



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2022

MARITIME ADMINISTRATION

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

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**DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION
Budget Estimates, Fiscal Year 2022**

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MARITIME ADMINISTRATION FISCAL YEAR 2022 BUDGET REQUEST

SECTION ONE OVERVIEW



May 28, 2021

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MARITIME ADMINISTRATION

FY 2022 Budget Request

Overview

The Fiscal Year (FY) 2022 Budget Request includes \$1.17 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 competitive in the global economy, and to provide sealift capacity to support our military. MARAD helps to foster, promote and develop the maritime industry of the United States to meet our Nation's economic and security needs. MARAD remains focused on implementation of policies that address our Nation's maritime infrastructure gaps while fostering and sustaining American job opportunities in the maritime industry, increasing global competitiveness, leveraging technology to meet the needs and challenges of the maritime transportation system. MARAD is also working to mitigate climate change, strengthen environmental justice and transportation equity and inclusion, and support improvements in safety and security in the maritime domain, including across the U.S.-flagged fleet and in American ports.

MARAD programs support U.S. shipyards, ports, waterways, ships and shipping, vessel operations, strategic mobility for National security, ship disposal, and maritime education and training. MARAD works to maintain a strong U.S. Merchant Marine, which is essential to crew our Ready Reserve fleet and U.S.-flagged vessels. MARAD educates and trains future mariners by operating the Federal U.S. Merchant Marine Academy (USMMA). In addition, MARAD partners with the Department of Defense (DoD) to maintain the National Defense Reserve Fleet of vessels to provide sealift to transport military equipment and supplies during war and National emergencies.

The resources requested for FY 2022 are especially critical as the U.S. maritime industry continues to rebound from the coronavirus (COVID-19) health crisis. MARAD continues to conduct outreach across the maritime transportation sector to gauge the economic and industrial consequences of the pandemic on vessel and port operations. After steep reductions in trade volumes in 2020, the strong rebound in U.S. consumer demand in early 2021 has spurred unprecedented growth in cargo volumes that have stressed the maritime supply chains on which the U.S. economy relies. Many in the industry expect volumes to remain high throughout much of calendar 2021 and America's ports will remain an essential gateway to a multi-modal freight transportation network for both our import and export cargoes. The investments requested in FY 2022 will support continued improvements for critical port infrastructure.

This level of funding will support the Agency's program activities and initiatives advancing the Secretary's principles for safety, economic strength, transportation equity and inclusion, climate change mitigation and resilience, and transformational investments. The FY 2022 Budget request is summarized by account as follows:

Operations and Training

The Operations and Training (O&T) request is \$172.2 million and includes \$90.53 million for the United States Merchant Marine Academy (USMMA) and \$81.67 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, staff, and operational and program support. The FY 2022 O&T request supports the following programs:

U.S. Merchant Marine Academy

For FY 2022, \$90.53 million is requested for the USMMA to educate and train the next generation of seagoing officers and maritime leaders, while providing opportunities for a world-class education, regardless of economic, social, or racial background. Funding will provide \$85 million for academic operating expenses, including continued support for health and safety protocols in response to COVID-19, and \$5.5 million for facility maintenance and repair needs of the Academy's aging buildings and infrastructure.

Academy Operations

For FY 2022, \$85.03 million is requested for Academy Operations to support mission-essential educational requirements, the housing and feeding of Midshipmen, and administrative services and security priorities. The requested funding level includes an increase of \$2 million for the mandated inspection, maintenance, and dry dock period for the *T/V Kings Pointer*, and COVID-19 response measures to ensure the health and safety of the Midshipmen and staff. Additionally, this request includes additional funding for three new positions: part-time head tennis coach required to ensure competitiveness in the National Collegiate Athletic Association; part-time assistant swimming and diving coach for the women's program; and a full-time property management specialist to ensure proper accountability for Academy assets.

Capital Asset Management Program (CAMP)

Funding for CAMP of \$5.5 million will support facilities maintenance, repairs, and equipment (FMRE) requirements. This level of base funding is necessary to provide for recurring maintenance and repair activities 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. These funds are also used for minor renovation projects to keep classrooms, faculty and staff offices, multi-purpose and specialty areas (e.g., dining areas, IT closets, athletic areas, etc.) functional and up to date.

MARAD Operations and Programs

For FY 2022, \$81.67 million is requested for MARAD Operations and Programs to support core agency infrastructure, including professional staff for operating and support program initiatives, and for continued implementation of COVID-19 safety and protection measures on DOT/MARAD-owned assets. Within this request, \$10 million will support the Maritime Environmental and Technical Assistance (META) program, and \$10.82 million will fund America's Marine Highway grants.

Maritime Environmental and Technical Assistance (META)

Funding of \$10 million will support the META program that advances alternative energies and technologies, while also supporting job growth in clean energy and maritime transportation fields. META seeks to augment and preserve the American maritime industry's competitive edge by making maritime transportation more technologically advanced, energy efficient, safe, affordable and sustainable.

America's Marine Highway

For FY 2022, \$10.82 million is requested for the America's Marine Highway grant program to support the increased use, development, and expansion of America's navigable waterways and landside infrastructure to enable the movement of freight by water, thereby reducing highway congestion and associated emissions. The program 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 2022 request includes \$358.3 million to provide Federal assistance to support the six SMAs that educate and train mariners who will become future leaders in the U.S. maritime transportation industry, and will be needed to meet future job requirements in the U.S. maritime workforce. A key highlight of this request is \$315.6 million to fund a transformational investment through the National Security Multi-Mission Vessel (NSMV) program. The requested NSMV funding provides for the purchase of the fifth and final training vessel to be used by the California State Maritime Academy. The new NSMVs will also provide significant new capabilities to support National humanitarian and disaster relief missions.

The request also includes \$30.5 million to fund critical maintenance and repairs for the six aging 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 (ABS) requirements while the NSMVs are constructed. This funding also provides training ship sharing capacity to enable uninterrupted availability of mandatory at-sea training for cadets. The training ships are the most important assets provided by the Federal Government to enable these schools to operate as maritime academies, and are essential to each school's ability to provide a training program that prepares students to pass the U.S. Coast Guard licensing examination.

The request also includes \$2.4 million for the Student Incentive Program (SIP), and a proposal to change the period of availability for the program from two years to five years. A SIP contract agreement is established with each student to provide tuition assistance for four academic years. If a student dis-enrolls within the four years, the balance of obligated funds for the remaining years is de-obligated but cannot be used for another student because the period of availability will have expired. An extension of the period of obligational availability would enable de-obligated funds to be re-obligated to other qualified SIP applicants. Additionally, \$6 million is requested for direct payments divided equally among each of the six SMAs, and \$3.8 million is requested for fuel assistance payments.

Port Infrastructure Development Program

For FY 2022, \$230 million is requested for the Port Infrastructure Development Program for grants to improve port infrastructure and facilities, and to stimulate economic growth in, near and around ports, while also addressing climate change, environmental justice impacts, and improving safety and transportation equity. Investing in the repair and modernization of ports creates good paying union jobs for American workers, and helps transform our deteriorating infrastructure into a 21st century system that supports efficiency in our freight supply chains, creates more communities of opportunity in disadvantaged areas, accelerates equitable long-term economic growth and resilience, and increases our global competitiveness.

Assistance to Small Shipyards

The FY 2022 Budget request includes \$20 million to provide grant funding for infrastructure improvements at qualified small U.S. shipyards to help improve their efficiency and ability to compete for domestic and international commercial ship construction and maintenance opportunities. Small shipyard grants support the acquisition of equipment by small shipyards, such as engines with lower emissions, improved climate control technologies for buildings, and technologies that reduce shipyard power consumption and negative climate impacts. Additionally, investing in shipbuilding supports job creation in a vital domestic industrial base.

Ship Disposal

For FY 2022, \$10 million is requested for the Ship Disposal program, with primary emphasis on the disposal of the worst conditioned non-retention vessels to mitigate environmental risks. Funding will also help to sustain the unique infrastructure of the U.S. ship recycling industry base, including supporting American jobs in economically depressed areas. This funding also includes \$3 million to maintain the Nuclear Ship SAVANNAH (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 Guaranteed Loan (Title XI) Program

For FY 2022, \$3 million is requested to support administrative costs necessary to manage the current loan guarantee portfolio of the Title XI program, as well as new loan agreements. The Title XI program helps to promote economic growth and modernization of the U.S. shipyard industry by providing additional opportunities for vessel construction and modernization, including repowering, that may otherwise be unavailable to ship owners.

Maritime Security Program (MSP)

The FY 2022 Budget requests \$318 million to support the full authorized level of \$5.3 million in stipend payments for each of the 60 ships enrolled in the program. 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. Funding requested will enable MSP operators and vessels to remain competitive in the global marketplace. MSP provides the United States the ability to transfer critical military equipment and supplies by sea during times of conflict, national emergencies, or other contingency situations. This funding also provides a global network of critical capabilities including intermodal facilities used to unload and transport cargo to final destinations in foreign locations. MSP supports and contributes to the expansion of the merchant mariner base, providing employment for

approximately 2,400 U.S. merchant mariners who crew the U.S. Government-owned surge sealift fleet, as well as up to 5,000 additional shore-side workers. Additionally, the MSP supports climate resiliency as vessel operators are required to replace vessels participating in the program after reaching 25 years of age with newer, more efficient ships that consume less fuel per ton/mile while emitting fewer greenhouse gas emissions than older vessels.

Tanker Security Program

For FY 2022, \$60 million is requested for a new Tanker Security Program to provide \$6 million in stipend payments to up to 10 tanker vessels that will be enrolled in the program. Funding will help to address national security requirements for U.S.-flag product tankers to support our deployed U.S. Armed Forces in contingency operations and provide a global network of distribution capabilities. Funding will support militarily useful, commercially viable product tankers engaged in international trade and provide assured access to these vessels and their global networks in times of crisis. The new Tanker Security Program will create and sustain U.S. mariner jobs, and support economic security and global competitiveness by lowering reliance on foreign-flag tankers.

JUSTICE40

Executive Order 14008, issued on January 27, 2021, created a government-wide “Justice40” Initiative with the goal of delivering 40 percent of the overall benefits of relevant federal investments to disadvantaged communities and tracking performance toward the goal through an Environmental Justice Scorecard.

The Justice40 Initiative has the potential to deliver benefits that could include increased access to renewable energy and energy efficiency improvements, public transit, water infrastructure, climate-resilient affordable housing, training and workforce development, reductions in legacy pollution, and equitable and just community development, among others. There are important considerations in the development, implementation, and evaluation of such a wide-reaching and complex initiative. To advance Justice40 goals the Department is considering options in areas such as, but not limited to, incorporating criteria in the Department’s discretionary grant programs, developing implementable definitions for “investment benefit” and “disadvantaged communities” as it relates to programmatic activities, public engagement strategies with stakeholders to define and further understand “investment benefits” that can be targeted for disadvantaged and underserved communities, and developing a Department-wide Environmental Justice Scorecard.

In the coming months, the Department will be working to ensure that subsequent programs, targets, and metrics fulfill the ambition of the Justice40 Initiative to deliver meaningful and measurable benefits to disadvantaged and underserved communities.

MARITIME ADMINISTRATION
FY 2022 BUDGET REQUEST SUMMARY
(Dollars in Thousands)

<u>ACCOUNT/PROGRAM</u>	<u>FY 2020 ACTUAL</u>	<u>FY 2020 CARES ACT</u>	<u>FY 2021 ENACTED</u>	<u>FY 2022 CRRSA</u>	<u>FY 2022 AMERICAN RESCUE PLAN</u>	<u>FY 2022 PRESIDENT'S BUDGET</u>
OPERATIONS & TRAINING	<u>\$152,589</u>	<u>\$3,134</u>	<u>\$155,616</u>	<u>\$0</u>	<u>\$0</u>	<u>\$172,204</u>
U.S. Merchant Marine Academy	<u>85,441</u>	<u>1,000</u>	<u>85,944</u>	<u>0</u>	<u>0</u>	<u>90,532</u>
Academy Operations	80,216	1,000	80,000	0	0	85,032
Facilities Maintenance and Repair, Equipment	5,225	-	5,944	-	-	5,500
MARAD Operations & Programs	<u>67,148</u>	<u>2,134</u>	<u>69,672</u>	<u>0</u>	<u>0</u>	<u>81,672</u>
Headquarters Operations	54,373	2,134	55,853	0	0	60,853
Maritime Program Initiatives	<u>12,775</u>	<u>0</u>	<u>13,819</u>	<u>0</u>	<u>0</u>	<u>20,819</u>
Maritime Environmental and Technical Assistance	3,000	-	3,000	-	-	10,000
America's Marine Highways	9,775	-	10,819	-	-	10,819
STATE MARITIME ACADEMY OPERATIONS	<u>342,280</u>	<u>1,000</u>	<u>432,700</u>	<u>0</u>	<u>0</u>	<u>358,300</u>
Student Incentive Program	2,400	-	2,400	-	-	2,400
Direct SMA Support	6,000	1,000	6,000	-	-	6,000
Fuel Assistance Payments	3,800	-	3,800	-	-	3,800
Training Vessel Sharing	8,080	-	- 1/	-	-	- 1/
School Ship M&R	22,000	-	30,500 1/	-	-	30,500 1/
National Security Multi-Mission Vessel	300,000	-	390,000	-	-	315,600
ASSISTANCE TO SMALL SHIPYARDS	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
SHIP DISPOSAL PROGRAM	<u>5,000</u>	<u>0</u>	<u>4,200</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Ship Disposal	-	-	1,200	-	-	7,000
NS Savannah	-	-	3,000	-	-	3,000
MARITIME SECURITY PROGRAM	<u>300,000</u>	<u>-</u>	<u>314,000</u> 2/	<u>-</u>	<u>-</u>	<u>318,000</u> 3/
CABLE SECURITY FLEET PROGRAM	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TANKER VESSEL SECURITY PROGRAM	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
MARITIME GUARANTEED LOAN PROGRAM	<u>3,000</u>	<u>0</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>3,000</u>
Administrative Expenses	3,000	-	3,000	-	-	3,000
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	<u>225,000</u>	<u>-</u>	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>230,000</u>
TOTAL BUDGET REQUEST	<u>\$1,047,869</u>	<u>\$4,134</u>	<u>\$1,169,516</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,171,504</u>

1/ Funding for the Training Vessel Sharing is funded within School Ship M&R in FY 2021 and FY 2022.

2/ \$314,007,780 is authorized for MSP, of which \$7,780 is funded from the carryover balance.

3/ The Maritime Administration's FY 2022 Congressional Budget proposes cancellation of \$42 million in prior-year unobligated balances.

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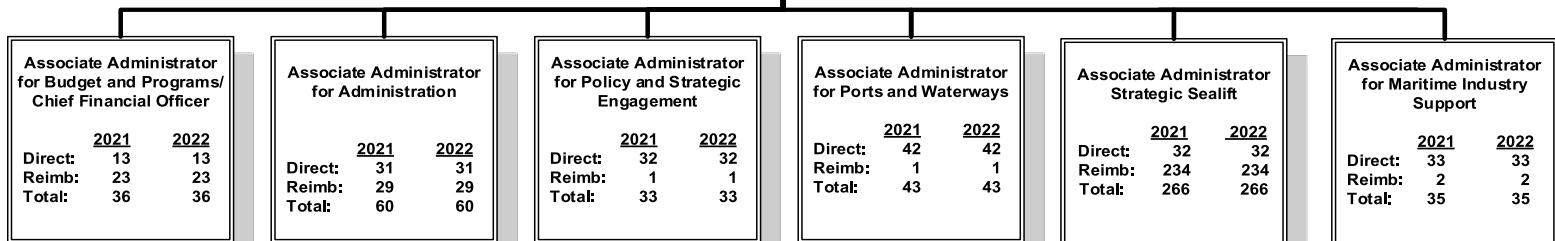
U.S. Department of Transportation
Maritime Administration

Organizational Chart – FTE
 FY 2021 – FY 2022

MARAD Total FY 2021 FTE: 780
Direct: 486
Reimbursable: 294
MARAD Total FY 2022 FTE: 787
Direct: 493
Reimbursable: 294

Office of the Administrator and Staff Offices			
	<u>2021</u>	<u>2022</u>	
Direct:	36	36	
Reimb:	4	4	
Total:	40	40	

United States Merchant Marine Academy			
	<u>2021</u>	<u>2022</u>	
Direct:	267	274	
Reimb:	0	0	
Total:	267	274	



The organizational chart reflects the realignment enacted in the FY 2021 Consolidated Appropriations Act; however, a pause in implementation of the realignment is necessary for the new DOT and MARAD leadership to review and assess the effect of the proposed realignment.

U.S. Department of Transportation

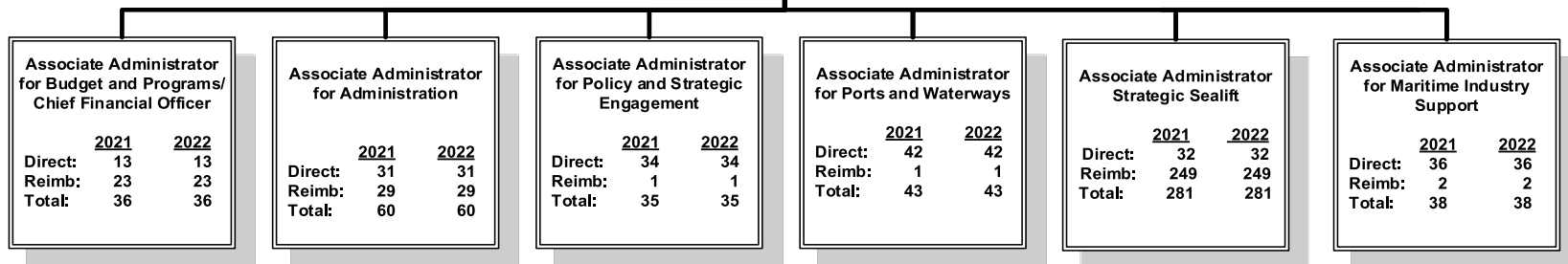
Maritime Administration

Organizational Chart – FTP FY 2021 – FY 2022

MARAD Total FY 2021 FTP: 825
Direct: 516
Reimbursable: 309
MARAD Total FY 2022 FTP: 825
Direct: 516
Reimbursable: 309

Office of the Administrator and Staff Offices		
	<u>2021</u>	<u>2022</u>
Direct:	40	40
Reimb:	4	4
Total:	44	44

United States Merchant Marine Academy		
	<u>2021</u>	<u>2022</u>
Direct:	288	288
Reimb:	0	0
Total:	288	288



The organizational chart reflects the realignment enacted in the FY 2021 Consolidated Appropriations Act; however, a pause in implementation of the realignment is necessary for the new DOT and MARAD leadership to review and assess the effect of the proposed realignment.

