



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2023

MARITIME ADMINISTRATION

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

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**DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION
Budget Estimates, Fiscal Year 2023**

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MARITIME ADMINISTRATION FISCAL YEAR 2023 BUDGET REQUEST

SECTION ONE OVERVIEW



March 28, 2022

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MARITIME ADMINISTRATION

FY 2023 Budget Request

Overview

The Fiscal Year (FY) 2023 Budget Request includes \$906.7 million for the Maritime Administration (MARAD) to strengthen the United States' maritime transportation system. A strong, resilient marine transportation system is essential for economic recovery and growth, to keep the United States (U.S.) competitive in the global economy, and to provide sealift capacity to support our military. MARAD helps to foster, promote, and develop the U.S. maritime industry to meet our Nation's economic and national security needs. MARAD remains focused on implementing policies that address our Nation's maritime infrastructure gaps while fostering and sustaining American job opportunities in the maritime industry, increasing our global competitiveness, and leveraging technology to meet the needs and challenges of the maritime transportation system. In addition, the Bipartisan Investment Infrastructure Law (BIL) provides historical critical investments in our nation's ports to help support American jobs and more efficient and resilient operations that address supply chain needs for delivery of goods. MARAD is also working to mitigate climate change, strengthen environmental justice, ensure 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. 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.

MARAD educates and trains future mariners by operating the Federal U.S. Merchant Marine Academy (USMMA). In December 2021, MARAD introduced new policies and procedures to improve safety for cadets during the Sea Year training. To help prevent sexual assault and sexual harassment (SASH), support survivors, and strengthen a climate of accountability, MARAD introduced new safety standards that commercial carriers carrying USMMA cadets must implement called the "Every Mariner Builds a Respectful Culture" (EMBARC). MARAD also introduced new policies and procedures at USMMA, including a new Superintendent's Instruction for the Sea Year Training Program, and a revised Sea Year Guide for cadets. MARAD will continue to implement these new measures, and will be working to ensure regular review and continuous improvement of the measures to help support broader culture change across the maritime industry to improve safety for all mariners. MARAD will also work to advance measures to support diversity, equity, and inclusion across the merchant marine, as the maritime educational programs help to educate and train a diverse group of mariners and the next generation of future leaders, and foster innovation to support the U.S. marine transportation infrastructure, including shipyards and ports.

MARAD continues to conduct outreach across the maritime transportation sector to gauge the economic and industrial consequences of the coronavirus (COVID-19) pandemic on vessel and

port operations as the U.S. maritime industry continues to rebound from the health crisis. As they always have during times of crisis in our Nation's history, the members of the U.S. Merchant Marine have gone above and beyond to ensure the effective and efficient operations of the entire maritime transportation system during the COVID-19 pandemic. The FY 2023 Budget request furthers that mission by investing in U.S. mariner training, supporting programs that help U.S.-flag commercial vessels and product tankers compete globally, provides grants and federal assistance to support our Nation's ports and maritime industrial base, and maintains sealift readiness to meet national security requirements.

This level of funding will build upon and sustain the Administration's program activities and initiatives advancing the Secretary's priority goals for Safety, Equity, Economic Strength, Climate Sustainability, and Organizational Excellence. The FY 2023 Budget request is summarized by account as follows:

Operations and Training

The Operations and Training (O&T) request is \$192 million and includes \$99.75 million for the USMMA and \$92.25 million for MARAD Operations and Programs. This level of funding will help ensure that the USMMA continues to educate merchant mariners who can serve the economic and national security needs of the Nation. This funding will also provide for agency infrastructure, including additional staff necessary for operational and program support, and initiatives. Adjustments to baseline funding in USMMA and MARAD Operations will also continue efforts from an FY 2022 approved reprogramming of unobligated prior year balances by Congress to strengthen management and oversight of USMMA to implement SASH prevention and response policies and procedures; and resources to address long-standing maintenance and repair needs of campus infrastructure. The FY 2023 O&T request supports the following programs:

U.S. Merchant Marine Academy

For FY 2023, \$99.75 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 \$87.85 million for academic operating expenses and resources critical to respond to emerging needs, and \$11.9 million to support routine and unplanned emergency facility maintenance and repair needs of the Academy's aging buildings and infrastructure.

Academy Operations

For FY 2023, \$87.85 million is requested for Academy Operations to support mission-essential educational and IT infrastructure requirements, the housing and feeding of Midshipmen, administrative services and security priorities, and to continue implementation of measures to help prevent sexual assault and sexual harassment and provide support to survivors. Funding will support salaries, benefits and overhead for Academy employees, and proposes a request for five new positions critical to advance and manage Academy programs and priorities, including: Chief of Staff for support to the Office of Superintendent, Assistant Professor for Humanities, Supply Management Specialist, Fitness Requirements Coordinator, and a Prevention Education Coordinator.

Capital Asset Management Program (CAMP)

The funding request for CAMP of \$11.9 will support facilities maintenance, repairs, and equipment (FMRE) requirements. This level of base funding is essential to support recurring maintenance and repairs 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 functional and current. Additional funds requested will support the Academy's transition to a Campus-wide Maintenance contract, and provide resources to replace and rehabilitate as necessary major operating systems (chillers, boiler plants, sewage plants, water mains, etc.) that are currently operating beyond their useful lives, or unreliable due to deferred or inadequate maintenance.

MARAD Operations and Programs

For FY 2023, \$92.25 million is requested for MARAD Operations and Programs, and includes \$67.43 million to support core agency infrastructure, including professional staff working to achieve the operating mission and support program initiatives. This request proposes additional funding to support 10 new positions at Headquarters to advance diversity and equity priorities, as well as enable MARAD to manage the loans and grants portfolio that has been significantly expanded by the Bipartisan Infrastructure Law (BIL) to ensure compliance with Federal grants management requirements. The remaining \$24.82 million will support the following program initiatives:

Maritime Environmental and Technical Assistance (META)

In FY 2023, funding of \$10 million will maintain support of 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 (AMH)

For FY 2023, \$10.82 million is requested for the AMH grant program to support the increased use, development, and expansion of the 27,000 miles of America's navigable waterways and landside infrastructure to enable the movement of freight by water, thereby reducing highway congestion and associated emissions. The 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.

Program Evaluation Assessments Aimed at Improving Core Assets and Resiliency

For FY 2023, a total of \$4 million is requested to support three evaluation assessments aimed at improving the efficiency and resiliency for some of MARAD's core assets. This includes a comprehensive examination to support an increased standardization for Naval operations and resiliency for the U.S. commercial fleet to operate in a contested environment anywhere in the world. Additionally, funding requested will allow a National Defense Reserve Fleet resiliency evaluation for the fleetwide study of the three existing NDRF facilities and anchorages in which MARAD manages. Finally, funding requested will provide for a three-part Training

Ship (TS) State of Michigan training platform requirements assessment to identify maritime training platform requirements unique to vessels and mariner training on the U.S. Great Lakes.

State Maritime Academy (SMA) Operations

The FY 2023 request includes \$77.7 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. The requested funding includes \$35 million for the National Security Multi-Mission Vessel (NSMV) program, which will provide vessel management, logistics, and maintenance oversight to support integration of the NSMVs into the schoolship fleet of training vessels, and support SMA pier structural improvements necessary for heavy weather mooring of the vessels when they are delivered. The new NSMVs will provide significant new capabilities that can support National humanitarian and disaster relief needs, in addition to training future merchant marine officers.

The request also includes \$30.5 million to fund critical maintenance and repairs for the training ships on loan to the SMAs to ensure they are maintained in compliance with U.S. Coast Guard (USCG) and American Bureau of Shipping requirements while the NSMVs are constructed and delivered. This funding also provides training ship sharing capacity to enable uninterrupted availability of mandatory at-sea training for cadets.

Funding requested also includes \$2.4 million for the Student Incentive Program (SIP) to offset student expenses related to rising education and tuition costs and to support student retention. In addition, \$6 million is requested for direct payments divided equally among each of the six SMAs to assist with higher operating costs at these specialized institutions. Finally, \$3.8 million is requested for fuel assistance payments. This funding request will help to alleviate the operational and logistics burden on all the SMAs as they also deal with the educational challenges in the post-coronavirus environment, as well as work through their ship capacity challenges in providing safe training platforms for the next generation of U.S. mariners.

Assistance to Small Shipyards

The FY 2023 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 upgrades 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. In addition, investing in shipbuilding supports job creation in a vital domestic industrial base.

Ship Disposal

For FY 2023, \$6 million is requested for the Ship Disposal program, including funding for support salaries and overhead for Ship Disposal and Nuclear Ship SAVANNAH (NSS) staff and support personnel. This funding also includes \$3 million to maintain the NSS in protective storage pursuant to Nuclear Regulatory Commission license requirements while decommissioning of the vessel's defueled nuclear reactor, components, and equipment is in progress.

