

TRANSCRIPT

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Commandant, Coast Guard

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DWG: Good morning everybody. Thank you for coming in. Our guest this morning is Admiral Robert J. Papp, Jr. He's the Commandant of the Coast Guard. Sir, thank you to you as well. We appreciate you taking the time to come and visit with us. [Inaudible] season is always an exciting time in this town, and for you and the Coast Guard as well, certainly.

About a year ago we had as our guest here at the Defense Writers Group Rear Admiral Michel, the Commander at the time of Joint Interagency Task Force South in Key West. One of the problems that he was dealing with was finding and stopping the flow of illegal drugs into the United States. The problem that he described at the time a year ago was that his task force was only able to intercept roughly 20-25 percent of the cocaine that they were aware of heading towards the United States. He said the reason for this problem was primarily because of a lack of assets -- surface vessels, aircraft -- available to intercept the drugs.

That was a year ago. We now have a new budget request for the Coast Guard that has less money for people, less money for training, less money for acquisition. How do you deal with this problem specifically, and how do you deal with that problem more generally?

Admiral Papp: Let me talk about the drug interdiction problem first. Admiral Michel did a great job down there. He's now our Atlantic Area Deputy and I have some figures, in fact I was thinking about this as you were talking so I pulled this. I had this set aside for the hearings that I did this year.

The figures that we've got, and I do this both from my Coast Guard side, and I'm also, one of my collateral duties is the Chairman of the TIC. It stands for The Interdiction

Committee. In that capacity I report to the Director of the Office of National Drug Control Policy who was Director Kerlikowske up until recently. It's an interagency group that gets together to review policies and assess resources available for drug interdiction. Joint Interagency Task Force South is one of the groups that gives us regular reports.

We are able to target about 39 percent of the targets that we know are in transit between South America and Central America. I would contend the best place to stop drugs is in what we call the transit zone. It's very difficult for drugs to get up through the Isthmus of Panama, so the vast majority of the drugs leaves South America, either on the Eastern Pacific side or the Caribbean side and is transported by maritime means up into Central America where then these multi ton loads are broken down into smaller loads and they come across the border in some way, shape or form. It's much easier to stop it in multi-ton loads when it's in the transit zone. But because of a shortage of resources, as I said, we're only able to target about 39 percent of those known transits that we have intelligence for. That means 61 percent just don't get addressed because of lack of resources.

Of the 39 percent that we know that we can target, we generally detect almost 60 percent of those targets, and of those almost 60 percent that we detect, we're able to disrupt 94 percent of those in terms of drugs. But that, when you carry all those figures forward, starting with the fact that you're only getting about 39 percent of the targets that we know are out there, it translates into a percentage of drugs that are interdicted.

The national goal has been to get to 40 percent by 2015 and right now we're hovering probably closer around 20 percent because of lack of resources out there.

The more general issue is how do you distribute Coast Guard resources across all our various mission areas? As I hope all of you know, and I can go back to basics if you wish, but we have a very very broad mission set that covers maritime security, safety and environment. And we used to talk about having 11 separate missions. We do have 11 statutory missions, and oftentimes people say well why don't you just stop doing a mission and devote your resources to the other ones? We can't. Statutorily we have to do them. So if my resources are reduced, what that means is we do less across the entire mission set. Our operational commanders assign priorities to those missions and allocate resources based upon those priorities.

So we always have people down there doing drug interdiction, but the numbers of assets down there vary depending upon the budget and other things that we've got going on. But in that lies the beauty of Coast Guard resources. A ship that we may have down in the Caribbean that is down there for drug law enforcement can be diverted for humanitarian response as we did during the earthquake in Haiti. A ship that's down there for drug enforcement or humanitarian response can be diverted for migrant interdiction or search and rescue. So even though we may assign an asset specifically to a mission area, we can break that off and send it to other mission areas as well.

So the net result of a reduced Coast Guard budget is there are less Coast Guard resources available to spread across all those missions and it puts greater pressure on my operational commanders to make day-to-day decisions on what's the highest priority mission to get done.

Obviously we'd like to do more drug interdiction because we think that's of value to be down there taking those multi-ton loads out before it can get into Central America and Mexico and onto the streets of the United States.

DWG: So with declining budgets in general and sequestration looming just over the horizon once again, do you find yourself thinner and thinner, or is there some way out of it?

Admiral Papp: Well, in certain respects the decremental decrease in the budget makes it difficult to detect because what we're doing, we'll do a little bit less, a little bit less, a little bit less, and you have lagging indicators for long-term effects of that happening.