EXHIBIT II-1
FY 2022 BUDGET AUTHORITY
MARITIME ADMINISTRATION
(\$000)

		(A)	(B)	(C)	(D)	(E)	(F)
		FY 2020	FY 2020	FY 2021	FY 2021	FY 2021	FY 2022
<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>ACTUAL</u>	<u>CARES ACT</u>	<u>ENACTED</u>	<u>CRRSA</u>	<u>AMERICAN RESCUE PLAN</u>	<u>PRESIDENT'S BUDGET</u>
Operations and Training	D	<u>\$152,589</u>	<u>\$3,134</u>	<u>\$155,616</u>	<u>\$0</u>	<u>\$0</u>	<u>\$172,204</u>
A. U.S. Merchant Marine Academy		85,441	1,000	85,944	-	-	90,532
B. MARAD Operations		67,148	2,134	69,672	-	-	81,672
State Maritime Academy Operations	D	<u>\$342,280</u>	<u>\$1,000</u>	<u>\$432,700</u>	<u>\$0</u>	<u>\$0</u>	<u>\$358,300</u>
Assistance to Small Shipyards	D	<u>\$20,000</u>	<u>\$0</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,000</u>
Ship Disposal Program	D	<u>\$5,000</u>	<u>\$0</u>	<u>\$4,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,000</u>
A. Ship Disposal		2,000	-	1,200	-	-	7,000
B. NS SAVANNAH		3,000	-	3,000	-	-	3,000
Maritime Security Program	D	<u>\$300,000</u>	<u>\$0</u>	<u>\$314,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$318,000</u>
Cable Security Fleet Program	D	<u>-</u>	<u>\$0</u>	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Tanker Security Program	D	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$60,000</u>
Maritime Guaranteed Loan Prog. (Title XI)		<u>\$11,284</u>	<u>\$0</u>	<u>\$6,623</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,000</u>
A. Administrative Expenses	D	3,000	-	3,000	-	-	3,000
B. Subsidy Reestimate (LG)	M	8,284	-	-	-	-	-
C. Subsidy Reestimate (FFB)	M	-	-	3,623	-	-	-
Port Infrastructure Development Program	D	<u>\$225,000</u>	<u>\$0</u>	<u>\$230,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$230,000</u>
Gifts and Bequests	M	<u>\$1,166</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,000</u>
TOTALS							
Gross New Budget Authority		<u>\$1,057,319</u>	<u>\$4,134</u>	<u>\$1,175,139</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,173,504</u>
Rescissions		-	-	-	-	-	-
Transfers		-	-	-	-	-	-
Offsets		-	-	-	-	-	-
		<u>\$1,057,319</u>	<u>\$4,134</u>	<u>\$1,175,139</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,173,504</u>
NET NEW BUDGET AUTHORITY:		9,450	-	5,623	-	-	2,000
[Discretionary BA]		1,047,869	4,134	1,169,516	-	-	1,171,504

EXHIBIT II-2

**FY 2022 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
(\$000)**

		(A)	(B)	(C)	(D)	(E)	(F)
<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>FY 2020 ACTUAL</u>	<u>FY 2020 CARES ACT</u>	<u>FY 2021 ENACTED</u>	<u>FY 2021 CRRSA</u>	<u>FY 2021 AMERICAN RESCUE PLAN</u>	<u>FY 2022 PRESIDENT'S BUDGET</u>
Operations and Training	D	<u>\$152,589</u>	<u>\$3,134</u>	<u>\$155,616</u>	<u>\$0</u>	<u>\$0</u>	<u>\$172,204</u>
A. U.S. Merchant Marine Academy		85,441	1,000	85,944	-	-	90,532
B. MARAD Operations		67,148	2,134	69,672	-	-	81,672
State Maritime Academy Operations	D	\$342,280	\$1,000	\$432,700	\$0	\$0	\$358,300
Assistance to Small Shipyards	D	\$20,000	\$0	\$20,000	\$0	\$0	20,000
Ship Disposal Program	D	<u>\$5,000</u>	<u>\$0</u>	<u>\$4,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,000</u>
A. Ship Disposal		2,000	-	1,200	-	-	7,000
B. NS SAVANNAH		3,000	-	3,000	-	-	3,000
Maritime Security Program	D	\$300,000	\$0	\$314,000	\$0	\$0	\$318,000
Cable Security Fleet Program	D	\$0	\$0	\$10,000	\$0	\$0	\$0
Tanker Security Program	D	\$0	\$0	\$0	\$0	\$0	\$60,000
Maritime Guaranteed Loan Prog. (Title XI) Program		<u>\$3,000</u>	<u>\$0</u>	<u>\$3,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,000</u>
A. Administrative Expenses	D	3,000	-	3,000	-	-	3,000
Port Infrastructure Development Program	D	\$225,000	\$0	\$230,000	\$0	\$0	\$230,000
TOTAL BUDGETARY RESOURCES		<u>\$1,047,869</u>	<u>\$4,134</u>	<u>\$1,169,516</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,171,504</u>
[Mandatory]		-	-	-	-	-	-
[Discretionary]		1,047,869	4,134	1,169,516	-	-	1,171,504
[Obligation Limitation]		-	-	-	-	-	-

**EXHIBIT II-4
FY 2022 OUTLAYS
MARITIME ADMINISTRATION
(\$000)**

		(A)	(B)	(C)	(D)	(E)	(F)
<u>ACCOUNTS</u>		<u>FY 2020 ACTUAL</u>	<u>FY 2020 CARES ACT</u>	<u>FY 2021 ENACTED</u>	<u>FY 2021 CRRSA</u>	<u>FY 2021 AMERICAN RESCUE PLAN</u>	<u>FY 2022 PRESIDENT'S BUDGET</u>
Operations and Training	D	\$139,298	\$2,334	\$205,318	-	-	\$230,400
State Maritime Academy Operations	D	\$174,156	\$1,000	\$367,033	-	-	\$413,883
Gifts and Bequests	M	\$3,813	-	\$2,250	-	-	\$2,000
Assistance to Small Shipyards	D	\$26,009	-	\$25,437	-	-	\$26,100
Ship Disposal	D	\$27,287	-	\$30,600	-	-	\$31,100
Maritime Security Program	D	\$289,215	-	\$314,008	-	-	\$317,728
Cable Security Fleet Program	D	-	-	\$9,300	-	-	\$700
Tanker Security Program	D	-	-	-	-	-	\$55,800
Port of Guam Improvement Enterprise Fund	D	\$1,872	-	\$2,532	-	-	\$660
Ready Reserve Force	D	-\$14,852	-	\$31,492	-	-	\$28,884
Vessel Operations Revolving Fund	D	\$5,864	-	-	-	-	-
War Risk Insurance Revolving Fund	D	-\$671	-	\$113	-	-	-
Maritime Guaranteed Loan Prog. (Title XI)		\$11,284	-	\$64,920	-	-	\$3,000
Administrative Expenses	D	3,000	-	3,000	-	-	3,000
Subsidy Reestimate (LG)	M	8,284	-	58,297	-	-	-
Subsidy Reestimate (FFB)	M	-	-	3,623	-	-	-
Port Infrastructure Development Program	D	\$490	-	\$54,014	-	-	\$114,170
TOTALS		\$663,765	\$3,334	1,107,017	\$0	\$0	1,224,425
[Mandatory]		12,097	-	64,170	-	-	2,000
[Discretionary]		651,668	3,334	1,042,847	-	-	1,222,425

EXHIBIT II-5

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Baseline Changes													
Operations and Training	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	Mandatory WIGs & Other Payroll Changes	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request	
Direct FTE	453	456	-	6	-	-	-	-	-	-	462	1	463	
PERSONNEL RESOURCES (FTE)														
Direct FTE	257	267	-	6	-	-	-	-	-	-	273	1	274	
ACADEMY OPERATIONS														
Salaries and Benefits	\$41,884	\$40,991	\$95	\$921	\$231	-	\$1,236	-	-	\$0	\$43,474	\$159	\$43,633	
Instructional Programs	5,597	5,613	-	-	-	-	-	-	-	56	5,669	-	5,669	
Midshipmen Programs	15,115	17,645	-	-	-	-	-	-	-	176	17,821	2,000	19,821	
Program Direction & Administration	17,620	15,751	-	-	-	-	-	-	-	158	15,909	-	15,909	
SUBTOTAL	\$80,216	\$80,000	\$95	\$921	\$231	\$0	\$1,236	\$0	\$0	\$390	\$82,873	\$2,159	\$85,032	
CAPITPAL ASSET MANAGEMENT PROGRAM														
Facilities Maintenance and Repair, Equipment	\$5,225	\$5,944	-	-	-	-	-	-	-	-	\$5,944	-\$444	\$5,500	
SUBTOTAL	\$5,225	\$5,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,944	-\$444	\$5,500	
TOTAL	\$85,441	\$85,944	\$95	\$921	\$231		\$1,236	\$0	\$0	\$390	\$88,817	\$1,715	\$90,532	
Direct FTE	185	177	-		-				-		177	-	177	
MARAD Operations & Programs														
Salaries and Benefits	\$32,122	\$31,856	\$80	-	\$239	-	-	-	-	\$332	\$32,507	-	\$32,507	
Non-Discretionary Operations	13,615	16,517	-	-	-	-	-	57	711	772	18,057	-	18,057	
GSA Rent	[3,091]	[2,060]	-	-	-	-	-	[57]	-	-	[2,117]	-	[2,117]	
WCF	[3,881]	[4,521]	-	-	-	-	-	-	[950]	-	[5,471]	-	[5,471]	
Operations & Travel	4,147	4,849	-	-	-	-	-	-	-	48	4,897	2,522	7,419	
Information Technology	4,489	2,631	-	-	-	-	-	-	239	-	2,870	-	2,870	
Admin Subtotal	\$54,373	\$55,853	\$80	\$0	\$239	\$0	\$0	\$57	\$950	\$1,152	\$58,331	\$2,522	\$60,853	
PROGRAMS														
Maritime Environmental and Technical Assistance (META)	\$3,000	\$3,000	-	-	-	-	-	-	-	-	\$3,000	\$7,000	\$10,000	
America's Marine Highway	9,775	10,819	-	-	-	-	-	-	-	-	10,819	-	10,819	
Programs Subtotal	\$12,775	\$13,819	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,819	\$7,000	\$20,819	
SUBTOTAL	\$67,148	\$69,672	\$80	\$0	\$239	\$0	\$0	\$57	\$950	\$1,152	\$72,150	\$9,522	\$81,672	
GRAND TOTAL	\$152,589	\$155,616	\$175	\$921	\$470	\$0	\$1,236	\$57	\$950	\$1,542	\$160,967	\$11,237	\$172,204	

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

	Baseline Changes													
	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	Mandatory WIGs & Other Payroll Changes	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request	
Academy Operations														
PERSONNEL RESOURCES (FTE)														
Direct FTE	257	267	-	6	-	-	-	-	-	-	273	1	274	
ACADEMY OPERATIONS														
Salaries and Benefits	\$41,884	\$40,991	\$95	\$921	\$231	-	\$1,236	-	-	-	\$43,474	\$159	\$43,633	
Instructional Programs	5,597	5,613	-	-	-	-	-	-	-	56	5,669	-	5,669	
Midshipmen Programs	15,115	17,645	-	-	-	-	-	-	-	176	17,821	2,000	19,821	
Program Direction & Administration	17,620	15,751	-	-	-	-	-	-	-	158	15,909	-	15,909	
SUBTOTAL	\$80,216	\$80,000	\$95	\$921	\$231	\$0	\$1,236	\$0	\$0	\$390	\$82,873	\$2,159	\$85,032	
CAPITAL ASSET MANAGEMENT PROGRAM														
Facilities Maintenance and Repair, Equipment	\$5,225	\$5,944	-	-	-	-	-	-	-	-	\$5,944	-\$444	\$5,500	
SUBTOTAL	\$5,225	\$5,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,944	-\$444	\$5,500	
TOTAL	\$85,441	\$85,944	\$95	\$921	\$231	\$0	\$1,236	\$0	\$0	\$390	\$88,817	\$1,715	\$90,532	

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

MARAD Operations & Programs	Baseline Changes										FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request
	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)													
Direct FTE	185	177	-	-	-	-	-	-	-	-	177	-	177
WCF - IT Shared Services[Non-add]*													
FINANCIAL RESOURCES													
Salaries and Benefits	\$32,122	\$31,856	\$80	-	\$239	-	-	-	\$332	\$32,507	-		\$32,507
Non-Discretionary Operations	13,615	16,517	-	-	-	-	57	711	772	18,057	-		18,057
GSA Rent	[3,091]	[2,060]	-	-	-	-	[57]	-	-	[2,117]	-		[2,117]
WCF	[3,881]	[4,521]	-	-	-	-	-	[950]	-	[5,471]	-		[5,471]
Operations & Travel	4,147	4,849	-	-	-	-	-	-	48	4,897	2,522		7,419
Information Technology	4,489	2,631	-	-	-	-	-	239	-	2,870	-		2,870
Admin Subtotal	\$54,373	\$55,853	\$80	\$0	\$239	\$0	\$57	\$950	\$1,152	\$58,331	\$2,522		\$60,853
PROGRAMS													
Maritime Environmental and Technical Assistance (META)	\$3,000	\$3,000	-	-	-	-	-	-	-	\$3,000	\$7,000		\$10,000
America's Marine Highway	9,775	10,819	-	-	-	-	-	-	-	10,819	-		10,819
Programs Subtotal	\$12,775	\$13,819	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,819	\$7,000		\$20,819
TOTAL	\$67,148	\$69,672	\$80	\$0	\$239	\$0	\$57	\$950	\$1,152	\$72,150	\$9,522		\$81,672

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	FY 2020 Actual	FY 2021 Enacted	Baseline Changes				GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request
			Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)						
State Maritime Academy Operations												
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAMS												
Student Incentive Payments	\$2,400	\$2,400	-	-	-	-	-	-	-	\$2,400	-	\$2,400
Direct SMA Payments	6,000	6,000	-	-	-	-	-	-	-	6,000	-	6,000
Training Ship Fuel Assistance Payments	3,800	3,800	-	-	-	-	-	-	-	3,800	-	3,800
Training Vessel Sharing	8,080	-	-	-	-	-	-	-	-	-	-	-
School Ship M&R/Capacity Sharing	22,000	30,500	-	-	-	-	-	-	-	30,500	-	30,500
National Security Multi-Mission Vessel Program	300,000	390,000	-	-	-	-	-	-	-	390,000	-74,400	315,600
TOTAL	\$342,280	\$432,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$432,700	-\$74,400	\$358,300

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

	Baseline Changes												
Assistance to Small Shipyards	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request	
PERSONNEL RESOURCES (FTE)													
Direct FTE	1	1	-	-	-	-	-	-	-	1	-	1	
FINANCIAL RESOURCES													
Salaries and Benefits	\$225	\$229	\$1	-	\$3	-	-	-	2	\$235	-	\$235	
Travel	25	25	-	-	-	-	-	-	-	25	-	25	
Other Services	150	146	-	-	-	-	-	-	-	146	-6	140	
Admin Subtotal 1/	\$400	\$400	\$1	\$0	\$3	\$0	\$0	\$0	\$2	\$406	-\$6	\$400	
PROGRAMS													
Shipyards Grants	\$19,600	\$19,600	-	-	-	-	-	-	-	-	\$19,600	\$19,600	
Programs Subtotal	\$19,600	\$19,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,600	\$19,600	
TOTAL	\$20,000	\$20,000	\$1	\$0	\$3	\$0	\$0	\$0	\$2	\$406	\$19,594	\$20,000	

1/ Of the funds appropriated, 2 percent is available for the necessary costs of grant administration.

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

Ship Disposal Program	FY 2020 Actual	FY 2021 Enacted	Baseline Changes							FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request	
			Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES													
(FTE)													
Direct FTE	10	13	-	-	-	-	-	-	-	-	13	-	13
FINANCIAL RESOURCES													
Salaries and Benefits	\$1,500	\$623	\$2	-	\$5	-	-	-	-	1,619	\$2,248	-	\$2,248
Travel	5	5	-	-	-	-	-	-	-	-	5	-	5
Operating Expenses	18	83	-	-	-	-	-	-	-	118	201	-	201
GSA Rent	200	153	-	-	-	-	-	4	-	-	157	-	157
WCF	277	336	-	-	-	-	-	-	70	-	406	-	406
Admin Subtotal	\$2,000	\$1,200	\$2	\$0	\$5	\$0	\$4	\$70	\$1,737	\$1,737	\$3,017	\$0	\$3,017
PROGRAMS													
Ship Disposal Program	-	-	-	-	-	-	-	-	-	-	-	\$3,983	\$3,983
NS Savannah Protective Storage	3,000	3,000	-	-	-	-	-	-	-	-	3,000	-	3,000
Programs Subtotal	\$3,000	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$3,983	\$6,983
TOTAL													
	\$5,000	\$4,200	\$2	\$0	\$5	\$0	\$4	\$70	\$1,737	\$1,737	\$6,017	\$3,983	\$10,000

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

Maritime Security Program	FY 2020 Actual	FY 2021 Enacted	Baseline Changes							FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request
			Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base			
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	-	-	-	-	-	-	-	-	-	-	-
FINANCIAL RESOURCES												
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
GSA Rent	-	-	-	-	-	-	-	-	-	-	-	-
WCF	-	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS												
Maritime Security Payments	\$300,000	\$314,000	-	-	-	-	-	-	-	-	\$314,000	\$4,000
Programs Subtotal	\$300,000	\$314,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$314,000	\$4,000
TOTAL	\$300,000	\$314,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$314,000	\$4,000

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

Cable Security Fleet Program	Baseline Changes											
	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	-	-		-		-		-	-	-	-
FINANCIAL RESOURCES												
Salaries and Benefits	-	-	-		-	-	-	-	-	-	-	-
Travel	-	-	-		-	-	-	-	-		-	-
Operating Expenses	-	-	-		-	-	-	-	-		-	-
GSA Rent	-	-	-		-	-	-	-	-		-	-
WCF	-	-	-		-	-	-	-	-		-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 -	\$0	\$0	\$0
PROGRAMS												
Cable Security Fleet	-	\$10,000	-	-	-	-	-	-	- -	\$10,000	-\$10,000	-
Programs Subtotal	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	-\$10,000	\$0
TOTAL	\$0	\$10,000	\$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)**

	Baseline Changes											
	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request
Tanker Security Program												
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	-	-		-		-		-	-	-	-
FINANCIAL RESOURCES												
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
GSA Rent	-	-	-	-	-	-	-	-	-	-	-	-
WCF	-	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 -	\$0	\$0	\$0
PROGRAMS												
Tanker Security Program	-	-	-	-	-	-	-	-	- -	\$0	\$60,000	\$60,000
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$60,000
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$60,000

EXHIBIT II-5

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Baseline Changes												
Maritime Guaranteed (Title XI) Loan Program	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	11	12	-		-		-		-	12	-	12
FINANCIAL RESOURCES												
Salaries and Benefits	\$1,932	\$2,105	\$5	-	\$24	-	-	-	21	\$2,155	-	\$2,155
Travel	-	5	-	-	-	-	-	-	-	5	-	5
Operating Expenses	655	364	-	-	-	-	-	-	-	364	-131	233
GSA Rent	90	164	-	-	-	-	5	-	-	169	-	169
WCF	323	362	-	-	-	-	-	76	-	438	-	438
Admin Subtotal	\$3,000	\$3,000	\$5	\$0	\$24	\$0	\$5	\$76	\$21	\$3,131	-\$131	\$3,000
PROGRAMS												
Loan Subsidies	-	-	-	-	-	-	-	-	-	-	-	-
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$3,000	\$3,000	\$5	\$0	\$24	\$0	\$5	\$76	\$21	\$3,131	-\$131	\$3,000

EXHIBIT II-5

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

		Baseline Changes										
Port Infrastructure Development Program	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/Decrease	Inflation and other adjustments to base	FY 2022 Baseline Estimate	Program Increases/Decreases	FY 2022 President's Budget Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	3	8	-		-		-		-	8	-	8
FINANCIAL RESOURCES												
Salaries and Benefits	\$420	\$1,240	-	-	\$14	-	-	-	\$13	\$1,267	-	\$1,267
Travel	300	300	-	-	-	-	-	-	-	300	-	300
Operating Expenses	3,213	3,060	-	-	-	-	-	-	-	3,060	-27	3,033
GSA Rent	-	-	-	-	-	-	-	-	-		-	-
WCF	-	-	-	-	-	-	-	-	-		-	-
Admin Subtotal	\$3,933	\$4,600	\$0	\$0	\$14	\$0	\$0	\$0	\$13	\$4,627	-\$27	\$4,600
PROGRAMS												
PID Grants	\$221,067	\$225,400	-	-	-	-	-	-	-	\$225,400	-	\$225,400
Programs Subtotal	\$221,067	\$225,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$225,400	\$0	\$225,400
TOTAL												
	\$225,000	\$230,000	\$0	\$0	\$14	\$0	\$0	\$0	\$13	\$230,027	-\$27	\$230,000

1/ Public Law 116-260 provides that not to exceed more than 2 percent of funds appropriated is available for necessary cost of grant administration.

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

	<u>FY 2020 ACTUAL</u>	<u>FY 2021 ENACTED</u>	<u>FY 2022 PRESIDENT'S BUDGET</u>
DIRECT:			
Operations and Training	9,592	9,942	16,044
Ship Disposal	277	336	208
Maritime Guaranteed Loan Prog. (Title XI)	323	362	-
Port Infrastructure Development Prog.	18	-	-
SUBTOTAL	<u>10,210</u>	<u>10,640</u>	<u>16,252</u>
REIMBURSABLE:			
Ready Reserve Force	<u>4,616</u>	<u>4,488</u>	<u>5,033</u>
SUBTOTAL	<u>4,616</u>	<u>4,488</u>	<u>5,033</u>
TOTAL	14,826	15,128	21,285

EXHIBIT II-7

**MARITIME ADMINISTRATION
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS**

	FY 2020	FY 2021	FY 2022
<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>ACTUAL</u>	<u>ENACTED</u>	<u>PRESIDENT'S BUDGET</u>
Operations and Training	453	456	463
Ship Disposal	10	13	13
Assistance to Small Shipyards	1	1	1
Port Infrastructure Development Prog.	3	8	8
SUBTOTAL, DIRECT FUNDED	467	478 1/	485 1/
<u>ALLOCATIONS</u>			
Operation and Training	7	8	8
SUBTOTAL, ALLOCATIONS	7	8	8
<u>REIMBURSEMENTS</u>			
Ready Reserve Force	281	293	293
Operation and Training	1	1	1
SUBTOTAL, REIMBURSEMENTS	282	294	294
TOTAL FTEs	756	780	787

1/ Direct funded FTEs includes 12 FTE for the Title XI Program.

