seafarers. Given the importance of merchant commerce to our nation, why do international seafarers still seem to have difficulty gaining access to shore leave?

ADMIRAL ALLEN: That's a great question, and it's one I've taken up over the last 18 months with industry and with my own folks. A couple of things are complicating this. First of all, Homeland Security, the Transportation Security Administration and the Coast Guard have been working for several years on rules that would implement a transportation worker identification card. This means if you're a designated waterfront

facility or a vessel that falls under the Maritime Transportation Security Act, anybody that has access to secure spaces has to carry one of these cards or be escorted.

What we have found out as we've implemented the TWIC, the transportation worker identification card, that somehow, in some cases, there's been obstruction for crew change out, folks trying to get to shore for shore leave, or just do logistical work when they're in port. I've issued orders to my captain of the ports to take a look at this in connection with approving facility security plans and the facility operators need to demonstrate to us that they have a plan to provide seafarer access to shore. And anybody that runs into a problem like that needs to contact the nearest captain of the port. Because I've made it unequivocally clear to my commanding officers, and to industry, that these people need to have shore leave and access to shore. We support that, and we will make the changes necessary to make sure they have that.

MR. BJERGA: Why can't the international community put an end to piracy from Somalia?

ADMIRAL ALLEN: To have an act of piracy, it takes a piratable ship and a pirate. We only control one part of that right now. And frankly, there are not a lot of consequences attached to the behavior of pirates. On the piratable ship side, we've taken extraordinary measures over the last 18 to 24 months not only putting out guidelines to the National Maritime Organization on how to harden defenses of ships that are low and slow. These are slower ships that have lower freeboard that are more vulnerable to attack. Regarding U.S. shipping, as a competent U.S. authority, I have issued a maritime security directive that requires U.S. flag ships in and around the Horn of Africa to do vulnerability assessments for piracy and submit plans to us as part of their vessel security plans on how they're going to mitigate the chances of a private attack, up to and including security teams and armed security teams.

This has been enormously successful, but only counts for about a 1 percent of the shipping that transits the Horn of Africa. This is a significant problem for our Fifth Fleet Commander, Vice Admiral Gortney, who works for Dave Petraeus out there. I've met on several occasions with him. Duncan McNabb, who's the head of the U.S. Transportation Command that contracts U.S. shipping in and out of there, David Matsuda, the Maritime Administrator, and it has to be a couple of things. One of them has to include legal sanctions and holding these people accountable in a court of law someplace. The surviving pirate from the Maersk Alabama will be prosecuted in U.S. court. We have an MOU with Kenya that allows prosecution there. We have a little bit of a backlog. We need other countries to step forward and allow us to attach consequences to a pirate's action.

MR. BJERGA: How will the budget cuts impact Coast Guard operations aimed at intercepting drug smuggling?

ADMIRAL ALLEN: When we allocate our resources, regardless of the level that we were funded at, it was always a risk evaluation process. We take a look at our

intelligence, the threats that are out there, and we allocate resources to meet the highest needs first. Counter drugs is an important mission for us. The most important border to the Coast Guard is not our land border, it's not El Paso or Laredo, it's the southern border of Mexico and that we have capabilities keeping those drugs from entering Central America or Mexico. Because once they get there, they get disaggregated into smaller loads that are much harder to interdict. Trying to capture multi-ton quantities departing South America before they get to Central America and Mexico is the most effective way to interdict drugs coming from South America.

To that end, though, we have to make evaluations on a day to day basis. And this underscores my comments about the budget. The operational model is sometimes more important than the funding level. It's our freedom of degrees of movement, to move the ships into Port-au-Prince when we need to. One of the opportunity costs from Haiti recovery was the movement of the Coast Guard cutter *Hamilton* from the Pacific Ocean through the Panama Canal to assume command and control at Port-au-Prince, leaving that portion of the Pacific uncovered. And by intelligence estimates, a potential vulnerability of ten tons of cocaine per month. Those are the tradeoffs we make in conducting current operations. And it doesn't matter what the resource level is, we have to make those decisions so the process by which we do it, the intelligence we bring to it, the autonomy we give our field commanders and how we work that as a system is what's most important.

MR. BJERGA: Question from the audience. Because of the way that the military is organized, the Coast Guard adheres to the don't ask, don't tell policy by agreement, not by direction. The Coast Guard is able to allow gays to serve openly. Even if not ordered to by President Obama, will you reverse don't ask, don't tell?

