

NATIONAL PRESS CLUB HEADLINERS LUNCHEON WITH
ADMIRAL KARL L. SCHULTZ, COMMANDANT, US COAST GUARD

SUBJECT: STEPPING UP AMERICA'S PRESENCE IN THE ARCTIC

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ANDREA EDNEY: Welcome to the National Press Club, the place where news happens. I'm Andrea Edney. I'm an editor with Bloomberg News. And I am the 111th president of the National Press Club.

Before we get started, I'd like to remind you all to please silence your cell phones. If you are on Twitter, we do encourage you to tweet during the program. And please use the hashtag #NPCLive.

And now, I'd like to introduce our head table. Please hold your applause until everyone has been introduced. And when I say your name, head table guests, please stand up. So from my left and your right, we have Heather Forsgren Weaver, who is a freelance journalist and a member of the National Press Club Headliners Team. We have Erik Meltzer, who is a member of the National Press Club board, and a senior news production specialist at Associated Press. We have William Cassidy, senior editor at the Journal of Commerce. We have Petty Officer Loumania Stewart; a public affairs specialist for the US Coast Guard. We have Vago Muradian; he's the editor of Defense and Aerospace Report. We have Lieutenant Commander Justin Smith; he's a military aide to the Commandant of the US Coast Guard.

Coming from my right, we have Chuck Porcari; he's the principal at Seneca Park, LLC and a member of the National Press Club Headliners Team. We have Tom Young; he is the second vice commander of the National Press Club's American Legion Post 20. We have Master Chief Jason Vanderhaden; he is a master chief petty officer of the US Coast Guard. We have John Donnelly, a senior writer at CQ Roll Call, the chairman of the National Press Club Press Freedom Committees, and president of the Military Reporters and Editors

Association. Skipping over our guest just for a moment, we have Kevin Wensing, retired Navy captain, and the National Press Club Headliners member who arranged today's event.

So thank you all for being here, and thank you all for being here. [applause]

I'd also like to acknowledge some additional members of the Headliners Team who are responsible for organizing today's event. Betsy Fischer Martin, Lisa Matthews, Lori Russo, Tamara Hinton, Bill Lord, Danny Selnick; and Press Club staff including Lindsay Underwood, Laura Coker, and our executive director William McCarren.

The United States Coast Guard is tasked with defending 100,000 miles of US coastline and inland waterways. And if that isn't enough, through international partnerships, the agency influences and supports maritime operations around the world. The Coast Guard also has a heavy workload. It has 11 Congressionally mandated missions that range from search-and-rescue operations, to drug interdiction, to protecting living marine resources.

But one mission that has been growing in importance is its polar ice and Alaska operations. As climate change erodes Arctic sea ice, access to the region continues to expand. Commercial shipping wants to cut transit times through the Northwest Passage, energy companies are looking to extract new sources of oil and gas, and fishing and tourism companies see more market opportunities. All of this is driving a need for a larger Coast Guard presence.

However, with just a single aging heavy icebreaker available for Arctic deployment, America's power and influence are being challenged by China and Russia, despite the Coast Guard's continued pleas to Congress to fund a badly needed overhaul of its polar icebreaker fleet. Perhaps no one is more concerned about this predicament than our speaker today, United States Coast Guard Commandant Karl Schultz. With a backdrop of Congress once again deciding whether to fund a new icebreaker or to instead use the money this time to build a wall on the US/Mexican border, Admiral Schultz will address the importance of stepping up America's presence in the Arctic as a measure of national security.

A native of Connecticut and a 1983 graduate of the US Coast Guard Academy, Admiral Schultz assumed the role of commandant on June 1st, having previously served as commander of the Atlantic Area, where he was operational commander for all of the Coast Guard missions spanning five Coast Guard districts and 40 states.

He has been awarded the Coast Guard Distinguished Service Medal, Defense Superior Service Medal, four Legions of Merit, four Meritorious Service Medals, and three Coast Guard Commendation Medals, among other honors. Please join me in giving a very warm National Press Club welcome to the commandant of the US Coast Guard, Admiral Karl Schultz. [applause]

ADMIRAL KARL SCHULTZ: Well, thank you, Andrea. That was the Reader's Digest version, so I'm going to try to expand a little bit everyone's understanding of the Coast Guard.

It's truly a privilege to be here at the National Press Club today, and I really look forward to speaking with you.

For those not familiar with the Coast Guard, it was on August 4th in 1790 that the Congress authorized then-President George Washington to build and support ten cutters to enforce customs laws and collect revenue in the wake of the Revolutionary War. At the time, we had no military maritime force or civilian maritime force. And then first Secretary of Transportation Alexander Hamilton quickly discovered that foreign nations, smugglers, and pirates alike ignored taxes and port fees. Imagine that. Which at times were the primary means of funding the new republic. So Hamilton launched a seagoing force to protect our new nation's fledgling economy, an economy that assured our independence and our security.

And while our missions have evolved, the Coast Guard's commitment to safeguarding our national security and prosperity has truly been enduring. In fact, for the last 228 years, we've remained *semper paratus*, or what we call "always ready." This is more than just a motto; it's the Coast Guard's ethos. Those words embody who we are as a service.

So "ready," pulling it from the *semper paratus* theme, is the first of my three guiding principles. The three Rs, as I call them, ready, relevant and responsive. And my intent when I released these three Rs, my guiding principles, the first document we put on the street the day I took over the commandantship on 1 June, was to frame the vital work that the men and women of the Coast Guard do – in support of the public, in support of our national maritime interests, in support of the defense of the nation.

These principles also serve as somewhat of a bridging strategy. Now, today, we're actually publicly rolling out our Coast Guard strategic plan for 2018-2022. And I think most of you got a copy, but if you didn't, it looks something like this. This is a little bit of the basis for our coming over today.

I think of this plan as our Polaris or our North Star that's going to guide everything we do, from frontline operations, to policy and budgeting, our capital acquisitions; you name it, it's going to be informed by this four-year strategic plan. Supporting both the Department of Homeland Security and the National Security Strategy objectives, the plan bounds our world of work into three lines of effort: First, maximizing readiness today and tomorrow. Second, addressing the nation's complex maritime challenges. And third, delivering mission success any time, anywhere. This plan represents our senior leaders' shared vision for the service. It identifies the initiatives we must take today to be ready for future challenges and threats.

Today, our homeland is no longer a sanctuary. Emerging threats, illicit networks, near-peer competitors, hostile nation states are not regionally focused or locally containable. We've heard our service secretary, the Honorable Kirstjen Nielsen, repeatedly say the home game and the away game are no longer distinct; they are, in fact, the same.

