



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2027

**MARITIME
ADMINISTRATION**

**SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS**

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**DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION
Budget Estimates, Fiscal Year 2027**

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**MARITIME ADMINISTRATION
FISCAL YEAR 2027 BUDGET REQUEST**

**SECTION ONE
OVERVIEW**



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MARITIME ADMINISTRATION

FY 2027 Budget Request

Overview

The Fiscal Year (FY) 2027 budget request includes \$1.2 billion in discretionary budget authority and \$1.4 billion in mandatory appropriations out of the Maritime Security Trust Fund for a total request of \$2.6 billion for the Maritime Administration (MARAD) to strengthen the United States' maritime transportation system. A strong, resilient marine transportation system is essential for economic recovery and growth, to keep the United States (U.S.) competitive in the global economy, and to provide sealift capacity to support our military. MARAD helps to foster, promote, and develop the U.S. maritime industry to meet our Nation's economic and national security needs. MARAD remains focused on implementing policies that address our Nation's maritime infrastructure gaps while fostering and sustaining American job opportunities in the maritime industry, increasing our global competitiveness, and leveraging technology to meet the needs and challenges of the maritime transportation system.

MARAD programs support port and inland waterway infrastructure, shipyards, including grants and shipbuilding financing, US-flagged ships and shipping, strategic sealift vessel operations, ship disposal, and maritime education and training, including the United States Merchant Marine Academy (USMMA). In addition, MARAD partners with the Department of War (DOW) to maintain the National Defense Reserve Fleet (NDRF) of vessels to provide sealift to transport military equipment and supplies during war and National emergencies. DOW provides funding for NDRF through an inter-agency reimbursable agreement.

In support of the President's Executive Order 14269, Restoring America's Maritime Dominance, the FY 2027 President's Budget proposes the creation of a Maritime Security Trust Fund (MSTF) as a reliable funding source for a variety of Maritime Action Plan (MAP) programs. The MSTF would receive revenue from a variety of existing sources, including various existing maritime related taxes, duties, penalties, and fees. MARAD requests \$1.4 billion in mandatory authority to increase the competitiveness of the domestic shipbuilding industry, develop the maritime workforce and industrial base, invest in port and inland waterway infrastructure, and to modernize the U.S. Merchant Marine Academy (USMMA) campus. The President's Budget proposes to fund some MARAD programs with both annual appropriations and through MSTF mandatory appropriations.

The FY 2027 budget request is summarized by account as follows:

Operations and Training

The FY 2027 budget request includes \$333.3 million for Operations and Training (O&T) which is \$57.5 million above the FY 2026 enacted level. The request includes \$249.5 million for the USMMA and \$83.8 million for MARAD Operations and Programs. This level of funding will help ensure that the USMMA continues to educate merchant mariners who can serve the economic and national security needs of the Nation. This funding will also provide for agency infrastructure, including additional staff necessary for operational and program support, and initiatives.

U.S. Merchant Marine Academy

For FY 2027, \$249.5 million is requested for the USMMA to provide \$129.5 million for Academy Operations and \$120.0 million for the Campus Asset Management Program (CAMP). The discretionary request for CAMP is supplemented with \$430.0 million in mandatory appropriations out of the MSTF for total budgetary resources of \$550.0 million.

Academy Operations

For FY 2027, \$129.5 million is requested for Academy Operations, which reflects an increase of \$28.0 million above the FY 2026 enacted level. This request supports mission-essential educational and IT infrastructure requirements, the housing and feeding of Midshipmen, administrative services, and security priorities, and continues resources to support the prevention of sexual assault and sexual harassment. Funding will support salaries, benefits and overhead for Academy employees (306 full-time equivalents (FTEs)), which includes 13 FTEs.

Campus Asset Management Program (CAMP)

The funding request for CAMP of \$120.0 million reflects an increase of \$20.0 million above the FY 2026 enacted level. This funding request provides funding under a single Campus Asset Management Program (CAMP) that consolidates capital improvement projects and ongoing facilities maintenance repair and equipment requirements. This level of funding is essential to support the modernization of the USMMA campus through priority infrastructure projects and to address major physical plant emergencies and high priority mission-related physical plant projects that emerge during the fiscal year due to facility deterioration. In addition, the Budget proposes \$430.0 million in mandatory appropriations out of the MSTF to support the opening phases of a multi-year plan to modernize the USMMA campus as prescribed in the Academy's comprehensive Campus Modernization Plan (CMP).

MARAD Operations and Programs

The FY 2027 budget request includes \$83.8 million for MARAD Operations and Programs which reflects an increase of \$9.5 million above the FY 2026 enacted level. Funding supports core agency infrastructure including professional staff working to achieve the operating mission and support program initiatives as well as the United States Marine Highway Program (USMHP). This request highlights funding to support annualization of three FTEs for the Office of Deepwater Port Licensing & Port Conveyance, and \$760,000 to fund four new FTEs for the National Environmental Policy Act (NEPA) implementation. This request also includes \$1.5 million for SafeMTS and \$750,000 for operational expenses for the Office of Deepwater Ports. The remaining \$10.0 million will support the following program initiative: USMHP is funded at \$10.0 million, \$5.0 million above the FY 2026 enacted level. In addition, the Budget proposes \$40.0 million in mandatory appropriations out of the MSTF for supplemental USMHP grants. USMHP supports the increased use, development, and expansion of the 26,000 miles of America's navigable waterways and landside infrastructure to enable the movement of freight by water, thereby reducing highway congestion and associated emissions. The USMHP facilitates partnerships with a variety of stakeholders including shippers and manufacturers, truckers, ports and terminals, ocean carriers, and U.S.-flag vessel operators to utilize our waterways to move freight. These new supply chains enable more cost-effective transportation options for U.S. shippers and manufacturers.

State Maritime Academy (SMA) Operations

The FY 2027 budget request includes \$87.2 million which reflects a decrease of \$51.7 million from the FY 2026 enacted level. This request includes funding for Federal assistance to support the six SMAs that educate and train mariners who will become the future leaders in the U.S. maritime transportation industry.

The requested funding includes \$64.0 million for the National Security Multi-mission Vessel (NSMV) program. The FY 2027 budget request continues to support any remaining pier infrastructure costs, government material condition surveys, DOT cyber security requirements, IT Network and Authority to Operate, maintenance and repair, Global Positioning System (GPS) hardening, government oversight and logistics support, which is critical in managing risk for effective operation of the NSMV State-class.

In addition, the request includes \$4.0 million to fund critical maintenance and repairs for the legacy training ships on loan to the SMAs to ensure they are maintained in compliance with U.S. Coast Guard (USCG) and American Bureau of Shipping requirements while the NSMVs are constructed and delivered. This funding also provides training ship sharing capacity to enable uninterrupted availability of mandatory at sea training for cadets.

Funding requested also includes \$9.4 million for the Student Incentive Payment (SIP) Program to offset student expenses related to rising education and tuition costs and to support student retention. In addition, \$6.0 million is requested for direct payments divided equally among each of the six SMAs to assist with higher operating costs at these specialized institutions.

Finally, \$3.8 million is requested for fuel assistance payments. This funding request will help alleviate the operational and logistics burden on all the SMAs as they continue to deal with the educational challenges in the post-coronavirus environment, as well as work through their ship capacity challenges in providing safe training platforms for the next generation of U.S. mariners.

Assistance to Small Shipyards

The FY 2027 budget request includes a significant investment of \$105.0 million which reflects \$70.0 million above the FY 2026 enacted level. This request provides grant funding for infrastructure improvements at qualified small U.S. shipyards. Funding will help maximize efficiencies at shipyards and their ability to compete for domestic and international commercial ship construction and maintenance opportunities. Small shipyard grants support the acquisition of equipment upgrades by small shipyards, such as equipment upgrades and other capital investments, defense ship building supply chain improvements, and in-house ship building capabilities. Funding also is aligned with the goals of the President's Executive Order 14269, "Restoring America's Maritime Dominance".

Ship Disposal

The FY 2027 budget request includes \$6.0 million for the Ship Disposal program which is equal to the FY 2026 enacted level. This funding supports salaries and overhead for Ship Disposal, and Nuclear Ship SAVANNAH (NSS) staff and personnel. This request also includes \$3.0 million to maintain the NSS in protective storage pursuant to Nuclear Regulatory Commission license

requirements while decommissioning of the vessel's defueled nuclear reactor, components, and equipment is in progress.

Maritime Security Program (MSP)

The FY 2027 budget request includes \$400.5 million requested for the MSP which reflects \$10.5 million above the FY 2026 enacted level. Funding supports a fleet of up to 60 U.S. flag vessels participating in the program at the full authorized level. The program maintains a viable commercial fleet of vessels that can provide a U.S. presence in foreign commerce while also meeting the Nation's need for sustained military sealift capacity. The program also supports over 7,400 American maritime jobs, bolstering coastal economies. Without MSP subsidies, operators would likely reflag vessels, jeopardizing these jobs and national security. Furthermore, the MSP strengthens supply chain resilience by ensuring the availability of U.S.-flag vessels for transporting critical goods, a need underscored by recent supply chain disruptions.

Tanker Security Program (TSP)

The FY 2027 budget request includes \$167.6 million requested for the TSP, \$86.0 million above the FY 2026 enacted level. This investment supports up to 20 U.S.-flag product tankers at the full authorized level. This investment addresses the urgent and critical National security requirements for U.S.-flag product tankers. It also supports our deployed Armed Forces in contingency operations and improves core assets to enhance our Nation's global network of distribution capabilities.

TSP also provides substantial economic benefits to the United States. The program directly supports approximately 500 to 600 well-paying, skilled U.S. Merchant Mariner jobs, with the potential for further job creation in shore-side operations, contributing to the U.S. tax base and strengthening the middle class. By ensuring the reliable transport of fuel and other essential commodities, a strong U.S.-flag fleet enhances the nation's economic resilience, reducing dependence on foreign-flag vessels.

Maritime Guaranteed Loan (Title XI) Program

The FY 2027 budget requests \$4.5 million, which reflects an increase of \$560,000 over the FY 2026 enacted level. This request supports administrative costs necessary to manage the current loan guarantee portfolio of the Title XI program, as well as new loan agreements. Funding is necessary to support IT modernization, and process improvements.

The Title XI program helps to provide shipbuilding financial incentives to promote economic growth and modernization of the U.S. shipyard industry by providing additional opportunities to build the Maritime Industrial Base for vessel construction and modernization, including repowering, that may otherwise be unavailable to ship owners.

Port Infrastructure Development Program (PIDP)

The FY 2027 Budget requests \$50.0 million, which reflects a decrease of \$53.3 million below the FY 2026 enacted level. However, the Budget also proposes \$450.0 million in mandatory appropriations out of the MSTF for a total budgetary resource request of \$500.0 million for PIDP. This request will provide competitive grants to improve port infrastructure and facilities, support the growth of the U.S. maritime industry, and to stimulate economic growth in and around ports

the growth of the U.S. maritime industry, and to stimulate economic growth in and around ports while improving safety and efficiency. These investments will create good-paying jobs for American workers and help transform our aging infrastructure into a 21st-century system that improves freight supply chain efficiency and boosts global competitiveness.

This funding request provides for efficient and resilient operations to meet the supply chain needs for delivery of goods to the American people. Funding will continue to fund grant resources for port infrastructure projects to support the increase in port capacity.

Maritime Security Trust Fund (MSTF)

The FY 2027 budget request proposes an initial mandatory appropriation into the MSTF of \$1.412 billion to provide an initial appropriation to capitalize the fund until revenue streams can be established from a variety of sources, including various existing maritime related taxes, duties, penalties, and fees.

As noted above, the Budget supplements multiple MARAD programs with requests for mandatory appropriations out of the MSTF as well as funding for the multiple new Maritime Action Plan (MAP) programs. MSTF funding proposals includes Port Infrastructure Development Program (\$450.0 million), USMMA Campus Asset Management Program (\$430.0 million), Commercial Shipbuilding Infrastructure Development Program (\$250.0 million), National Defense Reserve Fleet Support Ships (\$134.0 million), Maritime Workforce Program (\$73.0 million), United States Marine Highway Program (\$50.0 million), and the Maritime Innovation Center (\$25.0 million).

**MARITIME ADMINISTRATION
FY 2027 BUDGET REQUEST SUMMARY
(Dollars in Thousands)**

<u>ACCOUNT/PROGRAM</u>	<u>FY 2025 ACTUAL</u>	<u>FY 2026 ENACTED</u>	<u>FY 2027 REQUEST</u>
OPERATIONS & TRAINING	<u>\$267,775</u>	<u>\$275,791</u>	<u>\$333,260</u>
U.S. Merchant Marine Academy	<u>\$184,729</u>	<u>\$201,500</u>	<u>\$249,500</u>
Academy Operations	92,729	101,500	129,500
<u>Capital Asset Management Program</u>	<u>92,000</u>	<u>100,000</u>	<u>120,000</u>
Capital Improvement Program	70,000	50,000	70,000
Facilities Maintenance and Repair, Equipment	22,000	50,000	50,000
MARAD Operations & Programs	<u>\$83,046</u>	<u>\$74,291</u>	<u>\$83,760</u>
Headquarters Operations	70,546	67,291	73,760
<u>Maritime Program Initiatives</u>	<u>12,500</u>	<u>7,000</u>	<u>10,000</u>
Maritime Environmental and Technical Assistance	7,500	2,000	-
United States Marine Highway Program	5,000	5,000	10,000
STATE MARITIME ACADEMY OPERATIONS	<u>\$125,788</u>	<u>\$138,900</u>	<u>\$87,200</u>
Student Incentive Program	2,400	4,800	9,400
Direct SMA Support	6,000	7,000	6,000
Fuel Assistance Payments	8,800	9,300	3,800
School Ship M&R	22,000	7,800	4,000
National Security Multi-Mission Vessel	86,588	110,000	64,000
ASSISTANCE TO SMALL SHIPYARDS	<u>\$8,750</u>	<u>\$35,000</u>	<u>\$105,000</u>
SHIP DISPOSAL	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
MARITIME SECURITY PROGRAM	<u>\$318,000</u>	<u>\$390,000</u> ^{1/}	<u>\$400,500</u>
CABLE SECURITY FLEET PROGRAM	<u>\$10,000</u>	<u>\$10,000</u> ^{2/}	<u>-</u>
TANKER SECURITY PROGRAM	<u>\$60,000</u>	<u>\$81,600</u> ^{3/}	<u>\$167,600</u>
MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM	<u>\$53,586</u>	<u>\$3,940</u>	<u>\$4,500</u>
Title XI Administrative Expenses	3,000	3,940	4,500
Loan Subsidies	50,586	-	-
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	<u>\$50,000</u>	<u>\$103,330</u>	<u>\$50,000</u>
NEW BUDGET AUTHORITY REQUESTED	<u>\$899,899</u>	<u>\$1,044,561</u>	<u>\$1,154,060</u>
MARITIME SECURITY TRUST FUND	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$1,412,000</u>
Capital Improvement Program	0	0	430,000
United States Marine Highway Program	0	0	50,000
Maritime Innov. Center	0	0	25,000
Maritime Workforce	<u>0</u>	<u>0</u>	<u>73,000</u>
Centers of Excellence for Domestic Maritime Workforce Training and Education	0	0	30,000
State Maritime Academy Reimbursement for Training Ship Cadet Tuition and Fees Program,	0	0	26,000
Maritime Service Employment Reimbursement Program	0	0	15,000
Civilian Mariner Education and Development Payments Program	0	0	2,000
Commercial Shipbuilding Infra.Dev. Program	0	0	250,000
NDRF Support Ships	0	0	134,000
Port Infrastructure Development Program	450,000	450,000	450,000
GRAND TOTAL	<u>\$1,349,899</u>	<u>\$1,494,561</u>	<u>\$2,566,060</u>

1/ Includes funds at the authorized level and cancellation of \$38.4 million in prior-year unobligated balances.

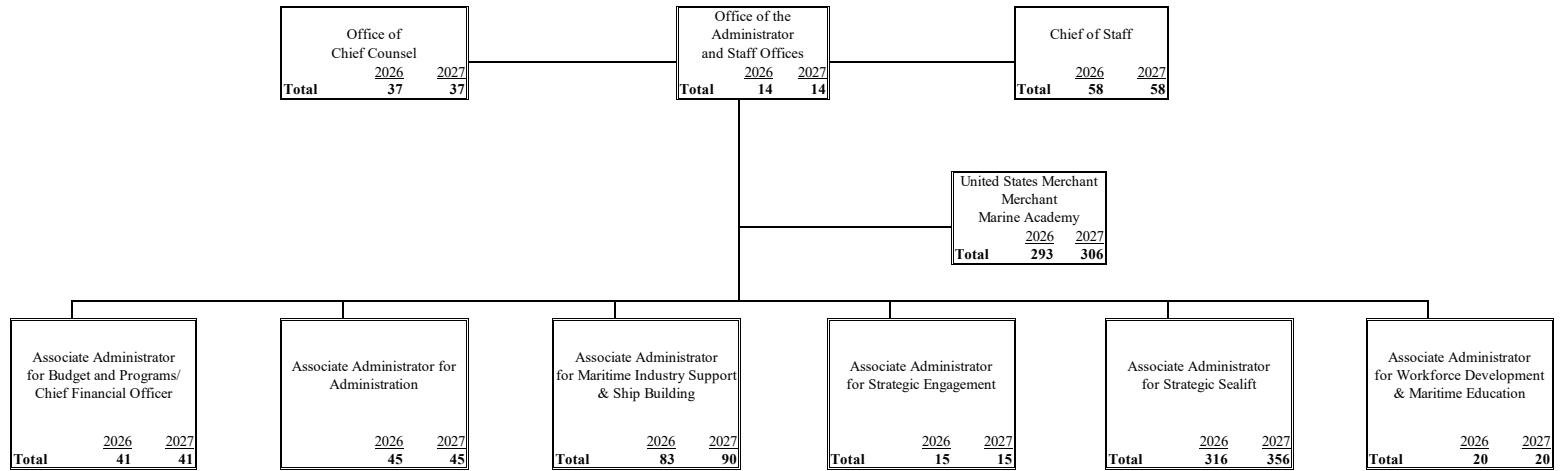
2/ Includes funds at the authorized level and cancellation of \$12.4 million in prior-year unobligated balances.

3/ Includes funds at the authorized level for 10 ships and cancellation of \$42.8 million in prior-year unobligated balances.

4/ Includes cancellation of \$34 million in prior-year subsidy unobligated balances.

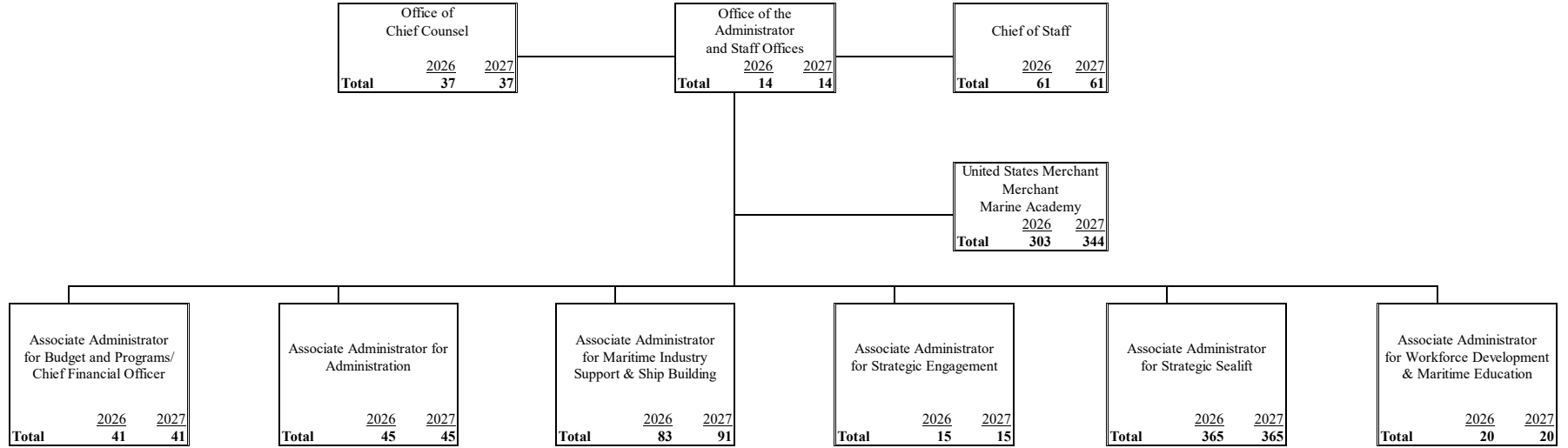
**U.S. Department of Transportation
Maritime Administration
Organizational Chart - Funded Full-Time Equivalents**

MARAD FY 2027 FTEs	982
MARAD FY 2026 FTEs	922



**U.S. Department of Transportation
Maritime Administration
Organizational Chart - Funded Full-Time Positions**

MARAD FY 2027 FTPs	1,033
MARAD FY 2026 FTPs	984



**MARITIME ADMINISTRATION
FISCAL YEAR 2027 BUDGET REQUEST**

**SECTION TWO
BUDGET SUMMARY
TABLES**



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EXHIBIT II-1
FY 2027 BUDGET AUTHORITY
MARITIME ADMINISTRATION
(\$000)

ACCOUNT NAME	M / D	(A) FY 2025 ACTUAL	(B) FY 2026 ENACTED	(C) FY 2027 REQUEST
OPERATIONS AND TRAINING	D	<u>267,775</u>	<u>275,791</u>	<u>333,260</u>
U.S. Merchant Marine Academy		184,729	201,500	249,500
MARAD Operations		83,046	74,291	83,760
STATE MARITIME ACADEMY OPERATIONS	D	125,788	138,900	87,200
ASSISTANCE TO SMALL SHIPYARDS	D	8,750	35,000	105,000
SHIP DISPOSAL	D	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Ship Disposal		3,000	3,000	3,000
NS Savannah		3,000	3,000	3,000
MARITIME SECURITY PROGRAM	D	318,000	390,000	400,500
CABLE SECURITY FLEET	D	10,000	10,000	-
TANKER SECURITY PROGRAM	D	60,000	81,600	167,600
MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT	D	<u>53,586</u>	<u>3,940</u>	<u>4,500</u>
Administrative Expenses		3,000	3,940	4,500
Loan Subsidies		50,586	-	-
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	D	50,000	103,330	50,000
GIFTS AND BEQUESTS	M	1,000	1,000	1,000
Gross New Budget Authority		<u>900,899</u>	<u>1,045,561</u>	<u>1,155,060</u>
Rescissions- Unobligated Balances		-	[127,600]	-
Transfers		-	-	-
Offsets		-	-	-
NET NEW BUDGET AUTHORITY REQUESTED:		<u>900,899</u>	<u>1,045,561</u>	<u>1,155,060</u>
[Mandatory BA]		1,000	1,000	1,000
[Discretionary BA]		899,899	1,044,561	1,154,060
Supplemental Funding				
IIJA Supplemental (Division J)		<u>450,000</u>	<u>450,000</u>	-
America's Marine Highway Grants		-	-	-
Port Infrastructure Development Program		450,000	450,000	-
MARITIME SECURITY TRUST FUND	M	-	-	1,412,000
GRAND TOTAL		<u>1,350,899</u>	<u>1,495,561</u>	<u>2,567,060</u>