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

	FY 2020	FY 2021	FY 2022
<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>ACTUAL</u>	<u>ENACTED</u>	<u>PRESIDENT'S BUDGET</u>
Operations and Training	474	488	488
Ship Disposal	10	12	12
Assistance to Small Shipyards	1	1	1
Port Infrastructure Development Prog.	<u>3</u>	<u>8</u>	<u>8</u>
SUBTOTAL, DIRECT FUNDED	488	508 ^{1/}	508 ^{1/}
<u>ALLOCATIONS</u>			
Operation and Training	<u>7</u>	<u>8</u>	<u>8</u>
SUBTOTAL, ALLOCATIONS	7	8	8
<u>REIMBURSEMENTS</u>			
Ready Reserve Force	289	308	308
Operation and Training	<u>1</u>	<u>1</u>	<u>1</u>
SUBTOTAL, REIMBURSEMENTS	290	309	309
TOTAL POSITIONS	<u>785</u>	<u>825</u>	<u>825</u>

1/ Direct funded FTPs includes 12 FTP for the Title XI Program.

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OPERATIONS AND TRAINING

[(INCLUDING TRANSFER OF FUNDS)]

For necessary expenses of operations and training activities authorized by law, [\$155,616,000] \$172,204,000: *Provided*, That of the amounts made available under this heading—

(1) [\$80,000,000] \$85,032,000, to remain available until September 30, [2022] 2023, shall be for the operations of the United States Merchant Marine Academy;

(2) [\$5,944,000] \$5,500,000, to remain available until expended, shall be for facilities maintenance and repair, and equipment, at the United States Merchant Marine Academy;

(3) [\$3,000,000] \$10,000,000, to remain available until September 30, [2022] 2023, shall be for the Maritime Environmental and Technical Assistance program authorized under section 50307 of title 46, United States Code; and

(4) \$10,819,000, to remain available until expended, shall be for the [Short Sea Transportation Program (America’s Marine Highways)]America’s Marine Highway Program to make grants for the purposes authorized under paragraphs (1) and (3) of section 55601(b) of title 46, United States Code:

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 (*now known as the* America’s Marine [Highways] Highway Program) from prior year recoveries shall be available to carry out activities authorized under paragraphs (1) and (3) of section 55601(b) of title 46, United States Code[: *Provided further*, That any unobligated balances and obligated balances not yet expended from previous appropriations under this heading for programs and activities supporting State Maritime Academies shall be transferred to and merged with the appropriations for “Maritime Administration—State Maritime Academy Operations” and shall be made available for the same purposes as the appropriations for “Maritime Administration—State Maritime Academy Operations”].

(Department of Transportation Appropriations Act, 2021)

EXHIBIT III-1
OPERATIONS AND TRAINING
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
U.S. Merchant Marine Academy	85,441	1,000	85,944	-	-	90,532
MARAD Operations & Programs	67,148	2,134	69,672	-	-	81,672
Total	152,589	3,134	155,616	-	-	172,204
FTEs						
Direct Funded	453	-	456	-	-	463
Reimbursable, Allocated, Other	8	-	9	-	-	9

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 Maritime Environmental and Technical Assistance program and America's 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 traditional operations of the academic institution, midshipmen training at sea, and capital maintenance of the USMMA campus facilities.

Maritime Administration operations includes planning for coordination of U.S. maritime industry activities under emergency conditions; promotion of efficiency, safety, risk mitigation, environmental stewardship, and maritime industry standards; 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 & TRAINING
SUMMARY ANALYSIS OF CHANGE FROM FY 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	<u>\$155,616</u>	456
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	175	
Annualization of FTE	921	6
2022 Pay Raise	470	
Mandatory WIGs & Other Payroll Changes	1,236	
GSA Rent	57	
Working Capital Fund	950	
Inflation and other adjustments to base	<u>1,542</u>	
SUBTOTAL, ADJUSTMENTS TO BASE	\$5,351	6
<u>PROGRAM REDUCTIONS:</u>		
Facilities Maintenance and Repair	-444	-
SUBTOTAL, PROGRAM REDUCTIONS	-\$444	0
<u>PROGRAM INCREASES:</u>		
USMMA Operations	2,159	1
MARAD Operations	2,522	
Maritime Environmental Technical Assistance	7,000	
SUBTOTAL, PROGRAM INCREASES	\$11,681	1
Total FY 2022 Request	\$172,204	463

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

UNITED STATES MERCHANT MARINE ACADEMY (USMMA)

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Academy Operations	80,216	80,000	85,032
CARES Act, COVID Supplemental	1,000	0	0
Capital Asset Management Program	5,225	5,944	5,500
Total	\$86,441	\$85,944	\$90,532

For FY 2022, \$90.53 million is requested for the U.S. Merchant Marine Academy (USMMA/Academy), an increase of \$4.59 million from the FY 2021 enacted level. Funding includes \$85.03 million for Academy Operations and \$5.5 million for the Capital Asset Management Program (CAMP) to support Facilities Maintenance, Repairs and Equipment (FMRE).

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. USMMA provides instruction to individuals to prepare them for service in the merchant marine of the United States. USMMA's programs prepare men and women Midshipmen (M/N) to become shipboard officers and leaders in the maritime transportation field. Nominated by Members of Congress and competitively selected to the Academy, M/N receive a four-year, maritime-focused undergraduate degree. By statute, attendance at USMMA is without charge for tuition, room, or board¹. In exchange for a tuition-free education, Academy graduates incur an obligation to serve the Nation, including: 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 unit of the U. S. Armed Services.

The USMMA curriculum is centered on rigorous academic and practical technical training that leads to a Bachelor of Science degree, a USCG Merchant Mariner Credential with an officer endorsement (3rd Mate or 3rd Assistant Engineer), and an active duty or reserve commission as

¹ See 46 U.S.C. 51314

an officer in the U.S. Armed Forces or uniformed services (National Oceanographic and Atmospheric Administration or the Public Health Service). The educational training experience includes 300 to 330 days of hands-on “Sea Year” training requirement aboard commercial or Department of Defense/U.S. Navy vessels.

During FY 2020, the USMMA delayed the return of the Midshipmen from their Spring Break period and instituted a distance learning instruction paradigm in response to the COVID-19 pandemic. The USMMA then developed and successfully implemented its “Return of Midshipman Plan” in the following four phases:

- Phase I - The Class of 2020, 203 M/N, returned to the campus on May 30, 2020 to prepare for and take the USCG licensing exam. The class graduated on June 20, 2020, in a graduation ceremony re-designed to provide a safe, socially distanced event for the graduating Class, with live streaming of the event to friends and parents.
- Phase II - The Class of 2023B splits, 116 M/N, returned to campus on June 21, 2020, for sea year training and then departed to report aboard assigned ships.
- Phase III - The Class of 2024, 285 Plebes, returned to campus for Indoctrination on July 10-24, 2020, with 173 training cadre.
- Phase IV - The remainder of the Regiment (approximately 336 students) returned to campus on July 26, 2020, to begin the first trimester of Academic Year 2020-2021.

All Midshipmen returned to campus under COVID health safety protocols. For the first trimester of Academic Year 2020-2021, the Academy used a blend of hybrid, distance, and face-to-face learning approaches to meet its academic objectives. With the support of the FY 2020 CARES Act supplemental appropriation provided to prevent, prepare for, and respond to the coronavirus, USMMA took the following actions:

- Acquired necessary information technology licenses to deliver course content and instruction remotely and established online instruction;
- Procured necessary personal protective equipment for distribution to faculty, staff, and Midshipmen;
- Increased frequency of custodial services, including enhanced sanitization of USMMA common spaces;
- Instituted medical screening, health and safety protocols for all returning Midshipmen to ensure their safety and care, including provisions for COVID-19 screening, testing, and positive test case isolation and quarantine.
- All Midshipmen on campus are subject to random COVID-19 tests in order to detect outbreaks.

In FY 2021, the Academy is continuing to implement the Centers for Disease Control and Prevention, New York State, and National Collegiate Athletic Association (NCAA) COVID-19 protocols. Instruction is being conducted in a socially distanced manner, including through on-line/remote instruction and socially distanced classroom participation. On campus and travel quarantines have been implemented before and after Sea Year travel and as necessary to address individual COVID-19 cases among the Midshipmen. Regular, comprehensive COVID-19

testing of the Midshipmen is being conducted and, with support from the U.S. Navy, the Academy has implemented a vaccination program for Midshipmen, faculty and staff.

The FY 2022 request for the Academy will continue to support the Academy's traditional operations; maintain and address any changes in COVID-19 response requirements necessary to keep the Midshipmen, faculty, and staff safe; and provide for the required Sea Year training period of 300-330 days that each midshipman must complete to obtain their USCG credential. Funding also supports the unique requirements of USMMA's Merchant Mariner Credentialing and military Commissioning programs.

Funding requirements by program activity are described below:

ACADEMY OPERATIONS

For FY 2022, MARAD requests \$85.03 million for Academy Operations, to support \$43.63 million for salaries and benefits and \$41.4 million for non-pay operations, including \$2.64 million in baseline adjustments to support a base staffing level of 273 full-time equivalent (FTE) employees and \$2.39 million in program changes, including three new positions to support the hiring of two part-time athletic coaches and a full-time Property Management Specialist.

The Academy is a 24/7, labor-intensive operation with salaries and benefits constituting more than 50 percent of the Operations budget. Without the requested baseline adjustments in funding, the Academy cannot absorb mandatory labor cost increases without eroding the base for non-pay related services, such as food service costs, instructional materials, textbooks, travel to and from Sea Year training assignments, athletic programs, library operations, and Midshipman health and welfare services.

Salaries and Benefits (\$43.63 million): MARAD requests \$43.63 million to fund the Academy's base level of 273 full time equivalent (FTE) salaries and benefits, which supports the following three new positions at the Academy in FY 2022 equating to an additional FTE:

- **Part-time Head Tennis Coach** – This function was previously provided by the Athletic Director who resigned in FY 2019 and has since been performed by a volunteer from the Athletics' staff as a collateral duty who does not have the requisite tennis coaching experience required if the team is to remain competitive in the NCAA.
- **Part-time Assistant Swimming and Diving Coach** – Swimming and diving is one of the Academy's premier athletic programs. To date, the swimming coach has serviced both the men and women's swim teams, which currently has a combined roster of 50 swimmers. With the incoming Class of 2025, the coach will have the largest women's roster in 20 years. To remain competitive and develop the women's program, the Academy requires a dedicated coach for the women's swim team.
- **Full-time Property Management Specialist** – The Academy does not have a dedicated position to administer the Academy's property management program in conformance with DOT's property management regulations. To date, this function has been administered on an ad hoc basis by various Academy staff without the requisite training. Given the significant

number and dollar value of assets at the Academy, a dedicated position with the requisite training and experience is required to ensure proper accountability for Academy assets.

Non-pay Operations (\$41.4 million): MARAD requests \$41.4 million for baseline non-pay operations, which includes \$390 thousand in inflationary adjustments and \$2 million in program changes.

The Academy's non-pay operations are comprised of the following three programs:

- Instructional Program operated by the Academic Dean and Provost.
- Midshipman Program operated by the Commandant of Midshipmen.
- Program Direction and Administration which includes the Office of the Superintendent, the Sexual Assault Prevention and Response Office, Office of Admissions, and various administrative and Academy-wide support functions.

Instructional Program

The request for the Instructional Program is \$5.67 million, an increase of \$56 thousand from the FY 2021 enacted to provide for inflationary increases in contracts, supplies, and services.

This baseline level of funding provides for the operations of the Office of the Academic Dean and the cost to hire adjunct instructors for the academic departments of Marine Transportation, Marine Engineering, Mathematics and Science, Humanities, and Physical Education and Athletics; renewal of computer hardware and software licenses to operate and maintain the Academy's bridge and engine training simulators, purchase of textbooks and instructional materials, and upgrades of classroom technology to enhance Midshipman learning experiences; purchase of chemistry and physics laboratory equipment; the costs to send Midshipmen to and from their Sea Year training assignments; and the costs of required merchant mariner credentials. The Instructional Program also funds the Academy's library, equipment, and travel for the athletic teams, and the costs of firefighting training and USCG-issued merchant mariner credentials required for the Midshipmen to participate in Sea Year training and meet graduation requirements.

Midshipman Program

The request for the Midshipman Program is \$19.82 million, an increase of \$2.18 million from the FY 2021 enacted. Of the increase:

- \$176 thousand is for inflationary increases in contracts, supplies, and services; and,
- \$2 million is to support a mandatory dry dock, inspection and maintenance period for the Academy's primary training vessel, *T/V Kings Pointer*, and additional health services, including continued testing of the Midshipmen for COVID-19 infections, enhanced janitorial cleaning of facilities, and other COVID-19 response measures to ensure the health and safety of the Midshipmen.

The baseline level of funding is necessary to feed, house, and supply uniforms to Midshipmen, and support Midshipmen health, welfare, and religious services programs, as well as to fund the instructional, athletic, and recreational programs managed by the Waterfront Activities

Department including the operation and maintenance of USMMA's training vessels: *T/V Kings Pointer*, *T/V Liberator*, and *T/V Elizabeth Ann*. The program is also responsible for providing janitorial services to the barracks and to academic and administrative buildings. Additional funding above the baseline is required for a USCG-mandated periodic dry dock and inspection of the *T/V Kings Pointer*, and to support continued COVID-19 response measures previously provided by the FY 2020 CARES Act supplemental.

Program Direction and Administration

The request for Program Direction and Administration is \$15.91 million, an increase of \$158 thousand from the FY 2021 enacted to provide for inflationary increases in contracts, supplies, and services.

This baseline level of funding supports the Office of the Superintendent which houses the Sexual Assault Prevention and Response Office (SAPRO), the Offices of Admissions, Security, Safety and Environmental Protection, and External Affairs, as well as the Academy's administrative functions of budget and finance, human resources, procurement, and campus wide information technology services. Funding is also used to support cooperative agreements with sponsored preparatory schools for applicants who MARAD believes will add special value to the Academy, and for certain administrative costs associated with the operations of the American Merchant Marine Museum.

CAPITAL ASSET MANAGEMENT PROGRAM (CAMP)

MARAD requests \$5.5 million for the Academy's CAMP, a decrease of \$444 thousand from the FY 2021 enacted. The CAMP is comprised of two components:

- Capital Improvement Projects (CIP) that accomplish major facility and infrastructure improvements; and,
- Facilities Maintenance, Repairs and Equipment (FMRE) that provides for routine maintenance and repair and rehabilitation of USMMA's facilities, grounds, and equipment as required, including unplanned emergency repairs.

Capital Improvement Projects (\$0 million): No additional CIP funds are requested in FY 2022 and the focus will continue to be on executing previously funded CIP projects.

Facilities Maintenance, Repairs and Equipment (FMRE) (\$5.5 million): MARAD requests \$5.5 million for FMRE. This baseline level of funding is essential to ensure a dedicated funding source is provided for recurring maintenance and repairs activities and to address major physical plant emergencies. Funding will also support high priority mission-related physical plant projects that emerge during the fiscal year due to routine facility damage and depreciation. These funds are also used for minor renovation projects to keep classrooms, faculty and staff offices, and multi-purpose and specialty areas (e.g., dining areas, IT closets, athletic areas, etc.) functional and up-to-date to accommodate such things as new technology as it is introduced, and changes in staffing and Midshipmen populations.

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

The FY 2022 budget request enables the USMMA to continue to provide our Nation with the next generation of highly skilled maritime leaders and military officers of exemplary character who have the technical knowledge and leadership experience needed 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.

The USMMA program supports the Department's priorities for 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. About 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. As a Federal institution of higher education, the Academy also provides an opportunity for qualified young men and women from diverse backgrounds who are committed to serving the Nation to receive a first-class education regardless of their economic circumstances.

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

MARAD OPERATIONS AND PROGRAMS

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Headquarters Operations	54,373	55,853	60,853
CARES ACT, COVID Supplemental	2,134	0	0
Maritime Program Initiatives:	12,775	13,819	20,819
<i>Maritime Environmental and Technical Assistance</i>	3,000	3,000	10,000
<i>America's Marine Highway</i>	9,775	10,819	10,819
Total	\$69,282	\$69,672	\$81,672

For FY 2022, a total of \$81.67 million is requested for MARAD Operations and Programs, an increase of \$12 million from the FY 2021 enacted level. The request includes \$60.9 million for Headquarters Operations, and \$20.8 million for two Maritime program initiatives: \$10 million for the Maritime Environmental and Technical Assistance (META) program, and \$10.8 million for the America's Marine Highway program.

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

HEADQUARTERS OPERATIONS

For FY 2022, MARAD's request of \$60.85 million, an increase of \$5 million from the FY 2021 enacted, for Headquarters Operations will provide resources for agency infrastructure and professional staff working on MARAD operating missions, program initiatives, and program support. The request provides \$32.51 million for salaries and benefits for 177 full-time equivalent staff, including adjustments to base to support awards, pay raises and annualization (+319 thousand), and FERS increases (+332 thousand) in FY 2022. The request also provides \$28.35 million for non-pay operations including adjustments to base for financial operations and systems costs (+\$607 thousand), GSA rent (+\$57 thousand), the Working Capital Fund (WCF) (+\$711 thousand), travel, and IT requirements (+\$239 thousand). Finally, an additional \$5 million increase in funding is requested to support the continued COVID-19 pandemic response and mitigation efforts on MARAD-owned National Defense Reserve Fleet (NDRF) vessels and Ready Reserve Force (RRF) fleet sites. This funding will be used for the following purposes:

- NDRF Sites Preparedness and Continuity: Enhanced custodial services, replenishment of Personal Protective Equipment (PPE), and disinfection.

- RRF Fleet Preparedness and Continuity: Safety, medical surveillance, industrial hygienist, or medical provider testing/assistance. Custodial services. Active measures - PPE, cleaning gear, signs, disinfection foggers; post-activation cleaning.
- COVID-19 Response: Costs related to work stoppages/force majeure clauses of shipyard contracts, or other maintenance and repair subcontracts that result in delays, demobilization and remobilization costs, per diem, or obligatory costs related to periods of performance, schedule, or cancellation.

MARAD's operational mission is comprised of the offices identified below. While the organizational elements and responsibilities of these offices reflects a realignment approved in the explanatory statement accompanying the Consolidated Appropriations Act, 2021 (Public Law 116-260), the realignment of the two new MARAD offices has been paused due to changes in DOT and MARAD leadership since the enactment of the Act. This pause is necessary to enable the new Departmental Executive leadership to review the realignment of MARAD offices to ensure it reflects the new Administration's priorities and vision.

- The Office for Strategic Sealift is the largest Headquarters office and administers programs that help to ensure the availability of appropriately credentialed U.S. merchant mariners, and of sufficient sealift capability to support the economic and security needs of the Nation. This is achieved through several mutually supporting programs designed to provide, reinforce, and maintain essential elements necessary for a viable, healthy U.S. Merchant Marine.
- The office oversees programs that promote the economic competitiveness, efficiency, and productivity of the U.S. maritime transportation system, including administering the cargo preference program, monitoring compliance with the domestic coastwise trade (Jones Act), and small vessel waivers. The office is also responsible for supporting the training and education of mariners, including the provisioning and maintenance/repair of training ships used by the State Maritime Academies (SMAs). The office oversees national security and strategic mobility-related programs that ensure availability of commercial and government-owned cargo ships to provide surge sealift in times of national emergency to meet DOT requirements set forth in the National Response Framework, Emergency Support Functions. The Maritime Security Program and the newly requested Tanker Security Program ensure the availability of a commercial fleet of ships in support of Department of Defense (DoD) strategic sealift requirements. This office is also responsible for disposing of the obsolete ships in the federal fleet as they become surplus to the needs of the Government. Additional responsibilities include emergency preparedness planning and emergency operations in other maritime civil transportation areas. Finally, the office participates in developing maritime safety standards, promoting safety awareness, and coordinating threats and risks across the globe that impact government and commercial-owned ships.
- The Office for Ports & Waterways provides agency support for national port and intermodal infrastructure modernization projects and programs, deep-water port licensing

and offshore programs, and the port conveyance program, and administers the Port Infrastructure Development Program and America's Marine Highway discretionary grant portfolio. This office is also responsible for the administration of maritime-related grants and other financial assistance projects assigned to MARAD by DOT under the Infrastructure for Rebuilding America (INFRA) program and the Better Utilizing Investments to Leverage Development (BUILD) program. The office also oversees activities at MARAD's Gateway Offices located at regionally significant ports throughout the U.S. to support outreach to a wide and diverse range of stakeholders within the marine transportation system.