When you have sequestration, you've got an immediate effect. Last year when sequestration kicked in, we lost about \$300 million and in this town people don't usually blink at \$300 million with a big M after it. Usually we're talking in big Bs. But for the Coast Guard, millions are still important. When sequestration hit, because we have so many mandatory programs, recapitalization programs, building ships and aircraft, the only place you can absorb those cuts in short order is out of operations.

So we did approximately a 30 percent reduction in operations across the board. It affected some mission areas harder than others. Drug interdiction was one of those areas that it hit harder. But that's because we're using large ships that burn a lot of fuel and the only way to gain savings is by burning less fuel or getting rid of people or furloughing people. People is something that I just have not wanted to attack during my time as Commandant. We need all the people we have so we take it out in a reduction in operations.

DWG: A tough nut to crack.

DWG: I'm just curious, when you're talking about trying to achieve these large missions with limited assets, for example the drug interdiction that you were talking about, has the Coast Guard looked at any ways that it could take one asset that would be maybe more efficient at doing broader area surveillance? For example, the Navy's just brought on-line or completed testing on the Triton Broad Area Maritime Surveillance, the Global Hawk. Has the Coast Guard looked at long range persistent RPAs that they could maybe survey a large piece of air space and sea space and maybe target their response a little bit more directly and see some savings in efficiency?

Admiral Papp: Yes, and we're addressing that I guess I would say three separate ways.

When we devised our recapitalization program for the Coast Guard back about 15 years ago, we looked at it from a systems approach which meant you have to look at a combination of ships, aircraft and sensors to get your best effect for the missions that you want to do. Ships are obviously very expensive, so if you can make those ships smarter by directing them to the best location rather than to have them out there burning holes in the ocean, you ostensibly need fewer ships and therefore you can save some money.

So we looked at the combination of ships, both our major cutters and our patrol boats; the aircraft needed to support them; and then some sort of unmanned system was always in the systems approach to make your entire system effective.

The problem, the challenge that we faced is that that would require increasing budgets. Our acquisition budgets have been going down incrementally almost every year. I've stated this publicly in hearings. In order to fully recapitalize the Coast Guard, and it's just not ships and aircraft, it's also shore facilities, everything else, we would need in the range of \$2.5 billion a year in acquisition money. We have generally, the last few years, received about \$1.4 billion over the last three budget cycles. Right now the budget that's up on the Hill proposes just a little north of \$1 billion. Even the Congressional Research Office has done a study and they came to the conclusion that we would need probably about \$1.7 billion a year to properly recapitalize our shipbuilding program.

So I think my numbers and my sense for what we need is accurate. What I have to live within is somewhere just a little above a billion dollars. So when you're building ships, which is the most important thing -- you can't interdict anything unless you have something on the surface of the water. Then we need to recapitalize our aircraft as well. The unmanned systems are something that we just have not had the wherewithal in our budget to be able to develop on our own. So what we've done is we've looked to the Navy in particular to see what systems they're developing.

For a while we were focused on Fire Scout, which as you know is a large unmanned system. In fact we built our national security cutter with an extra hangar so that we could actually carry a Fire Scout on board if that's the way the Navy chooses to go.

Recently we've been very impressed by their development and work with Scan Eagle. We have deployed Scan Eagle twice. In fact use it in an operational interdiction. And I think Scan Eagle probably has a lot of promise for us.

But because of our size, what we're going to have to do is depend upon the Navy to make a selection and what system they are going to purchase, they are going to support, so we can take advantage of the economy of scale and buy along with them, and then also use their training programs and their logistic support as well.

That's only right as well, because by law I'm required to keep the Coast Guard interoperable with the United States Navy. So it makes sense to follow their lead in that regard.

The other thing that we've been doing, we have been, because CBP, Customs and Border Protection, has been flying Predators, we have loaned them Coast Guard aviators and we are working hand in hand with our partner within the Department of Homeland Security and we've been doing some Predator ops in the maritime and that has shown great promise as well. We've been flying them out of Air Station Corpus Christi right now, and CBP has been confronted with the same challenges we are. It's hard to sustain a program like that when your budget is not growing, so we'll just have to wait and see on that.

DWG: You've had a contract to buy the C-130s. Are you still planning to buy those? And how soon will they be in the fleet? Also with the C-27s, I was just curious if you have any plans for those now, and how soon those will also be in the fleet.

Admiral Papp: Absolutely we have plans for those. For those who may not be familiar, because of Air Force reductions, they had 21 C-27J aircraft which is a two engine, medium range fixed wing aircraft. It uses the same engines and the same avionics as the C-130J which is the larger aircraft four engine. We are flying C-130Js. I think we have now eight in service and we have appropriations now to buy up to 11. We view the C-130J as the replacement for our very old C-130H models.