EXHIBIT II-2
FY 2027 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

ACCOUNT NAME	M / D	(A) FY 2025 ACTUAL	(B) FY 2026 CONTINUING RESOLUTION	(C) FY 2027 REQUEST
OPERATIONS AND TRAINING	D	<u>267,775</u>	<u>275,791</u>	<u>333,260</u>
U.S. Merchant Marine Academy		184,729	201,500	249,500
MARAD Operations		83,046	74,291	83,760
STATE MARITIME ACADEMY OPERATIONS	D	125,788	138,900	87,200
ASSISTANCE TO SMALL SHIPYARDS	D	8,750	35,000	105,000
SHIP DISPOSAL	D	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Ship Disposal		3,000	3,000	3,000
NS Savannah		3,000	3,000	3,000
MARITIME SECURITY PROGRAM	D	318,000	390,000	400,500
CABLE SECURITY FLEET	D	10,000	10,000	-
TANKER SECURITY PROGRAM	D	60,000	81,600	167,600
MARITIME GUARANTEED LOAN (TITLE XI)	D	<u>53,586</u>	<u>3,940</u>	<u>4,500</u>
PROGRAM ACCOUNT				
Administrative Expenses		3,000	3,940	4,500
Loan Subsidies		50,586	-	-
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	D	50,000	103,330	50,000
Gross New Budgetary Resources		<u>899,899</u>	<u>1,044,561</u>	<u>1,154,060</u>
Rescissions- Unobligated Balances		-	[127,600]	-
Transfers		-	-	-
Offsets		-	-	-
TOTAL BUDGETARY RESOURCES:		<u>899,899</u>	<u>1,044,561</u>	<u>1,154,060</u>
[Mandatory]		-	-	-
[Discretionary]		899,899	1,044,561	1,154,060
[Obligation Limitation]		-	-	-
Supplemental Funding				
IIJA Supplemental (Division J)		<u>450,000</u>	<u>450,000</u>	<u>0</u>
America's Marine Highway Grants		-	-	-
Port Infrastructure Development Program		450,000	450,000	-
Grand Total, All Appropriations		<u>1,349,899</u>	<u>1,494,561</u>	<u>1,154,060</u>
MARITIME SECURITY TRUST FUND	M	-	-	1,412,000
GRAND TOTAL		<u>1,349,899</u>	<u>1,494,561</u>	<u>2,566,060</u>

**EXHIBIT II-4
FY 2027 OUTLAYS
MARITIME ADMINISTRATION
(\$000)**

		(A)	(B)	(C)
	M / D	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 REQUEST
OPERATIONS AND TRAINING	D	223,081	270,000	304,000
STATE MARITIME ACADEMY OPERATIONS	D	216,751	83,000	84,000
ASSISTANCE TO SMALL SHIPYARDS	D	14,033	31,000	96,000
SHIP DISPOSAL	D	14,555	8,000	9,000
MARITIME SECURITY PROGRAM	D	309,822	353,000	399,000
CABLE SECURITY FLEET	D	10,000	9,500	500
TANKER SECURITY PROGRAM	D	53,897	50,000	104,000
MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT		<u>68,095</u>	<u>4,440</u>	<u>4,500</u>
Administrative Expenses	D	3,000	4,440	4,500
Loan Subsidies	M	65,095	-	-
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	D	122,890	121,000	131,000
READY RESERVE FORCE	D	-34,447	-86,000	283,000
WAR RISK INSURANCE REVOLVING FUND	D	-1,976	-1,000	-1,000
VESSEL REVOLVING FUND	D	-4,123	-	-
GIFTS AND BEQUESTS	M	715	1,000	1,000
TOTAL:		<u>993,293</u>	<u>843,940</u>	<u>1,415,000</u>
Mandatory		65,810	1,000	1,000
Discretionary		927,483	842,940	1,414,000
Supplemental Funding				
IIJA Supplemental (Division J)				
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	D	17,526	18,000	40,000
MARITIME SECURITY TRUST FUND	M	-	-	425,000
Grand Total, Outlays from all Appropriations		<u>1,010,819</u>	<u>861,940</u>	<u>1,880,000</u>

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
United State Merchant Marine Academy													
PERSONNEL RESOURCES (FTE)													
Direct FTE	265	293	0	0	0	0	0	0	0	0	293	13	306
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries & Benefits	\$48,108	\$55,080	\$138	\$0	\$413	\$0	\$0	\$0	\$0	\$0	\$55,631	\$1,668	\$57,299
Instructional Programs	\$7,553	\$8,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,300	\$7,714	\$16,014
Midshipmen Programs	\$18,895	\$17,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,300	\$7,860	\$25,160
Facilities and Infrastructure Operations	\$0	\$9,227	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,227	\$1,095	\$10,322
Mission Support (Formerly PD&A)	\$18,172	\$11,593	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,593	\$9,112	\$20,705
Admin Subtotal	\$92,728	\$101,500	\$138	\$0	\$413	\$0	\$0	\$0	\$0	\$0	\$102,051	\$27,449	\$129,500
PROGRAMS													
Facilities Maintenance and Repair & Equipment	\$22,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	-\$50,000	\$0
Capital Improvement Program	\$70,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	-\$50,000	\$0
Capital Asset Management Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,000	\$120,000
Programs Subtotal	\$92,000	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$20,000	\$120,000
BASE PROGRAMS TOTAL	\$184,728	\$201,500	\$138	\$0	\$413	\$0	\$0	\$0	\$0	\$0	\$202,051	\$47,449	\$249,500

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

MARAD Operations & Programs	Baseline Changes							WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted 1/	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent					
PERSONNEL RESOURCES (FTE)												
Direct FTE	203	219	-	3	-	-	-	-	-	222	4	226
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Salaries and Benefits	\$43,000	\$38,614	\$97	\$570	\$790	\$0	\$0	-\$3,192	\$0	\$36,878	\$760	\$37,638
Non-Discretionary Operations	\$15,443	\$16,485	\$0	\$0	\$0	\$0	\$65	\$8,073	\$165	\$24,788	\$0	\$24,788
-WCF	[\$9,978]	[\$9,276]	\$0	\$0	\$0	\$0	\$0	[\$8,073]	\$0	[\$17,349]	[0]	[\$17,349]
Operations and Travel	\$10,002	\$10,283	\$0	\$0	\$0	\$0	\$0	-\$1,302	\$103	\$9,084	\$2,250	\$11,334
Information Technology	\$2,101	\$1,909	\$0	\$0	\$0	\$0	\$0	-\$1,909	\$0	\$0	\$0	\$0
Admin Subtotal	\$70,546	\$67,291	\$97	\$570	\$790	\$0	\$65	\$1,670	\$268	\$70,750	\$3,010	\$73,760
PROGRAMS												
Maritime Environmental and Technical Assistance (META)	\$7,500	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	-\$2,000	-
United States Marine Highway Program	\$5,000	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$10,000
Programs Subtotal	\$12,500	\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,000	\$3,000	\$10,000
BASE PROGRAMS TOTAL	\$83,046	\$74,291	\$97	\$570	\$790	\$0	\$65	\$1,670	\$268	\$77,750	\$6,010	\$83,760

1/ The consolidation of information technology and procurement activities was approved by Congress in FY 2026. Implementation is actively underway. However, resources are not expected to meaningfully shift from MARAD to the Working Capital Fund (WCF) until late in FY 2026. FY 2027 estimates reflect the full consolidation of information technology and procurement, as well as human resources activities within the Office of the Secretary through the WCF. Such expenses are illustrative of the consolidation and may be refined.

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Baseline Changes							Inflation and other adjustments to base		FY 2027 Baseline Estimate	Program Increases/Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/Decrease				
State Maritime Academy Operations												
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	6	0	0	0	0	0	0	0	6	0	6
PROGRAMS												
Student Incentive Payments	\$2,400	\$4,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,800	\$4,600	\$9,400
Direct SMA Payments	\$6,000	\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,000	-\$1,000	\$6,000
Training Ship Fuel Assistance Payments	\$8,800	\$9,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,300	-\$5,500	\$3,800
School Ship M&R/Capacity Sharing	\$22,000	\$7,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,800	-\$3,800	\$4,000
National Security Multi-Mission Vessel Program	\$86,588	\$110,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$110,000	-\$46,000	\$64,000
Programs Subtotal	\$125,788	\$138,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$138,900	-\$51,700	\$87,200
BASE PROGRAMS TOTAL	\$125,788	\$138,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$138,900	-\$51,700	\$87,200

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Assistance to Small Shipyards	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)													
Direct FTE	1	2	0	0	0	0	0	0	0	0	2	0	2
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$0	\$300	\$1	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$303	\$0	\$303
Travel	\$0	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$0	\$25
Other Services	\$0	\$375	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$375	\$1,397	\$1,772
Admin Subtotal	\$0	\$700	\$1	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$703	\$1,397	\$2,100
PROGRAMS													
Shipyards Grants	\$8,750	\$34,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,300	\$68,600	\$102,900
Programs Subtotal	\$8,750	\$34,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,300	\$68,600	\$102,900
BASE PROGRAMS TOTAL	\$8,750	\$35,000	\$0	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$35,003	\$69,997	\$105,000

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
Ship Disposal													
PERSONNEL RESOURCES (FTE)													
Direct FTE	10	15	0	0	0	0	0	0	0	0	15	0	15
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$2,394	\$2,412	\$6	\$0	\$23	\$0	\$0	\$0	\$0	\$0	\$2,441	\$0	\$2,441
Travel	\$5	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$0	\$5
Operating Expenses	\$104	\$86	\$0	\$0	\$0	\$0	\$0	-\$35	-\$29	\$22	\$22	\$0	\$22
Other Services:													
-WCF	\$497	\$497	\$0	\$0	\$0	\$0	\$0	\$35	\$0	\$532	\$532	\$0	\$532
Admin Subtotal	\$3,000	\$3,000	\$6	\$0	\$23	\$0	\$0	\$0	-\$29	\$3,000	\$0	\$0	\$3,000
PROGRAMS													
Ship Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NS Savannah Protective Storage	\$3,000	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$3,000	\$0	\$3,000
Programs Subtotal	\$3,000	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$0	\$0	\$3,000
BASE PROGRAMS TOTAL	\$6,000	\$6,000	\$6	\$0	\$23	\$0	\$0	\$0	-\$29	\$6,000	\$0	\$0	\$6,000

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Maritime Security Program	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)													
Direct FTE	0	0	0	0	0	0	0	0	0	0	0	0	0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Services:													
-WCF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS													
Maritime Security Program	\$318,000	\$390,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$390,000	\$10,500	\$400,500
Programs Subtotal	\$318,000	\$390,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$390,000	\$10,500	\$400,500
BASE PROGRAMS TOTAL	\$318,000	\$390,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$390,000	\$10,500	\$400,500

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
Cable Security Fleet													
PERSONNEL RESOURCES (FTE)													
Direct FTE	0	0	0	0	0	0	0	0	0	0	0	0	0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Services:													
-WCF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS													
Cable Security Fleet	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	-\$10,000	\$0
Programs Subtotal	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	-\$10,000	\$0
BASE PROGRAMS TOTAL	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	-\$10,000	\$0

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Maritime Guaranteed Loan (Title XI) Program Account	FY 2025 Actual	Baseline Changes							WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
		FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent						
PERSONNEL RESOURCES (FTE)													
Direct FTE	10	13	0	0	0	0	0	0	0	0	13	0	13
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$2,551	\$2,571	\$6	\$0	\$24	\$0	\$0	\$0	\$0	\$0	\$2,602	\$0	\$2,602
Travel	\$5	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$0	\$5
Operating Expenses	\$444	\$964	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15	\$979	\$496	\$1,475
Other Services:													
-WCF	\$0	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$18	\$0	\$418	\$0	\$418
Admin Subtotal	\$3,000	\$3,940	\$6	\$0	\$24	\$0	\$0	\$0	\$18	\$15	\$4,004	\$496	\$4,500
PROGRAMS													
Loan Subsidies	\$50,586	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Programs Subtotal	\$50,586	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BASE PROGRAMS TOTAL	\$53,586	\$3,940	\$6	\$0	\$24	\$0	\$0	\$0	\$18	\$15	\$4,004	\$496	\$4,500

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Tanker Security Program	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)													
Direct FTE	0	0	0	0	0	0	0	0	0	0	0	0	0
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Services:													
-WCF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS													
Tanker Security Program	\$60,000	\$81,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$81,600	\$86,000	\$167,600
Programs Subtotal	\$60,000	\$81,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$81,600	\$86,000	\$167,600
BASE PROGRAMS TOTAL	\$60,000	\$81,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$81,600	\$86,000	\$167,600

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Port Infrastructure Development Program	Baseline Changes										FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request
	FY 2025 Actual	FY 2026 Enacted 1/	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raise	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Immiration and other adjustments to base				
PERSONNEL RESOURCES (FTE)													
Direct FTE	12	15	0	0	0	0	0	0	0	0	15	0	15
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Services:													
-WCF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS													
Discretionary Grants	\$50,000	\$103,330	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,330	-\$53,330	\$50,000
Programs Subtotal	\$50,000	\$103,330	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,330	-\$53,330	\$50,000
BASE PROGRAMS TOTAL	\$50,000	\$103,330	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,330	-\$53,330	\$50,000

1/ The consolidation of information technology and procurement activities was approved by Congress in FY 2026. Implementation is actively underway. However, resources are not expected to meaningfully shift from MARAD to the Working Capital Fund (WCF) until late in FY 2026. FY 2027 estimates reflect the full consolidation of information technology and procurement, as well as human resources activities within the Office of the Secretary through the WCF. Such expenses are illustrative of the consolidation and may be refined.

EXHIBIT II-5a
SUMMARY OF IIJA SUPPLEMENTAL (DIVISION J) BUDGET OBLIGATIONS OVER FISCAL YEARS
Maritime Administration
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Port Infrastructure Development Program	FY 2025	FY 2026 1/	FY 2027
Unobligated Carryforward Balance, start of FY (+)	1,180,113	1,477,356	1,479,792
FY Advance Appropriations (Budget Authority) (+)	450,000	450,000	0
FY Planned Obligations (-)	(152,757)	(447,564)	(448,285)
Unobligated Balance, end of FY (+)	1,477,356	1,479,792	1,031,507

Planned Obligations by Fiscal Year

PERSONNEL RESOURCES (FTE)	12		
Direct FTE	14	25	25

FINANCIAL RESOURCES

ADMINISTRATIVE EXPENSES

Salaries and Benefits	2,582	4,657	4,703
Travel	17	27	30
Operating Expenses	707	1,046	1,071
Other Services:			
-WCF	881	834	1,481
Admin Subtotal	\$4,187	\$6,564	\$7,285

PROGRAMS

Discretionary Grants	148,570	441,000	441,000
Programs Subtotal	\$148,570	\$441,000	\$441,000

IIJA/IRA TOTAL	\$152,757	\$447,564	\$448,285
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1/ The consolidation of information technology and procurement activities was approved by Congress in FY 2026. Implementation is actively underway. However, resources are not expected to meaningfully shift from MARAD to the Working Capital Fund (WCF) until late in FY 2026. FY 2027 estimates reflect the full consolidation of information technology and procurement, as well as human resources activities within the Office of the Secretary through the WCF. Such expenses are illustrative of the consolidation and may be refined.

EXHIBIT II-6
WORKING CAPITAL FUND
MARITIME ADMINISTRATION
(\$000)

	FY 2025 ACTUAL	FY 2026 ENACTED 1/	FY 2027 REQUEST
DIRECT:			
Operations and Training	\$ 15,436	\$ 14,724	\$ 47,955
USMMA	\$ 5,458	\$ 5,458	\$ 31,798
MARAD OPS	\$ 9,978	\$ 9,266	\$ 16,054
USMHP		\$ -	\$ 37
OST-Raise	\$ -	\$ -	\$ 66
Ship Disposal	\$ 497	\$ 497	\$ 532
Maritime Guaranteed Loan (Title XI) Program Account	\$ -	\$ 400	\$ 418
Port Infrastructure Development Program	\$ 354	\$ 401	\$ 671
SUBTOTAL	\$ 16,287	\$ 16,022	\$ 49,576
REIMBURSABLE:			
Ready Reserve Force	\$ 8,930	\$ 8,651	\$ 19,411
SUBTOTAL	\$ 8,930	\$ 8,651	\$ 19,411
TOTAL, Base programs	\$ 25,217	\$ 24,673	\$ 68,987
SUPPLEMENTAL FUNDING			
IIJA Supplemental (Division J) Subtotal	\$ 881	\$ 834	\$ 1,481
Port Infrastructure Development Program	\$ 881	\$ 834	\$ 1,481
Total, All Sources	\$ 26,098	\$ 25,507	\$ 70,468

1/ The consolidation of information technology and procurement activities was approved by Congress in FY 2026. Implementation is actively underway. However, resources are not expected to meaningfully shift from MARAD to the Working Capital Fund (WCF) until late in FY 2026. FY 2027 estimates reflect the full consolidation of information technology and procurement, as well as human resources activities within the Office of the Secretary through the WCF. Such expenses are illustrative of the consolidation and may be refined.

**EXHIBIT II-7
MARITIME ADMINISTRATION
PERSONNEL RESOURCE -- SUMMARY
TOTAL FULL-TIME EQUIVALENTS**

	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Operations and Training	478	525	545
U.S. Merchant Marine Academy	265	293	306
MARAD Operations	203	219	226
Title XI Admin. Expenses	10	13	13
State Maritime Academy Operations	0	6	6
Ship Disposal	10	15	15
Assistance to Small Shipyards	1	2	2
Port Infrastructure Development Program	12	15	15
SUBTOTAL, DIRECT FUNDED	501	563	583
<u>REIMBURSEMENTS / ALLOCATIONS / OTHER</u>			
Reimbursements and 'Other'			
Ready Reserve Force	281	328	368
Allocations from other Organizations			
Operation and Training	4	6	6
SUBTOTAL, REIMBURSE./ALLOC./OTH.	285	334	374
BASE TOTAL FTEs	786	897	957
<u>SUPPLEMENTAL FUNDED FTEs</u>			
IIJA Supplemental Funding			
Port Infrastructure Development Program	14	25	25
SUBTOTAL, Supplemental Funded	14	25	25
TOTAL FTEs	800	922	982

**EXHIBIT II-8
MARITIME ADMINISTRATION
RESOURCE SUMMARY – STAFFING
FULL-TIME PERMANENT POSITIONS**

	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Operations and Training	417	538	587
State Maritime Academy Operations	0	6	6
Ship Disposal	10	15	15
Assistance to Small Shipyards	1	2	2
Port Infrastructure Development Program	12	15	15
SUBTOTAL, DIRECT FUNDED	440	576	625
<u>REIMBURSEMENTS / ALLOCATIONS / OTHER</u>			
Reimbursements and 'Other'			
Ready Reserve Force	285	377	377
Allocations from other Organizations			
Operation and Training	5	6	6
SUBTOTAL, REIMBURSE./ALLOC./OTH.	290	383	383
BASE TOTAL POSITIONS	730	959	1,008
<u>SUPPLEMENTAL FUNDED FTPs</u>			
IIJA Supplemental Funding			
Port Infrastructure Development Program	14	25	25
SUBTOTAL, Supplemental Funded	14	25	25
TOTAL POSITIONS	744	984	1,033

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**MARITIME ADMINISTRATION
FISCAL YEAR 2027 BUDGET REQUEST**

**SECTION THREE
BUDGET REQUEST BY APPROPRIATION ACCOUNT**



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OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, [\$235,000,000] \$333,260,000: *Provided*, That of the sums appropriated under this heading—

(1) [\$101,500,000] \$129,500,000 shall remain available until September 30, [2027] 2028, for the operations of the United States Merchant Marine Academy;

(2) [\$50,000,000] \$120,000,000 shall remain available until expended for [facilities maintenance and repair, and equipment,] the *campus asset management program* at the United States Merchant Marine Academy; and (3) \$10,000,000 shall remain available until expended, for the United States marine highway program to make grants for the purposes authorized under section 55601 of title 46, United States Code:

(4) [73,500,000] \$73,760,000 shall remain available until September 30, 2028, for *MARAD Headquarters Operations*.

Provided further, That[, except for funds provided under paragraph (3) of the previous proviso], the Secretary of Transportation is authorized to transfer funds made available under this heading in this Act or prior appropriations Acts across appropriations under such headings in this and such prior Acts: Provided further, That, notwithstanding paragraph (5) of section 404 of this Act, no transfer pursuant to the previous proviso shall increase any appropriation by more than 10 percent unless prior notice is provided to the House and Senate Committees on Appropriations. Provided Further, funds transferred under the second proviso shall be merged with the receiving appropriation;

Provided further, That the Administrator of the Maritime Administration shall transmit to the House and Senate Committees on Appropriations the annual report on sexual assault and sexual harassment at the United States Merchant Marine Academy as required pursuant to section 3510 of the National Defense Authorization Act for fiscal year 2017 (46 U.S.C. 51318): Provided further, That available balances under this heading for the short sea transportation program or America's marine highway program (now known as the United States marine highway program) from prior year recoveries shall be available to carry out activities authorized under section 55601 of title 46, United States Code.

EXHIBIT III-1

**OPERATIONS AND TRAINING
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 REQUEST
U.S. Merchant Marine Academy	\$ 184,729	\$ 201,500	\$ 249,500
MARAD Operations & Programs	\$ 83,046	\$ 74,291	\$ 83,760
TOTAL, Base appropriations	\$ 267,775	\$ 275,791	\$ 333,260
Supplemental Funding IIJA Supplemental (Division J)			
	\$ -	\$ -	\$ -
TOTAL, Base appropriations	\$ -	\$ -	\$ -
FTEs			
Direct Funded	478	525	545
Reimbursable, allocated,	4	6	6
 Account	 \$ 267,775	 \$ 275,791	 \$ 333,260

OPERATIONS AND TRAINING

Program and Performance Statement

The appropriation for Operations and Training funds the United States Merchant Marine Academy (USMMA) located in Kings Point, New York, as well as headquarters staff to administer and direct Maritime Administration operations and programs, including the United States Marine Highway program.

The USMMA, a Federal service academy and accredited institution of higher education, provides instruction to individuals to prepare them for service in the merchant marine. Funding supports operations of the academic institution, midshipmen training at sea, and capital investments in USMMA campus facilities.

Maritime Administration operations include planning for coordination of U.S. maritime industry activities under emergency conditions; promotion of efficiency, safety, risk mitigation, and maritime industry standards; deep water port licensing and permitting; strategic outreach with maritime stakeholders in education and industry; and port and intermodal development oversight to increase capacity and mitigate congestion in freight movements.

EXHIBIT III-1a

**OPERATIONS AND TRAINING
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$275,791</u>	<u>525</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	235	0
Annualization of New FY 2026 FTE	570	3
FY 2027 Pay Raise	1,202	0
GSA Rent	65	0
Working Capital Fund	1,670	0
Non-Pay Inflation	268	0
SUBTOTAL, ADJUSTMENTS TO BASE	\$4,010	3
PROGRAM REDUCTIONS:		
Maritime Environmental and Technical Assistance (META)	-2,000	
Capital Improvement Program	-50,000	
Facilities Maintenance and Repair & Equipment	-50,000	
SUBTOTAL, PROGRAM REDUCTIONS	-\$102,000	0
PROGRAM INCREASES:		
Academy Operations	27,449	13
Campus Asset Management Program	120,000	0
MARAD HQ Operations	3,010	4
United States Marine Highway Program	5,000	0
SUBTOTAL, PROGRAM INCREASES	\$155,459	17
	\$333,260	545
FY 2027 REQUEST		
	-	-
Supplemental Appropriations		
TOTAL	\$333,260	545

Detailed Justification for Operations & Training

FY 2027 – United States Merchant Marine Academy (USMMA) – Budget Request
(\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Academy Operations	92,729	101,500	129,500
Campus Asset Management Program:	<u>92,000</u>	<u>100,000</u>	<u>120,000</u>
Total	\$184,729	\$201,500	\$249,500
FTE	265	293	306

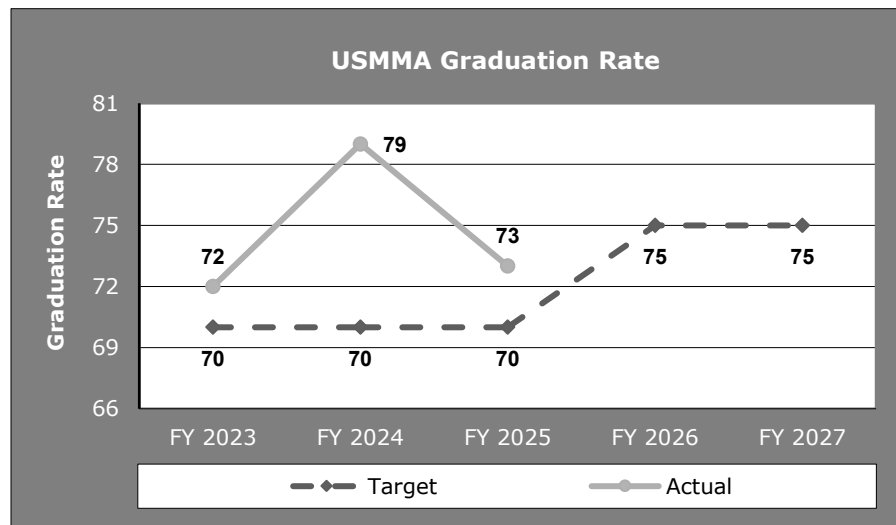
For FY 2027, \$249.5 million is requested for the United States Merchant Marine Academy (USMMA or Academy); an increase of \$48.0 million from the FY 2026 enacted Level. Funding includes \$129.5 million for Academy Operations and \$120.0 million for the Campus Asset Management Program (CAMP). The amount combined with funds requested within the Maritime Security Trust Fund (MSTF) CAMP request section will provide a total funding level of \$550.0 million.