The only armed service in the Department of Homeland Security, your Coast Guard's uniquely positioned as a unique instrument of national power and influence. We serve

globally on all seven continents, bridging the gap where homeland security and homeland defense intersect. The smallest of the five armed services, the Coast Guard seamlessly integrates into today's Joint Force, supporting all six of the Department of Defense geographic combatant commanders on a near daily basis. At the same time, we complement and support our Department of Homeland Security family of agencies on a wide range of issues – counterterrorism, border security, cybersecurity threats. The demand for Coast Guard services in my 35 years is unprecedented – from the public we serve, from our parent department, from the increasingly sophisticated maritime stakeholders across the globe, and from federal, state and local interests.

The Coast Guard, we're largely locally based across the nation. We're nationally relevant. But I think what surprises folks is we're remarkably globally connected and impactful. We promote American values and influence in maritime governance worldwide. We thrive in situations that require a nuanced response somewhere below the threshold of armed conflict. With the surge in the global strategic great powers' paradigm, we find ourselves more sophisticated adversaries and an increasingly complex maritime environment. The Coast Guard, when you look through the lens of what Secretary of Defense Jim Mattis talks about, his paradigm – cooperate where we can, vigorously compete where we must – I think you find the Coast Guard provides broad national response options and solutions – from modeling appropriate maritime behaviors, fortifying alliances, to asserting US sovereignty and ensuring unfettered access to global sea lines of communication or commerce. In plainer speak, that's who your Coast Guard is.

We operate worldwide. We project influence. We safeguard our vital national interests.

While we're a global Coast Guard, we remain *semper paratus* at home as well, ready to respond to the needs of the American citizens. Recently, and I mean by recently, the last couple of years here, with the Atlanta basin hurricane, you saw your Coast Guard men and women as the nation's maritime first responders, responding to disasters in the Caribbean, the Pacific, the Gulf and the Atlantic Coast. We surged thousands of personnel, dozens of airplanes and cutters, small boats to respond to hurricanes, saving thousands of lives and ensuring the quick recovery of the marine transportation system. And I'm going to talk a little more about that. These efforts have helped win the hearts and the trust of the American public we serve and our political leaders.

And let me extend a hearty thank-you to those members in the press today that cover the Coast Guard and the other federal, state and local agencies that responded to these disasters. It is very helpful to tell that story and capture the human elements. And there's a lot of human elements, whether it's Hurricane Michael, Marie in Puerto Rico. So thank you for your important work there.

So when people talk about our Coast Guard, they often mention crisis response. But I would encourage you to remember we're first and foremost a military force with unique authorities and capabilities. Our service responds to mariners in distress; we secure borders;

we conduct law enforcement; we regulate waterways, and we operate 24 hours a day, seven days a week, 365 days a year to keep our nation secure.

For instance, just beyond our southern border, governments face tremendous strain due to illegal, drug-fueled violence that's erupting throughout the region. Seven of the ten most dangerous countries in the world, measured by the annual homicide rate – that's the number of murders, per year, per 100,000 people in those communities – those neighbors are to our south. Transnational criminal organizations undermine social order, they increase violent crime, sow the seeds for corruption, and really trigger illegal migration. And we're seeing a manifestation of that at our southwest border.

As transnational criminal organizations market their illicit commodities on our streets, American families and communities are torn apart. Tragically, last year in the United States alone there were more than 70,000 drug-related deaths. That's more than motor vehicle accidents. Without question, these criminal organizations selling drugs directly threaten our national security, our citizens' safety and our way of life here at home in America.

The Coast Guard is a sentinel on the front lines of the hemispheric fight. Combating these networks requires a forward-based presence that draws upon the Coast Guard's unique global authorities and capabilities to attack the illicit trafficking where it is most vulnerable. And that's at sea, in large quantities. Disrupting boatloads of cocaine off the Andean Ridge countries of South America, along the Central American land corridor is our government's most effective means to dismantle these powerful transnational criminal networks. We prevent smugglers from reaching shore where their illicit loads are broken into almost undetectable small quantities and driven across the border, dropped across the border in drones. You name it, the adversary is increasingly more innovative. Large interdictions at sea are truly impactful in that they dissociate the violence from the illicit commodity.

The Coast Guard provides a US southern command – detection, monitoring and response capability – here in the Western Hemisphere. We deliver a constant presence of really no less than five cutters on a given day, maybe ten cutters. These are medium endurance and larger cutters, 210 to 419 feet, typically with an aircraft on the back and boats to operate over the horizon.

We provide law enforcement teams, specialized deployable, specialized capabilities. To put the scope of the Western Hemisphere transit challenge in perspective, though, think about America, and think about having a fleet of six police cars enforcing speeding across the country, operating out of Ohio and when you get a speeder you bring him back to the station house. That's how big and daunting the eastern Pacific Ocean region is. And we're doing that with somewhere between five and ten cutters on a different day.

Over the last three years, the Coast Guard, working with our interagency and international partners, conducted the most aggressive campaign in our history to take down these transnational criminal organizations, both within the US and far from our borders. We removed more than 1.4 million pounds of uncut cocaine. We delivered almost 1800 smugglers to the US Department for Justice for prosecution here in America. And what that

does is it completes the interdiction cycle; we flip those folks. They get reduced sentences, they give us information about the networks, and we get back out there and take that forward.

The evidence obtained at sea truly is essential to that interdiction process. Just this week, if you're paying any attention to activities up in New York, Joaquin Guzman, accused leader of the violent Mexican Sinaloa cartel, is under trial. And the Coast Guard had an impact there. Much of the initial evidence collected to build the case against "Shorty," or El Chapo as he's known, was derived from Coast Guard at-sea interdictions.

We push our borders out thousands of miles from the mainland. We encourage regional stability and reduced pressure on the southern border.

Outside of removing narcotics at sea, the Coast Guard shares our maritime counterdrug experience with allies, working in the Arabian Gulf, through the provision of critical maritime law enforcement and capacity-building skill sets. We recently enabled an interdiction by the British Royal Navy and Marines of 6600 pounds of hashish on the Arabian Gulf. Hashish is a regional commodity, as we know, that really underpins and funds a lot of the terrorist and criminal organization activity in the CENTCOM region of the world.