Maritime Guaranteed Loan (Title XI) Program

For FY 2023, \$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 2023 Budget requests \$318 million for MSP and includes 60 vessels participating in the program, and an authorized level of \$5.3 million in stipend payments per vessel. 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. MSP also supports and contributes to the expansion of the merchant mariner base, and will provide employment for approximately 2,400 trained U.S. Merchant Mariners needed to crew the U.S. Government-owned surge sealift fleet, as well as up to 5,000 additional shore-side workers. In addition, 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 (TSP)

For FY 2023, \$60 million is requested for the TSP to support 10 U.S.-flag product tankers at \$6 million in retainer payments each. This funding for the program addresses the urgent and critical National security requirements for U.S.-flag product tankers to support our deployed Armed Forces in contingency operations, and improves core assets to enhance our Nation's global network of distribution capabilities. In addition, the recently released tanker study undertaken by DoD pursuant to Sec. 3519 of the National Defense Authorization Act (NDAA) for Fiscal Year 2020 further emphasized the need for U.S.-controlled tankers on which DoD can rely for secure refueling operations in contested environments. The TSP will create and sustain U.S. mariner jobs and support economic security and global competitiveness by helping to lower reliance on foreign-flag tankers.

Port Infrastructure Development Program (PIDP)

For FY 2023, \$230 million is requested for the PIDP 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.

In addition to the funding proposed in this Budget, the Bipartisan Infrastructure Law (BIL) provides an additional \$450 million in advance appropriations to support critical investments in our nation's ports to help support American jobs, and more efficient and resilient operations to meet the supply chain needs for delivery of goods to the American people. Funding will

provide additional grant resources for port infrastructure projects to support the increase in port capacity, address sea-level rise, flooding, extreme weather events, earthquakes, and tsunami inundation, as well as projects that reduce or eliminate port-related criteria pollutant or greenhouse gas emissions.

MARITIME ADMINISTRATION
FY 2023 BUDGET REQUEST SUMMARY
(Dollars in Thousands)

<u>ACCOUNT/PROGRAM</u>	<u>FY 2021 ACTUAL</u>	<u>FY 2022 CR (W/IIJA)</u>	<u>FY 2022 ENACTED (W/IIJA)</u>	<u>FY 2023 PRES. BUDGET</u>
OPERATIONS & TRAINING	<u>\$155,616</u>	<u>\$155,616</u>	<u>\$172,204</u>	<u>\$192,000</u>
U.S. Merchant Marine Academy	<u>\$85,944</u>	<u>\$85,944</u>	<u>\$90,532</u>	<u>\$99,748</u>
Academy Operations	80,000	80,000	85,032	87,848
Capital Improvement Program	-	-	-	-
Facilities Maintenance and Repair, Equipment	5,944	5,944	5,500	11,900
MARAD Operations & Programs	<u>\$69,672</u>	<u>\$69,672</u>	<u>\$81,672</u>	<u>\$92,252</u>
Headquarters Operations	55,853	55,853	60,853	67,433
Maritime Program Initiatives	<u>13,819</u>	<u>13,819</u>	<u>20,819</u>	<u>24,819</u>
Maritime Environmental and Technical Assistance	3,000	3,000	6,000	10,000
America's Marine Highways	10,819	10,819	14,819	10,819
Sealift Contested Environment Evaluation	-	-	-	2,000
National Defense Reserve Fleet (NDRF) Resiliency	-	-	-	800
TSSM Maritime Training Platform Requirements	-	-	-	1,200
STATE MARITIME ACADEMY OPERATIONS	<u>\$432,700</u>	<u>\$432,700</u>	<u>\$423,300</u>	<u>\$77,700</u>
Student Incentive Program	2,400	2,400	2,400	2,400
Direct SMA Support	6,000	6,000	6,000	6,000
Fuel Assistance Payments	3,800	3,800	3,800	3,800
School Ship M&R	30,500	30,500	30,500	30,500
National Security Multi-Mission Vessel	390,000	390,000	380,600	35,000
ASSISTANCE TO SMALL SHIPYARDS	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
SHIP DISPOSAL PROGRAM	<u>\$4,200</u>	<u>\$4,200</u>	<u>\$10,000</u>	<u>\$6,000</u> ^{2/}
Ship Disposal	1,200	1,200	7,000	3,000
NS Savannah	3,000	3,000	3,000	3,000
MARITIME SECURITY PROGRAM	<u>\$314,000</u> ^{1/}	<u>\$314,000</u>	<u>\$318,000</u>	<u>\$318,000</u> ^{3/}
CABLE SECURITY FLEET PROGRAM	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>-</u>
TANKER VESSEL SECURITY PROGRAM	<u>-</u>	<u>-</u>	<u>\$60,000</u>	<u>\$60,000</u>
MARITIME GUARANTEED LOAN PROGRAM	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
Title XI Administrative Expenses	3,000	3,000	3,000	3,000
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$234,310</u>	<u>\$230,000</u>
NEW BUDGET AUTHORITY REQUESTED	<u>\$1,169,516</u>	<u>\$1,169,516</u>	<u>\$1,250,814</u>	<u>\$906,700</u>
<u>IIJA SUPPLEMENTAL (DIVISION J)</u>	<u>-</u>	<u>\$475,000</u>	<u>\$475,000</u>	<u>\$450,000</u>
America's Marine Highway Grants	-	25,000	25,000	-
Port Infrastructure Development Program	-	450,000	450,000	450,000
GRAND TOTAL	<u>\$1,169,516</u>	<u>\$1,644,516</u>	<u>\$1,725,814</u>	<u>\$1,356,700</u>

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

2/ The Maritime Administration's FY 2023 Congressional Budget proposes cancellation of \$12 million in prior-year unobligated balances.

3/ The Maritime Administration's FY 2023 Congressional Budget proposes cancellation of \$55 million in prior-year unobligated balances.

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U.S. Department of Transportation
Maritime Administration