What is this program and what does this funding level support?

In accordance with 46 U.S.C. § 51301, the Secretary of Transportation is required to maintain the USMMA, a Federal Service Academy and an accredited institution of higher education to provide instruction to individuals to prepare them for service in the Merchant Marine and commissions as Armed Forces Officers of the United States. USMMA provides undergraduate educational programs for men and women (Midshipmen) to become shipboard officers and leaders in the maritime transportation field. Midshipmen, nominated by members of Congress, and competitively selected to the Academy, receive a four-year maritime-focused education. According to 46 U.S.C. § 51314, attendance at USMMA is without charge for tuition, room, or board. In exchange for a tuition-free education, Academy graduates incur an obligation to serve the Nation, which includes: 1) serving for five years as a Merchant Marine officer, or on active duty in the U.S. Armed Forces or uniformed services; 2) maintaining a U.S. Coast Guard (USCG) license credential for six years; and, 3) serving for eight years as a commissioned officer in a reserve component of the U.S. Armed Services.

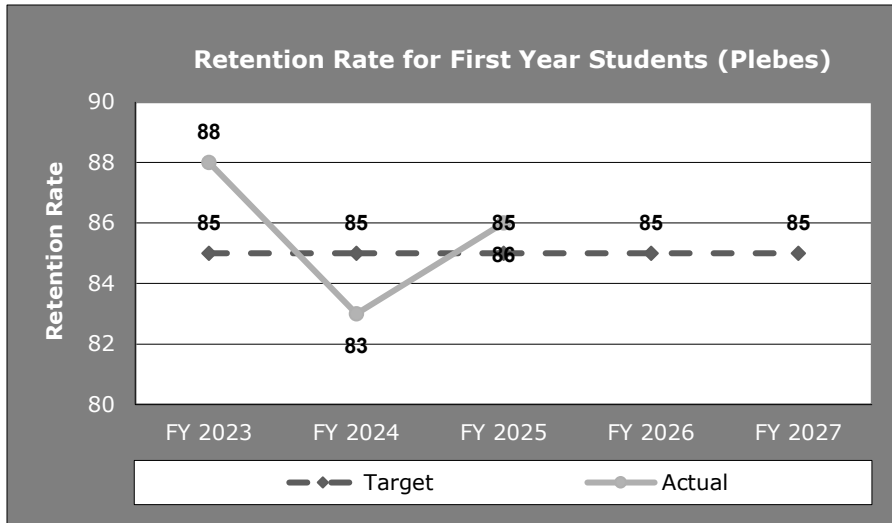
From a performance management perspective, as a degree-granting institution of higher education, the Academy is reviewed periodically by external accrediting groups. These comprehensive, independent evaluations by the Middle States Commission on Higher Education (MSCHE) and the Accreditation Board for Engineering and Technology (ABET) document USMMA's record of academic excellence. MSCHE reviews the overall program every 8 years. MSCHE initiated its scheduled re-accreditation review of the Academy in 2024 and conducted a site visit in 2025. Accreditation was reaffirmed on June 26, 2025, and the next evaluation visit is scheduled for 2032-2033. ABET reviews the Marine Engineering Systems and Marine Engineering and Shipyard Management programs every 6 years. ABET visited the Academy in October 2023 and accredited the Marine Engineering and Shipyard Management (Bachelor of Science) and Marine Engineering System (Bachelor of Science) degrees through September 30, 2030.

The USCG also evaluates and approves the Academy's training program every five years to ensure that it meets the national and international training requirements and prepares individuals for USCG examination and credentialing to serve on ocean-going vessels of unlimited tonnage and horsepower. The USCG and MARAD also perform an in-depth Standards of Training, Certification and Watchkeeping (STCW) audit at the Academy every five years to ensure the quality of USCG-approved STCW training, the adherence to those standards, and that corrective action plans are in place to address any nonconformities discovered through internal and external audits. The most recent audit was scheduled for the past year; however, it is deferred to the fall of 2026.



To help ensure the USMMA is graduating highly qualified merchant marine officers, MARAD will work with the Academy to meet the established performance measures and the target graduation rate of 70 percent. This metric indicates the percentage of students who graduate within

four years after they begin as a plebe in their first year at the Academy. For the Class of 2025, the Academy reports that 73 percent of students graduated within four years.



The USMMA also tracks and measures the retention rate for returning first year students who continue their second year at the Academy. For FY 2025, the Academy reported an 86 percent freshmen retention rate, slightly above the 85 percent target. The retention rate metric plays an

important role in achieving the goal of attracting and retaining high quality students.

The Academy is working to implement the requirement of the President’s April 9th Executive Order (EO), “Restoring America’s Maritime Dominance” to modernize the Academy as among the top priorities of the Department of Transportation. On April 11th, 2025, the Academy entered a long-term partnership agreement with the U.S. Army Corp of Engineers to provide expertise and assistance with the planning, design, and construction efforts that will be required to modernize the Academy’s facilities, address long-term maintenance deficiencies, and improve basic infrastructure. The Academy also successfully recruited and on-boarded a full-time, Senior Executive Service facilities management professional to lead its facilities operations, maintenance, and capital improvement efforts.

FY 2027 Budget Request by Activity

ACADEMY OPERATIONS

For FY 2027, the request for Academy Operations is \$129.5 million, an increase of \$28.0 million from the FY 2026 enacted level. The request is separated into two categories below and five programmatic activities.

Salaries and Benefits: The FY 2027 budget request is \$57.3 million to fund 306 FTEs, an increase of \$2.2 million from FY 2026 enacted. The Salaries and Benefits line-item funds the pay and benefits for all direct federal Academy employees in all job categories and the Academy’s annual Federal Employees Compensation Act liabilities (excluding such liability for current and prior Midshipmen). Additional staff resources acquired from other agencies under reimbursable agreements (e.g., Strategic Sealift Officers, U. S. Coast Guard liaison, etc.) are funded within the program budgets where the reimbursable resource is assigned. A summary of the request for Salaries and Benefits is provided in the table below.

The FY 2027 estimate for salaries and benefits includes \$57.3 million for 306 FTEs that covers employee base salaries and benefits and pay allowances for:

- Overtime and night differential pay required by the Academy's 24/7 operating tempo;
- Recruitment and retention incentives needed to attract and retain employees in the expensive New York City metro area;
- Mandatory annual step increases for the Academy's Administratively Determined (AD) employees (i.e., faculty and coaches) required by the faculty union contract; and,
- Year-end performance awards.

An additional \$329,000 is estimated for the Academy's Federal Employees' Compensation Act (FECA) liability for employees. (Note: the Academy also has FECA liability for Midshipmen injured during their period of enrollment. Estimates for this liability are provided under Midshipman programs.)

- The estimate maintains the FY 2027, 13 FTE's baseline estimate in salary and benefits for forty-one (41) additional positions required to provide the Academy support to uphold the capacity to manage its human resource, budget and finance, legal, and procurement requirements.

Non-pay Operations: The FY 2027 budget request is \$72.2 million, an increase of \$25.8 million from FY 2026 enacted. Non-pay operations are further separated into four programmatic areas as shown below:

- **Instructional Programs** under the operational oversight of the Academic Dean and Provost. The Instructional Program budget is \$16.0 million in FY 2027, reflecting an increase of \$7.7 million from the FY 2026 enacted level of \$8.3 million.
- **Midshipman Programs** under the operational oversight of the Commandant of Midshipmen. The Midshipmen Program is funded at \$25.2 million in FY 2027, which is an increase of \$7.9 million from the FY 2026 enacted amount of \$17.3 million.
- **Facility and Infrastructure Operations** under the oversight of the senior Facilities Executive. Facilities and Infrastructure Operations receives \$10.3 million in FY 2027, representing an increase of \$1.1 million over the FY 2026 enacted amount of \$9.2 million.
- **Mission Support Operations** under the oversight of the Deputy Superintendent and senior office leaders. Mission Support Operations totals \$20.7 million in FY 2027, which is an increase of \$9.1 million from the FY 2026 enacted level of \$11.6 million.

Instructional Programs:

The request for the Instructional Program is \$16.0 million, a \$7.7 million increase from the FY 2026 enacted level. The Instructional Program funds the non-salary requirements of the Academy's four academic departments: Marine Transportation, Marine Engineering, Math & Science, and Humanities, and the department of Physical Education and Athletics; as well as, the academic supporting offices including Career Services, and the Registrar's Office.

Also funded within this program are the related academic and instructional expenses. These include academic enhancement that support faculty professional development and training, as well as the operating expenses of the Academy's library. Funding is also provided for access to the Nassau County Fire Academy for Midshipmen training and for information technology assets

specific to instruction and student records (e.g., training simulators, teaching platforms, student information and record systems, etc.). In addition, the program covers reimbursement of Midshipmen Sea Year, indoctrination and graduation travel expenses; provision of textbooks; and required U.S. Coast Guard and Federal Communications Commission credentials and licenses necessary to participate in Sea Year and complete the requirements for a U.S. Coast Guard license at graduation.

The FY 2027 estimate for the Instructional Programs is \$16.0 million. The \$7.7 million increase from FY 2026 enacted includes:

- \$555,000 in baseline adjustments required to fund known (i.e. agreed option year prices in recurring contracts) or projected (e.g., anticipated costs for contract recompetes) escalation in currently acquired services to the Academic departments and programs.
- \$7.2 million in program increases for the acquisition of new or replacement technology and equipment utilized by the academic departments and instructional programs. The requested funding will support critical upgrades to instructional laboratories, training simulators, and operational equipment that are central to the Academy's academic mission and hands-on learning environment. Several of the Academy's core training systems—particularly within the Marine Engineering and Navigation programs—have been in service for decades and are either approaching the end of their operational life or rely on components that are no longer manufactured. Replacing and modernizing these systems will ensure that cadets continue to train on equipment that reflects current maritime industry standards, improves reliability in laboratory instruction, and allows faculty to deliver more advanced simulation-based learning experiences.

In addition to academic and laboratory improvements, the proposed investments will enhance student support facilities and campus operations that contribute to the overall training environment. Upgrades to classroom technology will improve instructional flexibility and modernize teaching spaces, while updates within the athletic department—including replacement equipment, and new storage infrastructure—will support student wellness and athletics programs. Together, these improvements will strengthen the Academy's ability to provide a modern, safe, and industry-aligned educational environment for cadets while maintaining facilities that are essential to both academic and extracurricular programming.

Midshipman Programs:

The request for Midshipman Program is \$25.2 million, a \$7.9 million increase from the FY 2026 enacted level. The Midshipman Program funds the non-salary requirements to provide the Regiment of Midshipmen with necessary housing, meal services, health care, uniforms, as well as, certain quality of life programs to include religious accommodation and programming, essential morale and development activities (note: the Academy maintains a non-appropriated funds instrumentality (NAFI) for the purpose of providing the Midshipmen with on and off-campus recreational and entertainment activities such as dances, movie nights, and sponsoring sport and non-sport clubs, etc.). This program also funds waterfront training (e.g., Safety of Life at Sea courses, certain makeup sea-day requirements and vessel operations instruction, etc.), water-based athletics programs including sailing, rowing, and power squadron teams, and

maintenance of the Academy's training and competition vessels, watercraft, watercraft related equipment (e.g., davits), and certain non-fixed waterfront assets (e.g., floating docks).

The FY 2027 estimate for the Midshipman Programs is \$25.2 million. The \$7.9 million increase from FY 2026 enacted includes:

- \$770,000 in baseline adjustments required to fund known (i.e. agreed option year prices in current contracts) or projected (e.g., anticipated costs for contract recompetes) escalation in currently acquired services to house, feed, provide health and religious services, operate waterfront programs including the operational and maintenance requirements of the Academy's instructional and competition vessels and watercraft. Within the baseline increase, there is an estimate of \$637,000 that may be required for the anticipated recompile of the Academy's health services contract in FY 2027.
- \$7.1 million in program increases to enhance the Academy's waterfront athletic and instructional operations, meet mandatory requirements, and improve Midshipmen health and wellbeing. Funding is planned to support essential maintenance and operational readiness at the Academy. A major portion will be used for a scheduled drydock, maintenance, and inspection of the training vessel *Kings Pointer* to comply with U.S. Coast Guard and American Bureau of Shipping requirements that mandate periodic drydock inspections to maintain its operating certification. Additional resources will support upgrades to campus infrastructure, including replacing aging floating dock systems that have deteriorated more rapidly following the loss of protective pier structures, updating barracks furniture in Cleveland Hall, and modernizing furniture and equipment in Land Hall, the campus activity center for Midshipmen.

Investments will also focus on improving training capabilities, student resources, and overall campus life. Plans include beginning the replacement and expansion of the Academy's aging fleet of competition sailboats, rowing shells, and coaching boats that are no longer competitive after decades of use. Other initiatives include acquiring a dedicated Safety of Life at Sea fast rescue boat to ensure uninterrupted rescue training when the training vessel is underway, providing Midshipmen with continuous virtual access to mental health support as required by federal guidance, and introducing new uniforms to promote greater uniformity within the Regiment.

Facility and Infrastructure Operations Program:

The Facilities and Infrastructure Operations Program is \$10.3 million, a \$1.1 million increase from FY 2026 enacted level. The Facilities and Infrastructure Operations program funds the non-salary daily operational and certain administrative requirements of the campus including janitorial services to the buildings; waste collection and disposal; provision of gas, electric, water and sewage utilities; campus security and safety programs; and property control, as well as funding repairs to campus assets. This line item was initially proposed as a realignment of functions in the FY 2025 President's Budget but was not adopted due to the full-year continuing resolution. The realignment is implemented in the FY26 enacted Budget to consolidate these functions under a dedicated senior facilities executive with the appropriate expertise and enable the Academic Provost and Commandant to focus more directly on their instructional and Regimental management duties.

The FY 2027 estimate for the Facility and Infrastructure Operations is \$10.3 million. The \$1.1 million increase above the FY 2026 enacted includes:

- \$1.1 million in baseline adjustments. Of the baseline increase, the estimate is projecting \$700 thousand may be required for the anticipated re-compete of the Academy's armed guards' security services contract in FY 2027 and \$171 thousand is the projected inflationary increase in utility services (gas, water, electric, sewage) to the campus.
- \$20,000 in program increases to raise the number of costs estimating tool licenses (RS Means) utilized by planning staff in preparing procurement materials for construction, refurbishment and maintenance projects.

Mission Support Operations Program:

The Mission Support Operations program is \$20.7 million, a \$9.1 million increase from FY 2026 enacted level. The Mission Support Operations program funds the non-salary programmatic oversight and management expenses of the Office of the Superintendent and the offices reporting thereto including: the Office of Academy Financial Management; Office of Procurement; Department of Information Technology; Personnel Office; the Office of Public Affairs; and Sexual Assault Prevention and Response Office. This program also funds the Office of Admissions and stipend payments to the preparatory schools with which the Academy has agreements (New Mexico Military Institute and Marion Military Academy); the administrative expenses of the American Merchant Marine Museum situated on the Academy's McNulty campus; certain miscellaneous expense activities (e.g., employee uniform reimbursements, employee professional liability insurance reimbursements), and certain operational expenses proposed in the realignment of functions in the FY 2026 President's Budget in an Other Administrative Support category that includes: the Academy's centralized printing agreement with the Government Printing Office (GPO), leases of certain general use GSA vehicles, mailroom requirements, and general storekeeping supplies (e.g., centralized supply of printer paper, restroom supplies, etc.).

The FY 2027 estimate for Mission Support programs is \$20.7 million. The \$9.1 million increase from the FY 2026 enacted includes:

- \$6.3 million in baseline adjustments. Of the baseline increase, the estimate is projecting up to \$4.6 million may be required to support the Academy's contribution to the Department's Working Capital Fund (WCF) under the proposed reorganization.
- \$2.8 million in program increases. Funding is proposed to strengthen operational support and services for Midshipmen and staff at the Academy. This strengthened support includes expanding IT help desk hours into evenings and weekends to better assist students during study periods, improving admissions outreach through a modern customer relationship management system and digital marketing tools, and centralizing workforce development by investing in structured human capital training for non-academic staff. Additional resources would support expert consulting on higher

education organizational design and governance to address concerns identified by accrediting and oversight organizations.

The proposal also focuses on improving visibility, recruitment, and campus resources. Investments would support public relations and marketing efforts to raise awareness of the Academy, expand preparatory school opportunities for promising applicants who need stronger math or science preparation, and replace outdated furniture in Wiley Hall. Recruitment and retention initiatives include broader advertising of job opportunities beyond traditional government platforms, expanded tuition assistance for employees, and additional background investigations to speed hiring. Funding would also support the implementation of a specialized system to track and manage sexual assault cases in line with oversight recommendations.

CAMPUS ASSET MANAGEMENT PROGRAM (CAMP)

MARAD requests \$120.0 Million for the Academy's CAMP. The CAMP program is comprised of routine facility maintenance and repair as well as capital improvement projects throughout the Academy's campus. This amount combined with the \$430.0 Million requested in the MSTF provides \$550.0 Million in total funds.

In addition to the CAMP funding request, Appropriations language changes are requested in FY 2027 to combine Capital Improvements Program (CIP) and Facilities Maintenance, Repairs, and Equipment (FMRE) into one combined program (CAMP) to provide flexibility of the use of funds between CIP and FMRE.

The estimate includes:

- \$17.6 million for annual recurring maintenance and repair (M&R) contracts and an estimate of the annual cost of non-recurring repairs.
- \$31.9 million for Deferred Maintenance and Facility Upgrades, such as façade cleaning, masonry repair and repointing, Delano Hall Kitchen equipment, Delano Hall dining room renovation, Bowditch HVAC upgrades and chiller replacement.
- \$69.0 million to demolish and relocate the aging Facilities & Infrastructure Building to enable future CMP projects, improve safety and security, reduce campus disruptions, and consolidate maintenance functions to increase efficiency and responsiveness.

What benefits will be provided to the American public through this request and why is this program necessary?

The FY 2027 budget request enables USMMA to continue to provide our Nation with the next generation of highly skilled maritime leaders and military officers of exemplary character with state-of-the-art technical knowledge and leadership experience to keep the Nation's maritime industry competitive in the global marketplace and ready to answer the call to duty in the event of national emergencies that demand renewed sea lift capacity – a national security imperative.

USMMA programs advance the Department's goal for Economic Strength and Global Competitiveness by investing in infrastructure to foster the development of a competent and capable transportation industry workforce. Each year, approximately 75 percent of Academy graduates are recruited as Merchant Mariners in the U.S. commercial fleet or approved maritime related careers while fulfilling their commitment as commissioned military reserve officers. Approximately 25 percent of graduates opt for active-duty commissions in one of the Nation's uniformed services.

The Academy is a major source of U.S. Navy Reserve (USNR) Officers and a principal source of new officers for the U.S. Navy's Strategic Sealift Officer Program, which maintains a cadre of approximately 2,000 USNR Officers with the necessary training and credentials to operate strategic sealift resources during operations relating to national security matters. Approximately 80% of all Strategic Sealift Officers are graduates of the Academy. As a federal institution of higher education, the Academy also provides a tuition-free educational opportunity for qualified young men and women with a commitment to serve the Nation to receive a first- class education regardless of their economic circumstances.

Detailed Justification for the Operations and Training

FY 2027 – MARAD Operations and Programs – Budget Request (\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Headquarters Operations	70,546	67,291	73,760
Maritime Program Initiatives:	<u>12,500</u>	<u>7,000</u>	<u>10,000</u>
<i>Maritime Environmental & Technical Assistance</i>	7,500	2,000	0
<i>U.S. Marine Highway Program</i>	5,000	5,000	10,000
Total	\$83,046	\$74,291	\$83,760
FTE	203	219	226

For FY 2027, a total of \$83.8 million is requested for Operations and Training which includes \$73.8 million for Headquarters Operations and \$10.0 million for United States Marine Highway program within Maritime Program initiatives.

The FY 2027 Budget reflects organizational changes to improve efficiency. The Budget request assumes that positions and program funding supporting Information Technology, and Procurement functions are consolidated within the Office of the Secretary through the Working Capital Fund (WCF). This realignment is reflected by a decrease in program resources, which is offset by a corresponding increase to WCF expenses.

What is this program and what does this funding level support?

HEADQUARTERS OPERATIONS

For FY 2027, MARAD’s request of \$73.8 million for Headquarters Operations will provide resources for agency infrastructure and professional staff working on MARAD operating missions, program initiatives, and program support.

Salaries and Benefits

The request provides \$40.5 million for salaries and benefits for 226 full-time equivalents (FTEs). This amount reflects the annualization of three FTEs for the Office of Deep Water Ports and \$2.4 million to meet staffing requirements that help MARAD to meet its organizational mission and to support Section 13 of Executive Order 14269, Restoring America’s Maritime Dominance. This request also includes \$760 thousand to fund 4 new FTEs

and eight new full-time positions due to growing NEPA-related responsibilities and the increase in the number of grant and loan programs. This increase also supports expanded duties in licensing deepwater ports. The increase will allow staff to increase efficiencies, provide much needed one-on-one guidance to applicants, expedite NEPA reviews with in-house subject matter expertise, and to oversee projects to meet statutory deadlines.

Non-pay Operations

The request also provides \$33.3 million for non-pay operations which includes an increase of \$2.3 million increase in operations and travel.

Operations and Travel

The FY 2027 request includes the following increases for operations and travel:

- **SafeMTS (\$1.5 million)**
These funds are needed to further develop the reporting database that collects and analyzes near-miss data from U.S.-flag vessel operators. The database was initiated with input from industry and partnership with the DOT's Bureau of Transportation Statistics (BTS) to develop, implement, and operate the database. The program is modeled after successful systems like the FAA's voluntary National Airspace System safety database. Outside of SafeMTS, there is no reporting regime in place for U.S.-flag vessel near-miss data and other non-casualty safety matters. The collection, analysis, and dissemination of key findings allows vessel owners to identify and improve safety best practices. The results from SafeMTS also supports Section 13 of Executive Order 14269, "Restoring America's Maritime Dominance," providing data to inform and improve maritime training programs to address knowledge and training gaps.
- **Office of Deep Water Ports (\$750 thousand)**
This request includes additional funding for operational expenses for travel, training, and contract support. This investment will strengthen and establish dedicated resources for management of the Deep Water Ports (DWP) Program.