- The Office for Policy and Strategic Engagement, one of two new offices approved in FY 2021, is intended to support effective development of policy and plans, maritime education and training, international activities, and historic preservation. This office oversees and supports stakeholder engagement through the Maritime Transportation System National Advisory Committee (MTSNAC), which is MARAD's Federal Advisory Committee. The office helps to increase decision-making transparency, and communicates MARAD's full range of activities to stakeholders and the public at large. The office also oversees maritime labor and workforce training programs, including administering and promoting the Student Incentive Program (SIP) that provides tuition assistance at the SMAs, and ensuring mariners who receive Federal assistance or graduate from the United States Merchant Marine Academy (USMMA) comply with their service obligations. The office also administers the Centers of Excellence program for domestic maritime workforce training and education.
- The Office for Maritime Industry Support, the second new office approved in FY 2021, focuses on safety, efficiency, risk mitigation, environmental stewardship, and the financial sustainability of key components of the maritime transportation industry, such as shipbuilding and repair, vessel and port operations, and integration with the surface transportation system. This office also provides specialized engineering, marine architecture, environmental compliance, and financial analysis support to all Agency programs (including USMMA) and to other Federal agencies such as DoD, the National Oceanic and Atmospheric Administration, and the U.S. Coast Guard. It fosters innovation, development, demonstration and adoption of new technologies, practices, and voluntary industry standards for the maritime sector, and provides oversight of the Maritime Environmental Technical Assistance (META) program's interagency and cooperative agreements. In addition, the office will provide oversight for MARAD's Assistance to Small Shipyard grants, the Title XI Program, the capital construction and the reserve fund, marine insurance and marine war risk insurance activities, and programs related to U.S. shipbuilders, ship repairers and suppliers.

MARAD Headquarters Operations also encompasses MARAD's leadership and mission and program support functions and initiatives including: Human Resources; Financial Management and Budget; Information Technology; Legal Counsel; Office of Acquisitions, Office of Civil Rights, as well as other Headquarters support organizations. These organizations perform implementation, service, oversight, compliance, and accountability functions for all of MARAD's operations. These operations and programs also contribute to Departmental priorities, and help advance implementation of the Administration's Executive Orders, including

those on Race and Equity, Environmental Justice, Climate, Economic Growth, and Pandemic Response.

MARITIME PROGRAM INITIATIVES

Maritime Environmental and Technical Assistance (META) (\$10 million):

MARAD requests \$10 million for the META program, an increase of \$7 million from the FY 2021 enacted level. This funding will support the advancement of alternative energies and technologies, while also supporting American job growth in clean energy and maritime transportation fields. META seeks to augment and preserve the American maritime industry's competitive edge by making marine transportation more technologically advanced, energy efficient, safe, affordable, and sustainable. The META program has existed for more than 10 years and fills a unique niche, bringing together numerous government agencies, industry stakeholders, and academia to focus attention and resources on addressing maritime transportation environmental issues such as air emissions reductions, maritime decarbonization, and reductions in the spread of harmful aquatic invasive species. It is the only program in the Federal government with this specific focus and it has proven to be successful in building collaborative efforts.

META's value is also multifaceted. It provides industry with information on "what works" to enable vessels and ports to meet more environmentally conscious regulations while also providing Federal and state agencies with data to inform effective policymaking. The broad focus of META topics and projects complements many of the Administration's priorities, including addressing climate change and promoting resiliency, improving mariner and vessel safety and efficiency, improving the maritime industry's competitive and economic strength, addressing environmental justice impacts to underserved communities (often communities of color) near ports, and providing the data necessary to identify long-term transformational solutions to the most pressing maritime environmental issues.

There are significant costs and uncertainties associated with research, development, and adoption of new technologies in the maritime industry, including fuels intended to reduce emissions and shrink the carbon footprint of maritime operations. Unlike motor vehicles, vessels are not mass-produced. Vessel sizes and operating profiles vary widely among passenger ferries, tug and tow boats, offshore support vessels, bulk carriers, container ships, etc. Many vessels operate under harsh environments and weather conditions that make safety and reliability especially important, and they may remain in service for 30 or more years. These and other variables dictate that technologies be rigorously tested, and properly scaled and adapted for safe use on different vessel types.

The significant increase in funding will speed progress toward regulatory targets and goals such as achieving zero emissions and decarbonization in the maritime industry. This funding increase will also support efforts to identify and exploit opportunities to develop regional or topic-specific consortia capable of leveraging co-investment from other agencies and stakeholders toward achieving shared goals.

Funding requested in FY 2022 will support the following:

- **Maritime Decarbonization, Alternative Energy Technology, and Energy Efficiency.** The request estimates \$8 million, an increase of \$6 million from the FY 2021 enacted, to support demonstration projects and testing to analyze marine use of domestically produced alternative fuels and energy conservation technologies/methods with a goal of advancing zero-emission operations and decarbonization in the maritime sector.

Funding in FY 2022 will enable MARAD to pursue innovation and evaluation of cost effective and environmentally sound alternative and renewable energy and to advance energy efficiency improvements for the maritime industry. MARAD will seek to emphasize work with hydrogen fuel cells and high-powered batteries, further explore the use of alternative fuels for maritime applications, and explore sustainable micro grid applications at ports. Use of these alternatives in the maritime market expands the market demand for these fuels and technologies and may provide economical alternatives to industry for achieving compliance with environmental standards. META projects that support the advancement and development of alternative energies for maritime applications also help to support American job growth in clean energy and maritime transportation fields. These projects will support domestic technology development and associated American manufacturing jobs. MARAD will also look at additional opportunities to adapt and scale technologies from other transportation modes and landside industries.

- **Autonomous Systems and Operations.** The request estimates \$500 thousand in new META funding for FY 2022 to support the development of requirements, codes and standards, and technologies for applications powered by automation that increase safety, lower emissions, and reduce environmental impacts of vessel and port operations. In recent years, technology supporting autonomous systems and operations have advanced in the maritime field. Many of these advances show potential to improve safety and energy efficiency and mitigate other environmental impacts associated with ship and port operations. Automated mooring/docking systems, real time weather, and automated routing systems are all examples of new technologies currently being explored. FY 2022 META funds would be used to assist in identifying and securing opportunities to work collaboratively to demonstrate and test such systems with industry to increase mariner safety.
- **Aquatic Invasive Species Mitigation:** The request estimates \$1.5 million, an increase of \$500 thousand from the FY 2021 enacted, to support advancement of ballast water treatment technology, and compliance monitoring tools and methods for managing/mitigating hull fouling. Since its inception, the control of aquatic invasive species (AIS) has been a principal META focus area. AIS, especially in fresh water, can cause significant infrastructure damage and can degrade the value of waterbodies and ecosystems for various beneficial uses. In FY 2022, META will continue to build upon and implement a key MARAD initiative by measuring the effectiveness of multiple commercial Ballast Water Management Systems (BWMS). Such systems are critical to preventing the spread of non-native aquatic species in rivers, lakes, and coastal waters. Funding will be used to maintain the two MARAD-supported BWMS facilities necessary

for U.S. Coast Guard certification and International Maritime Organization compliance testing and associated scientific teams involved with the testing. Funding will also support ongoing innovation and demonstration of technologies and methods to monitor installed ballast water treatment systems' operational effectiveness, and to examine technology that could be used to remove and capture fouling on underwater hulls as well as pollutants associated with anti-fouling coatings.

America's Marine Highway (\$10.8 million)

The mission of the America's Marine Highway (AMH) program is to support the development and expansion of services that move containerized and unitized freight along our waterways and coastlines and to facilitate their integration into the U.S. surface transportation system. Our waterways are being utilized to move unitized agricultural exporters, U.S. steel and pipes, heavyweight freight, construction materials, and containerized freight, among other products. This program 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.

MARAD's FY 2022 request includes \$10.8 million for AMH, consistent with the FY 2021 enacted level, to provide grants to support the increased use, development, and expansion of America's navigable waterways and landside infrastructure to enable the movement of freight by water. The grants are designed to reduce the upfront private sector capital risk associated with the creation of new transportation services, kick start private sector involvement, and develop/modernize inland and coastal terminals (especially in rural areas) to provide new domestic transportation options, alleviate congestion, and reduce maintenance costs on our Nation's highways.

Funding will be used to build new services and expand existing services by supporting planning and the purchase of infrastructure and equipment necessary to support the movement of freight along designated AMH routes. This will increase the number of waterborne transportation services that move containerized and unitized freight and provide a means to monetize the public benefits unique to waterborne services. All grants would leverage private investment by prioritizing projects that have significant non-federal matches.

- *Planning Grants* – Planning grants enable Marine Highway Route sponsors (coalitions of supporters formed to exploit waterborne opportunities, where feasible) to develop plans that will expand the capacity and number of marine highway services, and will support regional multimodal corridor planning. Plans completed using grant funds will be useful in initiating services that can become fully sustainable operations.
- *Infrastructure and Equipment Capital Grants* – Capital grants address gaps in the intermodal system needed to transfer goods between water and landside modes along designated marine highway routes for the benefit of specific designated marine highway projects. The purpose of these grants is to invest in the infrastructure that will enable these services to operate efficiently and decrease the upfront costs associated with new

ventures. These grants would seek to advance projects that will reduce emissions by funding zero and near-zero emission equipment for use in marine highway services.

The AMH program is the only federal office that assists state and local government agencies and the private sector in developing new coastwise and inland marine transportation services. To be eligible to apply, marine highway services must have been vetted by MARAD and the Department, and designated by the Secretary. With enacted funds from FY 2016 through FY 2021, the AMH program has supported a dramatic increase in the development of new marine highway services, including in the New York and New Jersey area, rural areas along the inland waterways, the Great Lakes, and the Pacific Northwest. In accordance with the Administration's efforts to promote racial equity and climate change mitigation, the AMH program will seek to reduce emissions in ports and along the waterways and focus on projects located in underserved or disadvantaged communities.

Funding for the AMH program grants aligns with the Justice40 Initiative, mitigating and minimizing the environmental impacts of our ports and along the waterways to reduce negative impacts on neighboring communities and port workers. In the coming months, the Department will be working to ensure that subsequent programs, targets, and metrics fulfill the ambition of the Justice40 Initiative to deliver meaningful and measurable benefits to disadvantaged and underserved communities.

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

MARAD Operations and Programs funds the agency mission and administrative infrastructure, including operating expenses and professional staff working on MARAD operating mission and support programs, and the META and AMH 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 as well as staff who provide technical guidance and assistance to the USMMA.

Maritime Environmental and Technical Assistance (META)

MARAD's META program enables maritime transportation operators to assess and adopt advanced technologies and processes to improve energy efficiency and reduce emissions—thus helping to maintain the maritime sector's cost and environmental advantages over other transportation systems per ton/mile of freight moved. Lower transportation costs benefit American consumers, while lower pollution levels (especially in densely populated port areas) provide health and quality of life benefits for Americans.

The META program looks for program efficiencies, and has leveraged MARAD-owned school ships and Ready Reserve Force vessels to serve as platforms and laboratories for testing and validating new maritime technologies. This is vital, as there are limited opportunities to accomplish those activities on active commercial vessels given the risks and costs of taking

vessels out of service. Through a relatively small investment in the META program, the nation benefits from a robust effort that leverages public and private expertise and resources for the benefit of American industry, consumers, and taxpayers.

America's Marine Highway

Shippers and manufacturers in our Nation are constantly looking for lower cost alternatives to move their goods to market. The Marine Highway System includes more than 27,000 miles of waterways and coastlines, encompasses 38 states, and reaches the majority of 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. Therefore, taking advantage of our Nation's waterways and coastlines to move domestic freight not only provides new, safe transportation options, but also reduces highway maintenance costs, congestion, and air emissions and supports environmental justice in underserved, disadvantaged, and rural areas.

The AMH program provides our agricultural, steel, construction, and finished goods sectors and maritime transportation providers with an opportunity to expand 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 they are currently underutilized within the U.S. surface transportation system. One reason for this underutilization is that many of the benefits generated by Marine Highway services cannot be captured by individuals. By acting to increase the use of the United States' underutilized marine transportation assets, the AMH program helps to generate the following public benefits and opportunities that are not normally considered by shippers:

- Creating and sustaining jobs in U.S. vessels and in U.S. 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;
- Reducing air emissions;
- Increasing public safety and security by providing alternatives for the movement of hazardous materials outside heavily populated areas;
- Providing an opportunity to move more freight by water as an alternative to building more roads and bridges; and
- Increasing national security by adding to the nation's strategic sealift resources.

The U.S. Coast Guard and Maritime Transportation Act of 2012 expanded the program's purpose and scope by adding the goal of increasing the utilization of AMH to the existing purpose of reducing landside congestion. Regions and U.S. ports formerly excluded from the Program (including Hawaii, Puerto Rico, and Guam) are now eligible to seek assistance under the AMH program to develop new services and expand existing freight capacity and efficiency.

STATE MARITIME ACADEMY OPERATIONS

For necessary expenses of operations, support, and training activities for State Maritime Academies, [~~\$432,700,000~~]\$358,300,000: Provided, That of the sums appropriated under this heading—

(1) \$30,500,000, to remain available until expended, shall be for maintenance, repair, life extension, insurance, and capacity improvement of National Defense Reserve Fleet training ships,[and] for support of training ship operations at the State Maritime Academies, [of which \$8,500,000, to remain available until expended, shall be for expenses related to training mariners;] and for costs associated with training vessel sharing pursuant to 46 U.S.C. 51504(g)(3) for costs associated with mobilizing, operating and demobilizing the vessel, including travel costs for students, faculty and crew, the costs of the general agent, crew costs, fuel, insurance, operational fees, and vessel hire costs, as determined by the Secretary;

(2) [~~\$390,000,000~~] \$315,600,000, to remain available until expended, shall be for the National Security Multi-Mission Vessel Program, including funds for construction, planning, administration, and design of school ships;

(3) \$2,400,000 to remain available through September 30, [~~2022~~]2026, shall be for the Student Incentive Program;

(4) \$3,800,000 shall remain available until expended, shall be for training ship fuel assistance; and

(5) \$6,000,000, to remain available until September 30, [~~2022~~]2023, shall be for direct payments for State Maritime Academies.

(Department of Transportation Appropriations Act, 2021.)

EXHIBIT III-1
STATE MARITIME ACADEMY OPERATIONS
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
State Maritime Academy Operations	342,280	1,000	432,700	-	-	358,300
Total	342,280	1,000	432,700	-	-	358,300
FTEs						
Direct Funded	-	-	-	-	-	-
Reimbursable, Allocated, Other	-	-	-	-	-	-

STATE MARITIME ACADEMY OPERATIONS

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 financial assistance, direct assistance to each of the six SMAs, ; and construction of new training vessels under the National Security Multi-mission Vessel Program.

EXHIBIT III -1a

**STATE MARITIME ACADEMY OPERATIONS
SUMMARY ANALYSIS OF CHANGE FROM FY 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	<u>\$432,700</u>	<u>0</u>
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2022 Pay Raise	-	
GSA Rent	-	
Working Capital Fund	-	
Inflation	-	
Inflation and other adjustments to base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$0</u>	<u>0</u>
<u>PROGRAM REDUCTIONS:</u>		
National Security Multi-Mission Vessel Program	-74,400	-
SUBTOTAL, PROGRAM REDUCTIONS	<u>-\$74,400</u>	<u>0</u>
<u>PROGRAM INCREASES:</u>		
	-	-
SUBTOTAL, PROGRAM INCREASES	<u>\$0</u>	<u>0</u>
Total FY 2022 Request	<u>\$358,300</u>	<u>0</u>

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

STATE MARITIME ACADEMY OPERATIONS

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Student Incentive Program	2,400	2,400	2,400
Direct SMA Support	7,000 ^{1/}	6,000	6,000
Fuel Assistance Payments	3,800	3,800	3,800
Training Vessel Sharing	8,080	0	0
School Ship M&R	22,000	30,500 ^{2/}	30,500 ^{2/}
NSMV Program	300,000	390,000	315,600
Total	\$343,280	\$423,700	\$358,300

^{1/} Includes \$1 million provided in the CARES Act FY 2021 for additional direct support divided equally among the six SMAs to fund efforts to prevent, prepare for, and respond to the coronavirus.

^{2/} Funding for the Training Vessel Sharing is funded within School Ship M&R in FY 2021 and FY 2022.

For FY 2022, \$358.3 million is requested to support the six State Maritime Academies (SMAs), a decrease of \$74.4 million from the FY 2021 enacted level. Funding includes \$315.6 million for the National Security Multi-Mission Vessel (NSMV) Program for the construction of the fifth and final training ship, which will be used by the California Maritime Academy (CMA). This funding is critical to enable MARAD to exercise the final option on the vessel construction manager contract and sustain the cost savings and production efficiencies associated with series construction of the NSMV school ships. The lead NSMV ship is scheduled for delivery in April 2023.

The FY 2022 request also includes \$2.4 million for the Student Incentive Program (SIP), along with a request to change the period of availability of SIP payments from two years to five years, which would allow for obligations through September 30, 2026. This request also includes \$6 million for Direct Payments to be divided equally among each of the six SMAs, as well as \$3.8 million for Fuel Assistance Payments. A total of \$30.5 million is also requested for maintenance and repair of all current MARAD-owned training school ships. This funding will support increased operating costs associated with the older training vessels, school ship capacity sharing expenses, and marine insurance for training vessel operations. These expenses will be necessary until all five training school ships have been replaced.

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

This program provides Federal funding to the SMAs to assist them in educating and training future merchant mariners. The six SMAs provide students from across a diverse socio-economic spectrum an affordable, high-quality education from an accredited institution as well as the

training that will enable them to become United States Coast Guard (USCG) credentialed officers in the U.S. Merchant Marine. The six SMAs are:

- California 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;
- The State University of New York (SUNY) Maritime College in the Bronx, New York; and
- Texas A&M Maritime Academy in Galveston, Texas.

The SMAs graduated 757 unlimited license merchant mariners in FY 2020 despite the tremendous challenges created by the COVID-19 pandemic. While five of the six SMAs are associated with their state-governed university systems, they are all regional academies providing maritime learning opportunities to broader regional areas and partner states.

The FY 2022 funding level is necessary to support mariner training and sea time requirements mandated by the USCG and International Maritime Organization (IMO) Standards for Training Certification and Watchkeeping

¹ (STCW). It helps ensure that a sufficient number of highly trained U.S. Merchant Marine officers are available to meet the Nation's safety, economic, and national security needs. In addition, the request includes funding for school ship capacity sharing, marine insurance, compliance and reliability modernization, as well as school ship maintenance and repair. This will enable MARAD to maintain the current cadre of training ships even as they near the ends of their service lives and provide viable options and alternatives to maximize at-sea training capacity while also complying with USCG and American Bureau of Shipping (ABS) requirements. Training ships provide the at-sea training that SMA Cadets and midshipmen need to qualify for unlimited merchant mariner credentials from the USCG. MARAD training ships are the primary platforms on which more than two-thirds of U.S. mariners with unlimited credentials are trained each year.

NATIONAL SECURITY MULTI-MISSION VESSEL (NSMV) PROGRAM

The FY 2022 request for SMA Operations includes \$315.6 million for the NSMV Program. This funding would constitute a transformational investment by supporting construction of the fifth and final training ship to replace the TS GOLDEN BEAR used by the California Maritime Academy (CMA). These funds are critical to exercise the final negotiated option on the NSMV vessel acquisition manager contract and sustain the cost savings and production efficiencies associated with series construction for the replacement of the training ships under the NSMV single platform design. This funding will construct a fifth modern training ship capable of providing required at-sea training capacity for the next generation of merchant mariners in the quickest and most cost-effective manner and in compliance with all safety and regulatory

¹ The IMO amended the STCW Convention and STCW Code on June 25, 2010. These amendments entered into force for ratifying countries on January 1, 2012. The USCG published a final rule on December 24, 2013, that implements STCW, including the 2010 amendments. The rule requiring full compliance with the requirements went into effect on January 1, 2017.

requirements. In addition, the NSMV planned for CMA will provide tri-coastal availability of the NSMV's unique multi-mission capability to meet National emergency response requirements.

MARAD developed and implemented a groundbreaking acquisition strategy and contracted with a Vessel Construction Manager (VCM) to build the ships. The VCM contracted with Philly Shipyard, Inc. in April 2020. The steel for the lead ship was cut in December 2020. The first ship is scheduled to be delivered in April 2023—36 months after the VCM awarded the contract to the shipyard—and subsequent ships are scheduled to be delivered in approximately 9-month intervals. Series construction remains a key factor in the recapitalization plan and the Department's ability to safely and effectively accomplish multiple mission requirements.

STUDENT INCENTIVE PROGRAM (SIP)

Our Nation must expand maritime education and training programs to ensure we have a trained and qualified American maritime workforce. Our maritime training programs must also expand equity, diversity, and inclusion within the workforce, foster innovation, ensure increased industry safety, and reduce environmental impacts. Supporting State Maritime Academies through the SIP also helps ensure we have the maritime workforce we need to meet our economic security and national defense challenges.