MARAD Total FY 2022 FTE: 797
Direct: 488
Reimbursable: 296
IIJA: 13

MARAD Total FY 2023 FTE: 873
Direct: 542
Reimbursable: 296
IIJA: 35

**Office of the Administrator
and Staff Offices**

	<u>2022</u>	<u>2023</u>
Direct:	36	43
Reimb:	4	4
IIJA:	3	8
Total:	43	55

**Organizational Chart – FTE
FY 2022 – FY 2023**

**United States Merchant
Marine Academy**

	<u>2022</u>	<u>2023</u>
Direct:	268	296
Reimb:	0	0
IIJA:	0	0
Total:	268	296

**Associate Administrator for
Budget and Programs/
Chief Financial Officer**

	<u>2022</u>	<u>2023</u>
Direct:	13	21
Reimb:	23	20
IIJA:	2	5
Total:	38	46

**Associate Administrator for
Administration**

	<u>2022</u>	<u>2023</u>
Direct:	31	34
Reimb:	29	28
IIJA:	3	10
Total:	63	72

**Associate Administrator for
Policy and Strategic
Engagement**

	<u>2022</u>	<u>2023</u>
Direct:	32	32
Reimb:	1	1
IIJA:	1	2
Total:	34	35

**Associate Administrator for
Ports and Waterways**

	<u>2022</u>	<u>2023</u>
Direct:	42	46
Reimb:	1	1
IIJA:	4	9
Total:	47	56

**Associate Administrator for
Strategic Sealift**

	<u>2022</u>	<u>2023</u>
Direct:	32	36
Reimb:	237	241
IIJA:	0	1
Total:	269	278

**Associate Administrator for
Maritime Industry Support**

	<u>2022</u>	<u>2023</u>
Direct:	34	34
Reimb:	1	1
IIJA:	0	0
Total:	35	35

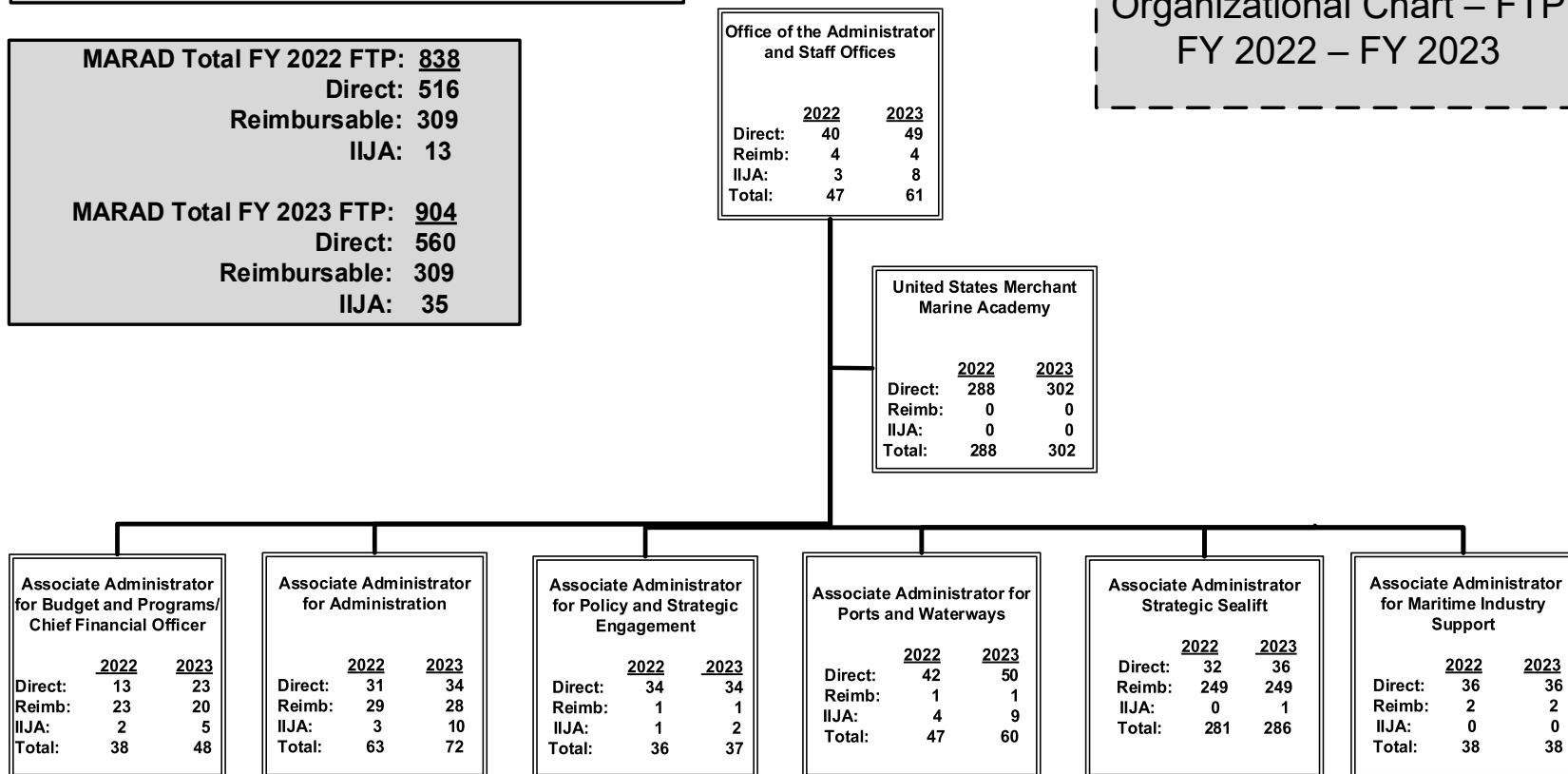
The organizational chart reflects the realignment enacted in the FY 2021 Consolidated Appropriations Act; however, a pause in the implementation of the realignment is necessary for the new DOT and MARAD leadership to review and assess the effect of the proposed realignment.

U.S. Department of Transportation

Maritime Administration

MARAD Total FY 2022 FTP: <u>838</u>
Direct: 516
Reimbursable: 309
IIJA: 13
MARAD Total FY 2023 FTP: <u>904</u>
Direct: 560
Reimbursable: 309
IIJA: 35

Organizational Chart – FTP FY 2022 – FY 2023



The organizational chart reflects the realignment enacted in the FY 2021 Consolidated Appropriations Act; however, a pause in the 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 2023 BUDGET AUTHORITY
MARITIME ADMINISTRATION
(\$000)**

		(A)	(B)	(C)	(D)
		FY 2021	FY 2022 CR	FY 2022	FY 2023
ACCOUNT NAME	M/D	ENACTED	(w/IIJA)	ENACTED	PRES.
				(w/IIJA)	BUDGET
Operations and Training	D	\$155,616	\$155,616	\$172,204	\$192,000
A. U.S. Merchant Marine Academy		85,944	85,944	90,532	\$99,748
B. MARAD Operations & Programs		69,672	69,672	81,672	\$92,252
State Maritime Academy Operations	D	\$432,700	\$432,700	\$423,300	\$77,700
Assistance to Small Shipyards	D	\$20,000	\$20,000	\$20,000	\$20,000
Ship Disposal Program	D	\$4,200	\$4,200	\$10,000	\$6,000
A. Ship Disposal		1,200	1,200	7,000	\$3,000
B. NS SAVANNAH		3,000	3,000	3,000	\$3,000
Maritime Security Program	D	\$314,000	\$314,000	\$318,000	\$318,000
Cable Security Fleet Program	D	\$10,000	\$10,000	\$10,000	-
Tanker Security Program	D	-	-	\$60,000	\$60,000
Maritime Guaranteed Loan Prog. (Title XI)		\$64,920	\$3,000	\$3,000	\$3,000
A. Administrative Expenses	D	3,000	3,000	3,000	\$3,000
B. Loan Guarantees	D	-	-	-	\$0
C. Subsidy Reestimate	M	61,920	-	-	\$0
Port Infrastructure Development Program	D	\$230,000	\$230,000	\$234,310	\$230,000
Gifts and Bequests	M	\$1,272	\$2,000	\$2,000	\$2,000
Gross New Budget Authority		\$1,232,708	\$1,171,516	\$1,252,814	\$908,700
Proposed Cancellation of Unobligated Balances (Defense)		-	-	-	-55,000
Proposed Cancellation of Unobligated Balances (Non-Defense)		-	-	-	-12,000
Transfers		-	-	-	-
Offsets		-	-	-	-
NET NEW BUDGET AUTHORITY REQUESTED:		\$1,232,708	\$1,171,516	\$1,252,814	\$841,700
[Mandatory BA]	M	63,192	2,000	2,000	2,000
[Discretionary BA]	D	1,169,516	1,169,516	1,250,814	839,700
Supplemental Funding					
IIJA Supplemental (Division J)		-	\$475,000	\$475,000	\$450,000
America's Marine Highway Grants	D	-	25,000	25,000	-
Port Infrastructure Development Program	D	-	450,000	450,000	450,000
Grand Total, All Appropriations:		\$1,232,708	\$1,646,516	\$1,727,814	\$1,291,700

EXHIBIT II-2

**FY 2023 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
MARITIME ADMINISTRATION**

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

	(A)	(B)	(C)	(D)
<u>ACCOUNT NAME</u>	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/IIJA)</u>	<u>FY 2022 CR ENACTED (w/IIJA)</u>	<u>FY 2023 PRES. BUDGET</u>
1. Operations and Training	<u>\$155,616</u>	<u>\$155,616</u>	<u>\$172,204</u>	<u>\$192,000</u>
A. U.S. Merchant Marine Academy	85,944	85,944	90,532	99,748
B. MARAD Operations	69,672	69,672	81,672	92,252
2. State Maritime Academy Operations	<u>\$432,700</u>	<u>\$432,700</u>	<u>\$423,300</u>	<u>\$77,700</u>
3. Assistance to Small Shipyards	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
4. Ship Disposal Program	<u>\$4,200</u>	<u>\$4,200</u>	<u>\$10,000</u>	<u>\$6,000</u>
A. Ship Disposal	1,200	1,200 -	7,000	3,000
B. NS SAVANNAH	3,000	3,000 -	3,000	3,000
5. Maritime Security Program	<u>\$314,000</u>	<u>\$314,000</u>	<u>\$318,000</u>	<u>\$318,000</u>
6. Cable Security Fleet Program	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	-
7. Tanker Security Program	-	-	<u>\$60,000</u>	<u>\$60,000</u>
8. Maritime Guaranteed Loans Program	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
A. Administrative Expenses	3,000	3,000	3,000	3,000
B. Loan Guarantees	-	-	-	-
9. Port Infrastructure Development Program	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$234,310</u>	<u>\$230,000</u>
TOTAL BASE APPROPRIATION	<u>\$1,169,516</u>	<u>\$1,169,516</u>	<u>\$1,250,814</u>	<u>\$906,700</u>
Gross New Budget Authority	<u>1,169,516</u>	<u>1,169,516</u>	<u>1,250,814</u>	<u>906,700</u>
Proposed Cancellation of Unobligated Balances (Defense)	-	-	-	-55,000
Proposed Cancellation of Unobligated Balances (Non-Defense)	-	-	-	-12,000
Transfers	-	-	-	-
Offsets	-	-	-	-
TOTAL BUDGETARY RESOURCES:	<u>\$1,169,516</u>	<u>\$1,169,516</u>	<u>\$1,250,814</u>	<u>\$839,700</u>
[Mandatory BA]	-	-	-	-
[Discretionary BA]	1,169,516	1,169,516	1,250,814	839,700
Supplemental Funding				
IIJA Supplemental (Division J)	-	<u>\$475,000</u>	<u>\$475,000</u>	<u>\$450,000</u>
America's Marine Highway Grants	-	25,000	25,000	-
Port Infrastructure Development Program	-	450,000	450,000	450,000
Grand Total, All Appropriations:	<u>\$1,169,516</u>	<u>\$1,644,516</u>	<u>\$1,725,814</u>	<u>\$1,289,700</u>

EXHIBIT II-3
FY 2023 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS
Appropriations, Obligation Limitation, and Exempt Obligations
MARITIME ADMINISTRATION
(\$000)