MARAD Operational Mission

MARAD has made organizational changes better align the agency with its statutory mission to "foster, promote, and develop the merchant maritime industry of the United States." The new structure focuses on strategic directives and workforce optimization to foster important program improvements and stronger communication across MARAD. To improve program effectiveness and operational efficiency, MARAD will realign functions from the Associate Administrator of Ports & Waterways and other suboffices in MARAD to establish a new Office of Maritime Industry Support & Shipbuilding. This change moves MARAD's industry support programs, including grants and finance programs, under one reporting structure. MARAD is also elevating the Maritime Education and Training Office to the Associate Administrator level, establishing the Office of Workforce Development & Maritime Education. This realignment ensures that expanding the mariner pipeline by promoting maritime education opportunities is prioritized as a key component of the agency's mission. In addition, MARAD's reorganization moves public-interfacing offices under a new Associate Administrator for Strategic Engagement for better

cohesion and messaging. MARAD's changes do not eliminate any functional program offices but rather realign and consolidate reporting structures to better improve mission readiness and bolster resource efficiency.

These changes do not eliminate any functional program offices but rather realign and consolidate reporting structures to better improve mission readiness and bolster resource efficiency. For example, the changes move all MARAD's industry support programs, including grants and financing, under one reporting structure. This change avoids fragmented program implementation and bolsters financial program oversight. In addition, the changes move public-interfacing offices under a new Associate Administrator for Strategic Engagement for better cohesion and messaging

The proposed changes are discussed below:

Chief of Staff: The Chief of Staff will serve as the senior career executive in the agency, reporting directly to the Deputy Administrator. The Chief of Staff will provide supervision to the directors of the Office of Civil Rights, Office of International Activities, Office of Policy & Plans, Office of the Chief Information Officer, and the Office of Maritime Security, Industry Safety & Emergency Response. The Chief of Staff will also acquire functions realigned from the Office of Environment & Compliance.

Office of Maritime Industry Support & Shipbuilding: To improve agency consistency, and increase program effectiveness and operational efficiency, MARAD proposes to realign functions within the Offices of Environment & Compliance, Ports & Waterways, and Business & Finance Development to establish the **Office of Maritime Industry Support & Shipbuilding**. This change moves all MARAD's industry support programs, including grants and finance programs, under one reporting structure. This Office will be led by the Associate Administrator of Maritime Industry Support & Shipbuilding, a senior executive, supported by two Deputy Associate Administrators.

- *The Deputy Associate Administrator of Shipbuilding & Industry Expansion* will oversee all agency programs designed to expand the maritime industry (i.e., shipbuilding, port development, and ship acquisitions).
- *The Deputy Associate Administrator for Industry Support* will administer all financial and grant programs in support of the maritime industry.

Office of Workforce Development & Maritime Education: The expansion of mariner recruitment, retention, training, and education is a key objective of the Administration, as described in Executive Order 14629 "Restoring America's Maritime Dominance." Accordingly, the Deputy Associate Administrator for Maritime Education and Training will be elevated to the Associate Administrator level, establishing the Office of Workforce Development & Maritime Education as a new MARAD Office reporting to the Deputy Administrator. This realignment ensures that expanding the mariner pipeline by promoting maritime education opportunities is prioritized as a key component of the agency's mission.

Office of Strategic Engagement: The Office of Strategic Engagement is established through the consolidation of all public facing stakeholder engagement functions from the Office of Public

Affairs, Office of Strategic Sealift (specifically, the Office of the Historian & Mariner Awards Programs), and the Office of Ports & Waterways (specifically, Maritime & Intermodal Outreach and Office of Federal Assistance Education & Engagement). The Associate Administrator for Strategic Engagement will oversee all external affairs program activities, including the production of agency media and communications, and ensure timely and consistent communication with stakeholders, aligned with the Administration's priorities.

MARAD Support Offices

MARAD Headquarters Operations also includes MARAD's leadership and mission and program support functions and initiatives including Financial Management and Budget, Legal Counsel, and other Headquarters support organizations. These organizations perform implementation, service, oversight, compliance, and accountability functions for all MARAD's operations. These operations and programs also contribute to Departmental priorities and advance implementation of the Trump Administration's Executive Orders.

MARITIME PROGRAM INITIATIVES

United States Marine Highway Program (\$10.0 million)

MARAD's FY 2027 request includes \$10.0 million for the United States Marine Highway Program (USMHP) to support the development, expansion and modernization of services that move containerized and unitized freight, and bulk freight along our waterways and coastlines and to facilitate their integration into the U.S. surface transportation system by providing discretionary grants. This amount combined with the \$50 million requested within the MSTF account provides \$60.0 million in total for additional discretionary grants awards. U.S. waterways are being utilized to move unitized and bulk agricultural exporters, U.S. steel and pipes, heavyweight freight, construction materials, and containerized freight, among other products. The USMHP facilitates partnerships with a variety of stakeholders including shippers and manufacturers, truckers, ports and terminals, ocean carriers, and U.S.-flag vessel operators to create new supply chains that increase the utilization of our waterways, thus expanding lower-cost transportation options for shippers and manufacturers while realizing the economic, health, and safety benefits created by moving freight on the water.

These grants are designed to reduce the upfront private sector capital risk associated with the creation of new transportation services, to kick start private sector involvement, and to develop and modernize inland and coastal terminals (especially in rural areas) to provide new domestic transportation options. The grants are also designed to alleviate congestion and reduce maintenance costs on our Nation's highways all while creating good American jobs to strengthen our future workforce and economic competitiveness.

Historically, the demand for USMH grants exceed the available funds by 4 to 1. In FY 2022, with funding from the Bipartisan Infrastructure Law and appropriation totaling \$39.8 million, the applications totaled \$153.8 million. In FY 2023, the appropriation was \$10.0 million, and the applications totaled \$46.4 million. In FY 2024, the appropriation was \$5.0 million, and the applications totaled \$19.5 million. In FY 2025, the appropriation was \$5.0 million, and the applications totaled \$76.2 million.

What benefits will be provided to the American public through this request and why is this program necessary?

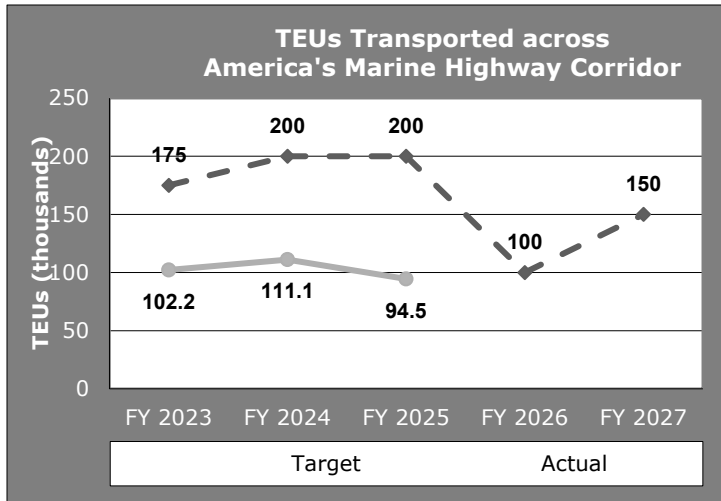
MARAD Operations and Programs within the Operations and Training account funds the agency mission and administrative infrastructure, including operating expenses and professional staff working on MARAD operating mission and support programs, and MARAD program initiatives. Headquarters Operations contributes to operational program effectiveness by providing the leadership, management, and administrative support infrastructure for all agency programs. Funds requested for Headquarters Operations will support staffing and mission operations for the Strategic Sealift, Ports and Waterways, Policy and Strategic Engagement, and Maritime Industry Support offices.

United States Marine Highway Program (USMHP)

Shippers and manufacturers in our Nation are constantly looking for lower-cost alternatives to move their goods to market. The USMH System includes more than 27,000 miles of navigable waterways and coastlines, encompasses 41 states, the District of Columbia, five United States territories, and reaches many of America's industrial centers. Access to safe, reliable, efficient, resilient, and cost-effective transportation options is one of the key decision factors manufacturers and shippers consider when locating their facilities. The modernization of our Nation's core waterways and coastline infrastructure to move domestic freight not only provides new, safe transportation options, but also reduces highway maintenance costs, congestion, and enhances system resiliency.

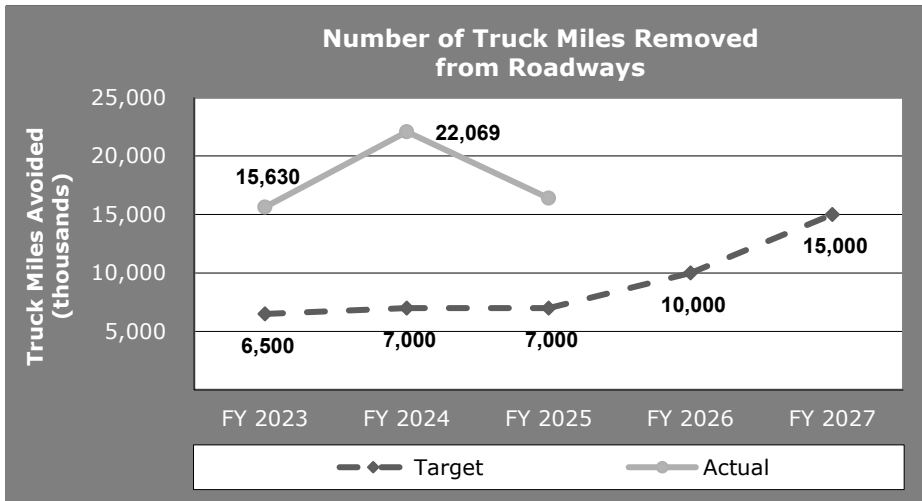
The USMHP provides our agricultural, steel, construction, and finished goods sectors, as well as maritime transportation providers with an opportunity to expand to new transportation options. This will enable them to lower transportation costs and become more competitive on the world market. The efficiency, flexibility, and system resiliency provided by our navigable waterways can benefit the public, but those waterways are currently underutilized within the U.S. surface transportation system. One reason for this underutilization is that Marine Highway Routes are not being utilized to their full potential to move freight between domestic ports which reduces landside congestion. By acting to increase the use of the underutilized marine transportation assets in the United States, the USMHP helps to generate the following public benefits and opportunities mention below:

- Creating and sustaining jobs on U.S. vessels, ports, and shipyards.
- Improving the U.S. transportation system by reducing maintenance costs from wear and tear on roads and bridges.
- Increasing our Nation's exports by adding new, cost-effective freight and passenger transportation capacity.
- Supporting efforts to increase resiliency and help minimize supply chain impacts.
- Increasing public safety and security by providing alternatives for the movement of hazardous materials outside heavily populated areas; and
- Increasing national security by adding to the Nation's strategic sealift resources.



In 2016, MARAD started tracking the volume of containers, or twenty-foot equivalent unit (TEUs), transported across the Marine Highway Routes. In 2017, MARAD started tracking the number of truck miles removed from the roadways. Every container that travels across a Marine Highway corridor is equal to the removal of one truck from our roadways. This statistic is an indicator of direct grant-related program performance and program

benefits. Legislative changes made through the FY 2023 National Defense Authorization Act (NDAA) amended the USMHP to include eligibility for bulk cargo movements. As a result, while the metrics for TEUs moved has dropped below the targeted ranges in FY 2023-2025, the tonnage of bulk freight moved on the marine highways increased from 0 metric tons in FY 2022 to 305,000 metric tons in FY 2023, 510,000 metric tons in FY 2024, and 567,279 metric tons in FY 2025. Thus, the new eligibilities to move bulk freight through the program has provided new opportunities.



MARAD reported a baseline of 15.6 million truck miles removed from roadways in FY 2023, 22.1 million in FY 2024, and 16.4 million in FY 2025. These results are far above the baseline estimates. This is an indication of the

program's success in moving TEUs and bulk commodities off the Nation's roadways.

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STATE MARITIME ACADEMY OPERATIONS

For necessary expenses of operations, support, and training activities for State Maritime Academies, [\$90,000,000] \$87,200,000: *Provided*, That of the sums appropriated under this heading—

- (1) [\$7,800,000] \$4,000,000 shall remain available until expended for maintenance, repair, [life extension, insurance, and capacity improvement of National Defense Reserve Fleet training ships] *and for expenses related to training mariners, including costs associated with training vessel operations and vessel sharing pursuant to section 51504(g)(3) of title 46, United States Code*;
- (2) [\$70,000,000] \$64,000,000 shall remain available until expended for the national security multi-mission vessel program, including funds for expenses related to the operation, integration, oversight, and management of school ships constructed with funds made available for the National Security Multi-Mission Vessel Program, including insurance, maintenance, repair and equipment costs;
- (3) [\$2,400,000] \$9,400,000 shall remain available until September 30, [2030]2031, for the student incentive program;
- (4) \$3,800,000 shall remain available until expended for training ship fuel assistance; and
- (5) \$6,000,000 shall remain available until September 30, [2027]2028, for direct payments for State Maritime Academies. *Note.—This account is operating under the Continuing Appropriations Act, 2026 (Division A of Public Law 119–37)*

EXHIBIT III-1

**STATE MARITIME ACADEMY OPERATIONS
 Summary by Program Activity
 Appropriations, Obligation Limitations, and Exempt Obligations
 (\$000)**

	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 REQUEST
Student Incentive Payments	\$ 2,400	\$ 4,800	\$ 9,400
Direct SMA Payments	\$ 6,000	\$ 7,000	\$ 6,000
Training Ship Fuel Assistance Payments	\$ 8,800	\$ 9,300	\$ 3,800
School Ship M&R/Capacity Sharing	\$ 22,000	\$ 7,800	\$ 4,000
National Security Multi-Mission Vessel Program	\$ 86,588	\$ 110,000	\$ 64,000
TOTAL, Base appropriations	\$ 125,788	\$ 138,900	\$ 87,200
FTEs			
Direct Funded	-	6	6
Reimbursable, allocated, other	-	-	-
Account	\$ 125,788	\$ 138,900	\$ 87,200

STATE MARITIME ACADEMY OPERATIONS

Program and Performance Statement

State Maritime Academy (SMA) Operations provides Federal assistance to the six SMAs to help educate and train mariners and future leaders to support the U.S. marine transportation system. These graduates promote the commerce of the United States and aid in the national defense by serving in the merchant marine. The SMA Operations request funds student financial assistance, direct assistance to each of the six SMAs, and activities in support of operation, integration, oversight, and management of school ships constructed with funds provided for the National Security Multi-Mission Vessel Program.

EXHIBIT III-1a

**STATE MARITIME ACADEMY OPERATIONS
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$138,900</u>	<u>6</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	-	-
Annualization of New FY 2026 FTE	-	-
FY 2027 Pay Raise	-	-
GSA Rent	-	-
Working Capital Fund	-	-
Non-Pay Inflation	-	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
PROGRAM REDUCTIONS:		
Direct SMA Payments	-1,000	-
Training Ship Fuel Assistance	-5,500	-
School Ship M&R	-3,800	-
NSMMV	-46,000	-
SUBTOTAL, PROGRAM REDUCTIONS	-\$56,300	0
PROGRAM INCREASES:		
Student Incentive Payments	4,600	-
SUBTOTAL, PROGRAM INCREASES	\$4,600	0
FY 2027 REQUEST	\$87,200	6
Supplemental Appropriations	-	-
TOTAL	\$87,200	6

Detailed Justification for State Maritime Academy Operations

FY 2027 – State Maritime Academy Operations– Budget Request (\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Student Incentive Payment (SIP) Program	2,400	4,800	9,400
Direct SMA Support	6,000	7,000	6,000
Fuel Assistance Payments	8,800	9,300	3,800
School Ship Maintenance & Repair (M&R)	22,000	7,800	4,000
NSMV Program	86,588	110,000	64,000
Total	\$125,788	\$138,900	\$87,200
FTE	-	6	6

The FY 2027 budget request allocates \$87.2 million to support State Maritime Academies (SMAs) in accordance with activities found in 46 U.S.C. Chapter 515, including Student Incentive Payment (SIP) Program, Direct SMA Support Payments, Fuel Assistance Payments, School Ship Maintenance and Repair, and the National Security Multi-Mission Vessel (NSMV) Program.

What is this program and what does this funding level support?

The FY 2027 funding level is crucial for supporting U.S. Merchant Mariner training, and for meeting the sea time requirements set by the U.S. Coast Guard (USCG) and the International Maritime Organization (IMO) Standards for Training Certification, and Watchkeeping (STCW). Federal assistance ensures that there are enough highly trained officers in the U.S. Merchant Marine to meet the nation's safety, economic, and national security needs. Funding for SMA Operations provides federal support to the SMAs to enhance their efforts in educating and training future U.S. Merchant Mariners. The six SMAs offer students high-quality education at an affordable price from accredited institutions, preparing them to become licensed officers in the U.S. Merchant Marine.

The six SMAs include:

- *California Polytechnic Maritime Academy in Vallejo, California*
- *Great Lakes Maritime Academy in Traverse City, Michigan*
- *Maine Maritime Academy in Castine, Maine*

- *Massachusetts Maritime Academy in Buzzards Bay, Massachusetts*
- *State University of New York Maritime College in the Bronx, New York*
- *Texas A&M Maritime Academy in Galveston, Texas*

Five of the SMAs are integrated within their state university systems and Maine Maritime Academy operates as an autonomous state entity. All six SMAs serve broad regions, offering maritime learning opportunities and partnering with neighboring states.

STUDENT INCENTIVE PAYMENT (SIP) PROGRAM

In FY 2027, MARAD’s request of \$9.4 million for the SIP Program will provide financial assistance to select students enrolled in an SMA’s Strategic Sealift Midshipmen Program (SSMP). The funding request provides up to \$64,000 and expands support up to 145 eligible students enrolled into the program. These funds are used by students to offset their costs of uniforms, books, and tuition. Students participating in the SIP Program who remain in good standing receive a payment each semester in exchange for post-graduation service obligations. Graduates of the SIP Program must either serve in a reserve component of the U.S. Armed Forces for eight years or serve on active duty in the U.S. Armed Forces or uniformed services (e.g. the National Oceanographic and Atmospheric Administration and the Public Health Service) for five consecutive years following graduation. Students enrolled in the SIP Program must graduate, obtain a USCG credential with an officer endorsement, maintain the necessary medical and physical requirements, and fulfill all service obligation requirements. The SIP Program attracts and incentivizes qualified students who graduate and commission as Strategic Sealift Officers.

DIRECT SMA SUPPORT

MARAD’s request for \$6.0 million provides \$1.0 million in direct assistance to each of the six SMAs for maintenance and support. The academies utilize these funds to help meet expanding domestic and international training requirements, which raise the overall costs of training U.S. Merchant Mariners. These funds enhance the ability of SMAs to maintain high-quality faculty, innovative facilities, and state-of-the-art simulator technology.

FUEL ASSISTANCE PAYMENTS

The FY 2027 request includes \$3.8 million for Fuel Assistance Payments, providing vital support for the training ships at the six State Maritime Academies (SMAs). By reimbursing a portion of each SMA's fuel costs for training voyages, these payments help defray overall operational expenses, allowing the SMAs to maintain affordable tuition levels and ensure midshipmen and cadets can obtain the necessary sea time to qualify for USCG Merchant Mariner Credentials. This funding also supports compliance with Emission Control Area (ECA) regulations requiring more expensive, low-sulfur fuel, and addresses the increased fuel consumption from expanded at-sea training. Ultimately, this investment is critical to maintaining high training standards and ensuring a well-qualified, licensed U.S. Merchant Marine.

SCHOOL SHIP MAINTENANCE AND REPAIR (M&R)

The FY 2027 request includes \$4.0 million for School Ship M&R provides maintenance, repair, and operational support to MARAD-owned training vessels. Additionally, the request includes funding for the maintenance and repair of school ships to keep the existing fleet of National Defense Reserve Fleet (NDRF) training ships operational, especially as they approach the end of their service lives. This funding provides viable options to maximize at-sea training capacity while complying with USCG and the American Bureau of Shipping (ABS) requirements for ship maintenance and safety. Training ships are the cornerstone of the at-sea training needed for SMA cadets and midshipmen to qualify for USCG Merchant Mariner Credentials. MARAD training ships serve as the primary platforms where over two-thirds of U.S. Merchant Mariners with unlimited credentials have received their training.

Funding also supports capacity sharing arrangements and marine insurance expenses. Capacity sharing is a temporary solution when there are insufficient school ships available for training cruise periods. The expenses associated with vessel sharing encompass transits, repositioning, pre- and post-cruise repairs, fuel, travel, insurance, and ship manager fees.

NATIONAL SECURITY MULTI-MISSION VESSEL (NSMV) PROGRAM

The FY 2027 request includes \$64.0 million for the National Security Multi-Mission Vessel (NSMV) Program. This program oversees construction, delivery, and operational sustainment of the new State-class training ships and related infrastructure at State Maritime Academies (SMAs). This funding provides viable options to maximize at-sea training capacity while complying with USCG and the American Bureau of Shipping (ABS) requirements for ship maintenance and safety. This funding ensures these modern assets are properly maintained and utilized, and supports:

- **SMA Pier Infrastructure:** Includes any remaining pier infrastructure costs to facilitate SMA berthing and vessel hosting.
- **NSMV Program Operations:**
 - Ship construction & delivery.
 - Crewing and Transit costs.
 - Shipboard outfitting of safety equipment, habitability items, and material required to meet USCG and SOLAS standards.
 - Operations, integration, oversight, and overall program management
- Design enhancements required for operation and safety concerns.
- **Cybersecurity & Technology:**
 - IT Network and Authority to Operate (ATO)
 - GPS hardening
- **Maintenance & Logistics:**
 - Government material condition surveys
 - Maintenance and repair
 - Logistics support (consumables, long-lead time shore-based spares, and operational outfitting items such as medical space outfitting, engineering tools, habitability for staterooms, and galley equipment)

- Marine Insurance
- Capacity Sharing

Early commitment of funds is crucial for procuring long-lead time materials – components with the longest acquisition times – to reduce overall cost, schedule, and performance risks to the NSMV Program.

What benefits will be provided to the American public through this request and why is this program necessary?

Congress has authorized MARAD to support the six SMAs in training U.S. citizens for the safe and efficient operation of the U.S. Merchant Marine. These SMAs produce well-educated, USCG-credentialed officers who enhance commerce and support national defense by serving in the U.S. Merchant Marine and U.S. Armed Forces. American taxpayers benefit from skilled U.S. Merchant Mariners filling critical roles, strengthening national defense, and responding to emergencies. The SMAs, in turn, commit to offering reduced tuition rates for out-of-state students, promoting a wider regional reach.

This portfolio of programs directly aligns with the long-standing U.S. objective of maintaining a strong, commercially viable U.S. Merchant Marine owned and operated by U.S. citizens and employing U.S. Merchant Mariners. The proposed appropriations provide critical federal support to the SMAs to foster innovation and boost the U.S. maritime industrial base which advance the DOT’s goals of expanding and strengthening the recruitment, training, and retention of a relevant workforce and aligns with the Secretary’s priorities for maritime dominance. These programs also mitigate economic and national security risks by investing in the modernization of school ships and addressing the shortage of USCG-licensed Mariners with unlimited tonnage credentials.