We have been getting incrementally one or two each budget cycle and hopefully we'll replace our entire H fleet with Js at some time in the future. We're making good progress there.

We have a need for a medium range aircraft as well. When this whole systems approach was devised, we needed to recapitalize our medium range aircraft, and in competition it came down to the Casa aircraft, which we ended up going with. What we call the HC-144. And the other competitor was the C-27J. The C-27J had higher life cycle costs so the Casa aircraft won out.

We started the process to buy upwards of 32 of the Casa aircraft as our medium range aircraft. But then last year when the Air Force put up these brand new C-27Js as excess, we thought wow, if we can get 21 aircraft for free, that really lowers the life cycle cost significantly. So we put in a request for all 21 immediately. We got involved in a little bit of a, not a dispute, a conflict, but the Forest Service put in a request for them as well. Senator McCain put something in the Defense Authorization Act which would have transferred seven of the aircraft to the Air Force [sic]. Even with that, we were grateful. Fourteen would be helpful as well. But then Special Operations Command put in a request for seven. And when you get down to seven aircraft, just logistically, training wise and everything else, it doesn't make sense to stand up all that just for seven aircraft. We would have been better off continuing with the Casa.

But then we got into negotiations and the Forest Service was convinced in the end that the C-27J wasn't going to be a good tanker solution for them. They really need a larger aircraft, C-130s.

So in a deal that was made, we're taking seven of our C-130H models. The Air Force is going to overhaul them and transfer them to the Forest Service. Special Operations Command still gets seven of the C-27Js and we get 14, which should be enough to outfit three air stations.

So since this is relatively new to us, we're in the process now of coin an aviation plan. We have to determine where are we going to put AC-144s -- we've got 18 of them and we'll probably terminate it at 18. Where do we put the C-27JS for best effect? Then how do we distribute our C-130Js? It's caused us to go back to the drawing board. I think we've got a rough idea of how we'll lay those down, but we don't have the specifics right now.

So yes, we're going to fully employ them. We're delighted to get them from the Air Force. It saves us about half a billion dollars in acquisition costs, and we're off and running with the program now.

Also, sorry, it helps us out logistically because, as I said, we're changing all our C-130s to C-130Js. The C-27J uses the same engines, the same avionics, so that gives us some advantages in training and logistics as well when we bring them into our fleet.

DWG: To follow up on that last question, do you have the money to do the training and stuff like painting the aircraft yet? And when do you see them to be operational?

Admiral Papp: Yes. Congress in the FY14 budget gave us, I don't have the figure in mind. But there was sufficient money to stand up what we call a project office which will basically put a staff together. It gives us the money to start converting them over.

Initially we really don't have to do much more than paint them. Since it's already military aircraft it has all the communications gear, it has a good surface search radar. We ultimately will want to put a sensor package in it very similar to what we use in our KC-144s and our C-130s. That we will put in the budget in future years, but we can put that aircraft to work almost immediately after we get the people trained up on it and determine the lay down of the aircraft.

DWG: The Air Force is retiring a lot of other things right now. Predators come to mind, Global Hawks, even something as big as an AWACS. Does any of that fit in the Coast Guard? Or is the Coast Guard interested in any of that?

Admiral Papp: We're always interested in looking, but you have to be careful what you ask for. A lot of the stuff that's coming back from theater is well worn right now.

We have a history in the Coast Guard of taking on hand me downs and then they end up costing us a lot of money in the long run because they're old and they need repair. And sometimes it's beyond the means that we have in our budget. If we were to bring equipment in, you'd still have to come up with the operating funds within the Coast Guard budget to operate them, and in a decremental budget if you bring in something

new you're going to have to displace something that's already in the budget. That's just the reality of it.

DWG: Sir, I want to ask you about ships if I could. You said at Sea-Air-Space yesterday it's going to cost about a billion dollars over the long term for the Coast Guard to buy a new icebreaker which is a major purchase. I wanted to ask if you could, to take us through how that program looks if all goes well. When would you start to do your design and R&D? When would you buy the ship? When do you think it would be operational?

Admiral Papp: That's the challenge that we're facing right now because I've been asked to look at a five year plan that would keep our acquisitions at about \$1 billion a year. When you start off on all these projects, and when I started off four years ago, I did clearly identify that we needed a new polar icebreaker. I still believe that in the long term interest of our country we should be building a new polar icebreaker. I realize it's expensive. We estimate about a billion dollars to build.