In that US CENTCOM theater of operations, we got 250 Coast Guard men and women assigned every day, working under the NAVCENT or the Fifth Fleet commander's watch and patrolling on the Arabian Gulf. They're out there doing maritime security operations against an increasingly aggressive Iranian adversary. They're out there doing training through the maritime engagement team. And we have a high-end capability called the advanced interdiction team, which, the commander, Navy commander looks into the bucket and see who's up – is it the Navy SEALs today? Is it the expedition Marines? Is it the Coast Guard high-end tactical folks? He's agnostic to who it is; they stay on the watch. So they are our highest end tactical folks who go into the most challenging opposed situations.

But the Coast Guard works through a model of unity of effort with DHS and with DoD while partnering, I think in an unmatched fashion, with federal, state and local entities, international stakeholders to really foster cooperation, build maritime capacity, exert that global maritime influence I mentioned.

If you look to the Pacific, for more than 150 years we've promoted lawful commerce in that part of the world. We've built relations. We've maintained stability. While our presence has endured, increased interest in competition in the Pacific region, which is all around us, our operations today are more geopolitically relevant, I believe, than ever before. Today, the Coast Guard builds partner nation capabilities helping mature other governments' ability to police their own waters, support the cooperative enforcement of international law.

Our members are deployed from Singapore to Saipan, from Alaska to the Galapagos. We support the ASEAN nations developing their own coast guards, and actively combat predatory operations that offer little long-term benefit to nations they supposedly assist.

The Coast Guard has nine ship rider agreements in Oceania to expand reach, help those partner nations patrol their own waters and effectively preserve their sovereign interests.

Working with the State Department, we've transferred more than a half dozen former Coast Guard cutters to regional partners, building their domestic capacity to, again, protect their sovereign and territorial interests.

In collaboration with Admiral Davidson and his team at Indo-Pacific Command, we encourage a free and open Indo-Pacific region.

This summer we teamed with the Department of Defense as part of the Rim of the Pacific 2018, the largest maritime exercise on the globe, and we sent one of our flagships, the National Security Cutter *Bertholf* to participate in that. And it was a terrific operation with a huge number of partners, in the dozens. Currently, we're in the operational planning phase for pushing a National Security Cutter into the Indo-Pacific theater here in the coming calendar year. In this role, the Coast Guard will build maritime partner capabilities and capacity. And we're going to advance relationships in the western Pacific.

Similarly, and where Andrea kind of teed it up, the polar regions. For more than a century, the Coast Guard's been the nation's primary maritime presence. Both the Arctic and Antarctic hold vast resources – natural gas, oil, minerals, fish stocks, fresh water reserves. And there are significant broader national strategic considerations at play. While we focus on creating peaceful and collaborative high latitude environments, we're responding to increased competition in these strategically important regions.

Both of our near-peer competitors, China and Russia, are expanding their icebreaker fleets, as well as their bases, access, and influence in the polar regions. The Coast Guard builds trust and prevents conflict through diplomacy and cooperational venues like the Arctic Coast Guard Forum, the Arctic Council, the North Pacific Coast Guard Forum, the International Maritime Organization and multiple bilateral relationships.

However, diplomacy and cooperation are really hollow or shallow without presence. And our nation currently has two icebreakers, two operational icebreakers – one heavy, one medium. The heavy is more than 42 years old. Recently, our medium class icebreaker, the cutter *Healy*, returned from a four-month deployment up in the Arctic where she was doing science work, science for NOAA, for the Office of Naval Research, for the National Science Foundation. *Healy's* work is going to provide critical data on ice movement and ocean activity. But she's a medium icebreaker; she can break about four-and-a-half feet of ice moving three knots through the water, at max capacity about eight feet of ice backing and ramming.

The *Polar Star* is currently underway on her way back to Antarctica for an annual sojourn. She'll go down there and break through the McMurdo Sound to allow access to the US Antarctic Research Center at McMurdo. And that's critically important; that'll bring in the tens of millions of gallons of fuel, the supplies that allow the station to operate and protect

our vital interests there. The *Polar Star* is capable of breaking six feet of ice continuously at about three knots, and break upwards of 21 feet. So it's that heavy icebreaker that's really the game-changer in the Arctic region.

With only two operational icebreakers, the US is quickly falling behind other nations' capabilities. The Coast Guard recently rebranded the heavy icebreaker to what I'm terming the Polar Security Cutter. And I think that actually much better denotes this cutter's class of work here. That work is really projecting national security, sovereign rights and economic interests in the polar region.

I talk about the polar security acquisition, as we frame it now, as a 6-3-1 strategic approach. The nation absolutely needs six icebreaker. A minimum of those six icebreakers need to be polar security or heavy breakers. And the remaining three would be in the medium class. The 1 is, we need one today. Andrea talks about the funding situation. We're anxiously, eagerly awaiting the resolution of the 2019 budget for those federal agencies who haven't been funded yet. And I'm guardedly optimistic funding for that first polar security cutter's going to be in there.

Without presence, US regulations, governance, international agreements really become hollow. If we're not present, if we don't own the environment today, guess who owns it tomorrow? Our competitors.

Returning back to Secretary Hamilton for a moment, he truly was a visionary Founding Father. More specifically, he was the Founding Father of the United States Coast Guard in the earliest years of our nation. He saw that inextricable link between prosperity and security and the efficiency flow of commerce and the unique model that the United States' seaports presented.

That system today across the nation is what we call the marine transportation system or the MTS. And that MTS connects to heartland with all our 360 or so seaports along the coastlines, deep water ports that enable global maritime commerce. They provide our nation a tremendous competitive advantage. The life blood of our economy, our waterways contributes on an annual basis about \$4.6 trillion of economic activity. That equates to about 23 million jobs, directly supports more than 90% of our nation's trade.

And the MTS, that marine transportation system, is truly an efficient means of transportation. One barge moving product on the Western River is the equivalent of 15 rail barges on a rail. That same amount of cargo taken to our highways is 58 large semi-tractor-trailers on our roads. If you look at a typical Western River's tow, they're towing somewhere between 35 and 40 barges. Do the math on that; that's about 2300 semi-tractor-trailer trucks on our roads for one barge working down the river. And there's dozens of those barges at work every single day. I think it's clear to see the impact there of the marine transportation system.

When you think about the nation writ large, go back to that 90% of all our nation's overseas trade, entering or leaving is done by ship. The complexity of that maritime domain

is absolutely growing. We're facing increased traffic, the future of autonomous ships, shifting markets, continuing technological advancements in other places. For instance, prior to 2016, there was no liquefied natural gas export terminals in the United States; today, we find that the shale gas boom has transformed America to a net exporter of LNG. And we're on track to become the third largest LNG exporter in the world. I was down in Texas City recently and we may be seeing upwards of 300 departures next year for LNG. We're not nearly staffed for anything close to that. It's just changing that rapidly.