ADMIRAL ALLEN: Well, first of all, I cannot reverse don't ask, don't tell. It's actually written into statute and it will take a repeal of the law to change that. The Coast Guard has since the original agreement for don't ask, don't tell been aligned, as we are under Title X as a military service, with our other military services and following the direction of the Chairman of the Joint Staff and the Secretary of Defense. Regarding this, a review is under way over the next year to take a look, to build knowledge, of how we might fulfill the guidance that was provided to us by the President in the State of the Union speech. The Coast Guard will be part of that review. We will participate fully, and our goal is to create as much knowledge as we can about the implications of the implementation of the policy guidance provided by the President. Once that is actually converted into legislation, how we can do that most effectively.

MR. BJERGA: This questioner says he will provide you with his full name, rank, and contact information if you are interested. And he asks, despite the two official equal employment opportunity complaints, two congressional inquiries on the matter, and numerous consultations with both military and private attorneys, the problem of discrimination toward Hispanics in the Coast Guard persists. Is the Coast Guard going to augment its senior leadership at operational and staff levels with more Hispanic American members to reflect the national changing demographics?

ADMIRAL ALLEN: I would be happy to take the information and follow up on the complaint. We seek diversity in the Coast Guard. Hispanic, African-American, all walks of life, all different viewpoints, all religions are all important to us because they create cognitive diversity. And when I say cognitive diversity, it's people that have different viewpoints. And if you agree on a central goal that you're trying to achieve and you have different viewpoints, I'll use a nautical metaphor, it's like getting a multi-line fix and it gives you a much more robust and a higher fidelity solution on what you're trying to do. We want a more diverse Coast Guard, and we are working towards that in our recruiting, in every aspect of the service. It's not restricted to just one nationality one ethnic group. We need diversity across the board, and that is our goal.

MR. BJERGA: This question comes from a civilian naval architect working at the Coast Guard yard in Baltimore. In your efforts to constrain government spending, I'm concerned the decommissioning of the five cutters mentioned in your budget might in some way affect civilian employees. I would like to know what efforts will be made to preserve the job of civilian employees in this area?

ADMIRAL ALLEN: Well, as I mentioned earlier, the reductions in the workforce for 2011 are over 1,000 for military positions, but 339 civilian positions are being added. So, I don't see any negative impact at this point for our civilian workforce.

MR. BJERGA: Please update us on the internal review of ship inspection procedures. What is the status of that?

ADMIRAL ALLEN: I'm going to take a stab at what they're talking about. We have a review going on right now of our ships operations and how our engineering staffs on ships handle oily water discharge and bilge water. And if that's the question, I'll answer it. If it's something else, I'll answer that. What we have done is to make sure that we are living by the same standards we hold industry to. I have dispatched our marine inspectors around the Coast Guard to actually go on board and inspect our cutters to make sure that the same standards that we apply to the private sector we're holding ourselves to.

MR. BJERGA: As you had mentioned, the average Navy ship is, I believe, 14 years commission and with the Coast Guard it's 41. Is that correct? With the cuts in place and the disparity in the age of the Coast Guard and Naval fleets, will you continue to have enough ships that can literally keep pace with the Navy to be operationally effective?

ADMIRAL ALLEN: We will if they're properly maintained. That's one of the reasons we have to lay up the old ships, and we have to build the new ships. The old ships can participate in naval operations, have in the past and continue in the future. But we are seeing increasing levels of casualty reports and increasing levels of difficulty in trying to support them. Our question is not whether or not we can't operate with the

Navy, we will operate with the Navy, that is our intention. Our question is to migrate to the new fleet as fast as we can.

MR. BJERGA: The 2010 ice season has been detrimental to cutters. Is there anything on the table to replace or decommission them?

ADMIRAL ALLEN: You said the ice season, correct? I'm assuming you're talking about the Great Lakes ice season? Okay. We've had some problems with reliability of our 140 foot ice breaking tugs. I mentioned in my remarks that that's a growing concern for us now. One of the things we're bringing to bear is our new logistics organizational structure to take a look at the entire class of 140 foot ice breaking tugs to take a look if there's any systemic subcomponents or particular parts of the ship that may be endemic across the fleet that we need to take a look at.

Once that assessment is done, we're going to have to come up with a way forward. But this is one of the conversations we're going to have as we start managing this portfolio and moving forward. And the reason a five year capital investment plan that creates predictability so we can plan against it is so important.

MR. BJERGA: How important is the ratification of the international treaty of the law of the sea to maritime security?

ADMIRAL ALLEN: Well, I think it's extremely important, and I've supported it for a number of years, and I support it here today. We do a lot of things out there on the sea related to governing what is arguably the last global maritime commons. We do it out of practice, we have not ratified or ceded to the law of the sea treaty. I'll give you a very good example. We need to, in the next few years, create a traffic separation scheme in the Bering Straits so we can separate north and southbound traffic to prevent collisions and improve the safety of that waterway.