Things have changed. If I have to fit our acquisitions within a billion dollar budget then you have to make some very tough choices. Right now, and I can't remember who asked the question, but it was, do you buy assets that give you a lot of utility? Or do you buy single mission assets? Icebreaker is a single mission asset. It's very good at that single mission, but I can't use it for migrant interdiction, for drug interdiction, for search and rescue and all these other things. The work horse for the Coast Guard on a day to day basis are our medium endurance cutters. The 210 foot cutters that were built in the '60s and then the 270 foot medium endurance cutters that were built mid to late '70s.

They need to be replaced and we have 33 of them right now. We're going to build something called the offshore patrol cutter, the OPC. We just down-selected to three candidates and awarded a preliminary contract design contract to three companies. They'll go into competition. At the end of about 18 months we'll down select to the final candidate and start constructing the OPC. The OPC is my highest priority for the Coast Guard right now. In order to fit that into the budget you can't possibly in a billion dollar acquisition budget fit in the money to build a new icebreaker as well. There has to be either some top line relief, or money has to come from some other place in the government.

I've made the case that since an icebreaker provides utility for multiple departments across the government, that that ought to be a shared expense. Or maybe since there are commercial interests like companies that are doing exploration up in the Arctic, that maybe companies ought to contribute to it as well. I don't know what the ultimate answer is. All I do know is it's darn difficult for me to fit it into the Coast Guard budget right now.

Four years ago I set as a goal to first of all get the icebreaker operating money back into the Coast Guard budget. It was not in our budget at the time. It had been transferred to the National Science Foundation and they were supposed to buy back icebreaker service from the Coast Guard. Instead, they leased foreign icebreakers and we had no operating

funds, we had to lay up our icebreakers, other than the Healy, our medium icebreaker. They liked the Healy and it was set up for scientific research so we were able to keep Healy running. But Polar Sea and Polar Star, which were two of the best icebreakers in the world, just atrophied because we didn't have the operating funds for them.

So I set as a goal to get the money back in the Coast Guard budget, restore at least one of the polar breakers, and then start the process to try and build a new breaker, the three goals there.

So we got the money back in the budget. We restored Polar Star? Polar Star just returned to Seattle after having done a tremendous job down in Antarctica breaking into McMurdo for the U.S. mission down there. And we started getting some design money in our budget for the new polar icebreaker.

But that was all premised on an increasing budget. With a decreasing budget I think the plans change and we're going to have to find another way to provide icebreaking capacity. What I've suggested is we bring Polar Sea back into service. We've done a business case analysis and we figure for \$100 million we can restore Polar Sea and probably about the time that Polar Star is coming up for another renovation we can put Polar Sea back into service, and we'll keep a heavy breaker and a medium breaker in service. There will probably be times when we have two heavy breakers and a medium breaker as they overlap.

So those are the solutions that I'm offering right now as the Commandant that I think are in the best interest of the country. If we can come up with some top line relief that would bring a billion dollars forward, then I think it's in the best interest of the country to build a new breaker. But short of that we're just going to have to get by on what we have.

DWG: Real quick, one other thing you said yesterday was you had a great PowerPoint slide that showed a Chinese Coast Guard vessel and one of your national security cutters, and you said not only is the Chinese ship painted white with a red stripe, they've written China Coast Guard on the hull in the same font that our Coast Guard, your Coast Guard uses on our ships.

I just want to ask, when you saw that, how did it make you feel? Were you taken aback? Were you flattered? Were you surprised? What went through your head when you saw that?

Admiral Papp: Flattered of course. They say imitation is the sincerest form of flattery. And they are open about it. I've read China Daily over the last two years and they are very open about the fact that they're modeling themselves after the United States Coast Guard.

But that's not unique. I made a trip last fall to Vietnam. I was asked by Vietnam to come over there after a series of meetings here in Washington. They want advice on standing up a Vietnam Coast Guard, and they've done that now. We're providing

training to them. In a small way, because we can't afford a lot, but we've gotten some funds from the State Department and from Admiral Locklear at the Pacific Command and we've established a good relationship with the Vietnamese.

I think that's a good thing. The United States Coast Guard is a respected institution because of the broad range of things we do, both military, humanitarian, law enforcement. I'm somewhat biased, I guess, but I think if there were more Coast Guards in the world that we might have a more peaceful world. We've demonstrated that. We have a couple of forums that we sponsor, the North Pacific Coast Guard Forum where we bring together Russia and China, South Korea, Japan, Canada and the United States. We have North Atlantic Coast Guard Forum. And many times the United States Coast Guard is able to make communications and gain cooperation where other agencies our government just aren't as successful. So I'm kind of proud of the fact that they chose to fashion themselves after us.