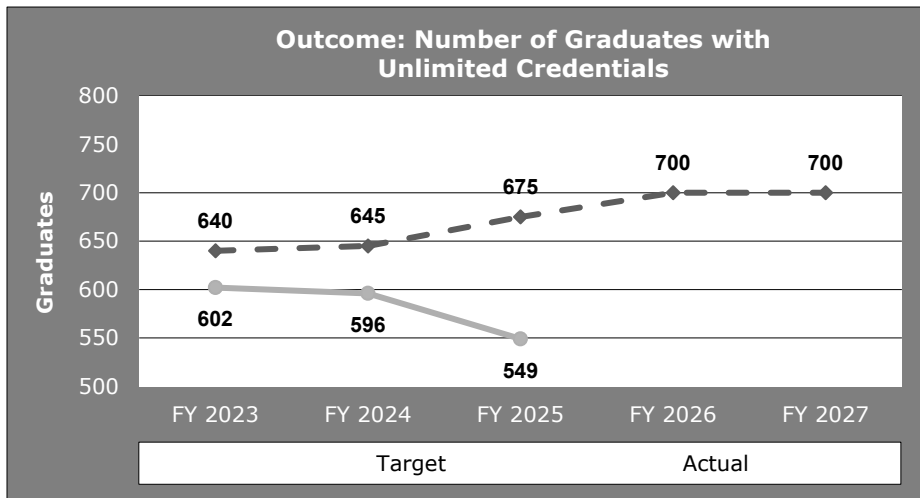
This investment directly benefits the U.S. maritime industry by:

- Providing Quality Training: Ensuring that the training ships remain operational, allowing SMAs to graduate qualified U.S. Merchant Marine officers.
- Maintaining Safety: Supporting essential repairs, preventive maintenance, and equipment upgrades to avoid failures and guarantee safety at sea.
- Maximizing Fleet Availability: Flexible capacity sharing allows MARAD to efficiently meet the SMAs' current training requirements using existing vessels.

The NSMV program supports the trump Administration’s priority for shipbuilding, modernizing the maritime training fleet, strengthening the maritime industrial base, and directly supporting American shipyard jobs. These new vessels will benefit the SMAs and the American people for generations. Overall, the U.S. Merchant Marine is a crucial national asset that underpins economic growth and national defense through its sealift capacity, producing highly skilled U.S. Merchant Mariners, supporting U.S.-flag vessels in commercial operations, and maintaining U.S. shipbuilding capacity.

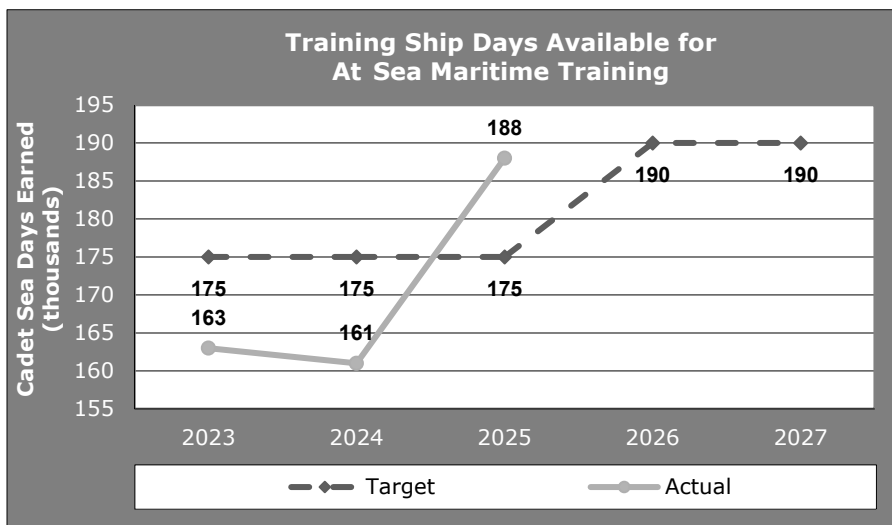
Performance supporting of funding:

The SMAs provide exceptional value, consistently ranking high in academics and career potential. Graduates achieve nearly perfect employment rates within months of graduation, securing lucrative positions in the transportation industry. With over 40,000 American vessels operating in U.S. waters, crewed by U.S. Merchant Mariners, these programs support the maritime industrial base, which generates an estimated \$4.6 trillion in economic activity and sustains millions of jobs. A robust U.S. Merchant Marine is crucial for expanding trade, generating high-paying jobs, and fostering national economic growth.



This program effectively utilizes federal resources through a well-defined, cost-shared partnership with the SMAs to produce highly qualified officers for the U.S. Merchant Marine. In FY 2025, the number of SMA students graduating with unlimited USCG MMC credentials

totaled 549. For 2027, total enrollments reported by the SMAs for the Marine Transportation (Deck) and Marine Engineering (Engine) programs, which lead to an unlimited USCG Merchant Mariner Credentials, are projected to reach 3,538, which is approximately 10 percent higher than in 2026. Graduation levels for unlimited license U.S. Merchant Mariners in FY 2027 are expected to be comparable to the previous year and are anticipated to rise to 2022 levels (718) by 2027, indicating the end of the impact of COVID-19. These graduates contribute to various sectors of the U.S. maritime industry.



MARAD tracks the number of available training ship days for at-sea maritime training and the number of cadets onboard for agency program performance measures. To fulfill the at-sea training requirements for cadets earning their USCG Merchant Mariner Credentials, MARAD supports training vessel and capacity sharing to

maximize cadets' sailing time during the winter or summer training cruise season. As MARAD recapitalizes the legacy training ships with the new NSMVs, there will be increased berthing capacity across the school ships, allowing more cadets to earn sea time. By 2027, it is projected that 190,000 sea days will be earned by over 1,850 cadets across the 6 SMAs.



Year built: 1989
Year converted to a training ship: 1996
Capacity: 295 Cadets / 85 Crew & Instructors
Propulsion: Diesel, Geared Drive
Original designation: Oceanographic research
Average # of training days at sea per year: 124
Average # of training days at campus per year: 210
Home port: Vallejo, CA

TS GOLDEN BEAR recently underwent a major lifesaving upgrade project to include 4 newly installed enclosed lifeboats and marine evacuation slides (MES). The vessel is the only west coast training ship. The ship is actively engaged in diesel exhaust emissions research and has been used to generate baseline emissions data for marine diesel engines and improving its ballast water management system (BWMS) as part of the Vessel Incidental Discharge Act (2018). The vessel was utilized for ship sharing to support the at-sea training requirements 2019 and again in 2022 for cadets at other State Maritime Academies. Expected to be replaced by the fifth constructed NSMV in 2027.



Year built: 1985
Year converted to a training ship: 2002
Capacity: 55 Cadets / 10 Crew & Instructors
Propulsion: Diesel Electric
Original designation: Oceanographic surveillance
Average # of training days at sea per year: 124
Average # of training days at campus per year: 224
Home port: Traverse City, MI

TS STATE OF MICHIGAN is the only training platform located on the Great Lakes St. Lawrence Seaway System. The TS STATE OF MICHIGAN is a critical to training ships for Great Lakes mariners. All ocean-going ships operating on the Great Lakes and St. Lawrence Seaway are required by law to hire marine pilots to assist with navigation, many of these pilots begin their career training onboard the TS STATE OF MICHIGAN. The vessel also participates in exercise Northern Strike with the Michigan Air National Guard.

The National Security Multi-Mission Vessels (NSMV) Program was part of the 2017 National Defense Authorization Act (NDAA). Each NSMV will have total berthing for 760 people (600 Cadets, 100 officers, faculty, staff, & crew + 60 for surge capacity). These ships will provide modern and reliable world-class maritime training-at-sea for future U.S. Merchant Mariners.



Year built: 2023
Capacity: 600 Cadets / 100 Crew & Instructors
Propulsion: Diesel Electric
Average # of training days at sea per year: 75
Average # of training days at campus per year: 224
Home port: New York, NY



Year built: 2024
Capacity: 600 Cadets / 100 Crew & Instructors
Propulsion: Diesel Electric
Average # of training days at sea per year: 50
Average # of training days at campus per year: 224
Home port: Buzzards Bay, MA



Year built: 2026
Capacity: 600 Cadets / 100 Crew & Instructors
Propulsion: Diesel Electric
Average # of training days at sea per year: 75
Average # of training days at campus per year: 224
Home port: Castine, ME



Year built: *Estimated 2026*
Capacity: 600 Cadets / 100 Crew & Instructors
Propulsion: Diesel Electric
Average # of training days at sea per year: 124
Average # of training days at campus per year: 224
Home port: Galveston, TX



Year built: *Estimated 2027*
Capacity: 600 Cadets / 100 Crew & Instructors
Propulsion: Diesel Electric
Average # of training days at sea per year: 124
Average # of training days at campus per year: 224
Home port: Vallejo, CA

ASSISTANCE TO SMALL SHIPYARDS

To make grants to qualified shipyards as authorized under section 54101 of title 46, United States Code, \$105,000,000 to remain available until expended; *Provided, That in awarding grants, the Secretary shall give priority to projects—*

- (1) for equipment upgrades or other capital and related improvements; or*
- (2) for supply chain improvements that support construction of ships with defense applications;*

Provided further, That in awarding grants from amounts made available under this heading in this Act, the Secretary shall give priority to applications that identify a higher percentage of non-Federal matching funds.

EXHIBIT III-1

ASSISTANCE TO SMALL SHIPYARDS
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 REQUEST
Assistance to Small Shipyards	\$ 8,750	\$ 35,000	\$ 105,000
TOTAL, Base appropriations	\$ 8,750	\$ 35,000	\$ 105,000
FTEs			
Direct Funded	1	2	2
Reimbursable, allocated, other	-	-	-
Account	\$ 8,750	\$ 35,000	\$ 105,000

ASSISTANCE TO SMALL SHIPYARDS

Program and Performance Statement

The Assistance to Small Shipyards program provides grants for capital and related improvements at eligible shipyard facilities that will foster efficiency, competitive operations, and quality ship construction, repair, and reconfiguration. Grant funds may also be used for maritime training programs to enhance technical skills and operational productivity in communities whose economies are related to or dependent upon the maritime industry.

EXHIBIT III-1a

**ASSISTANCE TO SMALL SHIPYARDS
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$35,000</u>	<u>2</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	1	-
Annualization of New FY 2026 FTE	-	-
FY 2027 Pay Raise	2	-
GSA Rent	-	-
Working Capital Fund	-	-
Non-Pay Inflation	-	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$3	0
PROGRAM REDUCTIONS:		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
PROGRAM INCREASES:		
Administrative Expenses	1,397	-
Discretionary Grants	68,600	-
SUBTOTAL, PROGRAM INCREASES	\$69,997	0
FY 2027 REQUEST	\$105,000	2
Supplemental Appropriations	-	-
TOTAL	\$105,000	2

Detailed Justification for Assistance for Small Shipyards

FY 2027 – Assistance for Small Shipyards – Budget Request (\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Assistance for Small Shipyards	8,750	35,000	105,000
Total	\$8,750	\$35,000	\$105,000
FTE	1	2	2

For FY 2027, \$105.0 million is requested to support the Assistance for Small Shipyards program. Funding will provide grants in accordance with 46 U.S.C. § 54101 to provide financial assistance to small shipyards to make capital and related improvements and to conduct training for workers. Of the amount requested, not more than two percent will be used for grant administration to carry out the program which includes two FTE of payroll & benefits, grant oversight management, and operating expenses.

What is this program and what does this funding level support?

The Assistance for Small Shipyards program provides grants to modernize U.S. shipyards, boosting their efficiency and competitiveness. These grants, which cannot be used for new buildings or land purchases, support capital improvements and related infrastructure upgrades. Funding is aligned with the goals of the President’s Executive Order 14269, “Restoring America’s Maritime Dominance.”

Modernized shipyards increase productivity with newer equipment and technology. This leads to more shipyard work and creates both skilled and unskilled jobs. Increased production allows shipyards to build vessels at competitive prices, supporting the U.S. maritime industrial base. A recent economic study shows that shipbuilding extends to all 50 states, contributing \$42.4 billion to the GDP and supporting over 107,000 American jobs as mentioned in the Maritime Administration report on: “The Economic Importance of the U.S. Shipbuilding and Repairing Industry”, March 2021.

The new U.S. Coast Guard (USCG) regulations for towing vessels created higher demands for shipyard services and new vessel construction, primarily in small shipyards, defined as less than 1,200 full time production employees for grant funding through the Assistance for Small Shipyards grant program. These regulations require nearly 6,000 U.S.-flag towing vessels and over 1,000 companies to maintain certificates of inspection.

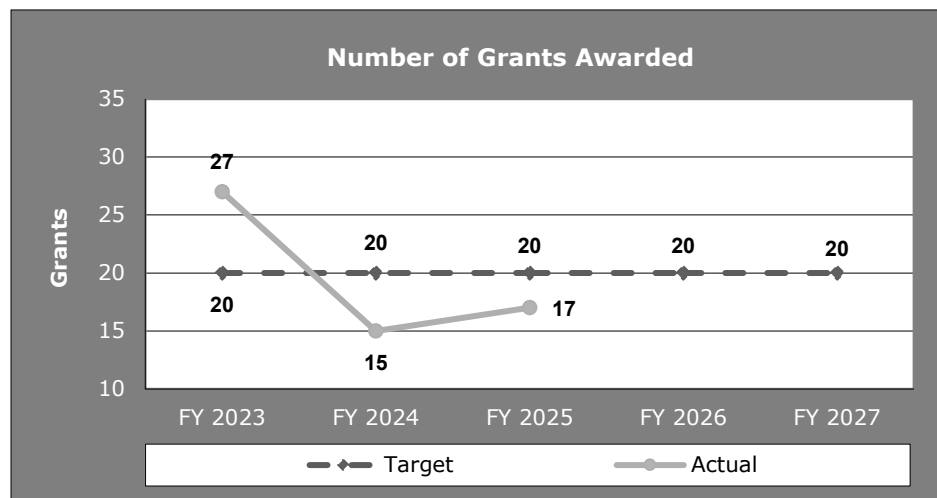
The FY 2027 funding request of \$105.0 million will continue to modernize qualified U.S. shipyard facilities, improving their efficiency, cost-effectiveness, and ability to construct,

convert, and repair vessels for both commercial and government use. This significant investment will expand the maritime industrial base, enabling shipyards to build more ships at a lower cost.

The program prioritizes grants that acquire equipment and other capital improvements, especially those that support the construction of ships with defense applications. Grants may also support technical skills and workforce training. Applications with a higher percentage of non-federal matching funds receive priority.

What benefits will be provided to the American public through this request and why is this program necessary?

The Assistance for Small Shipyards program strengthens America's maritime power by providing critical capital for shipyards to modernize and expand. This transforms their operations, allowing them to perform more work in-house, which particularly benefits remote facilities. This investment supports the Department of Transportation's goals for economic growth by enabling shipyards to hire 20 additional full-time employees on average and strengthen our vital domestic industrial base through local training and apprenticeships. These shipyard workers earn above-average salaries in trades like pipefitting, rigging, welding, and painting. Investing in shipbuilding supports these good-paying jobs and strengthens our nation's economy as also mentioned in the Maritime Administration report on: "The Economic Importance of the U.S. Shipbuilding and Repairing Industry", March 2021.



Annually, the number of applications submitted to the Small Shipyard Grants Program has far exceeded the available funds. In previous years, the dollar amount requested by all applications has ranged from five to ten times greater than the available grant

funds. For FY 2025, we awarded 17 new grants. To drive competition, shipyards are typically contributing more than the required 25 percent in matching funds. Even with reduced appropriation in 2025, the target of 20 awards was almost met. For FY 2027, we anticipate a target of 20 in new grants to be awarded.

SHIP DISPOSAL

For necessary expenses related to the disposal of obsolete vessels in the National Defense Reserve Fleet of the Maritime Administration, \$6,000,000, to remain available until expended.

EXHIBIT III-1

SHIP DISPOSAL

Summary by Program Activity

**Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2025	FY 2026	FY 2027
	ACTUAL	ENACTED	REQUEST
Ship Disposal	\$ 6,000	\$ 6,000	\$ 6,000
TOTAL, Base appropriations	\$ 6,000	\$ 6,000	\$ 6,000
FTEs			
Direct Funded	10	15	15
Reimbursable, allocated, other	-	-	-
Account	\$ 6,000	\$ 6,000	\$ 6,000

SHIP DISPOSAL

Program and Performance Statement

The Ship Disposal program provides resources to properly dispose of obsolete Government-owned merchant ships maintained by the Maritime Administration in the National Defense Reserve Fleet. The Maritime Administration contracts with domestic shipbreaking firms to dismantle these vessels in accordance with guidelines set forth by the U.S. Environmental Protection Agency. The Ship Disposal program also funds the cost of program administration and maintenance of the Nuclear Ship Savannah in protective storage.

EXHIBIT III-1a

**SHIP DISPOSAL
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 CONTINUING RESOLUTION	<u>\$6,000</u>	<u>15</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	6	-
Annualization of New FY 2026 FTE	0	-
FY 2027 Pay Raise	0	-
GSA Rent	18	-
Working Capital Fund	0	-
Non-Pay Inflation	-24	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
PROGRAM REDUCTIONS:		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
PROGRAM INCREASES:		
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2027 REQUEST	\$6,000	15
Supplemental Appropriations	-	-
TOTAL	\$6,000	15

Detailed Justification for the Ship Disposal Program

FY 2027 – Ship Disposal – Budget Request (\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Ship Disposal	3,000	3,000	3,000
Nuclear Ship Savannah	3,000	3,000	3,000
Total	\$6,000	\$6,000	\$6,000
FTE	10	15	15

The FY 2027 budget request includes \$6.0 million for the Ship Disposal Program. This amount breaks down to \$3.0 million allocated for salaries, support, and overhead, while the remaining \$3.0 million is designated for maintaining the Nuclear Ship SAVANNAH in protective storage, as mandated by the U.S. Nuclear Regulatory Commission (NRC). These funds will also support the personnel necessary to oversee the program.

What is this program and what does this funding level support?

Under the Federal Property and Administrative Services Act of 1949, the Maritime Administration (MARAD) manages the disposal of federally owned merchant vessels over 1,500 gross tons that are no longer required for defense or mission support. This funding level supports the evaluation, transfer, maintenance, and disposal of these vessels, including placement into the National Defense Reserve Fleet, recovery of usable equipment and spare parts for reuse by other federal agencies, and environmentally compliant ship recycling. The program reduces government-wide procurement costs and shortens repair timelines for active vessels. Disposal is prioritized based on vessel condition to mitigate environmental, safety, and long-term maintenance risks

The NS SAVANNAH is a nuclear-powered vessel that serves as a National Defense Reserve Fleet (NDRF) asset and is recognized as a National Historic Landmark. It is governed by the Atomic Energy Act, the Merchant Marine Act, and the National Historic Preservation Act. The NS Savannah remains in decommissioning with final actions to be completed in FY 2027, pending NRC approval. Protective storage will continue until the NRC terminates the license, after which demobilization and conveyance for future use or disposal will occur. Preserving the NS SAVANNAH offers several benefits. It represents a tangible link to the Cold War era and the "Atoms for Peace" program, highlighting the potential of nuclear energy for peaceful purposes.

What benefits will be provided to the American public through this request and why is this program necessary?

Ship Disposal Program

The Ship Disposal Program disposes of obsolete federally owned vessels that could pose environmental or safety risks through a federally managed process that prioritizes environmental protection and worker safety. The program oversees the removal of reusable equipment and the recycling or disposal of vessels at qualified U.S. facilities, minimizing environmental risk and ensuring compliance with federal requirements.

The program benefits the American public by protecting waterways, supporting domestic ship-recycling industries, and generating revenue that supports the National Defense Reserve Fleet, the National Maritime Heritage Grant Program, State Maritime Academies, and the U.S. Merchant Marine Academy. In select cases, vessels may also be donated for artificial reefing or museum use. This program is necessary to ensure the safe, environmentally responsible, and cost-effective disposal of obsolete federal vessels

N.S. SAVANNAH

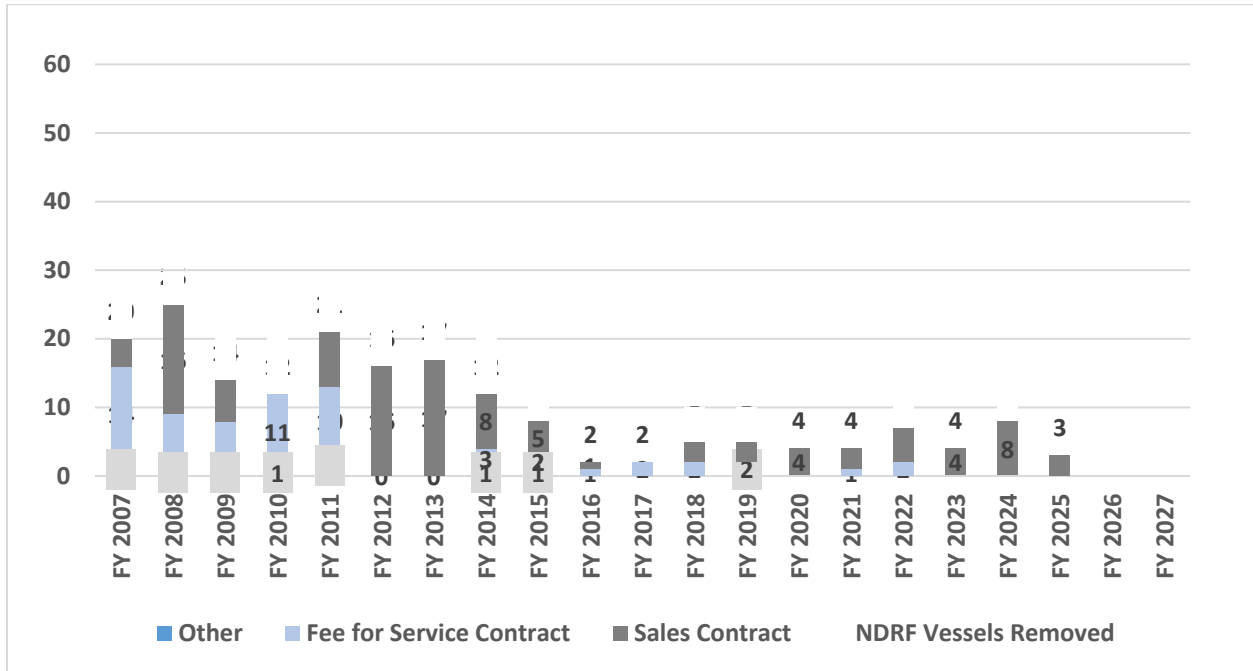
The N.S. SAVANNAH holds a significant place in maritime history as the world's first commercial nuclear-powered vessel. The legacy of this nationally significant, historic property includes its innovative design for nuclear propulsion for maritime shipping, and the link to the Cold War era "Atoms for Peace" program, highlighting the potential of using nuclear energy for peaceful purposes.

Today, the N.S. SAVANNAH is still an NRC-licensed waterborne, nuclear facility subject to NRC requirements that protect the health and safety of the public and the environment. The N.S. SAVANNAH's funding benefits the public by ensuring that MARAD's activities comply with NRC requirements for radiological safety and security.

Vessels Removed for Disposal

The FY 2027 funding level supports the recycling of six vessels under the Ship Disposal Program, including three Maritime Administration (MARAD) vessels and three obsolete vessels transferred from the U.S. Navy's Military Sealift Command, as detailed in the accompanying table.