Traffic separation schemes in transit straits, and a transit strait under the law of the sea treaty, is a strait that connects two international bodies of water. It can only be done through the IMO in accordance with the provisions of the law of the sea treaty. So we continue to act unilaterally out there, using the law of the sea treaty as cover for what we're doing without ratifying the treaty. And I think it's time we step forward, ratify the treaty and use it as a governance model for how we're going to operate in the arctic, or anywhere else.

MR. BJERGA: Following on that, other nations' naval forces and Coast Guards have spent more resources on the arctic than the United States. Should the U.S. be paying more attention to the arctic? Why, why not, or how?

ADMIRAL ALLEN: Yes. We have a looming crisis, and that's the condition of our polar ice breakers and how they fit into our future capitalization needs. We need to have a policy discussion, as I mentioned earlier, about what the status of our two 30 year old ice breakers is going to be, what are our intentions. Now, I've been told that we need

a policy discussion inside the administration, and I believe that's true, before we make a monumental decision. These vessels can cost up to \$1 billion apiece. We need to understand what it is we're trying to do in the arctic, and there needs to be a consensus on how we need to move forward. And that discussion cannot happen soon enough.

MR. BJERGA: Given everything that you've spoken about today, including the budget cuts, the introduction of Web 2.0, the greener Coast Guard, in five years, if there is another Haiti or Katrina style disaster that the Coast Guard needs to respond to, how would that response be different than it is today?

ADMIRAL ALLEN: Well, there's some things that should change, and there are some things that shouldn't. What shouldn't change are our operating principles outlined in our doctrinal pub. And that's the principle of unseen initiative, the principle of restraint, and the principle of a unified operations, how we work. That is a proven model. What will change are technologies, command and control communications, our ability to sense, maritime domain awareness, and how we apply that operational model with the forces we have, can become more effective and we can do a better job for the nation.

But as I said in my remarks, I would resist the urge to mess with our operational model. And what I mean by that is if you start parsing our missions and trying to do a litmus test as to whether or not they're related to homeland security, or whether or not somebody else can do them, you break down the multi-mission value added proposition for this country. Respective of resource levels, we can always do the best job we've got with the resources we can under our current business model. So, I look for changes in technology, I look for changes in maritime domain awareness, better, more effective sensors, unmanned systems. Those things will change. Our basic operating concepts should not.

MR. BJERGA: We are nearly out of time. But before asking our last question, we have a couple of important matters to take care of. First, let me remind our members of future speakers. On February 23rd, we'll have Secretary of Agriculture, Tom Vilsack, highlighting the Obama Administration's priorities for reauthorization of the Child Nutrition Act where he will call on Congress to act swiftly to pass a strong reauthorization bill to improve the health and nutrition of America's children.

On February 26th, Francis Collins, Director of the National Institutes of Health, will be speaking on a new era of quantum leaps in biomedical research. And on March 5th, the Honorable Mitt Romney, former governor of Massachusetts, will discuss the case for American greatness.

An announcement for our audience as well, members of the press who are here, please know that there will be a Q&A with Admiral Thad W. Allen for press only in the Club's Holeman Lounge. Also, of course, no luncheon would be complete without the traditional presentation of the National Press Club's beloved mug to our speaker today. (Applause)

ADMIRAL ALLEN: Thanks.

MR. BJERGA: Now, as noted, this is the last of your four State of the Coast Guard addresses. The 23rd Commandant will soon be sailing to other shores soon and we don't necessarily know where they are. But for our final question, they say the happiest days of a sailor's life is the day he buys his first boat and the day that he sells it. As you prepare to leave the Coast Guard, what are you looking forward to, what would you miss, and would you consider other forms of government service someday, such as maybe Secretary of the Department of Homeland Security?

ADMIRAL ALLEN: Well, with all due deference to my future peers who are sprinkled around the room here, I have a saying that the smartest admirals I ever met are retired. (Laughter) I hope to increase my intelligent quotient on the 26th of May and become one of those. It's been a great time for me in the Coast Guard. As many of you know, I'm a Coast Guard brat. When I was born, my father was a seaman deployed on a high endurance cutter, he wasn't even there when I was born. I am 61 years old, I've had 47 addresses. So, probably some stability wouldn't be bad for a while. But I intend to keep working. I've got an interest in NGOs, not for profits, and doing the kind of work we have where it makes the most difference in close consultation with my ethics lawyers. (Laughter) But I will remain busy, and I don't intend on buying a boat.

MR. BJERGA: We would like to thank you for coming today, Admiral Allen. (Applause) We would also like to thank the National Press Club staff including its library and broadcast centers, for organizing today's event. For more information about joining the Press Club and how to acquire a copy of today's program, please go to our website www.press.org. Thank you.

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