ACCOUNT	Safety	Economic Strength & Global Competitiveness	Equity	Climate & Sustainability	Organizational Excellence	Total
OPERATIONS AND TRAINING	\$2,042	\$133,473	\$5,691	\$10,335	\$40,460	\$192,000
United States Marchant Marine Academy	-	\$99,748	-	-	-	\$99,748
MARAD Operations and Programs	\$2,042	\$29,307	\$10,109	\$10,335	\$40,460	\$92,252
STATE MARITIME ACADEMY OPERATIONS	-	\$77,700	-	-	-	\$77,700
ASSISTANCE TO SMALL SHIPYARDS	-	\$20,000	-	-	-	\$20,000
SHIP DISPOSAL PROGRAM	-	-	-	\$6,000	-	\$6,000
MARITIME SECURITY PROGRAM	-	\$318,000	-	-	-	\$318,000
TANKER SECURITY PROGRAM	-	\$60,000	-	-	-	\$60,000
MARITIME GUARANTEED LOAN PROGRAM	-	\$3,000	-	-	-	\$3,000
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	-	\$138,000	\$92,000	-	-	\$230,000
IIJA SUPPLEMENTAL ADVANCE APPROPRIATIONS	-	\$270,000	\$180,000	-	-	\$450,000
TOTAL	\$2,042	\$1,015,755	\$282,109	\$16,335	\$40,460	\$1,356,700

EXHIBIT II-4

**FY 2023 OUTLAYS
MARITIME ADMINISTRATION
(\$000)**

		(A)	(B)	(C)
<u>ACCOUNT NAME</u>		<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/IIJA)</u>	<u>FY 2023 PRES. BUDGET</u>
1. Operations and Training	D	\$159,542	\$173,425	\$178,764
2. State Maritime Academy Operations	D	\$392,057	\$345,729	\$290,700
3. Assistance to Small Shipyards	D	\$14,187	\$20,000	\$23,500
4. Ship Disposal Program	D	\$22,000	\$25,200	\$31,000
5. Maritime Security Program	D	\$301,070	\$318,000	\$318,000
6. Cable Security Fleet Program	D	-	\$9,300	\$700
7. Tanker Security Program	D	-	-	\$55,800
8. Maritime Guaranteed Loans Program		<u>\$64,920</u>	<u>\$3,000</u>	<u>\$3,000</u>
A. Administrative Expenses	D	3,000	3,000	3,000
B. Loan Guarantees	M	61,920	-	-
9. Port Infrastructure Development Program	D	\$1,456	\$111,433	\$189,024
10. Ready Reserve Force	D	-\$20,237	-\$16,246	\$60,200
11. War Risk Insurance Rev. Fund	D	-\$839	-	-
12. Vessel Revolving Fund	D	-\$8,377	-	-
13. Gifts and Bequests	M	\$299	\$1,700	\$1,700
TOTAL:		<u>\$926,078</u>	<u>\$991,541</u>	<u>\$1,152,388</u>
<i>[Mandatory BA]</i>		62,219	1,700	1,700
<i>[Discretionary BA]</i>		863,859	989,841	1,150,688
Supplemental Funding				
IIJA Supplemental (Division J)		-	\$9,000	\$9,000
America's Marine Highway Grants		-	-	-
Port Infrastructure Development Program		-	\$9,000	\$9,000
Grand Total, Outlays from all Appropriations:		<u>\$926,078</u>	<u>\$1,000,541</u>	<u>\$1,161,388</u>

EXHIBIT II-5

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

Operations and Training	FY 2021 Enacted	FY 2022 CR	Baseline Changes							FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
			Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base			
Direct FTE 1/	457	458		2						495	17	512
PERSONNEL RESOURCES (FTE)												
Direct FTE	267	268		2					23	293	3	296
ACADEMY OPERATIONS												
Salaries and Benefits	\$40,991	\$42,634	\$639	\$152	\$1,498	-\$190	-	-	\$3,031	\$47,764	\$301	\$48,064
Instructional Programs	5,613	4,501	-	-	-	-	-	-	1,548	6,049	-	6,049
Midshipmen Programs	17,645	18,039	-	-	-	-	-	-	361	18,400	-	18,400
Program Direction & Administration	15,751	14,826	-	-	-	-	-	-	509	15,335	-	15,335
SUBTOTAL	\$80,000	\$80,000	\$639	\$152	\$1,498	-\$190	\$0	\$0	\$5,449	\$87,548	\$301	\$87,848
CAPITAL ASSET MANAGEMENT PROGRAM												
Facilities Maintenance and Repair, Equipment	\$5,944	\$5,944	-	-	-	-	-	-	-	\$5,944	\$5,956	\$11,900
Capital Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$5,944	\$5,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,944	\$5,956	\$11,900
TOTAL	\$85,944	\$85,944	\$639	\$152	\$1,498	-\$190	\$0	\$0	\$5,449	\$93,492	\$6,257	\$99,748
Direct FTE	178	178							12	190	14	204
MARAD Operations & Programs												
Salaries and Benefits	\$31,856	\$32,507	\$219	-	\$1,121	-\$130	-	-	1,713	\$35,430	\$2,228	\$37,658
Non-Discretionary Operations	16,517	17,230	-	-	-	-	96	116	345	17,787	-	17,787
GSA Rent	[2,060]	[2,138]	-	-	-	-	[96]	-	-	[2,234]	-	[2,234]
WCF	[4,891]	[5,526]	-	-	-	-	-	[458]	-	[5,984]	-	[5,984]
Operations & Travel	4,849	3,246	-	-	-	-	-	-	5,530	8,776	-	8,776
Information Technology	2,631	2,870	-	-	-	-	-	342	-	3,212	-	3,212
Admin Subtotal	\$55,853	\$55,853	\$219	\$0	\$1,121	-\$130	\$96	\$458	\$7,588	\$65,205	\$2,228	\$67,433
PROGRAMS												
Maritime Technical Assistance (MTA)	\$3,000	\$3,000	-	-	-	-	-	-	-	\$3,000	\$7,000	\$10,000
Short Sea Transportation (America's Marine Highways)	10,819	10,819	-	-	-	-	-	-	-	10,819	-	10,819
Sealift Contested Environment Study	-	-	-	-	-	-	-	-	-	-	2,000	2,000
National Defense Reserve Fleet (NDRF) Resiliency Study	-	-	-	-	-	-	-	-	-	-	800	800
TSSM Maritime Training Platform Req. Assessment	-	-	-	-	-	-	-	-	-	-	1,200	1,200
Programs Subtotal	\$13,819	\$13,819	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,819	\$11,000	\$24,819
SUBTOTAL	\$69,672	\$69,672	\$219	\$0	\$1,121	-\$130	\$96	\$458	\$7,588	\$79,024	\$13,228	\$92,252
GRAND TOTAL	\$155,616	\$155,616	\$858	\$152	\$2,619	-\$320	\$96	\$458	\$13,037	\$172,516	\$19,485	\$192,000

1/ Includes 12 FTE for Title XI administrative Expenses

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

	Baseline Changes												
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request	
Academy Operations													
PERSONNEL RESOURCES (FTE)													
Direct FTE	267	268		2				-	23	293	3	296	
ACADEMY OPERATIONS													
Salaries and Benefits	\$40,991	\$42,634	\$639	\$152	\$1,498	-\$190	-	-	\$3,031	\$47,764	\$301	\$48,064	
Instructional Programs	5,613	4,501	-	-	-	-	-	-	1,548	6,049	-	6,049	
Midshipmen Programs	17,645	18,039	-	-	-	-	-	-	361	18,400	-	18,400	
Program Direction & Administration	15,751	14,826	-	-	-	-	-	-	509	15,335	-	15,335	
SUBTOTAL	\$80,000	\$80,000	\$639	\$152	\$1,498	-\$190	\$0	\$0	\$5,449	\$87,548	\$301	\$87,848	
CAPITAL ASSET MANAGEMENT PROGRAM													
Facilities Maintenance and Repair, Equipment	\$5,944	\$5,944	-	-	-	-	-	-	-	\$5,944	\$5,956	\$11,900	
Capital Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	
SUBTOTAL	\$5,944	\$5,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,944	\$5,956	\$11,900	
TOTAL	\$85,944	\$85,944	\$639	\$152	\$1,498	-\$190	\$0	\$0	\$5,449	\$93,492	\$6,257	\$99,748	

EXHIBIT II-5

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

Baseline Changes												
MARAD Operations & Programs	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	178	178								12	190	204
WCF - IT Shared Services[Non-add]*												
FINANCIAL RESOURCES												
Salaries and Benefits	\$31,856	\$32,507	\$219	-	\$1,121	-\$130	-	-	\$1,713	\$35,430	\$2,228	\$37,658
Non-Discretionary Operations	16,517	17,230	-	-	-	-	96	116	345	\$17,787	-	17,787
<i>GSA Rent</i>	<i>[2,060]</i>	<i>[2,138]</i>	-	-	-	-	<i>[96]</i>	-	-	<i>[2,234]</i>	-	<i>[2,234]</i>
<i>WCF</i>	<i>[4,891]</i>	<i>[5,526]</i>	-	-	-	-	-	<i>[458]</i>	-	<i>[5,984]</i>	-	<i>[5,984]</i>
Operations & Travel	4,849	3,246	-	-	-	-	-	-	5,530	\$8,776	-	8,776
Information Technology	2,631	2,870	-	-	-	-	-	342	-	\$3,212	-	3,212
Admin Subtotal	\$55,853	\$55,853	\$219	\$0	\$1,121	-\$130	\$96	\$458	\$7,588	\$65,205	\$2,228	\$67,433
PROGRAMS												
Maritime Environmental & Technical Assistance	\$3,000	\$3,000	-	-	-	-	-	-	-	\$3,000	\$7,000	\$10,000
Short Sea Transportation (America's Marine Highways)	10,819	10,819	-	-	-	-	-	-	-	10,819	-	10,819
Sealift Contested Environment Evaluation	-	-	-	-	-	-	-	-	-	-	2,000	2,000
National Defense Reserve Fleet (NDRF) Resiliency Evaluation	-	-	-	-	-	-	-	-	-	-	800	800
TSSM Maritime Training Platform Req. Assessment	-	-	-	-	-	-	-	-	-	-	1,200	1,200
Programs Subtotal	\$13,819	\$13,819	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,819	\$11,000	\$24,819
TOTAL	\$69,672	\$69,672	\$219	\$0	\$1,121	-\$130	\$96	\$458	\$7,588	\$79,024	\$13,228	\$92,252