Table 1: FY 2007- FY 2027 Vessels Removed for Disposal
As of June 18, 2025

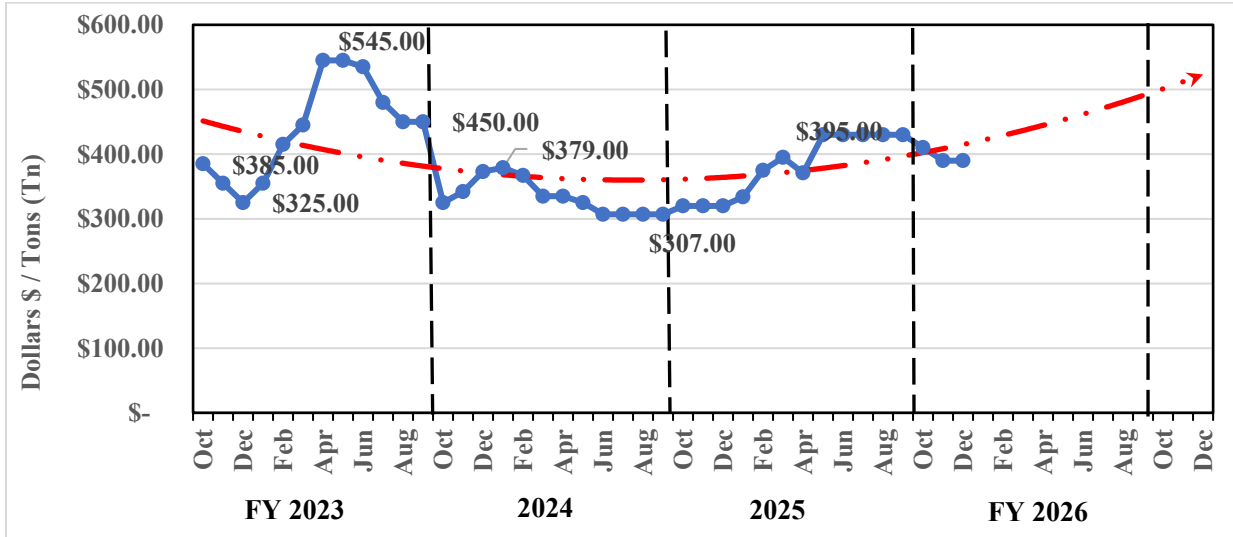


Scrap Steel Market Outlook

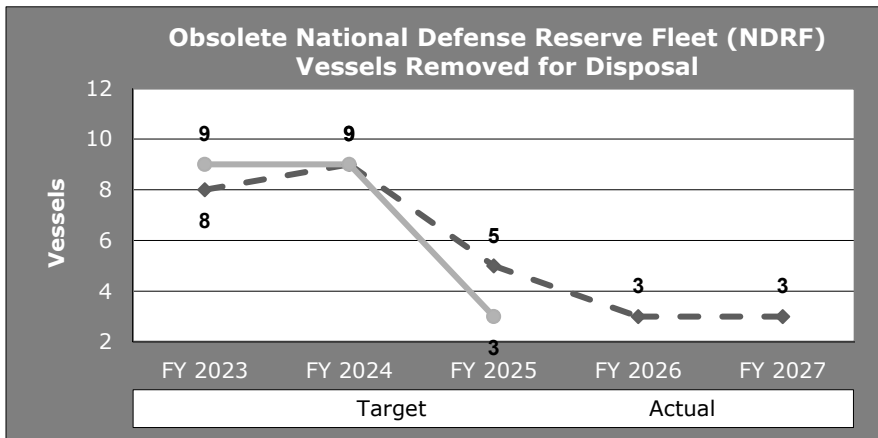
Scrap steel prices used for vessel demolition are volatile and influenced by global economic conditions, steel demand, and cyclical trends in the shipping industry. Industry data show significant fluctuations over time, with periodic price increases followed by declines, reflecting changing market conditions.

Scrap steel price volatility creates uncertainty for MARAD and domestic ship recyclers and can increase vessel disposal costs during periods of lower prices. Federal funding is necessary to ensure environmentally responsible vessel disposal regardless of market conditions, including compliance with more stringent environmental requirements for West Coast vessels and the unplanned disposal of deteriorating assets. The accompanying chart illustrates trends in average U.S. scrap steel prices from FY 2023 through FY 2026 based on published industry indices.

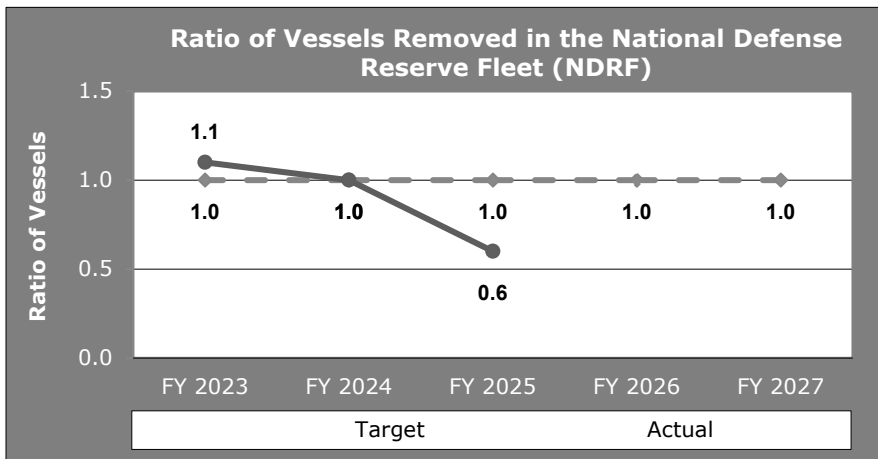
Table 2: Average Scrap Steel Prices FY 2023 – FY 2026



Monthly scrap steel prices reflect industry-reported averages. Data are compiled from the AMM #1 Scrap Steel Index, reflective of the second Friday of each month, and are used as a market proxy for HMS 1/2 scrap steel prices. Source: Steel Scrap Index



MARAD monitors the performance of the Ship Disposal Program by sequencing vessel removals to achieve established annual disposal targets.



Performance is measured using the National Defense Reserve Fleet (NDRF) vessel removal ratio, with a target of 1.0 or greater.

MARITIME SECURITY PROGRAM

[(INCLUDING CANCELLATION OF FUNDS)]

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet as authorized under chapter 531 of title 46, United States Code, to serve the national security needs of the United States, [\$372,000,000] \$400,500,000, to remain available until expended: Provided, That any funds made available under this heading that remain unobligated on or after October 1, [2026] 2027 after obligating payments required under section 53106 of title 46, United States Code, may be—

- (1) transferred to and merged with the appropriation for "Maritime Administration— Tanker Security Program", upon a determination by the Secretary that such transfer will promote a higher participation rate in the Tanker Security Fleet authorized under chapter 534 of title 46; or
- (2) used to reimburse a participant of the Maritime Security Program for verifiable training or capital improvement costs that, as determined by the Secretary, increase a vessel's capability to meet Department of War sealift requirements:

Provided further, That payments made under paragraph (2) of the first proviso shall be at the Secretary's discretion [Provided further, That of the unobligated balances from prior year appropriations available under this heading, [\$27,000,000] \$25,000,000 are hereby permanently cancelled].

EXHIBIT III-1

MARITIME SECURITY PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2025	FY 2026	FY 2027
	ACTUAL	ENACTED	REQUEST
Maritime Security Program	\$ 318,000	\$ 390,000	\$ 400,500
TOTAL, Base appropriations	\$ 318,000	\$ 390,000	\$ 400,500
FTEs			
Direct Funded	-	-	-
Reimbursable, allocated, other	-	-	-
Account	\$ 318,000	\$ 390,000	\$ 400,500

MARITIME SECURITY PROGRAM

Program and Performance Statement

The Maritime Security Program provides direct payments to U.S.-flag ship operators engaged in foreign commerce to partially offset the higher operating costs of U.S. registry. The purpose of the program is to establish and sustain a fleet of active ships that are privately owned, commercially viable, and militarily useful to meet national defense and other emergency sealift requirements. Participating operators are required to make their ships and commercial transportation resources available upon request by the Secretary of Defense during times of war or national emergency. Commercial transportation resources include ships, logistics management services, port terminal facilities, and U.S. citizen merchant mariners to crew both commercial and Government-owned merchant ships. The program will also sustain a base of U.S. Merchant Mariners to support national security requirements during times of urgent need.

EXHIBIT III-1a

**MARITIME SECURITY PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$390,000</u>	<u>0</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	0	0
Annualization of New FY 2026 FTE	0	0
FY 2027 Pay Raise	0	0
GSA Rent	0	0
Working Capital Fund	0	0
Non-Pay Inflation	0	0
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
PROGRAM REDUCTIONS:		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
PROGRAM INCREASES:		
MSP Program	10,500	-
SUBTOTAL, PROGRAM INCREASES	\$10,500	0
FY 2027 REQUEST	\$400,500	0
Supplemental Appropriations	-	-
TOTAL	\$400,500	0

Detailed Justification for the Maritime Security Program

FY 2027 – Maritime Security Program – Budget Request (\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Maritime Security Program	318,000	390,000	400,500
Total	\$318,000	\$390,000	\$400,500
FTE	-	-	-

For FY 2027, a funding request of \$400.5 million is proposed for the Maritime Security Program (MSP). Funding will provide program payments in accordance with 46 U.S.C. Chapter 531 to support a fleet of up to 60 U.S.-flag vessels at the full authorized level.

What is this program and what does this funding level support?

MSP was established by the Maritime Security Act of 1996 and extended through 2040 by the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025. The MSP enables the U.S. to maintain access to a fleet of commercially viable, militarily useful, U.S.-flag merchant ships engaged in international trade. This program supports the U.S. Department of War (DOW) to sustain sealift requirements during conflicts or national emergencies. Notably, this program also provides DOW access to participants’ global intermodal transportation networks, including terminals, facilities, logistic management services, and U.S. citizen merchant mariners, as outlined in 46 CFR Part 295.

The MSP’s goals include:

- Maintaining a U.S. presence in international commercial shipping to support economic and security objectives.
- Ensuring a reliable supply of militarily useful vessels for national defense.
- Supporting U.S. mariner employment and training, including training opportunities for U.S. Merchant Marine Academy cadets.

The MSP administers operating agreements that fund vessel operators, offsetting the higher operating costs of U.S.-flag vessels compared to foreign-flag competitors. In return, vessel operators commit availability to the DOW during times of war or national emergency through Voluntary Intermodal Sealift Agreements (VISA). Enrolled vessels must meet eligibility criteria, including U.S. documentation, applicable age limits (15 years or less upon joining the program and no more than 25 years while participating in the program), and military utility, as specified in 46 CFR 295.10. The MSP fleet currently comprises 29 containerships, six geared

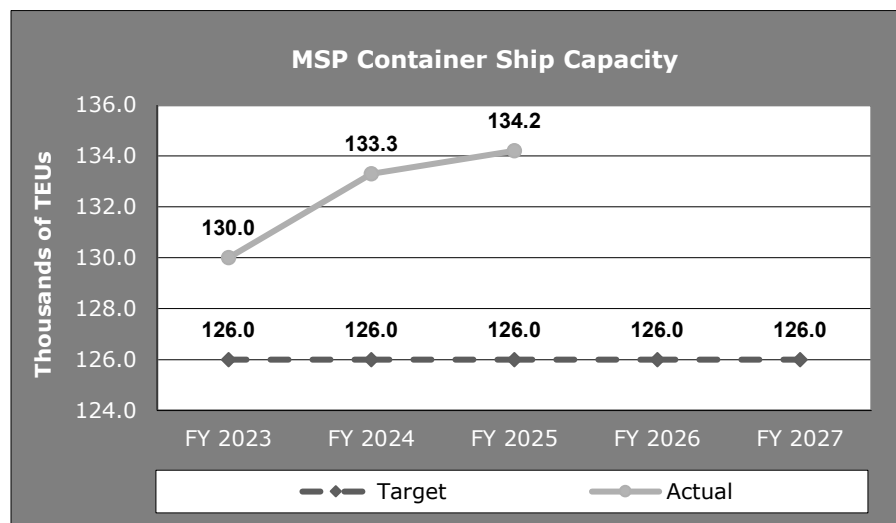
containerships, 20 roll-on/roll-off vessels, and five heavy lift vessels. Reauthorization of the program and increases in the stipend has increased the program’s viability and reduced the average age of the fleet through operators’ self-recapitalization efforts for newer, more profitable vessels.

What benefits will be provided to the American public through this request and why is this program necessary?

MSP supports a commercially operated U.S. flag fleet to be available for international commerce and the movement of goods by U.S. carriers. This program provides for supply chain resilience and ensures at least 60 vessels can be made available for military contingencies, as experienced in every U.S. conflict since 1997. The DOW relies upon the enrollment of the MSP fleet for their logistics sustainment planning, enabling global force projection. The program also supports over 3,300 American maritime jobs.

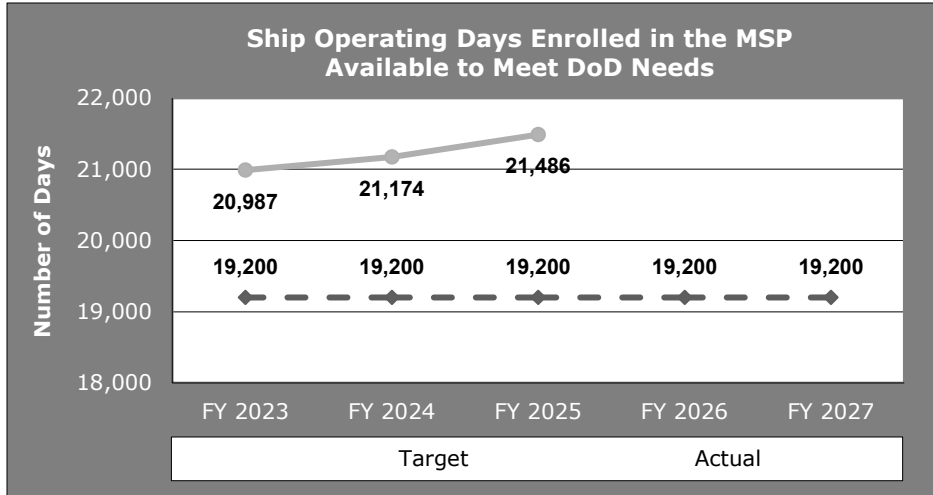
Without MSP stipends, operators would likely reflag their vessels, jeopardizing jobs, and reducing supply chain resiliency. MSP strengthens the economic viability for operators transporting critical goods. This program supports a viable pathway for employment in the maritime industry including mariners working on ships and development of new mariners by providing training opportunities for U.S. Merchant Marine Academy and other maritime cadets on MSP vessels. Within the MSP, operators must self-recapitalize or renew enrolled vessels. In FY2024 alone, this requirement added nine new vessels and effectively reduced the average fleet age to 14 years for any ship. This program ensures the U.S. maintains a modern` fleet. It provides good-paying crew wages and benefits, cadet training, and DOW access to a global transportation network.

MARAD tracks the vessel capacity committed by MSP carriers to the Department of Transportation (DOT)/DOW’s emergency preparedness sealift readiness program. The MSP performance goal for roll-on/roll-off vessel capacity and container ship capacity is set to 3.2 million square feet. In FY 2023, FY 2024, and FY 2025 the program exceeded the target and anticipates meeting the target for FY 2026 through FY 2027.



With the full authorized 60 vessels enrolled and operating in the MSP, MARAD anticipates meeting the target of 126,000 containership capacity 20-foot equivalent units (TEUs) in FY 2025 by ensuring that MSP operators replace older MSP vessels with newer, more modern, and efficient vessels. In FY 2023, FY

2024, and FY 2025 the program has exceeded the target and anticipates meeting the target for FY 2026 through FY 2027.



MARAD monitors operating days monthly for each of the 60 U.S. flag vessels enrolled in the program. Considering the replacement of vessels, and temporary days of non-availability due to maintenance periods, MARAD's annual target is of

19,200 operating days. In FY 2024 and FY 2025 the MSP exceeded the planned number of enrollment days for a total of 21,174, and 21,486 days respectively, for all vessels. In FY 2026 through FY 2027 we anticipate meeting the target.

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EXHIBIT III-1

CABLE SECURITY FLEET
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2025	FY 2026	FY 2027
	ACTUAL	ENACTED	REQUEST
Cable Security Fleet	\$ 10,000	\$ 10,000	\$ -
TOTAL, Base appropriations	\$ 10,000	\$ 10,000	\$ -
FTEs			
Direct Funded	-	-	-
Reimbursable, allocated, other	-	-	-
Account	\$ 10,000	\$ 10,000	\$ -

CABLE SECURITY FLEET PROGRAM

Program and Performance Statement

The Cable Security Fleet Program provides direct payments to U.S.-flag ship operators who in turn are required to operate cable repair ships in commercial service providing undersea cable repair services, and to make such vessels available upon request by the Department of Defense (DOD). The program will also sustain a base of U.S. Merchant Mariners to support national security requirements during times of urgent need. No new funding for FY 2027 is requested.

EXHIBIT III-1a

**CABLE SECURITY FLEET
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$10,000</u>	<u>0</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	-	-
Annualization of New FY 2026 FTE	-	-
FY 2027 Pay Raise	-	-
GSA Rent	-	-
Working Capital Fund	-	-
Non-Pay Inflation	-	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
PROGRAM REDUCTIONS:		
Cable Security Fleet	-10,000	
SUBTOTAL, PROGRAM REDUCTIONS	-\$10,000	0
PROGRAM INCREASES:		
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2027 REQUEST	\$0	0
Supplemental Appropriations	-	-
TOTAL	\$0	0

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TANKER SECURITY PROGRAM

[(INCLUDING CANCELLATION OF FUNDS)]

(INCLUDING TRANSFER OF FUNDS)

For Tanker Security Fleet program, as authorized under section chapter 534 of title 46, United States Code, [\$120,000,000] \$167,600,000, to remain available until expended: Provided, That any funds made available under this heading that remain unobligated on or after October 1, [2026] 2027 after obligating payments required under section 53406 of title 46, United states Code, may be—

- (1) transferred to and merged with the appropriations for "Maritime Administration—Maritime Security Program", upon a determination by the Secretary that such transfer of funds will promote a higher participation rate in the Maritime Security Fleet as authorized under chapter 531 of title 46; or
- (2) used to reimburse a participant of the Tanker Security Program for verifiable training or capital improvement costs that, as determined by the Secretary, increase a vessel's capability to meet Department of War sealift requirements;

Provided further, That payments made under paragraph (2) of the first proviso shall be at the Secretary's discretion [Provided further, That of the unobligated balances from prior year appropriations available under this heading, \$65,000,000 are hereby permanently cancelled].

EXHIBIT III-1

TANKER SECURITY PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2025	FY 2026	FY 2027
	ACTUAL	ENACTED	REQUEST
Tanker Security Program	\$ 60,000	\$ 81,600	\$ 167,600
TOTAL, Base appropriations	\$ 60,000	\$ 81,600	\$ 167,600
FTEs			
Direct Funded	-	-	-
Reimbursable, allocated, other	-	-	-
Account	\$ 60,000	\$ 81,600	\$ 167,600

TANKER SECURITY PROGRAM

Program and Performance Statement

The Tanker Security Program provides direct payments to U.S.-flag ship product tankers capable of supporting national economic and Department of Defense (DOD) contingency requirements. The purpose of this program is to provide retainer payments to carriers to support a fleet of militarily-useful, commercially viable product tankers sailing in international trade, as well as assured access to a global network of intermodal facilities. The program will also sustain a base of U.S. Merchant Mariners to support national security requirements during times of urgent need.

EXHIBIT III-1a

**TANKER SECURITY PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$81,600</u>	<u>0</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	-	-
Annualization of New FY 2026 FTE	-	-
FY 2027 Pay Raise	-	-
GSA Rent	-	-
Working Capital Fund	-	-
Non-Pay Inflation	-	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
PROGRAM REDUCTIONS:		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
PROGRAM INCREASES:		
TSP PROGRAM	86,000	
SUBTOTAL, PROGRAM INCREASES	\$86,000	0
FY 2027 REQUEST	\$167,600	0
Supplemental Appropriations	-	-
TOTAL	\$167,600	0

Detailed Justification for the Tanker Security Program

FY 2027 – Tanker Security Program – Budget Request (\$000)

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Tanker Security Program	60,000	81,600	167,600
Total	\$60,000	\$81,600	\$167,600
FTE	-	-	-

For FY 2027, a funding request of \$167.6 million is proposed for the Tanker Security Program (TSP). Funding provides stipend payments in accordance with 46 U.S.C. Chapter 534 to support a fleet of up to 20 U.S.-flag vessels at the full authorized level.

What is this program and what does this funding level support?

The Tanker Security Program (TSP) was authorized by Congress to ensure the availability of commercially viable, U.S.-flag product tankers for national defense and economic security purposes. This program is intended to mitigate a well-documented gap for U.S.-controlled tanker capacity to support deployed U.S. Armed Forces in contingency operations and to maintain a resilient global network of distribution capabilities.

TSP provides annual payments to U.S.-flag tanker operators to offset the higher costs of operating under the U.S. flag compared to foreign flags. In exchange for these payments, operators commit their vessels to the program and agree to make them available to the Department of War (DOW) during times of war or national emergency through a Voluntary Tanker Agreement (VTA).

This structure ensures that the U.S. military has ready access to:

- A fleet of U.S.-flag tankers: Provides direct access to a dedicated fleet of tankers, reducing reliance on foreign-owned and crewed vessels for critical fuel transport.
- Skilled U.S. Mariners: Creates sustainable employment for approximately 500 to 600 skilled U.S. Merchant Mariners, ensuring a pool of qualified personnel to crew both commercial and government-owned vessels.

A funding request of \$167.6 million for FY 2027 enables MARAD to enroll up to 20 U.S.-flag product tankers, with maximum annual payments of \$8.38 million per vessel.

Specifically, this funding would:

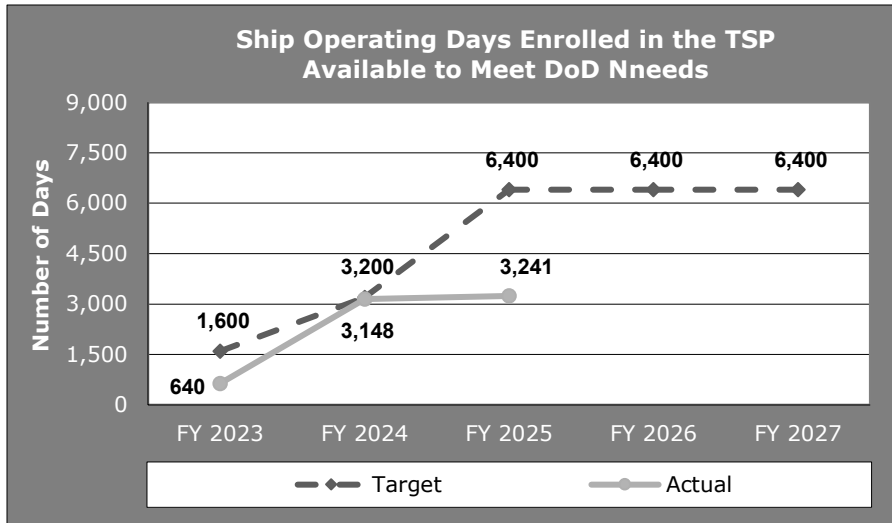
- Provide Retainer Payments: Provide payment to each vessel operator, supporting their continued participation in the program.
- Support U.S. Mariner Jobs: Sustain employment opportunities for U.S. Merchant Mariners.
- Enhance National Security: Bolster DOW's ability to project power and sustain military operations in contested environments.
- Promote Economic Security: Reduce reliance on foreign-flag tankers and support the U.S. maritime industry.
- Support U.S. mariner employment and training: Includes opportunities for U.S. Merchant Marine Academy cadets to train at-sea.

What benefits will be provided to the American public through this request and why is this program necessary?