People sometimes forget that our nation's business, our model, our gas stations is a just-in-time model. There's 48 hours to 72 hours of supply on hand. When we were dealing with the Harvey situation, which impacted the availability of fuel, it was the availability of fuel in New York that caught the President's interest, that caught governors' interest up and down the seaport. When you shut down a major refinery down in Texas, it's just a matter of days before you're paying \$5 a gallon of gas up in Long Island, New York. And that generates a lot of political interest.

Our just-in-time economy can be devastated by a manmade or a natural disaster, as I just mentioned. That's why it's a national security imperative that we protect this key gem, this marine transportation system. That's right in the Coast Guard's wheelhouse of important activities.

Looking to the future, in coordination with our maritime partners, we absolutely must keep pace and anticipate changes in technology. We've got to address those continually evolving challenges. In that vein, I signed out and released what I call the Maritime Commerce Strategic Outlook. And you know we're the military, we've got an acronym for everything; it's the MCSO. The MCSO is the Coast Guard's ten-year outlook on sustaining America's economic advantage. It describes how we'll facilitate long-term success on those multiuse waterways, and how we'll overcome future obstacles.

When we talk about keeping the nation secure, that conversation is not complete unless we talk about cybersecurity and cyberthreats. Our world relies inextricably and is tied to the information network, the information technology. In our ports and waterways, there's an explosion of technological innovation, supply chains, blockchain technology, automation, integrated IT systems. Those have created tremendous opportunities for efficiencies, but they've injected tremendous vulnerabilities. We are leveraging our long-term established relationship across the American ports with our maritime stakeholders to better understand the risks and consequences and help us effectively, collectively, counter these cybersecurity threats.

The Coast Guard provides tremendous value in that space, that domain of cybersecurity because we have broad authorities as a law enforcement agency, because we're a member of the national intelligence community, and because we're an armed force. We operate across the dot.mil, the dot.com, and the dot.gov domains. That's not without expenditure of quite a few fiscal resources.

Coast Guard members are embedded in the DHS National Cybersecurity and Communications Integration Center – the NCCIC as it's called. We conduct cyberthreat hunting, preventive risk assessments, incident response across the nation's critical infrastructure. Look no further than the recent midterm 2018 elections. As part of the DHS team, Coast Guard members helped safeguard local and state electoral systems. We're taking a proactive approach to cyber risk management in order to confront this rapidly evolving threat.

Let me pivot for a minute to our workforce. I like to term the workforce the mission-ready total workforce. Our success, successes, is really only possible because of the Coast Guard's empowered workforce. Our on-scene leaders with on-scene initiative, mission support personnel respond across the entire 11 statutory mission set we own. Coast Guard men and women possess what I like to call a bias for action. They answer the nation's call. I'll give an example:

So a machinist technician second class by the name of Eric Anderson, she earned a meritorious advancement. That's pretty special; so she went a pay grade just for doing a great job. And she's a technically proficient leader. Petty Officer Anderson quickly identified and addressed problems, serving as a vital member aboard one of our 35-year-old, 270-foot medium endurance cutters. She's truly a leader that accepts responsibility and takes warranted risk to accomplish the work of the nation. And there's thousands of Petty Officer Andersons out there.

To recruit, develop and retain Coast Guard men and women like Petty Officer Anderson, we have to have a service culture that truly is inclusive and provides our workforce the necessary tools to be successful. This includes modern and capable assets, fiscal resources to operate them in the face of the dynamic threats aforementioned. This is why the first line of the strategic plan here is about maximizing readiness today and tomorrow. That is my top priority and number one focus area for the remaining three-and-a-half years of my watch.

Over the past decade, we've embarked on a transformational modernization of our service to recapitalize our aging assets, including cutters, boats aircraft, to relook our fiscal and financial systems. We're building national security cutters, fast response cutters, offshore patrol cutters, western commerce cutters. And with the continued support of Congress, as I mentioned, hopefully soon polar security cutters in the new calendar year.

The Coast Guard's fielding new C-130J long range surveillance aircraft, and we're upgrading our fleet of Dolphin and Jayhawk rotary-wing aircraft, as well as enhancing the reliability of our C-27s. These new assets are true game-changers for our service, improving real-time communications, mission execution. Today, our layered command-and-control systems enable a single national security cutter, like the *Bertholf* that went to RIMPAC, with a sophisticated shipboard-launched, unmanned aerial system, an airborne use-of-force helicopter, three over-the-horizon boats and real-time intelligence because they have a sensitive compartmental information facility on board, to truly tackle the myriad threats that the maritime pose our nation.

However, we've got an antiquated IT system that is not meeting the needs of our frontline operators. We're in the process of studying the problem, and I truly expect C4IT, the IT domain, to be an area for investment in the coming years.

The work of the Coast Guard also intersects two of our nation's current strategic priorities – the rebuilding of the Armed Forces and protecting our nation's borders. And like our sister services in Department of Defense, the Coast Guard has faced significant budget challenges. We've lost about 10% purchasing power in the last eight years, post-Budget Control Act, through sequestration. That's deferred our maintenance. It's strained the size of our workforce. And, most critically, it requires us to really focus and dial in on the readiness conversation, to be able to quickly respond effectively and efficiently to America's needs.

Our annualized appropriation for operations and support, what's called the O&S part of the budget, it's not keeping pace with our current acquisitions. In fiscal 2018, stemming from the National Security Presidential Memorandum Number One, the President's "let's rebuild the Armed Forces," Department of Defense services achieved about a 12% increase on their operating budgets. Being the fifth armed service, being located outside the Department of Defense, we weren't part of that conversation. When you do all the puts and takes, our operating budget increased about 4% in 2018. When I look into the 2019 yet enacted budget, there's about a 2%, less than 2% increase for the United States Coast Guard. So we really haven't got after addressing the readiness challenges.

To remain ready moving forward, I would say – and this is a bit of playing forward my predecessor's words here – we need about a 5% steady increase in operating and support budget. That's what buys America a healthy Coast Guard that truly is ready, relevant and responsive to meet the nation's needs. And we need about a \$2 billion line consistently, predictably, in our capital accounts, our acquisition portion of the budget. As a nation, with respect to budgets and appropriations, I think it's time to start having a little bit different conversation. We talk about the defense discretionary and non-discretionary budgets, we really need to have a conversation about the security budget, which I think rolls the Defense Department and the Department of Homeland Security into a broader conversation. It's all about the security. And I mentioned the homeland and the away and home game being the same game now. I think that's a really broader thinking about how we ought to approach this as a nation.