EXHIBIT II-5

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

Baseline Changes												
OPERATIONS & TRAINING	FY 2021 Enacted	FY 2022 CR (with IIJA)	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE											-	- 1/
WCF - IT Shared Services[Non-add]*												
FINANCIAL RESOURCES												
Salaries and Benefits	-	\$715	\$5	-	\$25	-\$3	-	-	-\$742	-	-	- 1/
Non-Discretionary Operations	-	-	-	-	-	-	-	-	-	-	-	-
Operations & Travel	-	35	-	-	-	-	-	-	-35	-	-	- 1/
Information Technology	-	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$750	\$5	\$0	\$25	-\$3	\$0	\$0	-\$777	\$0	\$0	\$0
PROGRAMS												
Supplemental Funding												
America's Marine Highways Program (IIJA)	-	\$24,250	-	-	-	-	-	-	-\$24,250	-	-	-
Programs Subtotal	\$0	\$24,250	\$0	\$0	\$0	\$0	\$0	\$0	-\$24,250	\$0	\$0	\$0
TOTAL	\$0	\$25,000	\$5	\$0	\$25	-\$3	\$0	\$0	-\$25,027	\$0	\$0	\$0

1/ Grants Administration will be funded from carryover balances in FY 2023 - FY 2032.

EXHIBIT II-5

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

State Maritime Academy Operations	Baseline Changes												
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request	
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	
School Ship M&R/Capacity Sharing		30,500	30,500	-	-	-	-	-	-	30,500		30,500	
National Security Multi-Mission Vessel Program		390,000	390,000	-	-	-	-	-	-	390,000	-355,000	35,000	
TOTAL	\$432,700	\$432,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$432,700	-	\$77,700	
											-		
											-		

EXHIBIT II-5

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

Assistance to Small Shipyards	Baseline Changes											
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	1	1								1	-	1
FINANCIAL RESOURCES												
Salaries and Benefits	\$229	\$251	\$2	-	\$9	-\$1	-	-	-	\$261	-	\$261
Travel	25	25	-	-	-	-	-	-	-	25	-	25
Other Services	146	124	-	-	-	-	-	-	-10	114	-	114
Admin Subtotal 1/	\$400	\$400	\$2	\$0	\$9	-\$1	\$0	\$0	-\$10	\$400	\$0	\$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	\$19,600	\$0	\$19,600
TOTAL	\$20,000	\$20,000	\$2	\$0	\$9	-\$1	\$0	\$0	-\$10	\$20,000	\$0	\$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	Baseline Changes											
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES												
(FTE)												
Direct FTE	9	13								13	-	13
FINANCIAL RESOURCES												
Salaries and Benefits	\$709	\$760	\$5	-	\$26	-\$3	-	-	\$1,526	\$2,314	-	\$2,314
Travel	2	2	-	-	-	-	-	-	3	5	-	5
Operating Expenses	20	-	-	-	-	-	-	-	69	69	-	69
GSA Rent	153	143	-	-	-	-	23	-	-	166	-	166
WCF	316	295	-	-	-	-		151	-	446	-	446
Admin Subtotal	\$1,200	\$1,200	\$5	\$0	\$26	-\$3	\$23	\$151	\$1,598	\$3,000	\$0	\$3,000
PROGRAMS												
Ship Disposal Program	-	-	-	-	-	-	-	-	-	-	-	-
NS Savannah	3,000	3,000	-	-	-	-	-	-	-	3,000	-	3,000
Programs Subtotal	\$3,000	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$0	\$3,000
TOTAL	\$4,200	\$4,200	\$5	\$0	\$26	-\$3	\$23	\$151	\$1,598	\$6,000	\$0	\$6,000

EXHIBIT II-5

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

Maritime Security Program	Baseline Changes											
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 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												
Maritime Security Payments	\$314,000	\$314,000	-	-	-	-	-	-	-	\$314,000	\$4,000	\$318,000
Programs Subtotal	\$314,000	\$314,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$314,000	\$4,000	\$318,000
TOTAL	\$314,000	\$314,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$314,000	\$4,000	\$318,000

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 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	-								-	-	-
<u>FINANCIAL RESOURCES</u>												
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
GSA Rent	-	-	-	-	-	-	-	-	-	-	-	-
WCF	-	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>PROGRAMS</u>												
Cable Security Fleet	\$10,000	\$10,000	-	-	-	-	-	-	-	\$10,000	-\$10,000	-
Programs Subtotal	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	-\$10,000	\$0
TOTAL	\$10,000	\$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)**

Tanker Security Program	Baseline Changes											
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	-	-								-	-	-
<u>FINANCIAL RESOURCES</u>												
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
GSA Rent	-	-	-	-	-	-	-	-	-	-	-	-
WCF	-	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>PROGRAMS</u>												
Tanker Security Program	-	-	-	-	-	-	-	-	-	-	\$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)**

Maritime Guaranteed (Title XI) Loan Program	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	10	12								12	-	12
FINANCIAL RESOURCES												
Salaries and Benefits	\$1,961	\$2,100	\$14	-	\$73	-\$8	-	-	-	\$2,179		\$2,179
Travel	5	5	-	-	-	-	-	-	-	5		5
Operating Expenses	502	369	-	-	-	-	-	-	-94	275		275
GSA Rent	164	147	-	-	-	-	6	-	-	153		153
WCF	368	379	-	-	-	-	-	9	-	388	-	388
Admin Subtotal	\$3,000	\$3,000	\$14	\$0	\$73	-\$8	\$6	\$9	-\$94	\$3,000	\$0	\$3,000
PROGRAMS												
Loan Subsidies	-	-	-	-	-	-	-	-	-	-	-	-
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$3,000	\$3,000	\$14	\$0	\$73	-\$8	\$6	\$9	-\$94	\$3,000	\$0	\$3,000

EXHIBIT II-5

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

Port Infrastructure Development Program	Baseline Changes											
	FY 2021 Enacted	FY 2022 CR	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request
PERSONNEL RESOURCES (FTE)												
Direct FTE	7	8								8	-	8
FINANCIAL RESOURCES												
Salaries and Benefits	\$1,240	\$1,400	\$9	-	\$49	-\$6	-	-	\$15	\$1,467		\$1,467
Travel	300	300	-	-	-	-	-	-	-	300		300
Operating Expenses	3,060	2,900	-	-	-	-	-	-	-67	2,833	-	2,833
Admin Subtotal	\$4,600	\$4,600	\$9	\$0	\$49	-\$6	\$0	\$0	-\$52	\$4,600	\$0	\$4,600
PROGRAMS												
Discretionary Grants	\$225,400	\$225,400	-	-	-	-	-	-	-	\$225,400		\$225,400
Programs Subtotal	\$225,400	\$225,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$225,400	\$0	\$225,400
TOTAL	\$230,000	\$230,000	\$9	\$0	\$49	-\$6	\$0	\$0	-\$52	\$230,000	\$0	\$230,000

EXHIBIT II-5

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

Port Infrastructure Development Program	Baseline Changes											
	FY 2021 Enacted	FY 2022 CR (w IIJA)	Annualization of Prior Pay Raises	Annualization of new FY 2022 FTE	FY 2023 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2023 Baseline Estimate	Program Increases/ Decreases	FY 2023 Request 1/
PERSONNEL RESOURCES (FTE)												
Direct FTE		13							21	34		34
<u>FINANCIAL RESOURCES</u>												
Salaries and Benefits	-	\$2,156	\$15	-	\$75	-\$9	-	-	\$3,642	\$5,879		\$5,879
Travel	-	10	-	-	-	-	-	-	53	63		63
Operating Expenses	-	1,000	-	-	-	-	-	-	2,573	3,573	-	3,573
Admin Subtotal	\$0	\$3,166	\$15	\$0	\$75	-\$9	\$0	\$0	\$6,268	\$9,515	\$0	\$9,515
<u>PROGRAMS</u>												
<u>Supplemental Funding</u>												
Discretionary Grants (IIJA)	-	\$446,834	-	-	-	-	-	-	-\$6,349	\$440,485		\$440,485
Programs Subtotal	\$0	\$446,834	\$0	\$0	\$0	\$0	\$0	\$0	-\$6,349	\$440,485	\$0	\$440,485
TOTAL	\$0	\$450,000	\$15	\$0	\$75	-\$9	\$0	\$0	-\$81	\$450,000	\$0	\$450,000

1/ MARAD received an advanced appropriation of \$450 million from FY 2023 thru FY 2026 per P.L. 117-58.