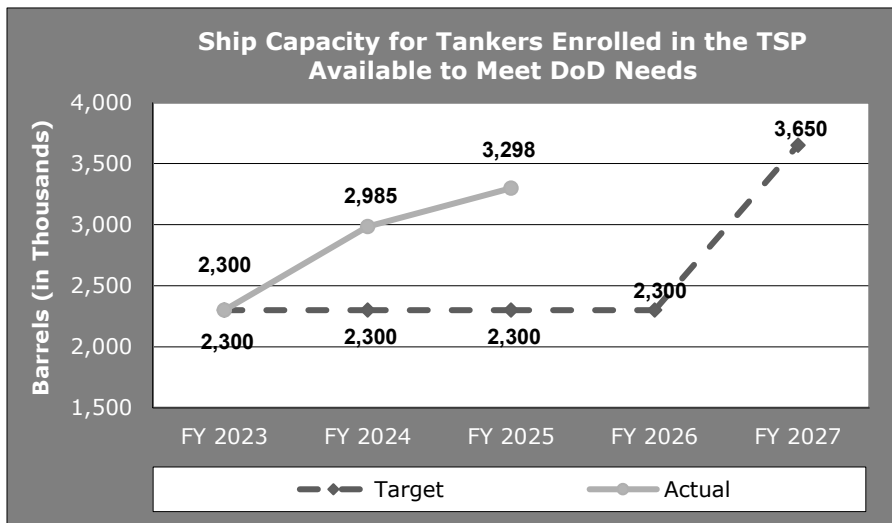
TSP provides economic benefit to the United States through approximately 500 to 600 well-paying, skilled U.S. Merchant Mariner jobs. TSP also supports U.S. commercial ship managers engaged in global commerce, contributing to sustain a viable U.S. maritime industry, by ensuring the reliable transport of fuel and other essential commodities on a strong U.S.-flag fleet that enhances the nation's economic resilience and reduces dependence on foreign-flag vessels.

TSP delivers fuel to deployed forces around the world, even in contested environments, and reduces reliance on foreign-flag vessels. TSP minimizes the risk of disruption to military operations due to geopolitical instability or other threats to international shipping lanes. Participating TSP vessels will be equipped for fuel consolidation operations at sea, which involve transferring fuel between to naval combat logistics support vessels, a critical requirement for U.S. Navy fleet replenishment.

TSP's effect on U.S. national security reduces substantial risk to the nation's defense from a heavy overreliance on foreign-flag tankers, particularly for intra-theater movements within contested environments. DOW identified that while there are U.S.-flag product tankers operating domestically, they would be largely unavailable to DOW without major disruption to domestic transport needs. TSP overcomes this shortfall in tankers and ensures deployed forces are more effectively supported by requiring the use of U.S.-flag vessels, TSP supports cargo preference requirements, which promotes the shipment of U.S. cargos on U.S. vessels.



MARAD enrolled 10 product tankers into the program. MARAD monitors operating days monthly for each of the 10 vessels enrolled in the program. MARAD will continue to monitor agreements with the ship owners to ensure the TSP vessels are operating as required.



MARAD verifies that TSP ship capacity meets the FY 2025 appropriated program requirements for 2.3 million barrels of fuel. The program expects to meet the target in FY 2026 and FY 2027.

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MARITIME GUARANTEED (TITLE XI) LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

[(INCLUDING CANCELLATION OF FUNDS)]

For administrative expenses to carry [our]out the guaranteed loan program, [\$4,000,000]\$4,500,000, which shall be transferred to and merged with the appropriations for "Maritime Administration—Operations and Training" [*Provided*, That of the unobligated balances from prior year appropriations available under this heading, \$86,000,000 are hereby permanently cancelled].

EXHIBIT III-1

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2025	FY 2026	FY 2027
	ACTUAL	ENACTED	REQUEST
Administrative Expenses	\$ 3,000	\$ 3,940	\$ 4,500
Loan Subsidies	\$ 50,586	\$ -	\$ -
TOTAL, Base appropriations	\$ 53,586	\$ 3,940	\$ 4,500
FTEs			
Direct Funded	10	13	13
Reimbursable, allocated, other	-	-	-
Account	\$ 53,586	\$ 3,940	\$ 4,500

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM

Program and Performance Statement

The Maritime Guaranteed Loan (Title XI) program provides for a full faith and credit guarantee of debt obligations issued by U.S or foreign ship owners to finance or refinance the construction, reconstruction, or reconditioning of U.S.-flag vessels or eligible export vessels in U.S. shipyards; or for a full faith and credit guarantee of debt obligations issued by U.S. shipyard owners to finance the modernization of shipbuilding technology at shipyards located in the United States.

As required by the Federal Credit Reform Act of 1990, this account also includes the subsidy costs associated with loan guarantee commitments made in 1992 and subsequent years which are estimated on a present value basis.

Funding for the Maritime Guaranteed Loan (Title XI) program will be used for administrative expenses of the program which are paid to the Maritime Administration's Operations and Training account.

EXHIBIT III-1a

**MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$3,940.0</u>	<u>13</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	\$6.4	-
Annualization of New FY 2026 FTE	\$0.0	-
FY 2027 Pay Raise	\$19.3	-
GSA Rent	\$0.0	-
Working Capital Fund	\$28.0	-
Non-Pay Inflation	\$9.6	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$63.4	0
PROGRAM REDUCTIONS:		
SUBTOTAL, PROGRAM REDUCTIONS	\$0.0	0
PROGRAM INCREASES:		
Administrative Expenses	\$497.0	-
SUBTOTAL, PROGRAM INCREASES	\$497.0	0
FY 2027 REQUEST	\$4,500.4	13
Supplemental Appropriations	-	-
TOTAL	\$4,500.4	13

Detailed Justification for the Maritime Guaranteed Loan (Title XI) Program Account

**FY 2027 – Maritime Guaranteed Loan (Title XI) Program Account – Budget Request
(\$000)**

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Administrative Expenses	3,000	3,940	4,500
Loan Subsidies	50,586	-	-
Total	\$53,586	\$3,940	\$4,500
FTE	10	13	13

For FY 2027, the Maritime Administration (MARAD) requests \$4.5 million to administer the Maritime Guaranteed Loan (Title XI) Program in accordance with 46 U.S.C. Chapter 537. The request includes \$4.5 million to support staff salaries and operating costs necessary to manage the current \$1.0 billion loan portfolio in compliance with Federal Credit Reform Act requirements as mentioned in Credit Reform statute, 2 U.S.C. § 661 et seq.

What is this program and what does this funding level support?

The primary purpose of the Title XI Program is to promote economic growth and modernization of the U.S. Merchant Marine and U.S. shipyard industry by providing additional opportunities to obtain long-term financing for vessel construction and modernization that may otherwise be unavailable to shipowners who are financially and economically sound. MARAD has executed 113 loan guarantee contracts since credit reform in 1993, totaling \$7.1 billion in loan guarantees. Those loan guarantees induced more than \$11.0 billion in new construction and reconstruction of vessels and shipyard modernization projects. The Title XI program currently has \$1.0 billion in outstanding loan guarantees encompassing 11 contracts. The current available loan subsidy amount is \$101.3 million. MARAD anticipates that the pending loan applications under review and additional applications anticipated to be received through FY 2027 will fully utilize this available subsidy amount by the end of FY 2027.

Vessels eligible for loans generally include commercial vessels such as passenger ferries, bulk carriers, container ships, product and chemical tankers, towboats, barges, dredges, oceanographic research vessels, support vessels, and floating drydocks. Private shipyard projects improving, modernizing, and increasing operational productivity and efficiency of the shipbuilding and repair processes are eligible for loans. Uses of loan proceeds may include acquisition of equipment and technology that increase or diversify the shipyard workload.

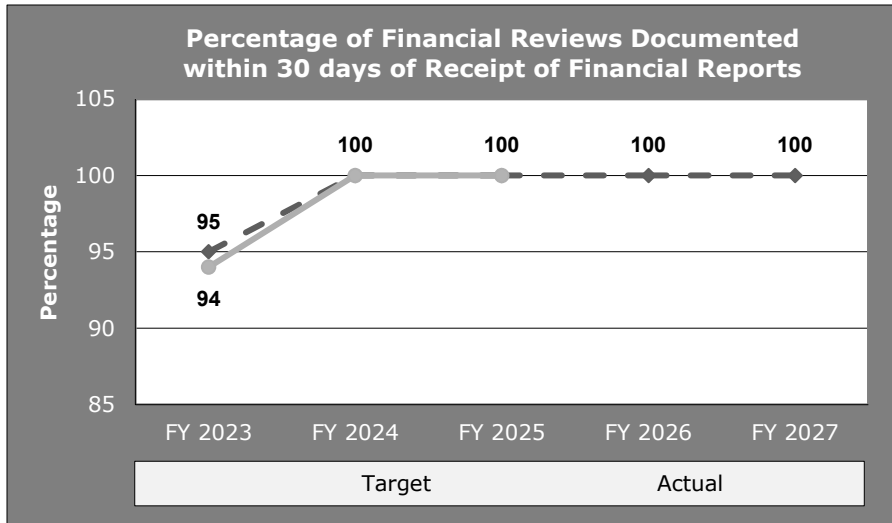
The FY 2027 requested amount of \$4.5 million will continue to support administrative management expenses, including staff salaries and operating expenses necessary to manage the current loan guarantee portfolio, review new applications, conduct program outreach, and process new agreements. Sufficient funding of administrative costs is a necessary component of the operation of the Title XI program for efficient review of new applications and timely monitoring of existing borrowers for compliance with loan covenants. This funding also provides resources to enable compliance with the Federal Credit Reform Act and the Department of Transportation Inspector General and Government Accountability Office recommendations on application processing and asset management of the loan portfolio.

As a result of the President’s Executive Order 14269, the program is experiencing historic levels of interest and is currently engaged with prospective applicants for loan guarantees to construct multiple tugs, tankers, dredge-capable vessels, and a shipyard modernization project. MARAD will consider approval of Title XI loans which meet the following criteria: Companies that (1) exhibit sufficient operating experience and ability to operate the vessels or employ the new technology for a shipyard and (2) exhibit creditworthiness and the ability to repay the Title XI loan according to its terms based on contracts and charters and supportable financial projections for long term employment of the vessels or shipyard.

What benefits will be provided to the American public through this request and why is this program necessary?

A key function of the Title XI Program is to protect and strengthen economic security by supporting domestic shipbuilding, which is a core asset of the U.S. maritime industrial base. Most shipyards are in economically challenged and disadvantaged areas of the U.S. where there are limited employment opportunities. Shipyard jobs for Americans associated with the construction of vessels receiving Title XI support range from 300 jobs for a small vessel to as many as 1,200 jobs for large vessels. Our Nation’s private shipyards support \$42.4 billion in gross domestic product and support more than 107,000 American jobs as mentioned in the Maritime Administration’s report on: “The Economic Importance of the U.S. Shipbuilding and Repairing Industry, March 2021”.

Funding supports the approval of new loan guarantees to continue the Title XI Program’s support of domestic shipbuilding, as well as continuous monitoring and oversight of the existing portfolio to ensure compliance with loan guarantee requirements as MARAD continues to implement a robust review and monitoring process to minimize the risk of default on existing loan guarantees.



Federal investment in new loan subsidies enables robust support for shipbuilding through approval of new projects. Encouragement of new ship construction is critical for expansion of the U.S. Merchant Marine and restoration of domestic shipbuilding capability. Additionally, sufficient funding for monitoring the loan portfolio ensures timely

intervention to reduce government costs associated with defaults. Therefore, MARAD tracks efficiency of the program’s financial review process. In compliance with prior audit recommendations to minimize potential defaults for the Title XI Program, MARAD reviews all borrower financial statements within 30 days of receipt. MARAD completed implementation of a loan management tool (LMT) in FY 2021 to improve monitoring of existing borrowers and tracks the number of days to complete the review of the financial statements. The target for FY 2025 of 100 percent was met.

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MARITIME GUARANTEED LOAN (TITLE XI) FINANCING ACCOUNT

Program and Performance Statement

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from Maritime Guaranteed Loan (Title XI) program loan guarantee commitments. This account includes commitments made from 1992 until 2020. The amounts in this account are a means of financing and are not included in the budget totals.

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MARITIME GUARANTEED LOAN (TITLE XI) FFB FINANCING ACCOUNT

Program and Performance Statement

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from Maritime Guaranteed Loan (Title XI) program loan guarantee commitments financed by the Federal Financing Bank (FFB) which has been financing all new loan guarantees since 2020. The amounts in this account are a means of financing and are not included in the budget totals.

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PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

To make grants to improve port facilities as authorized under section 54301 of title 46, United States Code, [\$550,000,000] \$50,000,000, to remain available until expended. [*Provided*, That of the amounts appropriated under this heading in this Act \$550,000,000 shall be for projects for coastal seaports, inland river ports, or Great Lakes ports: *Provided further*, That for grants awarded under this paragraph in this Act, the minimum grant size shall be \$1,000,000: *Provided further*, That the Maritime Administration shall distribute amounts made available under this heading as discretionary grants: *Provided further*, That projects eligible for amounts made available under this heading shall be located—]

[(1) within the boundary of a port; or

(2) outside the boundary of a port, but directly related to port operations, or to an intermodal connection to a port.]

EXHIBIT III-1

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	<u>FY 2025 ACTUAL</u>	<u>FY 2026 ENACTED</u>	<u>FY 2027 REQUEST</u>
Port Infrastructure Development Program	\$ 50,000	\$ 103,330	\$ 50,000
TOTAL, Base appropriations	<u>\$ 50,000</u>	<u>\$ 103,330</u>	<u>\$ 50,000</u>
FTEs			
Direct Funded	12	15	15
Reimbursable, allocated, other	-	-	-
Supplemental Funding			
IIJA Supplemental (Division J)			
Port Infrastructure Development Program	\$ 450,000	\$ 450,000	\$ -
TOTAL, Base appropriations	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>
FTEs			
Direct Funded	14	25	25
Reimbursable, allocated, other	-	-	-
Account	<u>\$ 500,000</u>	<u>\$ 553,330</u>	<u>\$ 50,000</u>

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

Program and Performance Statement

The Port Infrastructure Development Program provides grants for coastal seaports, inland river ports, and Great Lakes ports infrastructure to improve the safety, efficiency, or reliability of the movement of goods.

EXHIBIT III-1a

**PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2026 ENACTED	<u>\$103,330</u>	<u>15</u>
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	-	-
Annualization of New FY 2026 FTE	-	-
FY 2027 Pay Raise	-	-
GSA Rent	-	-
Working Capital Fund	-	-
Non-Pay Inflation	-	-
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
PROGRAM REDUCTIONS:		
Discretionary Grants	-53,330	-
SUBTOTAL, PROGRAM REDUCTIONS	-\$53,330	0
PROGRAM INCREASES:		
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2027 REQUEST	\$50,000	15
Supplemental Appropriations	-	-
TOTAL	\$50,000	15

Detailed Justification for the Port Infrastructure Development Program

**FY 2027 – Port Infrastructure Development Program – Budget Request
(\$000)**

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Port Infrastructure Development Program	50,000	103,330	50,000
Total	\$50,000	\$103,330	\$50,000
FTE	12	15	15

The FY 2027 budget requests \$50.0 million for the Port Infrastructure Development Program (PIDP). FY 2026 was the last year of appropriated funding from the Infrastructure Investment and Jobs Act (IIJA) which provided additional grant resources for port infrastructure projects.

This funding will support grants to improve port infrastructure and facilities, and stimulate economic growth in and around ports, while also bolstering supply chain efficiency and resiliency, and improving safety. In addition, the above FTEs are funded through two percent grant administration takedown which funds grant oversight management and operating expenses.

What is this program and what does this funding level support?

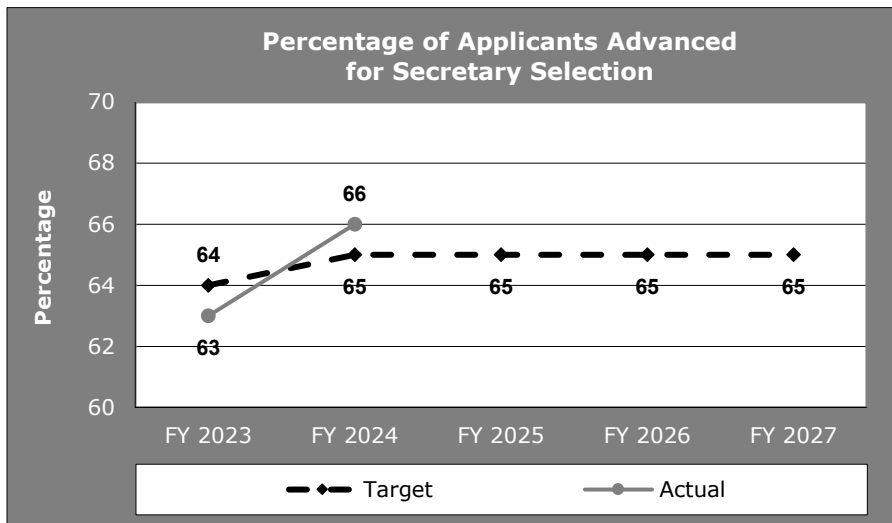
The PIDP provides grants to support projects that improve the safety, efficiency, and reliability of the movement of goods through ports in the U.S., and through intermodal connections to these ports. There are more than 300 public ports in the U.S. In addition, there are dozens of private ports and terminals. More than 28.6 million American jobs rely upon exporter/importer-related businesses and their support industries — and approximately \$378.0 billion in tax revenue depend to some extent on U.S. ports and the goods and passengers that move through them as mentioned in Martin & Associates report: 2018 National Economic Impact of the U.S. Coastal Port System: Executive Summary ([2018 National Economic Impact Report](#)). The PIDP request will fund discretionary grant awards to support projects that improve facilities within, or outside of and directly related to the operations of, coastal seaports, inland river ports, and Great Lakes ports.

PIDP grants are awarded on a competitive basis to support projects that strengthen and modernize port infrastructure and support the Nation’s long-term economic vitality. To maximize the value of the PIDP funds for all Americans, the Department of Transportation (DOT) seeks projects that support the following program objectives: (1) improving the safety, efficiency, or reliability of the loading and unloading of goods, the movement of goods, operational improvements; (2) supporting economic vitality at the national and regional levels; and (3) leveraging Federal funding to attract non-Federal sources of infrastructure investment.

From FY 2019 through FY 2024, the PIDP awarded 193 grants totaling \$2.7 billion to support port infrastructure projects in 33 States and three U.S. Territories.

What benefits will be provided to the American public through this request and why is this program necessary?

The PIDP advances the DOT’s goal for economic strength and global competitiveness. Its objectives support the movement of goods through the supply chain, enhance system reliability, and create jobs. In addition, the PIDP prioritizes safety, the Department’s highest priority goal, at port facilities for the transport and transfer of goods that drive economic recovery and growth. Funding for this program will strengthen the economy by supporting the repair and modernization of port infrastructure and creating good-paying jobs for American workers. Significant investment in this program will transform our aging freight system into a 21st century network that enhances supply chain efficiency, drives long-term economic growth, and boosts global competitiveness.



MARAD tracks the percentage of eligible applications that meet all the requirements of the Notice of Funding Availability Opportunity (NOFO) and are advanced to the DOT Secretary for final selection for award. The aim is to measure the quality of MARAD’s outreach efforts, with the increase in percentage of eligible and competitive

applicants and projects. For FY 2024 (the latest year for which statistics are available), MARAD reports approximately 65 percent of the total 158 eligible applications were advanced to the Secretary for consideration. Program staff have indicated that this percentage has stabilized over the past several grant cycles and represents a robust inventory of projects suitable for selection by the Secretary. Thus, for FY 2026 and FY 2027 the target remains at 65 percent. FY 2025 actual data pending award selection in March.

In FY 2027, MARAD will continue to focus on expeditiously awarding all available PIDP funding. This historical investment provides more opportunities to support port infrastructure projects that increase port capacity and throughput capabilities to strengthen our supply chain. Building on the current processes in place for the existing PIDP program, MARAD is focused on ensuring a robust system of enterprise risk management and internal controls, and establishing the resources necessary to support it, for managing an effective control environment for these grants.

READY RESERVE FORCE

Program and Performance Statement

The Ready Reserve Force (RRF) fleet is comprised of Government-owned merchant ships within the National Defense Reserve Fleet that are maintained in an advanced state of surge sealift readiness for the transport of cargo to a given area of operation to satisfy combatant commanders' critical war fighting requirements. Resources for RRF vessel maintenance, activation, and operation costs, as well as RRF infrastructure support costs and additional Department of War-sponsored sealift activities and special projects, are provided by the Department of Navy.

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VESSEL OPERATIONS REVOLVING FUND

Program and Performance Statement

This fund is authorized for the receipt of sales proceeds from the disposition of obsolete Government-owned merchant vessels. Collections from this account are authorized for allocation and distribution according to prescribed statutory formulas for use under three maritime-related purpose areas: 1) supporting acquisition, maintenance, repair, reconditioning, or improvement of National Defense Reserve Fleet vessels; 2) supporting state maritime academies and the United States Merchant Marine Academy; and 3) supporting the preservation and presentation to the public of maritime property and assets, including funds for the National Park Service National Maritime Heritage Grant Program.

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WAR RISK INSURANCE REVOLVING FUND

Program and Performance Statement

The Maritime Administration is authorized to insure against war risk loss or damage to maritime operators until commercial insurance can be obtained on reasonable terms and conditions. This insurance includes war risk hull and disbursements interim insurance, war risk protection and indemnity interim insurance, second seamen's war risk interim insurance, and the war risk cargo insurance standby program.

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SEC. ____. MARITIME SECURITY TRUST FUND APROPRIATIONS.

In addition to amounts otherwise made available, there is appropriated for fiscal year 2027 the following sums, to remain available until expended, out of amounts in the Maritime Security Trust Fund not otherwise appropriated:

- (1) \$430,000,000 for campus asset management program at the United State Merchant Marine Academy;
- (2) \$50,000,000 for the United States Marine Highway Program authorized under section 55601 of title 46, United States Code;
- (3) \$25,000,000 for the United States Center for Maritime Innovation authorized under section 50307 of title 46, United States Code;
- (4) \$30,000,000 for the Centers of Excellence for Domestic Maritime Workforce Training and Education Program authorized under section 51706 of title 46, United States Code;
- (5) \$26,000,000 for the State Maritime Academy Reimbursement for Training Ship Cadet Tuition and Fees Program;
- (6) \$15,000,000 for the Maritime Service Employment Reimbursement Program;
- (7) \$2,000,000 for the Civilian Education and Development Payments Program;
- (8) \$250,000,000 for the Commercial Shipbuilding Infrastructure Development Program;
- (9) \$134,000,000 for replacement support craft for the National Defense Reserve Fleet authorized under section 57100 of title 46, United States Code; and
- (10) \$450,000,000 for the Port Infrastructure Development Program authorized under section 54301 of title 46, United States Code.

Detailed Justification for the Maritime Security Trust Fund

**FY 2027 – Maritime Security Trust Fund – Budget Request
(\$000)**

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Campus Asset Management Program	0	0	430,000
United States Marine Highway Program	0	0	50,000
Maritime Innovation Center	0	0	25,000
Maritime Workforce	0	0	73,000
Commercial Shipbuilding Infrastructure Development Program	0	0	250,000
NDRF Support Ships	0	0	134,000
Port Infrastructure Development Program	0	0	450,000
Total	\$0	\$0	\$1,412,000
FTE	-	-	-

For FY 2027, a funding request of \$1.4 billion is proposed for the Maritime Security Trust Fund (MSTF) to provide an initial appropriation to capitalize the fund until revenue streams can be established from various existing maritime-related taxes, duties, penalties, and fees.

What is this program and what does this funding level support?

On April 9, 2025, the President signed Executive Order 14269 “Restoring America’s Maritime Dominance” (E.O.). Section 9 calls for the development of a legislative proposal to establish a Maritime Security Trust Fund (MSTF). Section 9 reads:

“In conjunction with the formulation of the President's Budget, the OMB Director shall, in coordination with the Secretary of Transportation, develop a legislative proposal, which shall be described in detail in the Maritime Action Plan (MAP), to establish a Maritime Security Trust Fund that can serve as a reliable funding source to deliver consistent support for MAP programs. This proposal shall consider how new or existing tariff revenue, fines, fees, or tax revenue could further the goal of establishing a more reliable, dedicated funding source for programs support by the MAP.”

Consistent with Section 9, the MSTF is modelled on existing transportation trust funds, such as the Harbor Maintenance Trust Fund, Highway Trust Fund, Aviation and Airway Trust Fund, and Inland Waterways Trust Fund.