But it really addresses that larger issue that I talked about. If you're a maritime nation, and this is something that I've said many times. I think the greatness of a maritime nation can be measured by the amount of resources it devotes to the safe and secure approaches to its shores by the mariner.

If you read the Federalist Papers, Hamilton understood this. He knew that we would need maritime trade in order to be prosperous as a country. They had a choice in the first Congress to build a Navy. What they did was they built a Coast Guard to enforce the laws and to facilitate that trade. It has not changed in the last over 200 years. We still depend upon maritime trade, and to facilitate that you've got to do things like aids to navigation; you've got to enforce the laws; you have to protect your fisheries; you have to make your ports safe and secure so that other nations can bring their trade. I think there are more and more countries around the world that are realizing that hey, I can't afford a big gray hulled Navy but I can afford a Coast Guard that does all those things.

I have slides that will build that show you all the various vessels around the world that have the racing stripe, and China's not the only one that's stolen our font. There are others. Sometimes it says Coast Guard, sometimes it says Guardia Costara or various languages, but they're all out there and they all, as I travel the world, tell me that they model themselves after us. I'm pretty proud of that.

DWG: A follow up to the previous question, then another one.

One was, when will the [inaudible] be operational?

Admiral Papp: Congressman Garamandi in my hearing the other day was taken a little bit aback when I said FY16. I think on the surface you would say well geez, they're operational aircraft, and why can't you just start flying them? It's just not as easy as that, and it's not just a paint job either. I mean a paint job is part of it, but we've flown gray aircraft before and we could do it again. The challenge is we don't have any trained pilots on it right now. And yes, it's not all that difficult to go from flying a C-130 with the same engine, it's the same avionics, and then cross-train. But you still have to cross-

train and there are peculiarities for any individual aircraft, that you have to be trained and proficient. It's going to take us a while to make sure we've got the pilots. We have to develop instructor pilots and -- First they have to be qualified as co-pilots, command pilots, and then become instructor pilots, and then train new people. All that takes time. Then developing our tactics and our doctrine for the aircraft and where we're going to lay them down.

So what we've been saying is we expect the first of the aircraft to be operational during FY16. I don't know whether that's early FY16 or later. We just haven't nailed the date down yet. We're still developing the plans on the run right now.

DWG: The same question regarding UAVs. Instead of waiting on the Navy to decide when you expect them to be [inaudible]?

Admiral Papp: I don't have a specific date for you. We are still in the experimental process. We're doing two more deployments with the Scan Eagle this summer off our national security cutters. And that's just one of those issues that's down at the working group level.

We work with the Navy all the time. Generally we'll get together twice a year for staff talks between the CNO and myself. That's just one of a broad range of things that we do with them, and I just don't have an exact date on when we would fully implement it. I don't think the Navy's fully decided what their ship board UAV is going to be.

DWG: Could you describe your plans for rotocraft?

Admiral Papp: Helicopters?

DWG: Yes.

Admiral Papp: I would talk more in about a 15 year plan. One of the things that I'm proudest of, and I'm not an aviator. I'm a ship driver, but I love my aviators. We have some of the best in the world, but we have some of the best aviation logistics people in the world.

You should take a trip down to Elizabeth City sometime and look at the Aviation Logistics Center and see what our people can do. We have at times taken frames from the Navy. We were short of H-60s a while ago and we didn't have the money in the budget to buy brand new H-60s so what we did was we got some cast-away frames from the Navy. If you start with a frame, we can build a new helicopter.

When we take through our program line down there, we have program lines down there for the H-60 for the H-65, and then of course our fixed wing aircraft as well. When we put them through their regular programmed maintenance it basically comes out almost a brand new aircraft at the other end.

So we have consistently upgraded our H-65 helicopters, our short range helicopters. We're up to the H-65M model now. Which each time we upgrade it's new avionics. We've reengined them. There are basically no components in that helicopter that are obsolete or need a replacement right now.

The H-60s, we're up to the Tango model now. We're putting the glass cockpit in and we've constantly upgraded them. That's just one of the things as Commandant I have not worried about because it's well beyond my term and probably beyond the terms of the next couple of Commandants. I would say we're good for probably another 15 years in terms of rotary wing aircraft.

One of the things that we will do is the Air Force has been looking at their SAR helicopter. Once again, at whatever time we decide to start replacing the H-60s, we can't do it on our own. The reason we were able to afford H-60s is because the Air Force, the Navy and the Army were buying them and we can get economy of scale there. And we can take some hand me downs, and as I said, turn them into brand new aircraft basically.