Today's asymmetric threats are real. They're here. The Coast Guard's responding to those challenges each and every day as part of the Joint Force team, as part of the DHS team. With 96% of our funding in the Coast Guard classified as non-defense discretionary, the Coast Guard, that fifth armed force part of the military, we're competing with all the other domestic priorities in the nation.

Moreover, our defense funding, a small portion of what we call in budget-geeky terms the 050 portion of the budget, we've got about \$340 million to pay for those activities we do in support of the Secretary of Defense and the combatant commanders. That number hasn't grown since 2002; it was last adjusted when Senator Stevens was the appropriations

chairman. We're doing about \$800-900 million of work in support of the combatant commanders on an annual basis.

The good news is, our Secretary, Secretary Nielsen's been having those conversations across the river, and I'm optimistic that we're going to hopefully make some headway there.

So while arguably biased, given the incredible return on the investment for the Coast Guard, with the support of our Secretary, I'm really focused on building a budget that's going to support the needs of the men and women of the Coast Guard. That's going to make sure we are a ready organization, and it's going to really allow us to address the nation's most complex maritime challenges. A budget that also ensures the readiness, the equipping, the training of those men and women that are out there doing frontline dangerous work each and every day. I have a moral obligation to support them.

A couple last thoughts, just on innovation. Because we operate today in a complex and uncertain environment, because we're an organization that isn't evolving and outpacing those emerging threats, we've got to keep leaning forward or we'll grow obsolete. Fortunately, the Coast Guard has a rich legacy of innovation and we'll continue to build on that foundation. For instance, since Hurricane Katrina some 13 years ago, we've increased our expertise at urban search and rescue. We've allowed our ability for teams from all over the country to come together and take a pilot from Sitka, Alaska, and connect with a co-pilot from Houston with a swimmer from somewhere out in California, jump into a standardly configured airplane and go rescue people on the streets of Harvey. Those numbers rolled up to about 11,000 American citizens in 2017 during that storm. It was remarkable to see them in action.

On Monday, just on this innovation lane, DHS S&T helped us launch two cubesats. I think Yukon and Kodiak are their names. And they're polar cubesats, going to be in a low earth orbit, and they're going to help us with communications in the Arctic region. They're going to help us enhance domain awareness. And really, at the end of the day, they're up there to help us do a better job locating mariners in distress. If you think about the Arctic, that is an increasingly accessible space. You've got expeditionary crews and vessels operating there. You've got more folks doing bottom-type activities, gold mining and things, out of places like Kotzebue. So we will have an increasing demand up there. And these cubesats, I think, are going to help us figure out what's in the realm of the possible in terms of space-based capability.

So looking to the future, your Coast Guard's committed to delivering mission excellence any time, anywhere. Aligned with Secretary Nielsen's recently outlined DHS resiliency agenda, we must find innovation solutions to emerging challenges that can improve our mission execution. To that end, innovation will remain a key component.

So this afternoon, I hope I've highlighted the complex and dynamic environment a bit against which we have crafted that new four-year plan that's on your table. As noted in my remarks, the demand for Coast Guard services has never been greater. We face increased

challenges to safeguarding the nation, and that's our security, that's our economic prosperity. And countering these challenges requires a modern and forward-leaning Coast Guard.

Over the next four years, we'll be forced to make difficult choices as we rebalance complexities and look at service readiness. The Coast Guard's strategic plan describes key enablers for that long-term success. And together with our partners around the globe, we will foster a more secure and prosperous maritime environment. We provide those response options, solutions, from cooperation to armed conflict on the high end, bringing skills, authorities and capabilities that we've honed since Alexander Hamilton first created that fleet of ten small cutters in the Revenue-Marine Service.

Your Coast Guard will remain an agile multi-mission force ready to tackle the nation's toughest challenges. We are *semper paratus*. So thanks for the opportunity to be here, and I really look forward to your questions. [applause]

MS EDNEY: Admiral, thank you, again, for being here today. Let me ask you a question about something that you mentioned just at the very end. So the Coast Guard has so many missions and limited resources, as we discussed. So how does the Coast Guard, today, determine its funding allocation? So drug interdiction over fisheries enforcement, for example. And how do you see the balance of that shifting in the future?

ADMIRAL SCHULTZ: So that's a great question, Andrea. And I think that's what every Coast Guard leader at the commandant level, at the area commander, our two operational commander levels, are faced with, more demand for Coast Guard service and fiscal resources. So we do risk-based allocation. We look at where are those places that absolutely we have to get 100% in and there's no opportunity to do less than that 100% effort. And we look at other places where there's some discretion.

Right now, I mentioned the Western Hemisphere where we moved that 1.4 million pounds of drugs. Cocaine is grown and coke is cultivated in Colombia like never before. They signed a peace accord a couple short years ago after a 52-year insurgency. We've been partnering with the Colombians under Plan Colombia since 2000. And I think we're in a double-down moment of sorts here to work that. So the Western Hem has been important to us.

I've taken some risk, and my predecessors have taken some risk in Atlantic fisheries, in Gulf fisheries. Alaska fisheries, where 50% of the fish flow into the US market, that's a place where we really can't take some of that risk because there's such a preponderance of the market share there. But other places we do that.

So it's really about allocating high demand, finite availability, just making choices that are risk-informed. That's how we get after that problem.

MS EDNEY: How do you see the balance shifting going forward?

ADMIRAL SCHULTZ: Well, I think— I had to use the word emerging anymore because the Arctic isn't emerging; the Arctic is a reality and it goes back to that 6-3-1, the 1 is now. If we start cutting steel on a boat, if we get the funding in '19, we award a contract here third quarter fiscal year, that polar security cutter's a few years out from being operational. So we're going to have to put more skin in the game to increase our presence up there. Border security is obviously a hot topic there. The maritime interdictions are down a little bit; the Cuban Adjustment Act a couple of years ago has really stymied Cuban migration in the Florida Straits, but we're picking up Haitians. There's a lot of different things that happen with TPS and things in the coming years.

So we're going to have to— I think we're constantly looking to right-size that. It's sort of like a rheostat; you turn up in one area, you turn down in other areas. You've got to do it with fiscally constrained pie.

MS EDNEY: Russia and China are asserting sovereignty over international waters, such as the Sea of— I don't know if this Azor or Azov.

___: Azov.

MS EDNEY: Thank you. And the South China Sea. If they are allowed to get away with that in those places, will they be emboldened to do the same in the Arctic?