In FY 2022, MARAD's request of \$2.4 million for the SIP will help provide financial assistance for students enrolled at the SMAs as well as funding for program recruitment, promotion, and maintenance. The SIP promotes a robust pool of USCG credentialed officers in the U.S. Merchant Marine that is readily available to crew surge sealift vessels,² should normal crewing processes fall short.³ SIP funding is provided to students accepted in the program, and is used to offset costs for uniforms, books, tuition, and room and board in return for a service obligation. Approximately ten percent of the budget will be used to support SIP administrative and promotional activities that include career services support provided by a MARAD contractor, SIP outreach planning efforts by SMAs, and implementation of an electronic enrollment application.

The SIP program helps meet the personnel requirements of the U.S. Navy Reserve's Strategic Sealift Officer Program (SSOP) and the U.S. Army and U.S. National Guard, when combined with the anticipated number of U. S. Merchant Marine Academy (USMMA) graduates. The Department of the Navy SSOP established an annual requirement for 220 reserve officers to enter the program upon graduation from SMAs and USMMA. Based on the current number of graduates entering SSOP from USMMA, approximately 70 SMA graduates are required annually to meet the total SSOP accession requirement.

SIP students in good standing receive a stipend each semester up to a maximum of \$32 thousand over four years in return for post-graduation service obligations. SIP graduates serve in a reserve

² Surge sealift is the initial movement of troops, equipment, and supplies to a designated location to satisfy time-critical war fighting requirements. Surge sealift is also provided by government-owned vessels to support routine operations when commercial assets are not available or suitable.

³ The normal process for crewing a vessel involves calling for specific billets on a particular ship at a union hall when a civilian crewmember is due to rotate off the ship and a relief is needed.

component of the U.S. Armed Forces for eight years, or serve on active duty in the U.S. Armed Forces or uniformed services (National Oceanographic and Atmospheric Administration (NOAA) or the Public Health Service (PHS)) for five consecutive years following graduation. Students participating in the program must graduate, obtain a USCG credential with an officer endorsement, maintain the required medical and physical requirements, and fulfill the following service obligation requirements:

1. Report annually to MARAD on the fulfillment of their service obligation, until the obligation is completed.
2. Maintain maritime employment for three years, and give priority to sailing with their Merchant Mariner Credentials on U.S.-flag vessels.
3. Maintain a valid USCG Merchant Mariner Credential with an officer endorsement for at least six years.
4. Serve as a commissioned officer in a reserve component of the U.S. Armed Forces for at least eight years.

Graduates may also fulfill requirements two and four above by serving active duty as a commissioned officer in the U.S. Armed Services or as a NOAA or PHS officer for a five-year period after graduation. Additionally, the U.S. Army and National Guard have identified positions in the Army Reserve and the National Guard in which SIP graduates can utilize their maritime skills and education to meet their obligations.

In addition, MARAD proposes that the SIP funds be available for five years instead of the current two years. Under SIP, upon the acceptance of the contract agreement with the student, an obligation is established that covers tuition assistance for four academic years. Under the terms of the contract, a student may withdraw from the program or transfer to another educational institution within the first two years of enrollment. If a student leaves during that grace period, they do so without any obligation to repay the Federal Government the funds they have been paid. Such action is consistent with the intention of Congress to give students an incentive to try a career at sea and an opportunity to change their minds. One unforeseen consequence of this policy, however, is the loss of the remaining SIP program funds obligated on a withdrawn student's contract after the student has left the program. With the current two-year appropriation, any balance of funds de-obligated in such cases cannot be used for another student as the period of availability has expired. If SIP funds were made available for five years, the de-obligated funds could be used by another qualified student, thereby maximizing the benefits and performance of this program.

DIRECT SMA SUPPORT

MARAD's request of \$6 million in FY 2022 will provide \$1 million in direct assistance to each of the six SMAs for maintenance and support. The academies rely on these funds to help meet expanding domestic and international training requirements, which increase the overall costs to train mariners. These funds also strengthen the ability of SMAs to maintain high quality faculty, innovative facilities, and state-of-the-art technology.

During FY 2020, the SMAs were significantly affected by the coronavirus (COVID-19) pandemic. The CARES Act of 2020 provided \$1 million for direct payments divided equally

among the SMAs (approximately \$167 thousand each) to help them prevent, prepare for, and respond to the coronavirus. The impact of this pandemic could affect the SMAs for years to come, making the direct assistance in this request even more essential for the SMAs.

FUEL ASSISTANCE PAYMENTS

The FY 2022 request includes \$3.8 million for Fuel Assistance Payments, which provides \$633 thousand per year for each of the six SMAs to pay for fuel used by the training ships. Most SMAs pay more than \$1.5 million annually for fuel for their training cruises to ensure Midshipmen/Cadets obtain the necessary sea time to qualify to take the written examination to earn their USCG Merchant Mariner Credentials. Beginning in January 2015, to ensure compliance with operation in the Emission Control Area (ECA) of the United States and the ECAs of foreign countries, the training ships have been required to purchase ultra-low sulfur fuel, which is currently about 50 percent more expensive than marine diesel fuel. In addition, to meet the increased requirement for at-sea training mandated by Standards for Training Certification and Watchkeeping (STCW), SMAs are supporting longer sailing periods that are consuming more fuel. Although fuel costs across the country have remained stable, the overall expense continues to rise for the SMAs, and will become more expensive in FY 2022 when the global demand for low sulfur marine fuel is expected to exceed the available supply.⁴

SCHOOL SHIP MAINTENANCE AND REPAIR (M&R)

The FY 2022 request includes \$30.5 million for School Ship M&R. Funding requested provides flexibility to support the routine maintenance and repair, insurance, and periodic regulatory inspections and certification of all current MARAD-owned training school ships. This funding will also support increased training operation costs of the current aging school ship fleet and enable school ship capacity sharing, including: vessel movements, required repositioning, pre/post-cruise repair, fuel, travel, insurance and ship manager fees. Having the flexibility to utilize these funds to address training capacity is critical as an interim measure until sufficient school ship capacity is made available through the completion of the NSMVs.

The Department of Transportation (DOT), through MARAD, owns and maintains the training ships on loan to the six respective SMAs for the training of credentialed merchant marine officers. The training ships are the single most important assets provided by the Federal Government that enables these schools to operate as maritime academies and graduate students qualified to take the USCG licensing examination. Although all the responsibility and most of the maintenance and repair costs are borne by MARAD, the requested funds do not cover the costs of the crews provided by the SMAs throughout the year and all routine day-to-day maintenance expenses. The SMAs spend a significant amount annually to keep the ships in compliance and operational for activation within a 10-day period. In addition, preventative maintenance and repair costs vary among the training ships from year to year, and the funds requested are necessary to cover the maintenance and repair costs for the current fleet of training ships in FY 2022.

⁴ International law goes into effect beginning January 2022 requiring all ships to burn 0.1% low sulfur fuel when Navigating or Berthing inside the Control Zones. The requirements became more restrictive in January 2020, which outpaced demand, and becomes even more restrictive in FY 2022.

The requested level of funding is particularly important as the ships age and exceed or approach their designed end-of-service lives. At the end of the service life, the asset must be replaced, or significant increases in funding will be required to maintain regulatory compliance. Two of the training ships have already exceeded commercial service life standards. In the interim, MARAD will require funds to prioritize maintenance across all the aging vessels to ensure that they all meet safety and functional requirements and can stay in service as long as they are needed. In addition, because of the current insufficiency of at-sea training capacity, the National Defense Authorization Act for FY 2019 mandated MARAD to establish a School Ship Capacity Sharing plan to ensure uninterrupted availability of ships capable of providing the USCG required at-sea training. The requested funding aligns with the plan, and will enable MARAD to continue to assist SMAs with the costs associated with ensuring there is adequate at-sea training capacity, as detailed below. The need for ship sharing funding is increased by the need to make up lost cadet sea days after training cruises were cancelled in 2020 due to the COVID-19 pandemic.

Within this request, a minimum of \$22.5 million will continue to fund routine maintenance and repair of the training ships to provide for regulatory, statutory and convention surveys, inspections, repair and maintenance, including dry-docking and internal structure exams. Funding will also support routine, non-regulatory maintenance and repair of mission-critical systems such as galleys, habitability infrastructure, and accommodations. The school ship maintenance and repair funds are used for recurring or periodic capital preservation projects, and mission-related capital reinvestment to prevent the accumulation of deferred maintenance, delaying or preventing catastrophic equipment/machinery failure or loss.

Without this minimum funding level requirement, the training ships will have to defer some non-mandatory but still critical maintenance, which if not addressed in a timely manner could reduce the ships' service lives. It will also enable proactive investments to be made on major projects, necessary overhaul of auxiliary systems, equipment upgrades or replacements, and other preventative maintenance that extends the service lives of the equipment. Deferring maintenance also increases risks to the government and reduces safety overall.

The funding requested in FY 2022 will support requirements for the uninterrupted availability of at-sea training capacity. This request supports Congressional direction that MARAD take a more active role in capacity sharing as an interim measure until sufficient at-sea training capacity can be acquired. Funding will allow MARAD to manage existing vessel capacity to meet current training capacity requirements for the SMAs, and provides MARAD with greater flexibility as the owner of the vessels. Funding will allow MARAD to support costs associated with school ship capacity sharing including vessel movements, required repositioning, pre/post-cruise repair, fuel, travel, insurance, and ship manager fees. The SMAs will be responsible for providing and funding the standard program costs, including paying for training faculty, regimental and administrative staff, and arranging and funding the costs of normal port calls.

Additionally, the TS EMPIRE STATE (TSES), the largest SMA training vessel, is planned to be phased out with the delivery of a replacement NSMV training ship. Currently, the TSES has a USCG Certificate of Inspection to sail as a public nautical school ship and meets all the requirements to stay in full Classification with the American Bureau of Shipping (ABS) through December 2024. However, maintaining TSES availability for continued operations during

school ship training cruises remains a significant matter of concern for the program. Similarly, the second largest and oldest training ship is the TS KENNEDY (TSK), which is sailing beyond its service life. Any loss of training ship capacity due to age-related machinery or equipment failures, or full compliance with regulatory inspection findings, could have serious repercussions across all the SMAs. This funding request will help to mitigate a possible loss of training ship capacity through either school ship sharing or potential machinery refurbishment and hull repairs to ensure the TSES and TSK can continue to safely operate.

To further mitigate the risk to cadets of not attaining adequate sea service time, requested funds may support the continued maintenance of the Training Vessel (T/V) FREEDOM STAR (sister-ship to the T/V KINGS POINTER) as a back-up training ship platform. This vessel is berthed at no additional cost to MARAD at the Seafarers International Union (SIU) Paul Hall Center in Piney Point, MD. In return for conducting routine shipboard maintenance and minor preservation, the SIU utilizes the vessel to train their apprentice seamen who will serve on U.S. vessels as credentialed mariners. As with the SMAs, MARAD is responsible for major repairs and maintaining the regulatory compliance of the T/V FREEDOM STAR.

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

In accordance with 46 U.S.C. § 1103, MARAD is authorized to provide education and training for U.S. citizens in the interest of the safe and efficient operation of the merchant marine. To fulfill one of MARAD's key statutory mandates, 46 U.S.C. § 51501 *et seq.*, MARAD provides support to the six SMAs, which produce well-educated, highly trained, and USCG-credentialed officers in the U.S. Merchant Marine. These graduates promote the commerce of the United States and aid in the national defense by serving in the merchant marine and U.S. Armed Forces. In return, the American taxpayer receives well-educated and trained merchant mariners qualified to fill critical jobs within the maritime industry and provide support for national defense, contingencies, and emergencies. As a condition for receiving payments as regional maritime academies, SMAs agree to admit students from other states at reduced "out of state" tuition rates.

A strong commercial merchant marine fleet owned and operated by U.S. citizens, and employing U.S. mariners in high-value jobs, is a long-standing objective of the United States. This program supports DOT in maintaining a strong U.S. manpower workforce and infrastructure for national defense. The U.S. Merchant Marine is a national resource that is essential for maintaining the sealift capacity required to support economic growth and national defense. The best strategy to ensure that the United States can provide adequate safety, national economic security, and strategic sealift support in future conflicts is by maintaining a strong commitment to:

- Train highly skilled mariners;
- Support U.S.-flag vessels in commercial operations; and
- Maintain commercial U.S. shipbuilding capacity.

SMA Operations provide Federal assistance to the SMAs to help educate and train mariners and the next generation of future leaders, and foster innovation to support the U.S. marine transportation infrastructure, including shipyards and ports. The SMA programs support the Secretary's principles for investing in infrastructure and advancing racial equity to foster the development of a competent and diverse capable transportation industry workforce.

In addition, the NSMV program supports the Administration's priority for economic growth, as construction of the ships will help recapitalize our nation's maritime training fleet, strengthen America's industrial base, and directly support more than 1,200 shipyard jobs for Americans. The NSMVs are also transformational investments that are "future proof" and will benefit the SMAs and the American people for generations. The SMA program also helps to mitigate MARAD's identified priority risks by addressing the need for investing in modernization of school ships, while reducing the economic and national security risks posed by having a shortage of U.S. Coast Guard-licensed Mariners with unlimited tonnage credentials.

The SMAs consistently rank in the top 10 small public colleges for best value, best Science, Technology, Engineering and Mathematics (STEM), and best mid-career earning potential. Nearly 100 percent of each graduating class is employed within the first three months of graduation, and most are in quality, high-paying jobs that support the transportation industry. More than 40,000 American vessels of various types, built in American shipyards and crewed by U.S. citizen mariners, operate in U.S. waters in different segments of the industry such as offshore, coastal, inland rivers and the Great Lakes. The SMA Program provides support for the U.S. Merchant Marine and the associated marine transportation infrastructure, which generates an estimated \$4.6 trillion in total economic activity while also creating 23 million jobs.⁵ The movement of bulk raw materials, and affordable food and manufactured goods, are made possible in the global economy by the shipping industry. A strong U.S. Merchant Marine enables expanding trade and commerce, creates well-paying jobs in the U.S., and is essential to economic growth.

⁵ Martin Associates, "The 2014 National Economic Impact of the U.S. Coastal Port System," prepared for the American Association of Port Authorities, March 2015, p.6.

TS EMPIRE STATE — SUNY Maritime College



Year built: 1962
Year converted to a training ship: 1989
Capacity: 666 Cadets / 122 Crew & Instructors
Propulsion: Steam Boiler/Turbine
Original designation: Break bulk cargo ship
Average # of training days at sea per year: 90
Average # of training days at campus per year: 220
Home port: Ft. Schuyler, Bronx, NY

TS EMPIRE STATE is the largest training ship. In addition to training future mariners, the vessel has supported disaster relief missions for Hurricanes Harvey, Irma and Maria in 2017, Hurricane Sandy in 2012 and Hurricanes Katrina and Rita in 2005. In 1994, the vessel was used to transport U.S. military forces from Mogadishu, Somalia. The ship currently supports NOAA's Voluntary Observing Ship (VOS) Program, allowing cadets to collect and submit weather data while on cruise. This data is used by NOAA to build forecasts. The ship also routinely supports shipboard firefighting training with the New York City Fire Department. This training vessel is expected to be replaced by the first constructed NSMV in 2023.

TS KENNEDY — Massachusetts Maritime Academy



Year built: 1967
Year converted to a training ship: 2003
Capacity: 600 Cadets / 110 Crew & Instructors
Propulsion: Steam Boiler/Turbine
Original designation: Break bulk cargo ship
Average # of training days at sea per year: 60
Average # of training days at campus per year: 210
Home port: Buzzards Bay, MA

TS KENNEDY is part of a cutting-edge technology study on maritime heating and air conditioning. Instrumentation and sensors installed onboard are being used to develop heat transfer programs for marine applications and test innovative energy saving technologies in collaboration with the National Renewable Energy Laboratory and U.S. Navy. The vessel also supported the disaster relief missions for Hurricanes Harvey, Irma and Maria in 2017, and Hurricane Sandy in 2012. This training vessel is expected to be replaced by the second constructed NSMV in 2024.

TS GOLDEN BEAR — California Maritime Academy



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 has been at the forefront of ballast water treatment since 2010 when the vessel was outfitted for shipboard testing of ballast water treatment systems. Ballast water treatment has become an internationally mandated requirement to reduce the spread of invasive species. The ship is also actively engaged in diesel exhaust emissions research and has been used to generate baseline emissions data for marine diesel engines. In 2019, the vessel was utilized for ship sharing to support the training of Texas A&M Maritime Academy cadets. If funded, this training vessel is expected to be replaced by the fifth constructed NSMV in 2026.

TS STATE OF MAINE — Maine Maritime Academy



Year built: 1990 / Main Engine 1983
Year converted to a training ship: 1997
Capacity: 244 Cadets / 54 Crew & Instructors
Propulsion: Diesel, Geared Drive
Original designation: Oceanographic research
Average # of training days at sea per year: 90
Average # of training days at campus per year: 222
Home port: Castine, ME

In addition to training cadets, the TS STATE OF MAINE has supported the disaster relief mission following Hurricanes Katrina and Rita in 2005. The ship currently supports NOAA Voluntary Observing Ship (VOS) Program, allowing cadets to collect and submit weather data while on cruise. This data is used by NOAA to build forecasts. This training vessel is expected to be replaced by the third constructed NSMV in 2024.

TS GENERAL RUDDER — Texas A&M Maritime Academy



Year built: 1984
Year converted to a training ship: 1992
Capacity: 50 Cadets / 15 Crew & Instructors
Propulsion: Diesel Electric
Original designation: Oceanographic surveillance
Average # of training days at sea per year: 100
Average # of training days at campus per year: 222
Home port: Galveston, TX

TS GENERAL RUDDER has been used for the testing of new diesel emissions reduction technology. A selective catalytic reduction system installed onboard gives cadets hands-on experience with one of the latest clean air technologies available for marine diesel engines. Cadets collected and documented more than a thousand hours of operating data in just a single summer cruise period. The vessel also supported disaster relief missions in the 2017 hurricane season. This training vessel is expected to be replaced by the fourth constructed NSMV in 2025.

TS STATE OF MICHIGAN — Great Lakes Maritime Academy



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 has been used for full-scale operational testing of alternative fuels in collaboration with the U.S. Navy. The vessel performed tests of algae-based biodiesel and diesel blends for operational and exhaust emissions as well as long-term fuel storage stability. The vessel was also used as a demonstrator for clean air exhaust technology in 2014 when it was fitted with a catalytic reduction system.

ASSISTANCE TO SMALL SHIPYARDS

To make grants to qualified shipyards as authorized under section 54101 of title 46, United States Code, \$20,000,000, to remain available until expended.

(Department of Transportation Appropriations Act, 2021)

EXHIBIT III-1
ASSISTANCE TO SMALL SHIPYARDS
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
Assistance to Small Shipyards	20,000	-	20,000	-	-	20,000
Total	20,000	-	20,000	-	-	20,000
FTEs						
Direct Funded	1	-	1	-	-	1
Reimbursable, Allocated, Other	-	-	-	-	-	-

ASSISTANCE TO SMALL SHIPYARDS

Program and Performance Statement

The National Defense Authorization Act of 2006 authorized the Maritime Administration to make 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.

The Assistance to Small Shipyard program provides grants to small shipyards for capital improvements and training programs.

EXHIBIT III -1a

**Assistance to Small Shipyards
SUMMARY ANALYSIS OF CHANGE FROM FY 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	\$20,000	0
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	1	
Annualization of FTE	-	
2022 Pay Raise	3	
GSA Rent	-	
Working Capital Fund	-	
Inflation and other adjustments to base	<u>2</u>	
SUBTOTAL, ADJUSTMENTS TO BASE	\$6	0
<u>PROGRAM REDUCTIONS:</u>		
Grants	<u>-</u>	0
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
Administrative Expenses	<u>-6</u>	0
SUBTOTAL, PROGRAM INCREASES	-\$6	0
FY 2022 Request	\$20,000	0

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

ASSISTANCE TO SMALL SHIPYARDS

(\$000)

Assistance to Small Shipyards	20,000	20,000	20,000
Total	\$20,000	\$20,000	\$20,000

For FY 2022, \$20 million is requested to support the Assistance to Small Shipyards program, consistent with the FY 2021 enacted level. Funding will provide grants to make infrastructure improvements and efficiencies at small U.S. shipyards.

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

The emphasis of the program is to provide grant funding for infrastructure improvements at qualified small 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.

Grant funds are used by the shipyards to improve, modernize, and improve the efficiency of shipbuilding and repair processes. Improving shipyard efficiency increases productivity by utilizing newer equipment and technology, which may ultimately increase the shipyard workload and lead to the creation of increased permanent jobs for both skilled and unskilled labor. The potential for increased throughput means a shipyard can build vessels at a more competitive price and better compete domestically as well as internationally for additional work. Increased throughput also increases the purchase of vendor-supplied equipment and services in the local community and throughout the country, supporting additional job creation. A recent economic study¹ has shown shipbuilding activity extends to all 50 states encompassing vendor and supplier contributions to shipbuilding and repair.