Below are programs to be funded from the MSTF:

CAMPUS ASSET MANAGEMENT PROGRAM

Campus Asset Management Program (CAMP) funds major capital and maintenance projects at the United States Merchant Marine Academy (USMMA); studies, designs, or plans in preparation for capital investments; and other items that are specified as within the CAMP in the President’s Budget. This request supports the USMMA’s long-term Capital Modernization Plan (CMP), focuses on CAMP resources for timely implementation of the CMP. The FY 2027 budget requests a significant investment that will transform the campus and the students' educational experience.

On April 9, 2025, the President issued Executive Order 14269, “Restoring America’s Maritime Dominance.” Section 14 of the order requires the Secretary to finalize a long-term master facilities plan (LMFP) for the modernization of the USMMA campus. USMMA completed a long-range Campus Modernization Plan (CMP) that received concurrence from the OMB Director and the Assistant to the President for National Security Affairs (APNSA) on July 2025.

The CMP includes a detailed survey of existing USMMA infrastructure clearly documenting the fact that the majority of Academy buildings have exceeded their useful life; that they require significant capital investment; and that they currently do not support the Academy’s mission to educate and graduate Midshipmen in support of national defense and commerce needs.

The FY 2027 request for new capital improvement appropriations is \$430.0 million. This amount combined with funds requested within the Operations Training account for the Campus Asset Management program will provide a total funding level of \$550.0 million. Consistent with the CMP, this funding will allow the Academy to continue to fund the critical projects identified in the CMP’s phasing schedule and also prepare the Academy for a 20 percent planned increase in overall student enrollment once necessary barracks and additional classroom and laboratory facilities come online.

The FY 2027 request addresses the following Phase II projects as identified in the CMP and will build on the ongoing Phase I that includes primarily infrastructure related work.

Athletic Field House	\$136,000,000
Relocate Facilities and Infrastructure	\$69,000,000
New Health Clinic	\$84,000,000
New Barracks	\$70,000,000
Preparation of Design/Build Request for Proposal (RFPs) for next phase projects	\$71,000,000
Total	\$430,000,000

UNITED STATES MARINE HIGHWAY PROGRAM

MARAD's FY 2027 request includes a mandatory appropriation of \$50.0 million from the MSTF for the United States Marine Highway Program (USMHP). This amount combined with the \$10.0 million requested within the Operations Training account for USMHP provides a total funding level of \$60.0 million. These funds will support the development, expansion and modernization of services that move containerized and unitized freight, and bulk freight along our waterways and coastlines and to facilitate their integration into the U.S. surface transportation system by providing discretionary grants. U.S. waterways are being utilized to move unitized and bulk agricultural exporters, U.S. steel and pipes, heavyweight freight, construction materials, and containerized freight, among other products. The USMHP facilitates partnerships with a variety of stakeholders including shippers and manufacturers, truckers, ports and terminals, ocean carriers, and U.S.-flag vessel operators to create new supply chains that increase the utilization of our waterways, thus expanding lower-cost transportation options for shippers and manufacturers while realizing the economic, health, and safety benefits created by moving freight on the water.

These grants are designed to reduce the upfront private sector capital risk associated with the creation of new transportation services, to kick start private sector involvement, and to develop and modernize inland and coastal terminals (especially in rural areas) to provide new domestic transportation options. The grants are also designed to alleviate congestion and reduce maintenance costs on our Nation's highways all while creating good American jobs to strengthen our future workforce and economic competitiveness.

MARITIME INNOVATION CENTER

MARAD requests a mandatory appropriation of \$25.0 million from the MSTF to provide funding to the United States Center for Maritime Innovations (USCMI). These funds are within the Maritime Program initiatives and will be used to monitor and assess innovative technologies, conduct research, provide guidance on emergent technologies, and collaborate with workforce development programs to develop maritime strategies. These funds will also support the revitalization of shipbuilding in America as outlined in the Executive Order 14269, "Restoring America's Maritime Dominance."

The USCMI directly supports shipbuilding and workforce development in four broad research categories that include: Maritime Energy, Maritime Operations, Maritime Competitiveness, and Maritime Resilience. The USCMI has been in existence since 2024 and collaborates with other government agencies, the maritime industry, non-governmental organizations, and research organizations.

MARITIME WORKFORCE PROGRAM

MARAD requests a mandatory appropriation of \$73.0 million from the MSTF to provide funding to focus on attracting, retaining, and maintaining a U.S. maritime workforce to support a growing commercial and strategic sealift fleet. This program, which consists of newly authorized

and existing MARAD programs, will satisfy requirements outlined in Section 13 of the Executive Order 14269, “Restoring America’s Maritime Dominance.” Components of the program include Center of Excellence for Domestic Maritime Workforce Training and Education (COE) grants, State Maritime Academy Reimbursement for Training Ship Cadet Tuition and Fees, Maritime Service Employment Reimbursement Program, and Civilian Mariner Education and Development Payment Program. This data driven, comprehensive, adaptive, and innovative approach is proposed to revitalize and sustain the maritime workforce through targeted federal funding dedicated toward the recruitment, training, and retention of mariners and shoreside maritime workers.

This program consists of federally funded elements that address maritime recruitment, retention, and training. Funding is request for the following program elements:

- *Centers of Excellence (COE) for Domestic Maritime Workforce Training and Education*
MARAD requests \$30.0 million in mandatory budget authority to support eligible qualified maritime education and training entities that recruit, educate, train, and help retain the maritime workforce essential to meet our strategic sealift requirements and ensure economic prosperity. Funding provides credential and certification training of ~ 21,000 afloat and shoreside students annually.
- *State Maritime Academy Reimbursement for Training Ship Cadet Tuition and Education*
MARAD request \$26.0 million in mandatory budget authority to pay State Maritime Academies (SMAs) for the tuition and fees of students who sail on a MARAD-owned training ship in pursuit of an unlimited tonnage license. In return, the student must commit to a service obligation of three years of employment in the maritime industry. These funds will also provide credentialing education and training for approximately 1,700 unlimited officers credentialled state maritime academy cadets annually.
- *Maritime Service Employment Reimbursement Program*
MARAD requests \$15.0 million to reimburse an SMA or COE for up to \$10,000 per mariner for covered training and educational expenses incurred to obtain, maintain, or upgrade their U.S. Coast Guard Merchant Mariner Credential MMC. Funds will also be used to reimburse a SMA or COE for providing loans or reimbursement payments of up to \$10,000 to shoreside maritime workers for covered training and educational expenses incurred to obtain, maintain, or upgrade their shoreside maritime credentials after working ashore in the U.S. maritime industry for one calendar year. Funding provides ~1,500 afloat credential mariner and shoreside trade qualification and certification training annually.
- *Civilian Mariner Education and Development Payments Program*
MARAD requests \$2.0 million to pay SMAs for some or all charges for a student’s tuition, subsistence, uniforms, and books. In return, the student must commit to a service obligation of five years on federal ships. Funding provides 12 state maritime academy cadets unlimited licensed credentialing training and education annually.

The funds will allow recipient institutions to upgrade, modernize, and enhance their education

and training infrastructure, expand program and course offerings, and support faculty recruitment and training efforts. This will boost the supply of U.S.-citizen maritime workers and help meet the rising national demand for such appropriately skilled individuals.

COMMERCIAL SHIPBUILDING INFRASTRUCTURE DEVELOPMENT PROGRAM

MARAD requests a mandatory appropriation of \$250.0 million from the MSTF to provide funding for the Commercial Shipbuilding Infrastructure Development Program (CSIDP) grant program modeled after MARAD's highly successful Assistance for Small Shipyards Grant Program. MARAD plans to amend the Assistance to Small Shipyards Grant Program authorization to extend eligibility to more shipyards for shipbuilding and reconstruction facility improvements. This program will be open to larger shipyards that have more than 1,200 production employees to provide grant funding for infrastructure improvements at U.S. shipyards to help improve their efficiency and ability to compete for domestic and international commercial ship construction and maintenance opportunities. Grant funds may also be used to support training programs to build American workforce technical skills and improve operational productivity in communities whose economies are related to or dependent upon the maritime industry. Grants may not be used to construct buildings or other physical facilities, or to acquire land unless such use is specifically approved by the Maritime Administration as being consistent with, and supplemental to, capital and related infrastructure improvements.

This investment will increase the capacity, capability, and efficiency of larger U.S. shipyards as well as create and sustain high-paying jobs in the maritime sector, promote innovation and technological advancement in shipbuilding, and reduce reliance on foreign shipyards for critical vessel construction and repair. The program also addresses a gap in funding for capital intensive repairs to critical maritime infrastructure. CSIDP supports and is aligned with the current administration's focus on strengthening the U.S. maritime industry as specifically mentioned in section 10 of Executive Order 14269, "Restoring America's Maritime Dominance."

NATIONAL DEFENSE RESERVE FLEET SUPPORT SHIPS

MARAD requests \$134.0 million in mandatory budget authority to support the phased replacement of obsolete fleet support craft at three disparate locations: James River Reserve Fleet (VA), Beaumont Reserve Fleet (TX) and Suisun Bay Reserve Fleet (CA). Examples of fleet support craft include small tugs, self-propelled crane barges, utility craft, personnel launch boats, security patrol boats, and fire-fighting boats. The specific efforts will significantly improve efficiency, safety, security, and resilience. The daily activities in the fleet are dependent on fleet support craft and material handling equipment to safely manage the ships, moorings, and their maintenance. These support craft are particularly critical during ship movements and during extreme weather events. Much of the existing fleet support craft and equipment are aging out of service, and the types of equipment are different across the various locations. Funds will also be used to purchase anchor handling craft and self-propelled crane barges required at each Reserve Fleet sites.

The requested funding will be used to standardize the replacement of the critical equipment across each location, providing block buy savings in the initial purchase and the life cycle costs. The new more capable and efficient fleet support craft and equipment will also increase the safety and productivity of the daily activities at the fleet and will accommodate the anticipated growth of the fleet based on the Executive Order 14269, “Restoring America’s Maritime Dominance” Section 21 Inactive Reserve Fleet.

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

MARAD requests \$450.0 million in mandatory budget authority to provide additional grants above the \$50.0 million requested under the Port Infrastructure Development Program (PIDP) for a total funding level of \$500.0 million. The funds support projects that improve the safety, efficiency, and reliability of the movement of goods through ports in the U.S., and through intermodal connections to these ports. There are more than 300 public ports in the U.S. In addition, there are dozens of private ports and terminals. More than 30 million American jobs rely upon exporter/importer-related businesses and their support industries — and approximately \$378.0 billion in tax revenue depend to some extent on U.S. ports and the goods and passengers that move through them as mentioned in Martin & Associates report: 2018 National Economic Impact of the U.S. Coastal Port System: Executive Summary ([2018 National Economic Impact Report](#)). The PIDP request will fund discretionary grant awards to support projects that improve facilities within, or outside of and directly related to the operations of, coastal seaports, inland river ports, and Great Lakes ports.

What benefits will be provided to the American public through this request and why is this program necessary?

MSTF is designed to provide sustained investment for America's maritime programs independent of annual appropriations. Revenue for the MSTF would come from diverse sources including various existing maritime-related taxes, duties, penalties, and fees. Funds from the MSTF would be used to support a variety of MARAD programs, as well as maritime-related programs of other Federal agencies, including initiatives to expand the size of the U.S.-flag fleet, increase the competitiveness of the domestic shipbuilding industry, and develop the maritime workforce and industrial base. For MARAD, the MSTF could augment or replace funding provided through annual appropriations, in particular for infrastructure and capital investment programs.

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ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

SEC. 170. Notwithstanding any other provision of this Act, in addition to any existing authority, the Maritime Administration is authorized to furnish utilities and services and make necessary repairs in connection with any lease, contract, or occupancy involving Government property under control of the Maritime Administration: *Provided*, That payments received therefor shall be credited to the appropriation charged with the cost thereof and shall remain available until expended: *Provided further*, That rental payments under any such lease, contract, or occupancy for items other than such utilities, services, or repairs shall be deposited into the Treasury as miscellaneous receipts.

SEC. 171. Unobligated balances remaining from appropriations made under Sec. 171 of this heading in the Consolidated Appropriations Act for Fiscal Year 2024, Pub. L. 118-42, shall be available until expended for expenses necessary to complete the designs of ten sealift vessels for the National Defense Reserve Fleet and enter into a vessel construction manager contract for construction of the vessels.

Note.—This account is operating under the Continuing Appropriations Act, 2026 (Division A of Public Law 119-37).

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**MARITIME ADMINISTRATION
FISCAL YEAR 2027 BUDGET REQUEST**

**SECTION FOUR
INFORMATION TECHNOLOGY**



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**FY 2027 INFORMATION TECHNOLOGY BUDGET REQUEST
MARITIME ADMINISTRATION
BUDGET AUTHORITY
(\$000)**

Budget Account	FY 2025 Enacted 1/	FY 2026 Enacted 1/	FY 2027 Request 2/ 3/
MARAD O&T – HQ	\$8,603	\$8,023	\$8,987
<i>Shared Services WCF</i>	\$0	\$0	\$2,496
<i>Modal IT</i>	\$2,489	\$1,909	\$0
<i>Modal IT WCF</i>	\$6,114	\$6,114	\$6,491
MARAD O&T – USMMA	\$28,705	\$29,472	\$29,665
<i>Shared Services WCF</i>	\$0	\$0	\$26,665
<i>Modal IT</i>	\$25,573	\$26,340	\$0
<i>Modal IT WCF</i>	\$3,132	\$3,132	\$3,325
MARAD Reimbursable – RRF	\$10,808	\$10,410	\$11,264
<i>Shared Services WCF</i>	\$0	\$0	\$5,247
<i>Modal IT</i>	\$5,140	\$4,742	\$0
<i>Modal IT WCF</i>	\$5,668	\$5,668	\$6,017
Total	\$48,116	\$47,905	\$49,916

1/ Includes funding from non-O&T appropriated sources, including reimbursable RRF, USMMA Capital Improvement Projects (CIP), USMMA Facilities, Maintenance, Repair and Equipment (FMRE), and USMMA Graduate Program tuition fees.

2/ The FY 2027 value is meant to illustrate the overall IT consolidation effort within the Department; however, this particular display will continue to undergo refinement as the consolidation takes place.

3/ Does not include funding from USMMA Capital Improvement Projects (CIP), USMMA Facilities, Maintenance, Repair and Equipment (FMRE), and USMMA Graduate Program tuition fees.

The Maritime Administration (MARAD) is requesting **\$49.9 million** in FY 2027 for information technologies (IT) that support the full spectrum of MARAD programs as well as the Department’s initiative to transform and consolidate the management of all IT solutions centrally by the Office of the Chief Information Officer (OCIO).

IT Shared Services (SS) through the Working Capital Fund (WCF)

OCIO will continue to provide all modes with IT Shared Services in FY 2027 to achieve economies of scale and increase consistency of cybersecurity protections across the Department. IT Shared Services include IT functions and activities dedicated to basic support services, including network operations, end-user computing, telecommunications services, and server operations.

- MARAD’s FY 2027 request is **\$9.0 million** from the Headquarters (HQ) Operations,

\$29.7 million from the USMMA account, and Training (O&T) account, and **\$11.3 million** from the Ready Reserve Force (RRF) account. MARAD's share was based on actual commodity IT consumption in prior years as well as planned future consumption. OCIO, in collaboration with MARAD, assumed a one-to-one cost estimate to transition all commodity IT to OCIO. MARAD will only be charged for services rendered.

Modal WCF IT

The following major mission-critical IT systems will be maintained through the WCF MARAD in FY 2027. This list is only a subset of all IT systems that support MARAD and are reported in CIMS.

- **Nautical System Enterprise (NSE)** – MARAD will invest **\$2.7 million** in Operations & Maintenance (O&M) for RRF to support development and delivery of the Records Management System (RMS) Suite: NSE. Funding of the RMS NSE is essential to the achievement of MARAD's objective to ensure readiness by providing RMS users with the capability to plan and conduct maintenance and logistics actions, and purchase parts and services utilizing a workflow capability.
- **USMMA Campus Solutions (UCAS)** – MARAD will invest **\$1.4 million** in O&M, for USMMA to support development and delivery of the USMMA UCAS. Funding of the UCAS is essential to the achievement of MARAD's objective to provide comprehensive automated support for admissions, financial aid, academic records, student records, student finance, campus housing, student affairs, web portal access] as the USMMA UCAS enables MARAD to improve enterprise resource planning functionality regarding finance, housing, student affairs and online access to required admission information.
- **Maritime Service Compliance System (MSCS)** – MARAD will invest **\$0.5 million** in O&M to support development and delivery of the MSCS. Funding of the MSCS is essential to the achievement of MARAD's objective to effectively assist student and graduates of the U.S. Merchant Marine Academy (USMMA) and Student Intensive Payment (SIP) Program to complete annual compliance reports, as the MSCS enables MARAD to improve accuracy of information; track related compliance requirements effectively.
- **IT Security** – MARAD will invest **\$4.8 million** in O&M to ensure compliance with Cybersecurity requirements, NIST framework and FISMA requirements. It also performs Security Assessment and Authorization (SA&A) testing on all MARAD business systems on every other year basis.
- **IT Modernization** – MARAD will invest **\$3.1 million** to improve the security of its applications and will be ready for responding to the inevitable cryptographic challenges in the imminent quantum computing era by accomplishing its IT modernization initiatives. The core MARAD initiatives include implementation of DevSecOps, deployment of application security, enabling zero-trust capabilities, deploying offensive approach for cybersecurity, developing a strategic roadmap for cybersecurity, leveraging

AI to identify potential threats and vulnerabilities, and applying robotic process automation (RPA) for business workflows to eliminate human error.

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**MARITIME ADMINISTRATION
FISCAL YEAR 2027 BUDGET REQUEST**

**SECTION FIVE
10-YEAR FUNDING HISTORY**



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**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
OPERATIONS AND TRAINING
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	171,820	523,642 ^{1/}
2019	152,428	149,442 ^{2/}
2020	377,497	155,723
2021	137,797	155,616
2022	172,204	172,204
2022	-	25,000 ^{3/}
2023	192,000	213,181
2024	289,773	267,775
2025	285,000	267,775
2026	235,000	275,791
2027	333,260	TBD

1/ Includes \$10M supplemental appropriation for Hurricane Harvey.

2/ Includes \$3.134M per P.L. 116-136 from the CARES Act.

3/ AMHP Funds provided by Investment and Jobs Act (IIJA) per P.L. 117-58.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
STATE MARITIME ACADEMY OPERATIONS
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	1/	1/
2019	1/	345,200 ^{2/}
2020	1/	343,280 ^{3/}
2021	337,700	432,700
2022	358,300	423,300
2023	77,700	120,700
2024	53,400	125,788
2025	87,000	125,788
2026	90,000	138,900
2027	87,200	TBD

1/ Previous request for SMA program activities were requested from and enacted in the Operations & Training account.

2/ P.L. 116-6 established State Maritime Academy Operations as new treasury account in FY 2019.

3/ Includes \$1M per P.L. 116-136 from the CARES Act.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
ASSISTANCE TO SMALL SHIPYARDS
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	-	20,000
2019	-	20,000
2020	-	20,000
2021	-	20,000
2022	20,000	20,000
2023	20,000	20,000
2024	20,000	8,750
2025	20,000	8,750
2026	105,000	35,000
2027	105,000	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
SHIP DISPOSAL
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	9,000	116,000
2019	30,000	5,000
2020	5,000	5,000
2021	4,200	4,200
2022	10,000	10,000
2023	6,000	6,000
2023	-12,000 ^{1/}	-12,000 ^{2/}
2024	6,021	6,000 ^{3/}
2025	6,000	6,000
2026	6,000	6,000
2027	6,000	TBD

1/ Proposed cancellation of \$12 million in prior-year unobligated balances.

2/ Public Law 117-328 rescinded \$12 million in prior-year unobligated balances.

3/ Public Law 118-42 rescinded \$3.664 million in prior-year unobligated balances.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME SECURITY PROGRAM
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	210,000	300,000
2019	214,000	300,000
2020	300,000	300,000
2021	314,008	314,000 ^{1/}
2022	318,000	318,000
2023	318,000	318,000
2023	-55,000 ^{2/}	-55,000 ^{3/}
2024	318,000	318,000
2024	-17,000 ^{4/}	-17,000 ^{5/}
2025	318,000	318,000
2026	372,000	390,000
2026	-27,000 ^{6/}	-38,400 ^{7/}
2027	400,500	TBD

1/ \$314,007,780 is authorized for MSP, of which \$7,780 is funded from the carryover balance.

2/ Proposed cancellation of \$55 million in prior-year unobligated balances.

3/ Public Law 117-328 rescinded \$55 million in prior-year unobligated balances.

4/ Proposed cancellation of \$17 million in prior-year unobligated balances.

5/ Public Law 118-42 rescinded \$17 million in prior-year unobligated balances.

6/ Proposed cancellation of \$27 million in prior-year unobligated balances.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
CABLE SECURITY FLEET
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	-	-
2019	-	-
2020	-	-
2021	-	10,000
2022	-	10,000
2023	-	10,000
2024	-	10,000
2025	-	10,000
2026	-	10,000
2026	-12,000 ^{1/}	-12,392
2027	-	TBD

1/ Proposed cancellation of \$12 million in prior-year unobligated balances.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
TANKER SECURITY PROGRAM
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	60,000	60,000
2023	60,000	60,000
2024	60,000	60,000 ^{1/}
2025	60,000	60,000
2026	120,000	81,600
2026	-65,000 ^{2/}	-42,808 ^{3/}
2027	167,600	TBD

1/ Public Law 118-42 rescinded \$21 million in prior-year unobligated balances.

2/ Proposed cancellation of \$65 million in prior-year unobligated balances.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>		<u>Request</u>	<u>Enacted</u>
2018	Guarantee Subsidy	-	27,000
	Administration	-	3,000
	TOTAL	-	30,000
2019	Guarantee Subsidy	-	-
	Administration	-	3,000
	TOTAL	-	3,000
2020	Guarantee Subsidy	-	-
	Administration	-	3,000
	TOTAL	-	3,000
2021	Guarantee Subsidy	-	-
	Administration	-	3,000
	TOTAL	-	3,000
2022	Guarantee Subsidy	-	-
	Administration	3,000	3,000
	TOTAL	3,000	3,000
2023	Guarantee Subsidy	-	-
	Administration	3,000	3,000
	TOTAL	3,000	3,000
2024	Guarantee Subsidy	-	50,586
	Administration	3,020	3,000
	TOTAL	3,020	53,586
2025	Guarantee Subsidy	-	50,586
	Administration	3,700	3,000
	TOTAL	3,700	53,586
2026	Guarantee Subsidy	-	-
	Administration	4,000	3,940
	Cancellation of Prior Year Balances	-86,000 ^{1/}	-34,000
	TOTAL	-\$82,000	-\$30,060
2027	Guarantee Subsidy	-	TBD
	Administration	4,500	TBD
	TOTAL	\$4,500	TBD

1/ Proposed cancellation of \$86 million in prior-year unobligated balances.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	-	-
2019	-	292,730 ^{1/}
2020	-	225,000
2021	-	230,000
2022	230,000	234,310
2022	-	450,000 ^{2/}
2023	238,000	212,204
2023	-	450,000 ^{2/}
2024	230,000	120,460
2024	-	450,000 ^{2/}
2025	80,000	50,000
2025	-	450,000 ^{2/}
2026	550,000	103,330
2026	-	450,000 ^{2/}
2027	50,000	TBD

1/ P.L. 116-6 established Port Infrastructure as new treasury account in FY 2019.

2/ Funds provided by Investment and Jobs Act (IIJA) per P.L. 117-58.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME SECURITY TRUST FUND
FY 2018 - FY 2027
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	-	-
2022	-	-
2023	-	-
2023	-	-
2024	-	-
2024	-	-
2025	-	-
2025	-	-
2026	-	-
2026	-	-
2027	1,412,000	TBD