ADMIRAL SCHULTZ: I think you heard me mention, one of the things that I think we do, it's a little bit hubris to say we're the world's best coast guard, but I think we're recognized as a model for the world's coast guards. I think one of the things that we support is free and open communication on the seas, sea lines of communication. We advocate for a free and open Indo-Pacific region. And when we see the Chinese coast guard as sort of the aggressive action arm of the Chinese government, that's a little troubling. That's not the model that we embrace. Territorial sea claims, that are important international laws that we tend to respect.

So I would say we try to model the behavior. Is there a concern that those type of behaviors worsen? I'm not sure. I think that that's obviously not hard to extrapolate that thinking. The Navy is conducting, with our allied partners, freedom of navigation operations in some of those contested areas around the globe, and I think that's important. I think your Coast Guard very much adheres to a free and open maritime domain, and we try to model and continue to try to model the right behaviors there.

MS EDNEY: How cooperative are the Russian and Chinese coast guards? What about the Canadian coast guard?

ADMIRAL SCHULTZ: Let me start with the easy one. We have a terrific relationship with the Canadian armed forces. General Vance and the Canadian armed forces are our partners. We have two Canadian warships that are down in the fight against transnational criminals here in the Western Hemisphere today. They've had a lot of recent success, and we've been working with the Canadians on that front. So great relationship

there. The Canadian coast guard, which is a civilian organization of Transport Canada, we work with them all over the place. They've been helpful as we step out on building this polar security cutter, on doing some tank modeling. We break ice under an MoA where Canadian coast guard, the US Coast Guard on the Great Lakes are almost interchangeable. We have finite amount of capacity each, so we talk about where we're going to allocate that capacity so there's no redundancies. And we work across that border.

In terms of China, in terms of Russia, we have very pragmatic relationships with both those agencies. We've had a quarter-century ship rider agreement with the Chinese. So we take a Chinese ship rider on board a Coast Guard high endurance or medium endurance cutter. This past summer, we had an interdiction of a violator of the UN Security Resolution on high-seas drift netting. That's when you put ten kilometers of netting behind a ship and you ravage everything that's living in the ocean. There's requires that I think the nets can be any longer than 2.5 kilometers. We encountered a ship that turned out to be a Chinese flag ship. With that Chinese ship rider, we approached the flag state of China and we actually interdicted that ship and turned it over to the Chinese for prosecution.

So we have normal relationships on fronts there with China. The behaviors in the South China Sea, I can't tell you that their coast guard's aggressive actions are anything we support.

When I look at the Russians, up in Alaska, our district commander up there, Admiral Matt Bell, works with the Russians pragmatically on the maritime boundary line for fisheries violations, for search and rescue.

So those pragmatic relationships and this great power model, I hope there's space in there. I mentioned talking about cooperate where you can. We absolutely do that. China, being up in the Arctic here, every year since 2016, nine of the last 10 or 12 years, it's interesting. It's interesting to see what their interests are up there. They've declared themselves a near-Arctic state. They're building a heavy icebreaker. I think we've got to watch those behaviors.

MS EDNEY: So this might be an example of what I'm about to ask you, but how do you see the government or maybe through the coast guards pushing the limits of our agreements in those territorial waters?

ADMIRAL SCHULTZ: Well, I mentioned potentially a Coast Guard national security cutter operating in the INDOPACOM region. I think once we send a ship in response to what we call a request from forces from a Department of Defense combatant commander, that is their ship to do what they need to do in that region. That said, I think when you think about the access that a Coast Guard cutter has, our skill sets, our ability to partner, a white-hull Coast Guard ship may be a little less threatening than a grey-hull in terms of operating in a region; it might have a little increasing access.

I think we're going to be focused on dispensing a bit of Coast Guard national US interest in the Oceania region. I can see us doing some partnerships, some exercises. Could

we get involved in some type of a freedom of navigation? Certainly we can. I'm not so sure that's where I think the conversation and the usage starts, but we'll be ready to support the entire continuum of missions in that region.

MS EDNEY: What plans does the Coast Guard have for bases and airfields closer to the Arctic Sea?

ADMIRAL SCHULTZ: That's a great conversation. Our efforts to date, we've been doing what we call Arctic Shield for the last few years. So we've been operating up there on a limited basis from about 1 June to mid/late October. And we've generally had a sea-based component of that each year. This past year, we had a national security cutter up there for a period of time, the Coast Guard cutter *Stratton*. We've sent two helicopters up to operate out of a National Guard facility in Kotzebue that they've let us. So there's been some search and rescue.

We've learned to operate in the area. When you look at the extreme temperatures, things like aviation fuel in the C-130, that C-130's sitting on the ground, those fuels become almost jelly-like, and that's a different model than operating a C-130 below the Arctic Circle. So we learn every year.

In terms of basing, I think the future for us is probably sea basing right now. I know the Army Corps of Engineers, there's a lot of interest out of the Alaska delegation about deep water ports. There's some talk about, up near Port Clarence, maybe some moorings where you could have some safe haven. And it's not really a deep water environment. But I think that's a conversation that's going to unfold in the coming years.

Right now, my focus is on continued sea-based operations up there. The land-based helicopter stuff, obviously, we need to work the aircraft. We can sea base aircraft at sea. But the 60s out of Kotzebue, if that arrangement remains in place, we'll probably continue to use that for the foreseeable future.

MS EDNEY: Does the Coast Guard currently have budgeted funds to expand the limited icebreaking fleet? If so, what does that look like, versus what would you like it to look like?

ADMIRAL SCHULTZ: I think the real seminal question here is, what happens in this fiscal '19 budget? The President's budget request asks for \$750 million for the polar security cutter. And there's a House and Senate version of the bill. It'll be conferenced as all appropriations bills that occur. Like I said earlier, my position is I'm guardedly optimistic that there's interest on the Hill on both sides within the administration with the support of our Secretary to build that first polar security cutter, to fund it this year. And I think once you get that first ship and money for that, I think the conversation is a different conversation. So this year is really the one year to get those funds and get out the door on this one.

MS EDNEY: And you said you like to see a 5% increase in the operational budget. Would that fund this vessel?

ADMIRAL SCHULTZ: Well, the icebreaker, when you're talking about a capital asset like the icebreaker, that comes under what we call the PC&I, the acquisitions capital [47:39] budget. So the operating funds, the 5%, that's the monies, the operating monies to run your daily operations and support your people, your training, your equipping of folks. The ships are out of the capital side of the budget. That's a different conversation.