The U.S. Coast Guard's recent 46 CFR Subchapter M rule "Inspection of Towing Vessels" requires towing vessels that are certificated under the rule to maintain certificates of inspection

¹ Maritime Administration, [The Economic Importance of the U.S. Shipbuilding and Repairing Industry](#), March 2021.

(COI), which previously was not required. The rule will affect approximately 5,920 U.S.-flag towing vessels engaged in pushing, pulling, or hauling, and the more than one thousand companies that own and/or operate them. The rule applies to (with exceptions) all U.S.-flag towing vessels 26 feet or more in length, and those less than 26 feet moving barges carrying oil or hazardous material in bulk. The rule lays out new compliance options as well as new equipment, construction, and operational requirements for towing vessels. The new requirement will create higher demands for shipyard services and new construction of towing vessels.

The FY 2022 funding request of \$20 million will provide grants for investments in capital and related improvements for qualified U.S. shipyard facilities to advance efficiency, cost-effectiveness, and capability in domestic ship construction, conversion, and repair for commercial and Federal government use. Small shipyard grants support the acquisition of equipment by small shipyards that reduces climate impacts—including engines with lower emissions, improves climate control technologies for buildings, and adapts technologies that reduce shipyard power consumption. Grant funds may also foster technical skills and operational productivity, including providing workforce training opportunities in communities in or near disadvantaged areas whose economies are related to or dependent upon the maritime industry.

Historically, shipyards have hired an estimated 20 jobs per grant (average of \$1 million per grant). Funding at this level would produce a minimum of 20 projects with the potential to account for up to 400 American jobs. These production-type jobs can help underserved communities since they typically do not require advanced education and can be performed after the completion of local shipyard training and/or apprenticeships.

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 5 to 10 times greater than the available grant funds. For FY 2022, we anticipate a minimum of 20 projects will be awarded grants, with an average award of \$1 million per grant. In order to be more competitive for grants, shipyards are typically contributing more than the required 25 percent in matching funds.

Projects funded may include upgrades and modernization of equipment and infrastructure at shipbuilding and repair facilities, including the installation of engines that are more efficient, new climate control technologies, new dry docks, marine travel lifts, welding machines for Liquefied Natural Gas (LNG) tank construction, and cranes. Small Shipyard grants will also assist shipyards in supporting the development of offshore wind projects. As this market grows, there will be an increasing need to meet industry requirements for vessels to transport material to wind farms, service installed turbines, and install new turbines.

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

The shipbuilding and repair industry is a vital part of this country's transportation infrastructure, and part of the strong industrial base that assists in meeting Department of Defense and U.S.

Coast Guard shipbuilding and repair requirements. The program enables U.S. shipyard efforts to modernize infrastructure and improve technology with capital that might not otherwise be available to the small shipyards.

Yards that receive funding improve safety by taking steps such as installing better ventilation systems and lighting and electrical systems with improved climate control technologies in their fabrication buildings, and purchasing equipment that is more efficient and will reduce shipyard power consumption. As such, these grants enable shipyards to reduce their impact on the environment. New cranes, forklifts and other diesel-powered machinery follow Tier 4 requirements for reduced emissions. Shipyards may also purchase drain catch/filtration systems and portable structures to contain contaminants produced by blasting and painting. Purchasing new equipment also enables yards to increase the amount of work they perform in-house. This is especially important for remote yards that may be located hundreds of miles away from other vendors.

Expansion of shipyard capabilities supports the creation and sustainability of jobs, reduces overhead costs, and provides for increased economic growth and competitiveness. Past small shipyard grants resulted in shipyards creating up to an additional 20 production-type jobs per project; such jobs typically do not require advanced education and can be performed after the completion of local shipyard training or apprenticeships. The 2021 economic study² showed the average salary for shipyard workers is above the national average. Shipyard trades include pipefitters, riggers, welders and painters. Pathways to these jobs are available through apprentice programs, trade schools, and shipyard in-house training programs. These types of jobs are examples of how investing in shipbuilding will provide opportunities to better employment in a vital domestic base.

² Maritime Administration, [The Economic Importance of the U.S. Shipbuilding and Repairing Industry](#), March 2021.

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SHIP DISPOSAL

For necessary expenses related to the disposal of obsolete vessels in the National Defense Reserve Fleet of the Maritime Administration, [\$4,200,000] \$10,000,000, to remain available until expended.

(Department of Transportation Appropriations Act, 2021)

EXHIBIT III-1
SHIP DISPOSAL
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	<u>FY 2020 ACTUAL</u>	<u>FY 2021 CARES ACT</u>	<u>FY 2021 ENACTED</u>	<u>FY 2021 CRRSA</u>	<u>FY 2021 AMERICAN RESCUE PLAN</u>	<u>FY 2022 PRESIDENT'S BUDGET</u>
Ship Disposal	5,000	-	4,200	-	-	10,000
Total	5,000	-	4,200	-	-	10,000
FTEs						
Direct Funded	10	-	13	-	-	13
Reimbursable, Allocated, Other	-	-	-	-	-	-

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 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	\$4,200	13
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	2	
Annualization of FTE	-	
2022 Pay Raise	5	
GSA Rent	4	
Working Capital Fund	70	
Inflation	0	
Inflation and other adjustments to base	<u>1,737</u>	
SUBTOTAL, ADJUSTMENTS TO BASE	\$1,818	0
<u>PROGRAM REDUCTIONS:</u>		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
Ship Disposal	<u>3,982</u>	0
SUBTOTAL, PROGRAM INCREASES	\$3,982	0
FY 2022 Request	\$10,000	13

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

SHIP DISPOSAL PROGRAM

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Ship Disposal	2,000	1,200	7,000
Nuclear Ship SAVANNAH	3,000	3,000	3,000
Total	\$5,000	\$4,200	\$10,000

For FY 2022, \$10 million is requested for the Ship Disposal Program. The requested funding provides \$5 million for ship disposal activities with a primary focus on the disposal of non-retention vessels that pose heightened environmental and litigation risks, and \$2 million for program support, including salaries and overhead. Additionally, the request includes \$3 million to maintain the Nuclear Ship SAVANNAH (NSS) in protective storage in accordance with Nuclear Regulatory Commission (NRC) license requirements.

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

MARAD is the disposal agency for obsolete federal government owned merchant-type vessels weighing 1,500 gross tons or more, as required by the Federal Property and Administrative Services Act of 1949 (40 U.S.C. § 548). NDRF ships that are no longer militarily useful in support of U.S. Department of Defense (DoD) strategic sealift objectives are retained at MARAD-operated reserve fleet anchorages in Beaumont, Texas; Suisun Bay, California; and Fort Eustis, Virginia. These vessels are downgraded to obsolete status, but still provide key equipment and components to support NDRF operational and training vessels. When obsolete federal merchant-type vessels no longer have logistical support value to MARAD or other federal agencies, the Ship Disposal Program arranges for their responsible disposal, on a worst first basis, at MARAD-qualified U.S. ship-recycling facilities.

The NSS is a legacy nuclear-powered merchant ship constructed and operated by MARAD under the Eisenhower Administration's Atoms for Peace Program. Licensed by the NRC, the vessel has been permanently deactivated and defueled since 1971. However, MARAD continues to manage NSS activities in accordance with all aspects of its NRC license requirements. These annual requirements primarily include maintenance, berthing, and safeguarding of the ship, and its defueled nuclear power plant while maintaining the ship in protective storage. NSS must remain in protective storage during decommissioning (DECON) of the vessel's defueled nuclear reactor, components and equipment, and until final termination of its NRC license.

SHIP DISPOSAL PROGRAM

The FY 2022 request provides \$7 million for the Ship Disposal Program, and includes \$5 million for disposal expenses of the worst condition non-retention NDRF vessels, and \$2 million for salaries and overhead for staff and support personnel.

In FY 2022, MARAD anticipates awarding service contracts for the disposal of two obsolete Suisun Bay Reserve Fleet (SBRF) vessels. Funding for the removal of these non-retention vessels from the SBRF is a priority to ensure their timely disposal, to mitigate the potential for environmental contamination, to avoid undue increase in non-retention vessel inventories, and to mitigate risk of litigation. Such litigation has occurred in the past and in March 2010, MARAD entered a Consent Decree requiring the removal of all 57 non-retention vessels from the SBRF by the end of FY 2017. MARAD has already met that goal; however, as additional ships come into non-retention status in Suisun Bay, the agency is cognizant of the continued visibility non-retention vessels in the SBRF have with state regulators and environmental groups in the region. Timely disposal of the SBRF vessels will mitigate not only the environmental risks to the bay but also the threat of potential future litigation.

MARAD estimates the cost of dry-docking and vessel disposal for a single SBRF vessel in FY 2022 will be approximately \$2.5 million per vessel.¹ The high costs are due to the current environmental requirement to dry-dock each vessel; to remove marine growth prior to the vessel's removal; and to the 5,000-mile tow required to move vessels to a Gulf Coast recycling facility. To comply with the U.S. Coast Guard (USCG) Ballast Water Management Act, the Aquatic Invasive Species Act, and the Clean Water Act, MARAD is required to dry-dock all SBRF vessels awarded for disposal to remove aquatic fouling from the underwater hull to prevent the transmission of invasive species from one port to another. At the present time, there is only one operating shipyard in San Francisco capable of dry-docking SBRF vessels. Ship sales or service contracts for recycling SBRF vessels are awarded to the best value offeror among the pool of qualified domestic ship recyclers. Currently, there are five MARAD qualified ship recyclers; all are located in Texas and Louisiana.

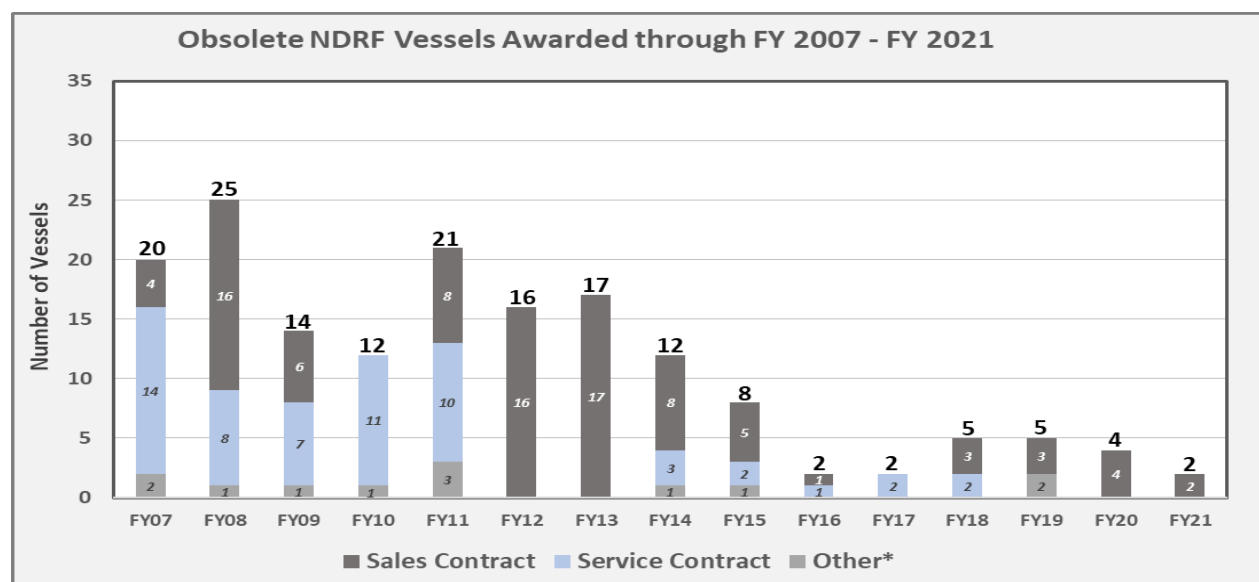
The Ship Disposal Program maintains a team of Marine Industrial Specialists who, in coordination with MARAD environmental specialists, provide project management and contract administration for each ship-recycling contract, and oversee each domestic qualified ship recycling facility's compliance with its approved technical compliance plan. The management, oversight, and compliance efforts include facility inspections during ship recycling to ensure that the facility and contract requirements are met.

MARAD's Ship Disposal program conducts ship disposal activities, primarily through recycling of obsolete federally owned, merchant-type vessels in a responsible manner that promotes worker health and safety, protects the environment, and reduces contamination risks at the NDRF fleet anchorages and waterfront locations. Obsolete vessels require ongoing maintenance and monitoring to mitigate environmental incidents while they await proper disposal. Sustained

¹ Based on the 57 SBRF ships disposed in the 2010 Consent Decree, the average cost from prior drydocking of SBRF vessels is estimated at \$1 million per vessel, and ship-recycling costs are estimated at \$1.5 million per vessel.

disposal of deteriorating federal obsolete ships mitigates the risk of fleet and waterfront environmental contamination and its concomitant remediation costs, while reducing maintenance and storage costs associated with keeping obsolete ships longer than necessary.

Continual and unimpeded disposal of obsolete vessels assures a healthy and capable domestic ship recycling industry that retains skilled American labor and capable infrastructure to efficiently recycle MARAD and other federally owned vessels. MARAD must also mitigate against the spread of non-indigenous aquatic species. Prior to transferring obsolete ships from the NDRF fleet sites to different bio-geographic locations for vessel disposal through recycling, the ships require dry-docking and/or in-water hull cleaning, depending on the location.²



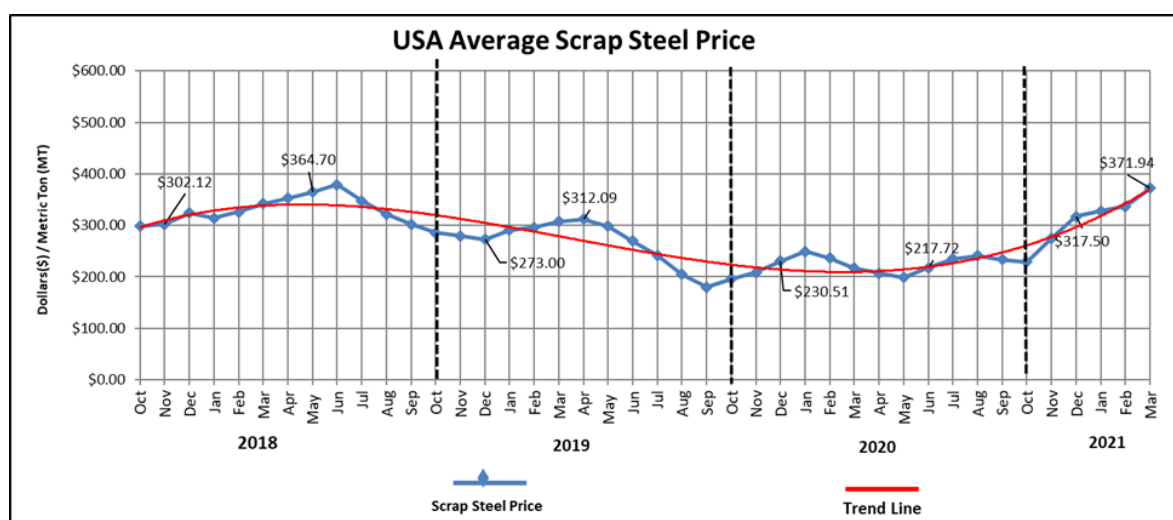
*Includes other disposal alternatives, such as artificial reefing, deep-sinking, sale for re-use, and donations utilized by MARAD.

Vessels are domestically recycled, either through the award of ship recycling services or sales, and only at MARAD qualified recycling facilities. Other vessel disposal options include artificial reefing, deep-sinking, sale for re-use, and donations are all disposal alternatives available and utilized in the past by MARAD. However, these are not realistic vessel disposal actions due to their high cost and the length of time it takes to accomplish hazardous material remediation. The Agency does not anticipate using these vessel disposal actions in the future. The table above reflects a total of 165 non-retention vessels from the various fleet sites.

In FY 2020, MARAD sold and removed four vessels for recycling. In FY 2021, MARAD plans to downgrade one vessel to non-retention status in the Beaumont Reserve Fleet (BRF), and the agency plans to downgrade one or more vessels during FY 2022 to non-retention from each of the three fleet sites (JRRF, BRF, and SBRF). Through April of FY 2021, MARAD sold and removed two vessels. In FY 2022, MARAD anticipates awarding service contracts for the disposal of two obsolete SBRF vessels with the requested funding of \$5 million for disposal.

² Vessels departing the Suisun Bay Reserve Fleet (SBRF) require dry-docking to remove aquatic fouling, which is funded by Ship Disposal Program funds in separate contract actions, while vessels departing the James River Reserve Fleet and the Beaumont Reserve Fleet require in-water hull cleaning.

Annual ship disposal program funding helps mitigate volatility in the scrap steel markets, supports continued disposal of the worst conditioned MARAD and federal obsolete vessels, and helps maintain a niche industrial base of domestically qualified ship recycling facilities. The disposal of obsolete federal ships is highly affected by domestic and international prices for scrap steel. Low scrap steel prices shift the market from the sale of obsolete vessels to the procurement by MARAD of ship recycling services using appropriated funds. Recyclers require months of projected and sustained levels of high scrap steel prices to return to a profitable market in which to purchase vessels for recycling. Absent stable prices for scrap steel, ship recyclers require service contracts to underwrite costs when recycling obsolete federal vessels. The COVID-19 pandemic and Federal, State, and local mitigation measures to reduce the spread of the virus caused layoffs, furloughs, and suspension of recycling operations at the MARAD-qualified ship recycling facilities.



Source data for the Average USA Monthly Scrap Steel Price Trend chart is compiled from: The Scrap Register (<http://www.scrapregister.com>); Recycler's World, (<http://www.recycle.net>); Steel Insight (<http://www.steel-insight.com>); and U.S. Steel Corporation (<https://www.ussteel.com>).

The chart above illustrates the volatility in scrap steel prices. In January 2020, prices rose to \$249 per metric ton, then continued to decrease just before the COVID-19 was declared a pandemic. By May 2020, prices fell to \$199 per metric ton. Decreases in the average per ton price for scrap steel constrain MARAD's ability to sell ships for recycling. As of the beginning of the 3rd quarter of FY 2021, however, the domestic market price of scrap steel has increased to \$396 per metric ton, the highest level since 2018.

MARAD and federal agencies are dependent on the domestic ship recycling industry for the recycling of its obsolete vessels. The industry has high entry costs, is labor intensive, and operates on thin profit margins. Economic sustinment of the ship recycling facilities will require a steady supply of obsolete vessels to build scrap metal inventory sufficient to meet steel mill demand as the economic recovery expands. Government acceleration in decommissioning obsolete vessels will hopefully increase the number of vessels available for recycling, thereby providing the industry with a firmer economic outlook and a sustainable stream of vessels.

NS SAVANNAH (NSS) LICENSED ACTIVITIES

The FY 2022 request provides \$3 million to support and manage NRC-required protective storage activities for the NSS while it is being decommissioned. Annual NSS protective storage funding will be required until the NRC license is terminated at the completion of decommissioning.

Protective storage activities include nuclear compliance, radiological protection and radiological emergency response, and custodial care of the NSS as the primary structure of the nuclear power plant. The custodial care component of protective storage includes contracted lay berth and utilities in Baltimore, MD. These activities are performed by a blended organization consisting of MARAD employees and contractors. The scope of MARAD's protective storage program is the minimum that must be accomplished each year until decommissioning is complete and the NRC license is terminated. Based on current statutory, regulatory, and license conditions, NSS decommissioning and license termination must be completed by December 2031. MARAD is currently on track to meet this target date several years early.

The FY 2017 and FY 2018 appropriations provided full funding for completion of the DECON-License Termination (DECON-LT), which is a 3-phase, seven-year project culminating in the termination of the NRC license, which will also conclude the protective storage requirement, and allow the free release of the vessel for final disposition. The project's first phase began officially on October 1, 2017, and included administrative activities and shipboard industrial work items that were completed in the second quarter of FY 2021. MARAD awarded a comprehensive, firm fixed price contract on March 22, 2021, that includes annual protective storage requirements and DECON-LT support, which comprised of the notional start of Phase II. The Notice to Proceed for this contract was effective on April 1, 2021.

Although completed, MARAD experienced about eighteen months of delay during the progress of Phase I. The longest single delay factor was the COVID-19 pandemic national emergency. MARAD suspended DECON activities in March 2020, at which time Phase I was roughly six months away from completion. Work was suspended for three months, and when work resumed, the workplace restrictions prevented a full production effort. Other delays are attributable to the late approval of a Supplemental Environmental Assessment, the Federal Government shutdown in FY 2019, and an extended performance period on dry dock in 2019 and 2020. The DECON-LT contract anticipates COVID-19 work restrictions remaining in place for the first year of the contract.