So we'll be watching the Air Force and seeing what they do in terms of decisions on their CSAR helicopter and ultimately at some point we'll probably follow their lead in terms of replacement for the H-60.

DWG: On this point of the budget situation, in this town obviously nobody's ever satisfied with the amount of money they have available, but you've highlighted some pretty severe short term needs, and at the same time for '15 at least you're looking at somewhere in the neighborhood of a 25 percent reduction in your procurement budget. Is that an anomaly or is that just part of the long term detrimental trend that you've been referring to?

Admiral Papp: It's not an anomaly now because I've been given directions to see how we might fit within a billion dollar acquisition budget. That's balancing it out.

We have to do basically three things. We have to do Coast Guard operations; we need to take care of our people; and we need to recapitalize for the long term. There's no -- Well, I wouldn't say there's nobody else. There's no one more concerned about long range than I am. I have to focus on getting the job done year to year, but the Commandant of the Coast Guard has to look probably 40 years into the future.

When you're building a ship you're building something that you're going to use for 40 years. So you have to think about what missions are we going to be doing 40 years from now? What gives us the best utility? Where are the dollars best spent?

So balancing all of this, because you can probably bump up our acquisition budget a little but it would come at the expense of operations or people. And people is the thing that I've been trying to preserve.

We went through some severe cuts back in the late '90s and I felt that pain. We had to cut 6,000 people in about a two year period and it was drastic for us. The Commandant at the time decided to keep up operations as well as we could, and cut back in things like acquisition experts, Comptrollers and engineers. Basically support people.

So after September 11th when we started growing, operations picked up, we had new responsibilities and we needed to build new ships, what did we get big criticism for? We got our worst criticism for how bad our acquisition processes were. We didn't have anybody. We lost all our experts. So we basically had to rebuild our acquisition work force over the last couple of years.

That lesson's not lost on me. You have to do your missions, your operations, but you also have to support them as well. You need experts doing that. So I've tried to preserve our work force the best possible.

When I came in four year ago we had 42,000 active duty and about 8,000 civilians. Now we're down closer to 41,000. If this budget goes through as proposed we'll probably lose another 800 people in the budget this year. That hurts us. It's like I talked about how millions are so important to us. We don't talk in billions, we talk generally in millions. When you lose 800 people you're going to feel that pain.

I gave the House appropriators an example. My Master Chief Petty Officer of the Coast Guard is trying to do a fitness program for the Coast Guard. I got a briefing on implementation for the plan. I said okay, who's going to have responsibility at the local level to administer this program? They said well, it will be our wellness coordinators at each one of our 13 bases, but those billets are being cut in the FY15 budget. You start looking for places to cut back, it's very difficult. We're looking at a dozen here, a dozen there. Most of the time right now it comes in positions that support and provide quality for our people, because we're trying not to cut our operations and we're trying not to cut those engineers and comptrollers and acquisition experts. So you start eating into your services for your people. That becomes painful. It's not the type of quality you'd like to provide for the young patriots that sign up to serve.

DWG: Admiral, your '15 request is focused on ships. I was just wondering what's your unfunded with list on the aircraft side?

Admiral Papp: We are good right now on the aircraft side. Not great, but we're good. The addition of a half a billion dollars' worth of C-27Js is helpful to us. We would have to buy medium range aircraft over the next few years and we avoid that cost right now. That's basically the aircraft that we're buying.

As I said, the helicopters are in good shape for now. Our C-130s are being replaced by J models. So it's our medium range, fixed wing is what we needed and we just inherited 14 aircraft. So we're good for the next couple of years and I'll be able to devote those scarce acquisition dollars towards the major capital assets. The ships.

DWG: The C-27s, don't they have to be missionized? I apologize if you already touched on this, but can you give us a little more detail on that, when it might get started?

Admiral Papp: There are degrees of missionization. We can use them right now. They come with a surface search radar that is valuable to us. It's a military aircraft so all the communications gear is in there. It's compatible with what we use right now. So we can put these aircraft to use immediately.

First and foremost, we can do the same thing that most countries around the world do. In fact one of the most valuable things right now in the search for the aircraft out in the Indian Ocean is the Mark 1 human eyeball. You've got windows and you look and you search. Obviously we'd like to do better than that and the surface search radar which is installed in the aircraft will help us to do that.