MS EDNEY: So what sort of increase would you need to see that icebreaker?

ADMIRAL SCHULTZ: Within the top line that we had in '19 – and I don't remember the exact figure – I think we're just shy of \$2 billion in the President's request for '19. There is room in there for an icebreaker. So the budget that's on the Hill, if that's enacted as submitted, that will allow us to go forward.

MS EDNEY: Has the Coast Guard considered nuclear power for icebreakers?

ADMIRAL SCHULTZ: It's interesting, Master Chief and I did a town hall, a first Facebook Live town hall with our men and women, and one of the questions that came in was about partnering and going to nuclear. I would say, thinking about the 42,000 or less active duty Coast Guard with 7000, 7500 civilians, the thinking about a nuclear capability just doesn't seem very pragmatic for us. I mean, you think long ball national interest down the road, there might be a conversation there. The conversation right now I think is conventional, diesel-powered icebreaking ships with azipod-type propulsion systems, which is different from what we have with straight shafts of today. That's probably about where we need to be on technological sophistication. These will be very technically capable ships, but I don't think we're ready to have the nuclear conversation in the Coast Guard today; that's out of our reach.

MS EDNEY: Last week, US Coast Guard helicopter rescued four sailors from a sailboat that lost its mast in a storm about 100 miles off the north California coast. Is this an example of the defining mission of the Coast Guard in the public eye? And should it be?

ADMIRAL SCHULTZ: That's an interesting question. When you talk about an organization with 11 statutory missions, I think the Coast Guard's defining mission is sort of in the eye of the beholder. It's very hard to take what we do and winnow it down to a three-bullet elevator speech when you're up on Capitol Hill. But we rescue 22, 24,000 people annually. So that would be four of that 22,000 denominator. And that is absolutely in the wheelhouse of things that no one else can do what we do out over the water. So that is a defining core mission for us.

But I would say securing the 360-plus ports from threat, from foreign adversaries, that's critically important. The \$4.6 trillion dollar marine transportation system, we've got about 45,000 federal aids to navigation, some electronic aids to navigation. We enable that movement of commerce. I would say the work at the borders, maritime borders, the drug interdiction work. It's hard for me to say which is the defining one. I would say the unique instrument called the Coast Guard is that unique instrument when you cobble those various

statutory authorities together. We're multi-missioned. So that ship that does counterdrugs has a helicopter that can go off and do a rescue mission as well. We truly are unique in that we're very versatile and very adaptive, very flexible.

MS EDNEY: Let's talk a little bit about security at ports. What sort of evolution have you seen in security threats to our ports in recent months?

ADMIRAL SCHULTZ: First off, that mission, we categorize that mission, what we call the ports and waterways coastal security mission. And in large part, it's very much a deterrence mission. If you see, take the Port of Miami; the Port of Miami's the largest cruise ship port in the nation. If you go up the coast there, Canaveral's the second-largest port, Everglades the third. So in a couple-hundred-mile stretch of Florida, from Canaveral south, you've got the three-largest cruise ship ports in the world, and millions of passengers go through. If you think about it from an adversary, a terrorist's standpoint, you talk about wanting to impact the psyche or the economic wellbeing of a nation, those are attractive targets. We have sufficient presence on an unpredictable basis using some different algorithms to help us think about how do you take a finite amount of capacity and cover down on those threats to make sure we deter things there.

If you look at the container port, Port of Los Angeles and Long Beach, the collective port, 40% of all the things we buy at Macy's, Walmart, wherever you shop, comes through that one part alone. And we have a physical presence there.

We have a presence working with the port interests on the cyber part. When I talked about cyber, there's our own cyber residing on the dot.mil, Department of Defense system; then there's a regulatory cyber piece that helps have good behavior. When you think about private interests in a port, if you have a vulnerability in your cybersystem, you might not want to talk about that. That could be seen as an economic vulnerability. But we need to have a conversation.

If there's an oil spill after the Oil Pollution Act of 1990, there's a process where you have to report that to the National Response Center, and we track that, we make sure private sector responds or state people respond. If they don't, the Coast Guard responds and we work in collaboration. We need to have that kind of behavior if there's a cyber incident. We need to be able to get after that with the capabilities of the federal government, the private sector. There was a recent threat in a shutdown in San Diego, and that walked back to a hacker. And I'm not going to reveal the nation state; I'm not sure I 100% remember which one it was, but those are threats every day.

So we absolutely work across the board. I think the cyber one is really the emerging place that's most difficult. The NotPetya attack on Maersk. I think it was the Port of LA-LB again that had to replace about 45,000 computers in about a 72- to 96-hour period. And that was because they didn't have the latest upgrades of Windows and things like that.

So you think about the vulnerability there. The technology's great, but the technology introduces a lot of additional vulnerability. And we have that regulatory work to do in that space with a lot of other stakeholders.

MS EDNEY: What about things like people smuggling in terrorists, or weapons, or, God forbid, a dirty bomb? Are these things that are real concerns?

ADMIRAL SCHULTZ: Absolutely. So when you think about protecting the homeland – and I talked a little bit about the home game and the away game are the same game – we have an international port security program, which touches 144 countries around the world. We send a small group of teams. It's by invitation of the host nation, but we go over there and we look at, pick a country, we go look at Vietnam's security in their ports and we compare that against International Ship and Port Facility Security International Code. And we say, Hey, you're compliant, or, You're not compliant. If they're not compliant, we offer the assistance to help them get compliant. But you start to look at the away game, pushing the border out.

If the Vietnamese come back and say, Yeah, we're not interested in being compliant, if a Vietnamese flag ship comes to a US port for a port call, guess what? That ship doesn't get on the fast track corridor out here out to Dulles where you pay a couple bucks and you go right to the dock. We stop that ship out in international waters 12 miles from our coast and we say, Hey, we'll get a boarding team out there when you can, but you're not entering the United States until we know what's on your ship.

CBP tracks the cargo; we track the people. So it's all about layered defense. That international port security program is 60 folks, about, I forget if it's \$11 or \$60 million cost that goes with the annual operation of that. But that is all about layered defense. And we look at vessel traffic; if we get some intelligence– think about a container ship. The new container ships are going to carry upwards of 22,000 containers in the coming years. Those boxes in a place like Rotterdam where the ships depart, CBP looks at all the big data analytics. They know these type of containers come from here, and these type of containers come in by rail here, and these come by truck. When they start to see some anomalous containers, a small number from a different location, they're tracking that. And we are integrated with CBP, and there's very different programs under CBP and Coast Guard, container security initiative, et cetera. We're starting to track that. And then we will send a ship out and look at that to see.