Phase II is estimated to take four years, and includes controlled heavy industrial and radiological dismantlement actions for the removal of the reactor core, associated equipment, components and structures, including packaging and waste disposal activities. During Phase II, MARAD will prepare and submit its License Termination Plan (LTP) to the NRC. This submittal is a preliminary step towards the starting point for Phase III. The LTP will be submitted at least one year before Phase II activities are complete.

Phase III is the license termination period, and is estimated to be completed in one year. During Phase III, the NRC reviews and approves the LTP, and conducts final independent confirmatory surveys and inspections culminating in the termination of the NRC license and free release of the

vessel to MARAD for final disposition. The actual duration of Phase III will be heavily dependent on the NRC's workload, and may take longer than estimated to complete if NRC finds, and requires, the remediation of any residual contamination.

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

Scrap steel market price volatility requires readily available funding for MARAD to procure dry-dock and ship recycling services in the absence of sales of obsolete vessels. Maintaining a consistent rate of obsolete vessel removals is necessary to reduce reserve fleet operating costs, mitigate safety and environmental risks common with aging ships, protect marine waterfronts, and ensure that a costly backlog of obsolete ships does not accumulate at MARAD's fleet sites or other nationwide waterfront sites. Downgrade and removal of these vessels demonstrates environmental compliance benefitting the public by recycling in a sound, cost efficient, and responsible manner. Sustained numbers of vessel removals also help to maintain the unique infrastructure of the domestic ship recycling industry base in the U.S. and to strengthen the American ship recycling workforce, particularly as they work to recover from the negative impacts of the economic crisis resulting from the COVID-19 pandemic.

In addition, scrap metals recycled from the vessels provide a cheaper raw material resource in lieu of importing scrap steel from foreign competitors or mining iron ore to make new steel products. The scrap metal commodity allows U.S. steel mills to lower their raw material costs, improve efficiencies, and maintain a competitive edge in the market place. The benefit to the American taxpayer of a sustainable federal ship-recycling program is a reduction in consumer prices, a sustainable U.S. based ship recycling industry, and public and environmental safety.

The NSS is a legacy facility and a nationally significant historic property. The NRC license that governs all activities associated with the NSS is designed and intended to protect the health and safety of the public and the environment, providing the public benefits from funding of the NSS program.

MARITIME SECURITY PROGRAM

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, [\$314,007,780] \$318,000,000, to remain available until expended [, of which \$7,780 shall be derived from unobligated balances from prior year appropriations available under this heading.]: Provided, That of the unobligated balances from prior year appropriations available under this heading, \$42,000,000 are hereby permanently cancelled.

(Department of Transportation Appropriations Act, 2021.)

EXHIBIT III-1
MARITIME SECURITY PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
Maritime Security Program	300,000	-	314,000	-	-	318,000
Total	300,000	-	314,000	-	-	318,000
FTEs						
Direct Funded	-		-		-	-
Reimbursable, Allocated, Other	-		-		-	-

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 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)

	\$000	FTE
FY 2021 ENACTED	<u>\$314,000</u>	<u>0</u>
<u>ADJUSTMENTS TO BASE</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2022 Pay Raise	-	
Inflation and other adjustments to base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>Program Reductions:</u>		
	-	-
SUBTOTAL, PROGRAM DECREASES	0	0
<u>Program Increases:</u>		
Operating Agreements	4,000	-
SUBTOTAL, PROGRAM INCREASES	\$4,000	0
FY 2022 Request	\$318,000	0

DETAILED JUSTIFICATION
FY 2022 Budget Request
MARITIME SECURITY PROGRAM (MSP)

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Maritime Security Program	300,000	314,000 ^{1/}	318,000
Total	\$300,000	\$314,000	\$318,000

^{1/}Of this amount, \$7,780 is funded from prior year unobligated balances.

For FY 2022, \$318 million is requested for the Maritime Security Program (MSP), the fully authorized level for the program. The request supports payment of \$5.3 million per ship for each of 60 vessels enrolled in the program, consistent with the current authorization. In addition, MARAD proposes a cancellation of \$42 million in prior-year unobligated balances for MSP in FY 2022.

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

Established by the Maritime Security Act of 1996, MSP is a critical national security program that supports Department of Defense (DoD) military sealift needs as well as the Department's investments in infrastructure to ensure warfighter mobility and logistic support, while also contributing to economic growth. The FY 2022 request of \$318 million for MSP at the fully authorized level provides the DoD with assured access to a fleet of 60 commercially viable, militarily useful U.S.-flagged ships that are active in international trade, yet available "on-call" to meet contingency requirements. It also assures access to the multibillion-dollar global intermodal networks—including logistics management services and port terminal facilities—maintained by participating carriers. In addition, MSP provides employment for approximately 2,400 trained and unionized U.S. Merchant Mariners needed to crew the U.S. Government-owned surge¹ sealift fleet in times of war or national emergency, and supports up to 5,000 additional shore-side maritime industry jobs.

MSP ships and their crews are the heart of U.S. international maritime trade and form the backbone of U.S. sustainment² sealift capacity and global response capability. Economically, MSP ensures U.S. resiliency in international commerce by supporting a diverse core fleet of merchant vessels capable of reliably shipping U.S. exports and imports around the world without adverse interference while safeguarding America's role as a leader in the development of international maritime

¹ Surge sealift is the initial movement of troops, equipment, and supplies to a designated location to satisfy time-critical war fighting requirements. Surge sealift is also provided by government-owned vessels to support routine operations when commercial assets are not available or suitable.

² Sustainment sealift provides the continuous, ongoing support to American military operations for the transport of troops, equipment and supplies, over an extended period in times of conflict. Sustainment sealift operations are almost exclusively conducted by internationally sailing U.S. flag merchant vessels, while also maintaining commercial sea trade.

standards. Militarily, MSP ensures the United States' ability to deploy U.S. forces anywhere in the world on short notice, sustain them while they are overseas, and bring them home safely when their missions are complete.

The ships in the MSP fleet have supported every U.S. conflict since 1997 by making sustainable sealift and intermodal capacity available to DoD through direct contract or charter arrangements. MSP ships carried the majority of sustainment cargoes required for operations in Iraq and Afghanistan. These vessels continue to play a vital role in the support of U.S. military operations worldwide. The COVID-19 crisis has severely impacted MSP carriers, with reductions in U.S. Government and commercial cargo shipments and supply chain disruptions felt across the fleet during FY 2020 – FY 2021. Although carriers have rebounded in the past few months given the unprecedented surge in consumer demand, the ongoing volatility of the international shipping market confirms the national need for a dedicated U.S.-Flag international merchant fleet. Continued support at the fully authorized stipend level is essential to ensure the long-term readiness and ongoing availability of the MSP fleet to meet DoD contingency requirements.

The U.S. Government Accountability Office completed a study of MSP³ in August 2018 that found that the program helps ensure that a sufficient number of U.S.-flag vessels are available to meet DoD cargo capacity needs. Not having the required number of deep-draft vessels available for military use when needed would pose a significant risk to national security.

MSP provides fixed annual retainer payments that enable participating carriers to operate successfully under U.S.-flag registry. These payments help to offset the high differential between the cost of operating vessels under U.S. registry versus foreign registry, now estimated at approximately \$7 million per ship/year. Some MSP participants who rely on this stipend could decide to leave the U.S.-flag fleet.

A requirement for entry into MSP is that carriers commit both vessel capacity and intermodal resources to MARAD's emergency preparedness programs. Without a sufficient number of U.S.-flag vessels, the U.S. economy would be more reliant on foreign-flag vessels to ship our imports and exports, contradicting the statutory policy of 46 U.S.C. § 50101,⁴ and DoD would have to rely more on foreign-owned, foreign-registered, and foreign-crewed vessels to meet sealift requirements. MSP also ensures that the global intermodal assets, including logistics management services and port terminal facilities, of current U.S.-flag ship operators, will be readily available to DoD.

In FY 2021, the MSP fleet operated at full-capacity, with 60 ships enrolled. The MSP fleet was comprised of: 28 containerships, 6 geared containerships, 18 roll-on/roll-off vessels, 6 heavy lift vessels, and 2 product tanker vessels. Overall, the MSP fleet's militarily useful capacity continues to be at the highest level in the program's history. MARAD will continue its efforts through FY 2022 to maintain the unique mix of militarily useful MSP vessels that are critical to meeting projected DoD contingency needs.

³ United States Government of Accountability Office, DOT Needs to Expediently Finalize the Required National Maritime Strategy for Sustaining U.S.-Flag Fleet, August 2018.

⁴ 46 U.S.C. § 50101(b) stipulates that it is U.S. Government policy to encourage and aid the development and maintenance of a U.S.-flag merchant marine that is capable of, among other things, carrying "a substantial part of the waterborne export and import foreign commerce of the United States and to provide shipping services essential for maintaining the flow of the waterborne domestic and foreign commerce at all times."

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

MSP is a combined economic and national security program that not only helps meet DoD sealift needs but also supports MARAD's core mission of strengthening the U.S. Marine Transportation System—including infrastructure, industry, and labor—to meet the economic and security needs of the Nation. Vessels enrolled in MSP benefit the United States by providing a continuous U.S. presence in international commerce while supporting national security requirements in times of war or national emergency.

MSP supports the Administration's infrastructure priorities by emphasizing the retention of vessels that are in a state of good condition. A major benefit of MSP is the program's self-recapitalization feature, and that vessel operators replace vessels participating in the program with newer vessels before they reach the maximum age of 25 years. Any ship offered as a replacement for an existing MSP vessel must be less than 15 years old (tankers must be less than 10 years old) and must be found by MARAD to be commercially viable and by the U.S. Transportation Command to be militarily useful. MARAD continuously looks to secure newer, more militarily useful vessels with higher capacities for service in the MSP fleet. Additionally, these newer vessels operating in the MSP consume far less fuel while emitting fewer greenhouse gas emissions into the atmosphere than older vessels.

MSP continues to provide DoD with assured access to the global networks and resources maintained by participating carriers. It would cost the government many billions of dollars to replicate this network and the access it provides, including logistic management services, port terminals, and intermodal facilities and equipment.

MSP also helps address the risk of a shortage in U.S.-flag ships and U.S. Coast Guard-licensed mariners with unlimited tonnage credentials sufficient to meet the United States' needs in both peace and war. To adequately respond to a range of contingencies, the U.S. requires a modern fleet of U.S.-flag ships crewed by trained, experienced American mariners. The U.S. must also, to the greatest extent possible, maintain control over its own trade, as reliance on foreign-flag ships to carry the U.S.'s foreign commerce may expose the country to significant strategic risk. As stated in National Security Directive 28, the U.S. must be prepared to respond unilaterally to security threats in geographic areas not covered by alliance commitments, and sufficient U.S.-owned sealift resources must be available to meet the requirements for such unilateral responses. MSP helps meet these requirements.

The DoD has consistently supported the 60-ship MSP fleet as necessary to fulfill DoD's sealift requirements. Without this funding, MSP operators could decide that they cannot economically operate under the U.S. flag and leave the flag. If MSP operators decided to adopt this course of action and leave the program, the U.S. would have less reliable access to internationally sailing merchant ships, contravening Congressional intent in 46 U.S.C. § 50101, and DoD would lose assured access to 60 U.S.-flagged commercial ships and the global intermodal networks maintained by MSP participants. By ensuring the continued availability of the MSP fleet, the United States is assured that a core fleet of U.S.-flag vessels will be available to support economic, national security, and domestic security objectives.

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CABLE SECURITY FLEET PROGRAM

[For the Cable Security Fleet program, as authorized by chapter 532 of title 46, United States Code, \$10,000,000, to remain available until expended.]

(Department of Transportation Appropriations Act, 2021)

EXHIBIT III-1
CABLE SECURITY FLEET PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
Cable Security Fleet Program	-	-	10,000	-	-	-
Total	-	-	10,000	-	-	-
FTEs						
Direct Funded	-	-	-	-	-	-
Reimbursable, Allocated, Other	-	-	-	-	-	-

CABLE SECURITY FLEET PROGRAM

Program and Performance Statement

The Cable Security Fleet Program provides direct payments to U.S. Flagship operators who in turn are required to operate cable repair ships in commercial service providing undersea cable repair services, and to make the vessel available upon request of 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.

EXHIBIT III -1a

**CABLE SECURITY FLEET PROGRAM SUMMARY ANALYSIS
OF CHANGE FROM FY 2021 TO FY 2022 Appropriations,
Obligations, Limitations, and Exempt Obligations (\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	<u>\$10,000</u>	<u>0</u>
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2022 Pay Raise	-	
GSA Rent	-	
Working Capital Fund	-	
Inflation	-	
Inflation and other adjustments to base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$0</u>	<u>0</u>
<u>PROGRAM REDUCTIONS:</u>		
		-
SUBTOTAL, PROGRAM REDUCTIONS	<u>\$0</u>	<u>0</u>
<u>PROGRAM INCREASES:</u>		
Program	<u>-10,000</u>	-
SUBTOTAL, PROGRAM INCREASES	<u>-\$10,000</u>	<u>0</u>
FY 2022 Request	<u>\$0</u>	<u>0</u>

TANKER SECURITY PROGRAM

For Tanker Security Fleet payments, as authorized under section 53406 of title 46, United States Code, \$60,000,000, to remain available until expended.

EXHIBIT III-1
TANKER SECURITY PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
Tanker Security Program	-	-	-	-	-	60,000
Total	-	-	-	-	-	60,000
FTEs						
Direct Funded	-		-		-	-
Reimbursable, Allocated, Other	-		-		-	-

TANKER SECURITY PROGRAM

Program and Performance Statement

The Tanker Security Program provides direct payments to U.S. Flagship 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 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	\$000	FTE
FY 2021 ENACTED	<u>\$0</u>	<u>0</u>
<u>ADJUSTMENTS TO BASE</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2022 Pay Raise	-	
Inflation and other adjustments to base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>Program Reductions:</u>		
	-	-
SUBTOTAL, PROGRAM DECREASES	0	0
<u>Program Increases:</u>		
Operating Agreements	60,000	-
SUBTOTAL, PROGRAM INCREASES	\$60,000	0
FY 2022 Request	\$60,000	0

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

TANKER SECURITY PROGRAM

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Tanker Security Program (TSP)	0	0	\$60,000
Total	\$0	\$0	\$60,000

For FY 2022, \$60 million is requested to implement the Tanker Security Program (TSP) at the authorized level of \$6 million in retainer payments per product tanker for up to 10 tanker vessels. Funding will address national and economic security requirements for U.S.-flag product tankers, while supporting deployed U.S. armed forces in contingency operations.

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

Funding of \$60 million is requested for the (TSP), as authorized under 46 U.S.C. § 53406. The TSP will address the requirement for U.S.-flag product tankers capable of loading, transporting, and storing on-station bulk petroleum refined products to support national economic security and Department of Defense (DoD) contingency requirements. In addition, TSP will support U.S. commercial resilience to global instability and competitiveness internationally, particularly within European and East Asian markets, which are of critical national strategic importance.

TSP will provide funding to support a U.S. fleet of up to 10 militarily useful, commercially viable product tankers sailing in international trade, as well as a global network of capabilities to serve U.S. international economic resilience and national security needs. In addition, this program will increase the base of qualified U.S. Merchant Mariners available to support the Government's reserve sealift needs. By restoring a U.S. presence in global tanker operations, creating approximately 1,200 new skilled, and unionized U.S. Merchant Mariner jobs, the program aligns with the Administration's focus on strengthening U.S. economic resilience and workforce development. It will also advance the Department's effort to make transformative investments in our national transportation infrastructure by supporting a dedicated fleet of U.S.-owned, U.S.-flagged, and U.S. crewed tanker vessels. This investment will help to reduce the risk of adverse foreign interference in U.S. economic activity in the future while also providing sustainable, skilled American jobs with competitive, living wages that have applicability both afloat and ashore.

Assured access to U.S.-flag product tankers is required to reduce DoD's reliance on foreign-owned, foreign-crewed, and foreign-flagged vessels. DoD's *Mobility Capabilities Requirements Study 2016* identified a need for more than 80 product tankers to meet U.S. military demands

during a major contingency. However, there are currently only 54 U.S.-flag product tankers, and only six of these are engaged in international trade and enrolled in the assured-access Voluntary Tanker Agreement (VTA) program. The remaining 48 U.S.-flag tanker vessels operate domestically in coastwise (Jones Act) trade, and would be largely unavailable to DoD without major disruption to domestic transport needs.

The TSP request of \$60 million will provide a maximum retainer payment of \$6 million to each of up to 10 tanker vessels enrolled in the program. While this funding will not lower the market rate for transporting petroleum, these payments offer at least partial compensation to U.S.-flag tanker operators for the comparatively large operating cost differential between operating under the U.S. flag and operating under foreign flags. These payments also address the wider disparity in operating costs incurred by U.S.-flag tanker operators in international trade compared to those incurred by U.S.-flag dry cargo vessel operators in international trade. MARAD estimates the annual operating cost differential between U.S. - and foreign-flag tankers to be \$6.7 million per ship.

TSP will be implemented in a similar manner to the highly successful Maritime Security Program (MSP) in that carriers will receive a monthly retainer payment per vessel to ensure that TSP ships operate in U.S. international commerce during peacetime, and are available to provide DoD with assured access to U.S.-flag sealift capacity and qualified, U.S.-citizen mariners during armed conflicts and other emergencies.

MARAD will oversee and manage the TSP in coordination with the U.S. Transportation Command (USTRANSCOM). MARAD anticipates that FY 2022 TSP activities will include establishment of Operating Agreements with participating carriers to enroll 10 modern, efficient product tank vessels in the program and employ U.S. citizen crews. MARAD will approve or modify TSP contracts to improve the quality of the TSP fleet by ensuring that any ship offered must be less than 10 years old, and that only militarily useful and commercially viable vessels will be enrolled in the program. A major benefit of TSP is the program's self-recapitalization feature, and that vessel operators replace tanker vessels participating in the program before they reach the maximum age of 20 years with newer vessels, all of which are regulated by Environmental Protection Agency, and consume far less fuel while emitting fewer greenhouse gas emissions into the atmosphere than older vessels.

If funded, TSP would help address the shortage of both U.S.-flag ships and U.S. Coast Guard-licensed Mariners with unlimited tonnage credentials. In the absence of U.S.-flagged vessels, including tankers, the U.S. would be forced to rely on foreign-owned, foreign-crewed, and foreign-flagged vessels to meet U.S. defense and economic requirements. In addition to providing sealift capacity, U.S.-flag internationally-trading ships provide employment for U.S. Merchant Mariners, thus helping to expand the number of such mariners who are available to crew the Government-owned sealift fleet in times of extended crisis. MARAD estimates that there is a risk that there are not enough U.S.-flag ships to sustain the required pool of mariners necessary to meet the need in a major national emergency which could necessitate reliance on ally-flagged ships, a potential strategic disadvantage.

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

TSP would provide both the U.S. economy and DoD with assured access to privately owned and operated U.S.-flag tankers, sustain a pool of highly-skilled U.S. Merchant Mariners, promote economic security and resilience, and support national security requirements during war or national emergency. The proposed TSP would also help to address the mariner shortage by providing employment for skilled U.S. Merchant Mariners, including those certified by the U.S. Coast Guard to meet Tankerman-Person-in-Charge requirements. The pool of mariners employed as a result of this program would be critical in ensuring that the U.S. has an adequate number of qualified seagoing officers and crew available to support the activation of government-owned sealift vessels, particularly during times of natural disasters or national security need.

TSP advances the DoD policy that integrates civil and military capabilities for bulk petroleum distribution. In addition to supporting deployed forces, carriers will be encouraged to enroll tankers equipped for consolidation operations (transferring fuel at sea to a naval combatant vessel), a critical requirement for U.S. Navy fleet replenishment, including refitting ships to provide that capability. TSP will thus better enable U.S. forces to meet emerging operational challenges in Europe, the Middle East, and East Asia by supporting operations both at sea and on land.

All U.S.-flag tanker carriers operating in the TSP will be required to participate in the VTA program. This DOT-DoD approved emergency preparedness program, which parallels the Voluntary Intermodal Sealift Agreement (VISA) for non-tanker vessels, guarantees DoD access to tanker capacity, ensuring that adequate energy sealift is available to meet contingency needs.

TSP acknowledges the importance of a strong partnership with the commercial maritime industry and the ability to provide well-paying jobs for American seafarers. Additionally, this effort supports U.S. ship managers engaged in global commerce, while also ensuring that U.S.-based sources meet U.S. defense transportation needs worldwide.

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MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the guaranteed loan program, \$3,000,000, which shall be transferred to and merged with the appropriations for “Maritime Administration--Operations and Training”.