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

	FY 2021	FY 2022	FY 2023
	<u>ENACTED</u>	<u>PRES.</u>	<u>REQUEST</u>
DIRECT:			
Operations and Training	11,928	15,505	16,502
Ship Disposal	316	410	445
Maritime Guaranteed Loan Prog. (Title XI)	368	379	411
SUBTOTAL	<u>\$12,612</u>	<u>\$16,294</u>	<u>\$17,358</u>
REIMBURSABLE:			
Ready Reserve Force	5,946	4,991	5,134
SUBTOTAL	<u>\$5,946</u>	<u>\$4,991</u>	<u>\$5,134</u>
TOTAL, Base Programs	<u>\$18,558</u>	<u>\$21,285</u>	<u>\$22,492</u>
SUPPLEMENTAL FUNDING			
IIJA Supplemental (Division J) Subtotal	-	-	-
America's Marine Highway Grants	-	-	-
Port Infrastructure Development Program	-	-	-
TOTAL, All Sources	<u>\$18,558</u>	<u>\$21,285</u>	<u>\$22,492</u>

EXHIBIT II-7

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

<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>FY 2021 ACTUAL</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 PRES. BUD.</u>
Operations and Training	455	458	512
U.S. Merchant Marine Academy	267	268	296
MARAD Operations	178	178	204
Title XI Admin. Expenses	10	12	12
Ship Disposal	9	13	13
Assistance to Small Shipyards	1	1	1
Port Infrastructure Development Prog.	7	8	8
SUBTOTAL, DIRECT FUNDED	472 ^{1/}	480 ^{2/}	534 ^{2/}
<u>REIMBURSEMENTS/ ALLOCATIONS/ OTHER</u>			
Reimbursments and 'Other'			
Ready Reserve Force	295	295	295
Operation and Training	1	1	1
Allocations from other Organizations			
Operation and Training	7	8	8
SUBTOTAL, REIMBURSE/ALLOC./OTH.	303	304	304
BASE TOTAL FTEs	775	784	838
<u>SUPPLEMENTAL FUNDED FTE's</u>			
IIJA Supplemental Funding			
America's Marine Highway Program	-	-	1
Port Infrastructure Development Program	-	13	34
SUBTOTAL, Supplemental Funded	-	13	35
TOTAL FTEs	775	797	873

1/ Direct funded FTEs includes 10 FTE for the Title XI Program.

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

EXHIBIT II-8

**MARITIME ADMINISTRATION
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS**

<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>FY 2021 ACTUAL</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 PRES. BUD.</u>
Operations and Training	468	487	531
U.S. Merchant Marine Academy	270	288	302
MARAD Operations	188	187	217
Title XI Admin. Expenses	10	12	12
Ship Disposal	9	12	12
Assistance to Small Shipyards	1	1	1
Port Infrastructure Development Prog.	<u>7</u>	<u>8</u>	<u>8</u>
SUBTOTAL, DIRECT FUNDED	485 ^{1/}	508 ^{2/}	552 ^{2/}
<u>REIMBURSEMENTS/ ALLOCATIONS/ OTHER</u>			
Reimbursments and 'Other'			
Ready Reserve Force	294	308	308
Operation and Training	1	1	1
Allocations from other Organizations			
Operation and Training	<u>8</u>	<u>8</u>	<u>8</u>
SUBTOTAL, REIMBURSE./ALLOC./OTH.	303	317	317
BASE TOTAL POSITIONS	<u>788</u>	<u>825</u>	<u>869</u>
<u>SUPPLEMENTAL FUNDED FTE's</u>			
IIJA Supplemental Funding			
America's Marine Highway Program	-	-	1
Port Infrastructure Development Program	-	13	34
SUBTOTAL, Supplemental Funded	<u>-</u>	<u>13</u>	<u>35</u>
TOTAL POSITIONS	<u>788</u>	<u>838</u>	<u>904</u>

1/ Direct funded FTPs includes 10 FTP for the Title XI Program.

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

OPERATIONS AND TRAINING

[(INCLUDING TRANSFER OF FUNDS)]

For necessary expenses of operations and training activities authorized by law, [~~\$172,204,000~~]
\$192,000,000: *Provided*, That of the amounts made available under this heading—

(1) [~~\$85,032,000~~] \$87,848,000, to remain available until September 30, [2023] 2024, shall be for the operations of the United States Merchant Marine Academy;

(2) [~~\$5,500,000~~]\$11,900,000, to remain available until expended, shall be for facilities maintenance and repair, and equipment, at the United States Merchant Marine Academy;

(3) \$10,000,000, to remain available until September 30, [2023] 2024, 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, Not to exceed 10 percent of any funds made available for any program, project, or activity under this heading in this Act may be transferred to any other budget activity under this heading: Provided, That funds transferred pursuant to this section shall be made available for the same purposes and the same time period as the budget activity to which the funds are transferred: Provided further, That no transfer under this section may increase or decrease any program, project, or activity under this heading Department of Transportation Maritime Administration Operations and Training by more than 10 percent, except that increases for facilities maintenance and repair, and equipment, at the United States Merchant Marine Academy may exceed 10 percent: Provided further, That any increase or decrease in excess of 10 percent, except as provided for in the previous proviso, shall be treated as a reprogramming of funds under section 405 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section: 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.

Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amount included for 2022 reflect the annualized level provided by the continuing resolution.

OPERATIONS AND TRAINING

[For an additional amount for "Operations and Training", \$25,000,000, to remain available until September 30, 2032, for the America's Marine Highway Program to make grants for the purposes authorized under sections 55601(b)(1) and (3) of title 46, United States Code: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 4112(a) of H. Con. Res. 71 (115th Congress), the concurrent resolution on the budget for fiscal year 2018, and to section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.]

(Infrastructure Investments and Jobs Appropriations Act.)

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
U.S. Merchant Marine Academy	\$85,944	\$85,944	\$99,748
MARAD Operations & Programs	69,672	69,672	92,252
Base Total	<u>\$155,616</u>	<u>\$155,616</u>	<u>\$192,000</u>
FTEs			
Direct Funded	455	458	512
Reimbursable, Allocated, Other	8	9	9
IIJA Supplemental (Division J)			
America's Marine Highway Program	-	\$25,000	-
TOTAL, Base appropriations	<u>-</u>	<u>\$25,000</u>	<u>-</u>
FTEs			
Direct Funded	-	-	1
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$155,616</u>	<u>\$180,616</u>	<u>\$192,000</u>

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 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2022 CR	<u>\$155,616</u>	458
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	858	
Annualization of FTE	114	1
2023 Pay Raise	2,097	
Adjustment for Compensable Days 261 days	-307	-1
GSA Rent	96	
Working Capital Fund	458	
Inflation and other adjustments to base	<u>10,521</u>	17
SUBTOTAL, ADJUSTMENTS TO BASE	\$13,837	17
<u>PROGRAM REDUCTIONS:</u>		
USMMA Operations	<u>0</u>	
SUBTOTAL, PROGRAM REDUCTIONS	\$0	-
<u>PROGRAM INCREASES:</u>		
USMMA Operations	1,285	12
Facilities Maintenance and Repair, Equipment	5,956	
MARAD Operations	<u>15,306</u>	25
SUBTOTAL, PROGRAM INCREASES	\$22,547	37
FY 2023 REQUEST	<u>\$192,000</u>	-
Supplemental Appropriations	-	-
TOTAL	<u>\$192,000</u>	512

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

UNITED STATES MERCHANT MARINE ACADEMY (USMMA)

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Academy Operations	80,000	80,000	87,848
Capital Asset Management Program:	5,944	5,944	11,900
<i>Facilities Maintenance Repair and Equipment</i>	<i>5,944</i>	<i>5,944</i>	<i>11,900</i>
Total	\$85,944	\$85,944	\$99,748

For FY 2023, \$99.75 million is requested for the U.S. Merchant Marine Academy (USMMA/Academy). Funding includes \$87.85 million for Academy Operations, and \$11.9 million for the Capital Asset Management Program (CAMP) for Facilities Maintenance Repair and Equipment.

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 USMMA, a Federal Service Academy and an accredited institution of higher education to provide instruction to individuals to prepare them for service in the merchant marine of the United States. USMMA provides undergraduate educational programs for men and women (Midshipmen) to become shipboard officers and leaders in the maritime transportation field. Midshipmen, nominated by members of Congress, and competitively selected to the Academy, receive a four-year maritime-focused education. 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, which includes: 1) serving for five years as a Merchant Marine officer, or on active duty in the U.S. Armed Forces or uniformed services; 2) maintaining a U.S. Coast Guard (USCG) license credential for six years; and 3) serving for eight years as a commissioned officer in a reserve unit of the U. S. Armed Services.

The USMMA curriculum is centered on academic and practical technical training that leads to a Bachelor of Science degree, a U.S. Coast Guard (USCG) Merchant Mariner Credential with an officer endorsement (3rd Mate or 3rd Assistant Engineer), and an active duty or reserve commission as an officer in the U.S. Armed Forces or uniformed services (National Oceanographic and Atmospheric Administration or the Public Health Service Corps).