Now, that said, finding a box buried in the bowels of a ship with 22,000 containers, we've got to figure out how you mitigate that. We go on board with radiation detection capabilities, we can start to eliminate what is that threat. Is it a leaking cargo? Is potentially a radiological thing? We don't want that ship to pull into the Port of New York and then find out we've got a problem with it.

MS EDNEY: Is there a way that you can quantify threats that you've identified and stopped from entering the country?

ADMIRAL SCHULTZ: That gets into stuff that I think I really can't publicly talk about. I would say the good news—

MS EDNEY: It would be so interesting.

ADMIRAL SCHULTZ: It would be interesting. I'd say the good news is, those kind of cases are smaller numbers. I think really the layered defense, the partnerships, many of the ports are state-run operations. We have a terrific relationship with the state agencies. We really partner across the federal, state and local paradigm, I think, as well as any federal agency in the government. I challenge others to challenge that statement.

MS EDNEY: You say smaller numbers. Could we say fewer than ten a year?

ADMIRAL SCHULTZ: I'm not going to give you a number, Andrea. Nice try though. That's why you're the president; I'm just a ship driver.

MS EDNEY: Let's talk about cybersecurity before we wrap up here. Have your budgets and activities grown in the area of cybersecurity? And do you plan to increase them further?

ADMIRAL SCHULTZ: So budget growth, I mentioned a little bit about being flatlined a little bit, a decremental loss of purchasing power. The one place we have made an investment at the expense of other things is our cyber capabilities. So we're building out what we call a cyber protection team, CPT. The DoD model is where that's derived from. It's about a 39-person team. But those are our operational forces for cyber and we're moving from sort of interim operating capability to a fully operating capability. We have a cybersecurity service provider, CSSP, capability that manages our Department of Defense information networks. And it takes a lot of effort to stay cyber-compliant and remain on the DoD network there. So we've invested there. I suspect there's additional investment coming.

You look at cyber from residing on DoD networks, the regulatory function. The operational effects of cyber is the next step, and we're probably at a 50-60-70% on residing on the DoD and staying compliant to do our work. We're 25-30% in the regulatory, and we're just kind of evolving and understanding.

The President just signed legislation that enabled broader opportunities to do offensive type cyber capabilities, so we're really understanding what in the operational domain of the Coast Guard could be better enabled by cyber capabilities. We're working that with our Department of Homeland Security and DoD partners.

MS EDNEY: Do you plan to outfit the rest of the national security cutters with UAVs, such as ScanEagle? If so, what is your timeline?

ADMIRAL SCHULTZ: We've done a proof of concept with ScanEagle as a small unmanned or medium unmanned aerial capability. It's been tremendously successful. I use the testimonial that when I go to the waterfront talked to the national security cutter crews

and commanding officers, they said, I don't ever want to sail without ScanEagle again, sir. That's a pretty good testimonial.

Now, that said, I'm not endorsing a ScanEagle type, per se. It's that capability. So right now, we hope— we have an RFP out there. We've had folks come in. The plan would be to purchase the capability from a vendor and then do about two national security cutters a year. So the program of record is eight ships. Congress saw fit that we have 11 national security cutters. We absolutely welcome those additional ships. I'd like to see every national security cutter have that on the back.

And when we field offshore cutters— we didn't talk about that today, but we just signed a contract with Eastern Shipbuilding Group at the end of September to build nine, with the option of two additional ships, to 11, against a program of record of 25 ships. I'd like to see that small or medium UAV capability on the back of every one of those ships as well.

But the strategy, once we get a contract awarded here, will be two national security cutters a year. The first offshore patrol cutter won't hit the waterfront till about 2021. So we've got a little time to get after that.

MS EDNEY: Very good. Well, I have so many more questions for you, but we are at time. Before I ask my final question, a couple of things for the audience. I want to tell you about a couple of other really great events coming up at the National Press Club. On January 8th, we have a Headliners Newsmaker with the new Planned Parenthood president, Dr. Leana Wen. And January 14th, we have a Headliners Luncheon with CVS Health president and CEO Larry Merlo.

I have one more question for you, and then a small gift. If a future US Coast Guard commandant is now a lieutenant, what advice would you have for her or him?

ADMIRAL SCHULTZ: I would say, I like how you worded that because I would hope that a future US commandant at the lieutenant level now may be female, may be of a different cultural ethnicity than I am, because I like to make sure that everybody that's in the Coast Guard, everybody that considers joining the United States Coast Guard sees an opportunity there. One of the things that my leadership team and I are very much leaning into is a United States Coast Guard that's more representative of the nation we serve. We've got about 20% women in our ranks. We've got smaller percentages of underrepresented minorities. We're working real hard on the recruiting front, on the retention front. I want every lieutenant to think they can be the next commandant. We have programs that go from enlisted ranks to officer ranks. I want all our enlisted men and women to think they can be the next Jason Vanderhaden, the chief petty officer of the Coast Guard, a senior enlisted leader.

So I would say to that young lieutenant, I hope she keeps the fire in her belly about the Coast Guard. I don't think there's ever been a greater time to serve. And I hope she sees, from myself and my leadership team, an environment that values her skills, an environment that says how do we create a little more permeability so being a Coast Guard officer, being

an operator in the Coast Guard you still can have a family and balance those things. There's a lot of challenge there in the uniformed service, and we've got to continually make sure we're signaling the value.

It's a competitive environment for talent. And one of the things we just did – I don't mean to be longwinded – we just went to a blended retirement system for all the armed services, which is absolutely the right thing for the nation. So you don't have to go to 20 years to get a defined benefit from the government for serving your country. But for an organization like us, where 40% of our enlisted men and women historically went to 20 years, 60% of our officers, I don't think those numbers are matched in any of the other services. We have this apprentice, journeyman, sort of expert model.

We're going to have to really signal to our men and women through the quality of our healthcare, through opportunities to reach up the ladder and advance, promote and feel values. We're going to have to really be that employer of choice. And I'd like to tell that lieutenant her current leadership team is absolutely keenly dialed in on that as a top priority under the readiness umbrella.

Thanks, Andrea.

MS EDNEY: Thank you very much. Before you head out, we have a small gift for you. This is a mug from the National Press Club; it says National Press Club on it, so that you remember coming here today. It reminds you to come back and speak with us again. Welcome to the National Press Club; it was such a pleasure to have you here today. Thank you.

ADMIRAL SCHULTZ: Thank you very much. [applause]

MS EDNEY: And we are adjourned. [sounds gavel]

END