We would like other sensors. We have a sensor package that we developed that goes in the other aircraft that we've been building. I think within our own work force we'll be able to modify the aircraft and we've got enough pallets right now, that's how we load them on the HC-144s, it's a sensor pallet that you can exchange between the aircraft. We'd like to have one for each aircraft, but if we need to we can transfer them. We'll probably do the same thing with the C-27Js as well.

DWG: Sir, gee whiz, you're not going to have to look for helicopters for 15 years; your aircraft are in good shape, you don't really need any others. You keep this up, you're never going to be on the Joint Chiefs. [Laughter]. Take a step back if you would.

Admiral Papp: Let me qualify. Any service chief -- There's no service chief that would go anywhere and way I don't need anything else. What I'm doing is I'm living within the realities of -- There are certainly a lot of things that I would like for my people, there are a lot of tools that I would like to be able to give them, but we don't find ourselves in that condition right now. So I'm just talking reality today. I'm being a pragmatist today. I think my definition for pragmatist is an optimist with experience. So I'm generally an optimistic guy. The reality is we've been doing, in spite of everything else we've been doing okay. That's not a resounding endorsement but we've been doing okay.

Each year the Congress has put things back in our budget. The reason we have been doing about \$1.4 billion in acquisitions over the last three years is not because it arrived on the Hill asking for that much. Congress has put more into our budget each year to buy patrol boats and other things, to restore people into the budget. So I'm grateful that the Congress and I guess the people that elect them are happy with what the Coast Guard does and it has shown because there are an awful lot of, my other fellow services, they're losing in some cases hundreds of thousands of people and aircraft and ships and we've been able to hold our own. Which is once again not a resounding endorsement, but --

So don't think I wouldn't want more. I would want certainly want more for my service. I certainly would rather retain people rather than cutting them, but I'm just faced with the realities of the budget.

DWG: Yeah, but you're telling this very bracing, because most guys who come in here don't talk like this. Yes, they just got done fighting two wars. Of course they should be shedding hundreds of thousands of people and airplanes and war ships. But let's take you up a little higher. Given your time in uniform how is it different working for DHS than DOT? Or is there no difference?

Admiral Papp: Oh, there's a lot of difference and I've seen it firsthand.

DOT is, I would say the primary focus in DOD [sic] is regulatory. This is a challenge of where do you put the United States Coast Guard. There are people who have made the case we should be in the Department of Defense. We were in Treasury for most of our history. DOT was not a complete fit. DHS sometimes is hard to understand as well because we have this law enforcement, military, environmental, humanitarian and regulatory mission. A lot of people lose sight of the fact that we have a huge regulatory part of the Coast Guard. Marine safety, prevention work. You don't really get a full appreciation until you get to probably my stage in the service.

We had Super Storm Sandy where that large sailing vessel, the HMS Bounty went down with 16 people on board. We made great press about how our rescue swimmers, helicopters went out there in a hurricane and jumped into the water and retrieved 14 of the 16 members of the crew and saved them in the midst of a hurricane, and that is great. But the reality is that those 14 people probably would not have been around to be saved if it wasn't for regulatory functions that we do. The survival suits that they got into are required by Coast Guard regulations. The lifesaving training that they get is required by Coast Guard regulations. The life rafts that they got into and that held them so that we could recover them are required by Coast Guard regulations. So the better we do regulations, the better we do our prevention work, it makes it easier for us to save people and hopefully prevent those things from happening in the first place.

Then there are things that people don't even know. Do you know that we do bridge regulation? One of the things that occupied a lot of my time two years ago was the State of Oregon and Washington wanted to build a bridge across the Columbia River to replace a bridge I think that had about 150 feet of clearance, and they wanted to build a new bridge that would bring it down to about 95 feet. Which would have restricted maritime traffic that used to go up to other locations up river. The only agency in the government that supervises that and holds people accountable is the Coast Guard and we had to work through the regulatory process and solicit all the people who use that waterway to protect the rights of the mariner which would have been impinged upon.

DWG: Where did the bridge end up at?

Admiral Papp: Well, one of the states, and I can't remember which one, did not approve the funding for the bridge. So it's right now --

DWG: At 150.

Admiral Papp: The old bridge is still there. I think I diverted a little bit from your original question.

DWG: You've had a lot of different parents.

Admiral Papp: Oh, yes. At the end of the day the vast majority of what we do is operations. About two-thirds I would say of what we do involve operations. A large chunk of that two-thirds is basically the safety and security of our borders. So being in a department that's primary focus is on the safety and security of our borders is good because you bring all those agencies together

When I leave here today I'm going up to a meeting at the Nebraska Avenue Complex with Secretary Johnson and the component heads. He has hit the deck running. I wouldn't say we're going to recreate the Joint Chiefs of Staff, but he has come from the Pentagon and he sees the value of bringing the services together to work cooperatively and jointly and smarter to provide, in that case defense, in our case security at the borders. So we're going up there with all the component heads. CBP, FEMA, everybody, bringing them together so that we can start sort of our battle rhythm, our processes for doing better in that regard.