(Department of Transportation Appropriations Act, 2021)

EXHIBIT III-1
MARITIME GUARANTEED (Title XI) LOAN PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
Maritime Guaranteed (Title XI) Loan Program	3,000	-	3,000	-	-	3,000
Total	3,000	-	3,000	-	-	3,000
FTEs						
Direct Funded	11	-	12	-	-	12
Reimbursable, Allocated, Other	-	-	-	-	-	-

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 (TITLE XI) LOAN PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	<u>\$3,000</u>	12
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	5	
Annualization of FTE	-	
2022 Pay Raise	24	
GSA Rent	5	
Working Capital Fund	76	
Inflation and other adjustments to base	21	
SUBTOTAL, ADJUSTMENTS TO BASE	\$131	0
<u>PROGRAM REDUCTIONS:</u>		
Admin. Expenses	-131	-
SUBTOTAL, PROGRAM REDUCTIONS	-\$131	0
<u>PROGRAM INCREASES:</u>		
Admin. Expenses	-	-
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2022 Request	\$3,000	12

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

MARITIME GUARANTEED LOAN PROGRAM

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Administrative Expenses	3,000	3,000	3,000
Loan Guarantees	0	0	0
Total	\$3,000	\$3,000	\$3,000

For FY 2022, \$3 million is requested for the Maritime Guaranteed Loan (Title XI) Program, consistent with the FY 2021 enacted level. Funding will support staff salaries and administrative costs necessary to manage the current \$1.59 billion loan portfolio, as well as new loan agreements, in compliance with Federal Credit Reform Act requirements.

What is this Program and Why is it Necessary?

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—including repowering—that may otherwise be unavailable to ship owners who are financially and economically sound.

MARAD has executed 111 loan guarantee contracts since credit reform in 1993, totaling \$7.02 billion in loan guarantees. The Title XI program loan portfolio reached a high of \$4 billion in 2002, and currently has \$1.59 billion in outstanding loan guarantees encompassing 18 contracts.

The current available loan subsidy amount from prior year appropriations is \$35.4 million, and is estimated to support approximately \$487 million in Title XI loan guarantees. MARAD expects to obligate a portion of that subsidy in FY 2021 for at least two pending applications. 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, windfarm service and installation vessels, and support vessels, and floating dry-docks. Some of the reconstruction and reconditioning activities on existing vessels that are eligible for loans include the purchase and installation of new technologies that reduce the impact of ship operations on the environment. Such new technology purchases include the installation of engines that produce less pollution as well as alternative fuel propulsion systems such as liquefied natural gas, biofuel technologies, scrubbers, ballast water treatment technologies, and technologies designed to reduce the impact of vessel discharges.

For FY 2022, the requested amount of \$3 million for Title XI will support administrative

expenses, staff salaries, and operating maintenance expenses necessary to manage the current loan guarantee portfolio, as well as new loan agreements. This administrative funding will provide 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 \$1.59 billion loan portfolio. Robust monitoring of the loan portfolio is critical for timely intervention to reduce Government costs associated with default and maintenance expenses.

What benefits will be provided to the American Public through this request?

A core function of the Title XI Program is to protect and strengthen economic security by supporting domestic shipbuilding, which is a key part of the U.S. marine 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.

Funding also supports the continuous monitoring of the existing portfolio, and oversight to ensure compliance with loan guarantee requirements as MARAD continues to implement a more robust review and monitoring process to minimize the risk of default on existing loan guarantees.

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 in 1992 and subsequent years. 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), beginning in 2020 for all new loan guarantees. 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 50302(c) of title 46, United States Code, \$230,000,000, to remain available until expended: Provided, That projects eligible for amounts made available under this heading shall be projects for coastal seaports, inland river ports, or Great Lakes ports:[Provided further, That of the amounts made available under this heading, not less than \$205,000,000 shall be for coastal seaports or Great Lakes ports:] Provided further, That the Maritime Administration shall distribute amounts made available under this heading as discretionary grants to port authorities or commissions or their subdivisions and agents under existing authority, as well as to a State or political subdivision of a State or local government, a Tribal Government, a public agency or publicly chartered authority established by one or more States, a special purpose district with a transportation function, a multistate or multijurisdictional group of entities, or a lead entity described above jointly with a private entity or group of private entities: Provided further, That projects eligible for amounts made available under this heading shall be designed to improve the safety, efficiency, or reliability of, the movement of goods into, out of, around, or within a port[and]: Provided further, That for grants awarded under this heading, the Secretary shall prioritize projects that address climate change, environmental justice and racial equity considerations related to the movement of goods; 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, and directly related to port operations, or to an intermodal connection to a port:

Provided further, That project awards eligible under this heading shall be only for—

- (1) port gate improvements;
- (2) road improvements both within and connecting to the port;
- (3) rail improvements both within and connecting to the port;
- (4) berth improvements (including docks, wharves, piers and dredging incidental to the improvement project);
- (5) fixed landside improvements in support of cargo operations (such as silos, elevators, conveyors, container terminals, Ro/Ro structures including parking garages necessary for intermodal freight transfer, warehouses including refrigerated facilities, lay-down areas, transit sheds, and other such facilities);
- (6) improvements that reduce environmental impacts of port operations (such as shorepower, electrification of port facilities, electric vehicle charging, hydrogen and other clean energy fuels, and other such facilities that lower emissions);

[(6)](7) utilities necessary for safe operations (including lighting, stormwater, and other such improvements that are incidental to a larger infrastructure project);

(8) climate change mitigation and adaptation planning; or

[(7)](9) a combination of activities described above:

Provided further, That the Federal share of the costs for which an amount is provided under this heading shall be up to 80 percent: Provided further, That for grants awarded under this heading, the minimum grant size shall be \$1,000,000: Provided further, That for grant awards less than \$10,000,000, the Secretary shall prioritize ports that handled less than [10,000,000]8,000,000 short tons [in 2017, as identified by the Corps of Engineers; *Provided further*, That for grant awards less than \$10,000,000, the Secretary may increase the Federal share of costs above 80 percent], as reflected in the Waterborne Commerce of the United States Annual Report issued immediately preceding the effective date of this Act: *Provided further*, That not to exceed 2 percent of the amounts made available under this heading shall be available for necessary costs of grant administration.

(Department of Transportation Appropriations Act, 2021)

EXHIBIT III-1
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2020 ACTUAL	FY 2021 CARES ACT	FY 2021 ENACTED	FY 2021 CRRSA	FY 2021 AMERICAN RESCUE PLAN	FY 2022 PRESIDENT'S BUDGET
Port Infrastructure Development Program	225,000	-	230,000	-	-	230,000
Total	225,000	-	230,000	-	-	230,000
FTEs						
Direct Funded	3	-	8	-	-	8
Reimbursable, Allocated, Other	-	-	-	-	-	-

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 and to reduce environmental impacts in and around ports.

EXHIBIT III -1a

**PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2021 TO FY 2022
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2021 ENACTED	<u>\$230,000</u>	<u>0</u>
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2022 Pay Raise	14	
GSA Rent	-	
Working Capital Fund	-	
Inflation and other adjustments to base	<u>13</u>	
SUBTOTAL, ADJUSTMENTS TO BASE	\$27	0
<u>PROGRAM REDUCTIONS:</u>		
Grant Admin.	-27	-
SUBTOTAL, PROGRAM REDUCTIONS	-\$27	0
<u>PROGRAM INCREASES:</u>		
Grants	-	-
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2022 Request	<u>\$230,000</u>	<u>0</u>

**DETAILED JUSTIFICATION
FY 2022 Budget Request**

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

(\$000)

Program Activity	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
Port Infrastructure Development Program	225,000	230,000	230,000
Total	\$225,000	\$230,000	\$230,000

For FY 2022, \$230 million is requested for the Port Infrastructure Development Program (PIDP), consistent with FY 2021 enacted level. Funding requested will support grants to improve port infrastructure and facilities and stimulate economic growth in and around ports, while also mitigating climate change, strengthening environmental justice, promoting racial and transportation equity and inclusion, and improving resiliency.

Funding for the PIDP grants aligns with the Justice40 Initiative, mitigating and minimizing the environmental impacts of our ports to reduce negative impacts on neighboring communities and port workers. In the coming months, the Department will be working to ensure that subsequent programs, targets, and metrics fulfill the ambition of the Justice40 Initiative to deliver meaningful and measurable benefits to disadvantaged and underserved communities.

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

The PIDP provides grants to support projects that improve the safety, efficiency, and/or 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. Many of these facilities are in need of resources to build transformational infrastructure and improve sustainability and resilience. More than 30 million American jobs—including 28.6 million workers employed in exporter/importer-related businesses and their support industries—and \$378 billion in tax revenue depend to some extent on U.S. ports and the goods and passengers that move through them.¹ The PIDP request of \$230 million 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 benefits of PIDP funds for all Americans, DOT seeks projects that enable safe,

¹ *Martin & Associates – 2018 National Economic Impact of the U.S. Coastal Port System: Executive Summary*

efficient, and reliable movement of goods and support the following program objectives: (1) supporting economic vitality at the national and regional level; (2) addressing climate change and environmental justice impacts consistent with Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*; (3) advancing racial equity and reducing barriers to opportunity;

and, (4) leveraging Federal funding to attract non-Federal sources of infrastructure investment. The program also gives consideration to how a proposed project will address the challenges faced by rural areas and communities.

Over the past two years, the program has awarded 33 grants totaling more than \$508 million in 20 States and 1 U.S. Territory. In each year, there were approximately \$1 billion in requests—far exceeding the level of funding available. In addition, 12 percent of PIDP grant applicants included the anticipated development of wind energy facilities and the movement of wind energy components as parts of their project proposals. Funding enacted by Congress in FY 2021 for PIDP grants is expected to bolster these alternative energy efforts while creating American jobs in port communities and the U.S. maritime industry as a whole.

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

Recent sharp increases in overall consumer demand highlight the urgent need for transformational investments to expand and improve infrastructure at our nation's ports. Some port facilities are in economically disadvantaged areas where employment equity and other opportunities are limited. Great Lakes, inland waterway, and coastal seaport terminals are also critical hubs for the safe, efficient, and environmentally sensitive movement of freight that drives the national economy.

MARAD's PIDP will assist the Department in advancing key Administration efforts in safety, equity, economic inclusion, climate resilience, and transformational change. The PIDP will prioritize safety, the Department's highest priority, at port facilities for the transport and transfer of goods that drive economic recovery and growth.

To promote equitable economic strength, funding for PIDP grants will result in investments for repair and modernization of port infrastructure that create good paying union jobs for American workers, and help transform our deteriorating infrastructure into a 21st century system that supports efficiency in our freight supply chains, creates communities of opportunity in disadvantaged areas, accelerates equitable long-term economic growth, and increases global competitiveness.

In addition, PIDP grants will support racial equity and inclusiveness by funding port infrastructure projects that provide well-paying job opportunities in underserved communities located in and around U.S. ports. These investments will also help to extend opportunities to small businesses to participate in the design, construction, and manufacturing needed to support port infrastructure investment, including the manufacture of component parts.

PIDP grants will support port infrastructure projects that help to reduce greenhouse gas emissions, are sustainable in climate change conditions, and can assist in achieving net-zero emissions by 2050. By expanding our investments in our Nation's ports, we can improve the flow of commerce while helping to reduce emissions and the disproportionate impacts of pollution on low-income areas and communities of color.

PIDP grants are transformational investments that will provide more advanced and modern port technologies and infrastructure for coming generations, and support a safe, equitable, and sustainable marine transportation system.

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 Defense/Navy-sponsored sealift activities and special projects, are provided by reimbursement from 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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ADMINISTRATIVE PROVISIONS

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.

(Department of Transportation Appropriations Act, 2021)

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**INFORMATION TECHNOLOGY
DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION
BUDGET AUTHORITY**

(\$000)

Budget Account	FY 2020 Actual /1	FY 2021 Budget /1	FY 2022 Request /1
MARAD O&T – HQ Direct	\$10,108	\$10,613	\$11,144
<i>Commodity IT SS WCF</i>	<i>\$5,619</i>	<i>\$7,982</i>	<i>\$8,274</i>
<i>O&T Programmatic IT</i>	<i>\$4,489</i>	<i>\$2,631</i>	<i>\$2,870</i>
MARAD O&T - USMMA	\$13,146	\$8,405	\$8,405
<i>Commodity IT SS WCF</i>	<i>\$2,950</i>	<i>\$4,191</i>	<i>\$4,344</i>
<i>USMMA Programmatic IT</i>	<i>\$10,196</i>	<i>\$4,214</i>	<i>\$4,061</i>
MARAD Reimbursable - RRF	\$6,083	\$6,690	\$6,191
<i>Commodity IT SS WCF</i>	<i>\$1,803</i>	<i>\$2,561</i>	<i>\$2,654</i>
<i>RRF Programmatic IT</i>	<i>\$4,235</i>	<i>\$4,129</i>	<i>\$3,537</i>
Total	\$29,292	\$25,708	\$25,740

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.

The Maritime Administration (MARAD) is requesting **\$25.7 million** in FY 2022 for information technologies that support the full spectrum of MARAD programs as well as the Department’s initiative to transform and consolidate the management of certain IT solutions centrally by the Office of the Chief Information Officer (OCIO).

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

OCIO will continue to provide all modes Commodity IT Shared Services in FY 2022 to achieve economies of scale and increase consistency of cybersecurity protections across the Department. Commodity 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 preliminary planning request is **\$8.3 million** from the Headquarters (HQ) Operations and Training (O&T) account, **\$4.3 million** from the USMMA account, and **\$2.7 million** from the Ready Reserve Force (RRF) account for Commodity IT Shared Services. 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 IT

The following major mission-critical IT systems will be maintained by MARAD in FY 2022. This list is only a subset of all IT systems that support MARAD and are reported in OMB's Corporate Investment Management System.

- **Nautical System Enterprise (NSE)** - MARAD will invest **\$1.779 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.
- **Common Computing Environment (CCE)** - MARAD will invest **\$588 thousand** in O&M to support application development and delivery of the CCE. Funding of the CCE is essential to the achievement of MARAD's twenty-four-hour availability of accurate and current business information to partners and public, as the CCE enables MARAD and improve availability of reliable business information to partners with timeliness.
- **SharePoint** - MARAD will invest **\$457 thousand** in O&M to support SharePoint and the development and delivery of the MARAD internal Intranet and external sites.
- **USMMA Marine Simulation Systems** - MARAD will invest **\$398 thousand** in O&M to support development and delivery of the USMMA Simulation Systems.
- **US Merchant Marine Academy Program Support** - MARAD will invest **\$396 thousand** in O&M for USMMA program support, which will be used to maintain a variety of IT applications supporting the higher education and academic training needs at USMMA.
- **Mariner Outreach System (MOS)** - MARAD will invest **\$360 thousand** in O&M to support development and delivery of the MOS. Funding of the MOS is essential to the achievement of MARAD's objective to ensure that the maritime workforce is qualified in the newest techniques and technologies used in marine transportation, including safety, security and environmental sustainability as the MOS enables MARAD to continuously improve Federal sponsorship of mariner training and education programs.
- **USMMA Comprehensive Academic Management System (CAMS)** - MARAD will invest **\$356 thousand** in O&M, for USMMA to support development and delivery of the USMMA CAMS. Funding of the CAMS 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 CAMS enables MARAD to improved enterprise resource planning functionality regarding finance, housing, student affairs and online access to required admission information.

- **IT Governance** - MARAD will invest **\$338 thousand** in O&M to address all MARAD governance and Enterprise Architecture (EA) required for the successful execution of the MARAD 5-year IT Strategic Plan and EA Transition Strategy (e.g., proposed IT Modernization and optimization and to ensure EA alignment with Federal and Departmental guidelines and to maximize EA maturity within MARAD.
- **Maritime Service Compliance System (MSCS)** - MARAD will invest **\$287 thousand** 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.
- **Vessel History** - MARAD will invest **\$175 thousand** in O&M for RRF to support development and delivery of the Vessel History system.
- **Excess Property Processing (EPP)** - MARAD will invest **\$93 thousand** in O&M for RRF to support development and delivery of the EPP system. Funding of the EPP is essential to the achievement of MARAD's objective for readiness of U.S.-flag fleet and regional offices in terms of accurate inventory level of excess material; and their associated costs; donation; and disposal, as the EPP enables MARAD to record and manage excess material accurately; accurate report on cost associated with excess material; seamless information exchange with GSA related system; Effective management of disposal of excess materials.
- **Cargo Preference Overview System (CAPOS)** - MARAD will invest **\$85 thousand** in O&M to support development and delivery of the CAPOS. Funding of the CAPOS is essential to the achievement of MARAD's objective to improve U.S.-flag vessels' share of U.S. trade; improve U.S.-flag vessels' access to foreign markets, as the CAPOS enables MARAD to improve: average time for report generation; increase data accuracy for data entry; and expedite international preference cargo tracking.
- **USMMA Blackboard** - MARAD will invest **\$60 thousand** in O&M, for USMMA to support development and delivery of the USMMA Blackboard. Funding of the USMMA Blackboard is essential to the achievement of MARAD's objective to provide effective course management, and learning management, systems within higher education, as the USMMA Blackboard enables MARAD to improve course automation support for residential classes.

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**MARITIME ADMINISTRATION
OPERATIONS AND TRAINING
HISTORY OF APPROPRIATIONS
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
2013	146,298	148,085	1/
2014	152,168	148,003	
2015	148,400	148,050	
2016	184,637	171,155	
2017	194,146	175,560	
2018	171,820	523,642	2/
2019	152,428	149,442	3/
2020	377,497	155,723	
2021	137,797	155,616	
2022	172,204	TBD	

1/ This amount reflects FY 2013 sequestration reductions.

2/ Include \$10M supplemental appropriation for Hurricane Harvey

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

**MARITIME ADMINISTRATION
STATE MARITIME ACADEMY OPERATIONS
HISTORY OF APPROPRIATIONS
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
2013	1/	1/	
2014	1/	1/	
2015	1/	1/	
2016	1/	1/	
2017	1/	1/	
2018	1/	1/	
2019	1/	345,200	2/
2020	1/	343,280	3/
2021	337,700	432,700	
2022	358,300	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 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
2013	-	9,458	1/
2014	-	-	
2015	-	-	
2016	-	5,000	
2017	-	10,000	
2018	-	20,000	
2019	-	20,000	
2020	-	20,000	
2021	-	20,000	
2022	20,000	TBD	

1/ This amount reflects FY 2013 sequestration reductions.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
SHIP DISPOSAL
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
2013	10,000	5,212	1/
2014	2,000	4,800	
2015	4,800	4,000	
2016	8,000	5,000	
2017	20,000	34,000	
2018	9,000	116,000	
2019	30,000	5,000	
2020	5,000	5,000	
2021	4,200	4,200	
2022	10,000	TBD	

1/ This amount reflects FY 2013 sequestration reductions.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME SECURITY PROGRAM
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2013	184,000	160,289 ^{1/}
2014	208,000	186,000
2015	211,000	186,000
2016	211,000	210,000
2017	211,000	300,000
2018	210,000	300,000
2019	214,000	300,000
2020	300,000	300,000
2021	314,008	314,000 ^{2/}
2022	318,000	TBD

1/ This amount reflects FY 2013 sequestration reductions.

2/\$314,007,780 is authorized for MSP, of which \$7,780 is funded from the carryover balance.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
CABLE SECURITY FLEET PROGRAM
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	10,000
2022	0	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
TANKER SECURITY PROGRAM
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	0
2022	60,000	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME GUARANTEED LOAN PROGRAM
FY 2013 - FY 2022
Main Table - (\$000)**

<u>Fiscal Year</u>		<u>Request</u>	<u>Enacted</u>
2013	Guarantee Subsidy	-	-
	Administration	3,750	3,544 ^{1/}
	TOTAL	3,750	3,544
2014	Guarantee Subsidy	-	35,000
	Administration	2,655	3,500
	TOTAL	2,655	38,500
2015	Guarantee Subsidy	-	-
	Administration	3,100	3,100
	TOTAL	3,100	3,100
2016	Guarantee Subsidy		5,000
	Administration	3,135	3,135
	TOTAL	3,135	8,135
2017	Guarantee Subsidy	-	-
	Administration	3,000	3,000
	TOTAL	3,000	3,000
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	TBD
	TOTAL	3,000	TBD

1/ This amount reflects FY 2013 sequestration reductions.

MARITIME ADMINISTRATION
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
HISTORY OF APPROPRIATIONS
FY 2013 - FY 2022
Main Table - (\$000)

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
2013	0	0	
2014	0	0	
2015	0	0	
2016	0	0	
2017	0	0	
2018	0	0	
2019	0	292,730	1/
2020	0	225,000	
2021	0	230,000	
2022	230,000	TBD	

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

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