¹ See 46 U.S.C. 51314

On November 24, 2021, the U.S. Department of Transportation (USDOT) and MARAD released a comprehensive report on USMMA by the National Academy of Public Administration (NAPA). The report, “*Organizational Assessment of the U.S. Merchant Marine Academy: A Path Forward*,”² made a number of recommendations to USDOT and MARAD to resolve systemic issues affecting USMMA’s operations and ability to modernize. In conjunction with the report, DOT and MARAD leadership developed a suite of investments designed to begin addressing NAPA’s recommendations. On February 14, 2022, Congress approved a DOT proposal to repurpose certain unobligated prior year balances toward reforms and improvements at USMMA. Congress approved a reprogramming of \$15.35 million to: strengthen MARAD management governance and oversight of USMMA; provide additional resources to implement sexual assault and sexual harassment (SASH) prevention and response policies and procedures; and address long-standing maintenance and repair needs of campus infrastructure.

Additionally, MARAD introduced new policies and procedures to improve safety for cadets during the Sea Year training. To help prevent sexual assault and sexual harassment, support survivors, and strengthen a climate of accountability, MARAD introduced new safety standards that commercial carriers carrying USMMA cadets must implement called the “Every Mariner Builds a Respectful Culture” (EMBARC). Funds from the reprogramming will support MARAD Headquarters operations to establish the EMBARC Office, and improve the management support and oversight to the Academy. MARAD also introduced new policies and procedures, including a new Superintendent’s Instruction to guide Sea Year and a revised Sea Year guide for cadets. In 2023, MARAD will continue to implement these new measures, and will be working to ensure regular review and continuous improvement of the measures to help support broader culture change across the maritime industry to improve safety for all mariners. MARAD will also work to advance measures to support diversity, equity, and inclusion across the merchant marine. This budget provides the resources to build upon and sustain these reform initiatives.

Funding requirements by program activity are described below:

ACADEMY OPERATIONS

For FY 2023, MARAD requests \$87.85 million for Academy Operations. The Academy is a 24/7, labor-intensive operation with salaries and benefits constituting over 50 percent of the Academy 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 services, and Midshipman health and welfare services.

The request provides \$48.07 million for salaries and benefits and \$39.78 million for non-pay operations.

Salaries and Benefits (\$48.07 million): MARAD requests \$48.07 million to fund 296 full time equivalent (FTE) salaries and benefits. In FY 2022, Congress approved MARAD’s

² The NAPA report is available at <https://napawash.org/academy-studies/comprehensive-assessment-of-the-us-merchant-marine-academy>

reprogramming request to repurpose certain Capital Improvement Program (CIP) funds within the Capital Asset Management Program (CAMP) to address SASH and Sea Year requirements and infrastructure and contract management activities at USMMA. Among these activities was the hiring of additional staff in these critical areas. Additional funding in the operations budget is required to maintain these new positions in FY 2023. In addition, the request supports baseline adjustments necessary to support new staff positions that were initially planned for FY 2022 but were deferred during the continuing resolution period.

Finally, MARAD requests five new positions at the Academy during FY 2023, equating to three additional FTE:

- **Prevention Education Coordinator** – The Academy requests a dedicated position to design and coordinate a program of preventive education and training to mitigate high-risk behaviors by Midshipmen that often result in adverse consequences such as sexual assault, substance abuse, and bullying.
- **Supply Management Specialist** – To strengthen management controls and oversight of additional resources in the FMRE program, the Academy is requesting a dedicated staff resource to manage and coordinate the logistics and inventory of maintenance tools and supplies to ensure that the correct tools and supplies are maintained and available to maintenance crews when needed. The requested position will mitigate inefficient maintenance warehouse inventory practices.
- **Chief of Staff** – The Office of the Superintendent requires additional governance support to address the increasing demands on the Superintendent from certain administrative functions. This position will also support enhanced stakeholder engagement with other service Academies, the military services, the U.S. Coast Guard, Maritime industry, Alumni, parents, and Federal, State, and local officials with vested or common interests in the Academy's operations.
- **Assistant Professor (Humanities)** – In FY 2022, the Academy is implementing a new curriculum to better align instruction with the requirement to provide a broader educational experience, with a focus on global issues. A new assistant professor is requested in the Department of Humanities with a specialty in history and an emphasis in national security studies.
- **Fitness Requirements Coordinator** – The requested new position will advise non-athlete Midshipmen on nutrition, exercise programming, and other fitness requirements to succeed over the four years at the Academy and be prepared for Navy fitness commissioning requirements.

Non-pay Operations (\$39.78 million): MARAD requests \$39.78 million for non-pay operations. The Academy's non-pay operations are comprised of three programs:

- Instructional Program operated by the Academic Dean and Provost
- Midshipman Program operated by the Commandant of Midshipmen

- Program Direction and Administration that 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 \$6.05 million. This 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, upgrades of classroom technology to enhance Midshipman learning experiences; instructional materials; chemistry and physics laboratory equipment; the costs to send Midshipmen to and from their Sea Year training assignments; and the cost of required merchant mariner credentials. The Instructional Program also funds the Academy's library, equipment and travel for the athletic teams, 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. Baseline changes include the realignment of certain educational technology systems from Program Direction and Administration to the Instructional Program to more accurately reflect the cost of the Instructional Program.

Midshipman Program

The request for the Midshipman Program is \$18.4 million. These funds feed, house, supply uniforms, and support the Midshipman health, welfare, and religious services programs, as well as, 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 the janitorial services to the barracks, academic, and administrative buildings.

Program Direction and Administration

The request for Program Direction and Administration is \$15.34 million. This funding supports the Office of the Superintendent which houses the Sexual Assault Prevention and Response Office (SAPRO), the Office of Institutional Assessment, the Offices of Admissions, Security, and External Affairs, as well as, the Academy's administrative functions of budget and finance, human resource management, procurement, and campus wide information technology services. Baseline changes include an upward adjustment for the issuance of satellite phones to Midshipmen assigned to Sea Year. In FY 2022, Congress approved MARAD's reprogramming request to repurpose certain Capital Improvement Program funds within the CAMP to address Sexual Assault and Sexual Harassment (SASH) and Sea Year requirements. Among these was the procurement of satellite phones for each Midshipman assigned to Sea Year. Long-term maintenance of these phones will become an operating cost of the SAPRO.

CAPITAL ASSET MANAGEMENT PROGRAM (CAMP)

MARAD requests \$11.9 million for the Academy's CAMP. The CAMP is comprised of two components:

- Capital Improvement Program (CIP) investments 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 Program: (\$0 million): No additional funding is requested for CIP in FY 2023 as unobligated balances are adequate to support anticipated CIP project activities, including progress on renovating Samuels Hall and replacing the Crowninshield and Cressy Piers.

Facilities Maintenance, Repairs and Equipment (FMRE) (\$11.9 million): MARAD requests \$11.9 million for FMRE. The significant increase in base FMRE funding will ensure a dedicated funding source for essential and recurring maintenance and repairs activities and emerging physical plant emergencies caused by accidents, weather events, or other unanticipated deteriorations. These funds are also used for minor renovation projects to keep classrooms, faculty and staff offices, multi-purpose facilities, and specialty use areas (e.g., dining areas, IT closets, athletic areas, etc.) functional and up-to-date. Such areas sometimes require modification to accommodate new technologies or changes in faculty and Midshipmen populations. More specifically, FMRE increases will support:

- 1) Routine maintenance activities including transition to a Campus-wide Maintenance contract in support of safety maintenance functions of the Safety and Environmental Protection Office, maintenance of Commissary equipment from the Midshipman Program, and certain maintenance functions provided under an energy savings performance contract expiring in January 2023; and
- 2) Annual capital resources needed to replace and rehabilitate major operating systems (chillers, boiler plants, sewage plants, water mains, etc.) that are operating beyond their useful lives, or are in disrepair due to deferred maintenance, and are not anticipated to be recapitalized under projects within the CIP.

MARAD and USDOT will continue to work to identify and evaluate the long-term infrastructure needs of the campus. A portion of reprogrammed resources are being invested, in cooperation with the General Services Administration, to assess the condition and repair/replacement requirements of all facilities and structures on the campus. This assessment is anticipated to identify several major operating systems that require upgrade or replacement in advance of major renovation or replacement projects in order for USMMA to continue to meet its mission.

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

The FY 2023 budget request enables MARAD to continue to provide our Nation with the next generation of highly skilled maritime leaders and military officers of exemplary character with state-of-the-art technical knowledge and leadership experience to keep the Nation's maritime industry competitive in the global marketplace and ready to answer the call to duty in the event of national emergencies that demand renewed sea lift capacity.

MARAD's USMMA program advances the Department's goal for Economic Strength and Modernization by investing in infrastructure to foster the development of a competent and capable transportation industry workforce. Each year, approximately 75 percent of Academy graduates are recruited as Merchant Mariners in the U.S. commercial fleet or approved maritime related careers while fulfilling their commitment as commissioned military reserve officers. 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 with a commitment to serve the Nation to receive a first-class education regardless of their economic circumstances.