So it's a department that has great focus.

Having said that, it was hard for me to explain to Secretary Napolitano why she was responsible to make sure an oil spill got cleared up in the Gulf of Mexico. I don't think she ever thought when she took on the Department of Homeland Security that she would have responsibility for oil spills. She does because the Coast Guard's in there. Or for bridge regulation. Or for a whole range of things that we do.

In fact when we first came into the Department ten years ago they actually carved off some things that they said are not directly DHS functions. Things like search and rescue, environmental response and other things. There was even a proposal at the time to fund those missions at a lesser level because they weren't directly homeland security.

But I think what we've done over the last ten years is we've demonstrated that all those things come into play. You can't start carving away certain pieces of the Coast Guard because then you lose the utility of that multi-mission capability that we bring to bear on the challenges.

DWG: So is DHS the best among all imperfect warlords?

Admiral Papp: In my opinion, yes.

DWG: Sir, you touched on medium range aircraft. You said the overall aircraft are not the area where you feel the most pain, but I'd kind of like to touch on that. Are there some mission areas that you've done previously that you've had to scale back or not do anymore because you don't have the specialized platforms? Say something like the HU-25C air interdiction intercept that you'd like to ideally be doing if you could. And what

sort of assets would it take? Assuming you could have any funding that you wanted to achieve some of those missions?

Admiral Papp: Well the HU-25, you'd have to go back and look and see what that was originally designed for. It was originally designed to do search and rescue. That's really the primary focus of our aircraft and the HU-25 was designed to get out there, locate and it was our first jet aircraft, and do a search, very quickly identify where something is, and then direct, ultimately to do a rescue you've got to get helicopters out there.

We went into interception work for a time with those jets because we could, but interception, first of all there's not a lot of aircraft interception going on for us. There are very few aircraft now that try to bring drugs or other things into our country.

The HU-25 I think was good for what it was originally designed for, but really what we came to the conclusion is you need to have loiter time out there for your aircraft, and that's why we went back to a propeller, medium range fixed wing aircraft because it would be good to get two hours out of the HU-25 before having to return to refuel. With the Casa aircraft we can get eight hours out there. The C-27J's going to give us even more. So you can send them out there and they can orbit while you send the helicopter out there and they can provide you communications.

The other thing we use is for maritime patrol aviation. That's probably where we cut off the most. We deploy our C-130s downrange to the transit zone I was talking about earlier to serve as MPA for us. We share that with Customs and Border Protection and the Navy. The Navy has pulled back because of their forward deployments. CBP is getting fewer hours to fly. We're getting fewer hours to fly as well. So that's probably the one area where we've cut back where I wish we could devote more hours to is MPA.

Now a UAV could help fill in there, but we don't have the money to buy the UAVs and we're making slow progress there.

DWG: Assuming you did have the money to buy UAVs, what would be sort of the ideal Coast Guard platform? If the Air Force could retire something and hand it to you, what would you choose?

Admiral Papp: Probably Predators, but that's what CBP is running right now and what we're experimenting with. It's a maritime version of the Predator, which is different from what you use for of course the terrestrial type work that the Air Force has been doing.

DWG: Since aircraft and icebreakers have been such a popular topic today, can you use the A-10 as an icebreaker?

Admiral Papp: Not likely. [Laughter].

DWG: It would be fun to watch the trials of that.

Okay, we're just about out of time. Once again, thank you for coming in. I understand our friends over at the Navy League are giving you an award tonight, so congratulations on that as well.

Admiral Papp: I'm deeply humbled and honored.

DWG: And you're now nearing the end of your term as Commandant, so thank you for all your years of service and for fitting us into your schedule here at the end. It's been good talking to you.

Admiral Papp: It's been a pleasure. Thanks for all the great questions.

DWG: Just one quote to clarify, Admiral. You had mentioned that the C-130J in the opinion of the Forest Service wasn't as good of a tanker --

Admiral Papp: C-27J. Yes. Because it's a smaller aircraft. The C-130 is much better for tanker service. But I think they were looking at well, if we can get some new aircraft. But one we finally got as negotiations and we showed them what we could do in terms of restoring the C-138 models and ultimately turning them into tankers, I think they were persuaded by that.

DWG: Thank you very much.