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

MARAD OPERATIONS AND PROGRAMS

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2022 IJA Authorization	FY 2023 Request
Headquarters Operations	55,853	55,853	0	67,433
Maritime Program Initiatives:	13,819	13,819	0	24,819
<i>Maritime Environmental & Technical Assistance</i>	3,000	3,000	0	10,000
<i>America's Marine Highway</i>	10,819	10,819	25,000	10,819
<i>Sealift Contested Environment Evaluation</i>	0	0	0	2,000
<i>National Defense Reserve Fleet (NDRF) Resiliency Evaluation</i>	0	0	0	800
<i>TS State of Michigan Maritime Training Platform Requirements</i>	0	0	0	1,200
Total	\$69,672	\$69,672	\$25,000	\$92,252

For FY 2023, a total of \$92.25 million is requested for MARAD Operations and Programs. The request includes \$67.43 million for Headquarters Operations, and includes a proposal for an additional ten positions at Headquarters to support diversity and equity initiatives, climate change mitigation and environmental stewardship, and compliance and planning efforts for proper grants management and financial oversight. Also, after an analysis of headquarters full-time equivalent (FTE) allocated to the Ready Reserve Force (RRF) program MARAD has determined that it is no longer appropriate to allocate certain FTE to the RRF and instead the MARAD Operations and Programs account must absorb an additional 4 FTE, or a net increase of approximately \$660 thousand for FY 2023.

In addition, the request includes \$24.8 million for Maritime program initiatives. Within this, \$10 million is for the Maritime Environmental and Technical Assistance (META) program and \$10.8 million is for the America's Marine Highway program. In addition, funding is requested to advance evidence and evaluation priorities including \$2.0 million for a Sealift Contested Environment Evaluation, \$800 thousand for a National Defense Reserve Fleet (NDRF) Resiliency Evaluation, and \$1.2 million for the TS State of Michigan Training Platform Requirements Assessment.

In addition, the FY 2023 request proposes reprogramming authority language within the MARAD Operations and Training (O&T) heading. This authority allows for up to 10 percent of funds to be reprogrammed between budget activities within O&T. This authority provides flexibility in order to adapt to and respond to critical emerging needs, especially within MARAD operational budget activities accounts for MARAD's Headquarters Operations and U.S. Merchant Marine Academy (USMMA).

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

HEADQUARTERS OPERATIONS

For FY 2023, MARAD's request of \$67.43 million 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 \$37.7 million for salaries and benefits for 204 FTE staff, including adjustments to base to support 2022 and 2023 pay raises (+\$1.34 million), and one less Compensable Day (-\$130 thousand) in FY 2023. The request also provides \$29.78 million for non-pay operations, including adjustments to base for GSA rent (+\$96 thousand), the Working Capital Fund (WCF) (+\$458 thousand), inflation (+\$410 thousand), and information technology (+\$342 thousand).

Additionally, \$7.5 million is requested as an adjustment to base to continue FY 2022 services in FY 2023. This includes continued COVID-19 pandemic response and mitigation efforts on MARAD-owned National Defense Reserve Fleet (NDRF) vessels and RRF fleet sites, contract support, program and management support evaluations, as well as the following:

- \$1.41 million to continue resources that were funded in FY 2022 from the reprogramming of unobligated prior year balances approved by Congress to strengthen MARAD management and oversight of USMMA, provide additional resources to implement sexual assault and sexual harassment (SASH) prevention and response policies and procedures, and address long-standing maintenance and repair needs of campus infrastructure. Funds from the reprogramming included support for MARAD Headquarters operations to establish the Every Mariner Builds A Respectful Culture Office (EMBARCO), and improve the management support and oversight to the Academy.

This adjustment will allow MARAD and the Academy to continue to implement these new measures to achieve a broader culture change across the maritime industry to improve safety for all mariners. This includes Headquarters support for four FTE, overhead, training and contract support necessary for the EMBARC Office, which develops, implements and administer the agency's policies and procedures related to Sexual Assault and Sexual Harassment (SASH) Prevention and Response by all vessel operators which host cadets. Additionally, this adjustment to base will support five FTE within MARAD's Headquarters to continue oversight and management of USMMA's Academy Operations and the Capital Asset Management Program. Special emphasis will be placed on the oversight of Capital Improvement projects at the Academy, in conjunction with DOT.

- Funding also includes an adjustment of \$840 thousand to continue funding for two FTE and contract support for the MARAD Acquisition Policy and Oversight Team.

The request includes an increase of \$2.23 million from the baseline to hire an additional 19 full-time positions (FTP) (all new FTPs are assumed to encumber an additional ten FTEs during FY 2023) at Headquarters to advance diversity and equity priorities, as well as enable MARAD to manage the loans and grants portfolio that has been significantly expanded by the Bipartisan Investment Law to ensure compliance with Federal grants management requirements.

- 3 FTPs for the Office of Civil Rights to help assist with meeting MARAD's internal and external Civil Rights program responsibilities with the new equity initiatives. Accessibility and equity are cornerstones of multiple initiatives. MARAD seeks to engage with the maritime industry and internal partners to ensure that civil rights priorities are integrated into its internal and external programs. The purpose of these programs is to prevent discrimination in the workplace and ensure compliance with laws that prohibit discrimination in employment and in the provision of government services.
- 8 FTPs for a new Compliance business unit to strengthen the review, assessment and approval of Federal Financial Assistance (FFA) recipients adherence with all conditions attaching to the receipt of Federal funds, including compliance with the terms, conditions, and assurances contained in grants, cooperative agreements, loans, loan guarantees, and other agency FFA programs.
- 8 FTPs for the Office of Ports and Waterways to provide proper staffing for oversight and management of the expanding grants and loans portfolio directly appropriated to MARAD, as well as to manage specific projects from other DOT programs when required. Due to aging port infrastructure, we anticipate these programs will continue to grow, and so will the need for MARAD to have proper staffing for oversight and management of this expanding portfolio of work. The Office of Ports & Waterways has seen investments in infrastructure and technology projects grow on a year-by-year basis at the rate of 25%, which supports a safe, equitable, and sustainable marine transportation system.

In 2021, MARAD conducted a comprehensive analysis of the support staff FTE charged to the RRF program to ensure these costs were appropriate with RRF level of service use. This review was conducted through a cooperative effort between both RRF and MARAD Headquarters' CFO staff and management. As result of this analysis, MARAD proposes that four FTE be realigned from RRF to MARAD Headquarters Operations in FY 2023 to be consistent with the RRF level of service use.

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 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 equitable transportation systems which promote affordable and accessible options that foster economic opportunities and competitiveness for all across urban and rural areas, 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 the 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, the Cable Security Fleet 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 and undersea cable repair requirements. This office is also responsible for disposing of the obsolete ships in the federal fleet in an environmental-friendly way 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, including the most recent funding from the IIJA. 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 Rebuilding American Infrastructure with Sustainability and Equity (RAISE) 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 the 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.

Additionally, the office also includes support within the FTP base to advance Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act), Title I and II requirements, including evidence-building and development of statistical data and capacity analysis for addressing areas such as supply chain and port congestion, and racial equity in transportation. The office also provides spatial visualization and analysis capabilities for decision making, and publishing reports and data to the public on a variety of maritime transportation topics.

- 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 Maritime Guaranteed Loan Program (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. For MARAD's activities advancing the Department's goal for Climate Sustainability, the baseline includes one dedicated FTP to support priority initiatives for Clean Energy Technologies and Infrastructure; Climate Science; Monitoring and Measurement; and International Climate Leadership.

MARITIME PROGRAM INITIATIVES

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

MARAD requests \$10 million for the META program, maintaining the funding level for FY2022. This funding will support the advancement of low carbon alternative fuels and technologies in support of the Administration's priorities of reducing carbon emissions, while also supporting American job growth in clean energy and maritime transportation fields. This funding will support ongoing international and domestic maritime challenges such as the control of aquatic nuisance species, mitigation of ship generated underwater noise, and improving the safety and efficiency of the domestic maritime industry.

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 fills a unique niche, bringing together numerous government agencies, industry stakeholders, and academia to focus attention and resources on addressing and reducing maritime transportation environmental impacts. It is the only program in the Federal government with this specific focus and it has proven to be successful in building collaborative efforts.

Funding requested in FY 2023 will support the following:

- **Maritime Decarbonization, Alternative Energy Technology, and Energy Efficiency.** The request estimates \$8 million for continued support of 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 2023 will enable MARAD to continue 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 and resilient alternative energy applications at ports. It is important to note that META projects help to support American job growth in clean energy and maritime transportation fields with 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.

- **Aquatic Invasive Species Mitigation:** The request estimates \$1.5 million for ongoing support in advancement of ballast water treatment technology, and compliance monitoring tools and methods for managing/mitigating hull fouling. In FY 2023, 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.

- **Vessel Generated Underwater Noise.** The request estimates \$500 thousand in META funding for FY 2023 to continue collecting necessary data and support the further investigation of mitigation measures to reduce ship-generated underwater noise from open water transit and port operations. In recent years, there have been increased efforts to understand and address the impact of underwater noise from ships on the marine environment. This topic is of increased focus at the IMO and domestically, however more information is needed on underwater noise profiles of various ship types, the relationship of alternative fuels and energy efficiency modifications to reduced noise, and greater investigation into shipboard technologies designed to reduce propeller cavitation. In FY 2023, META will further research and demonstration efforts into these issues.

America's Marine Highway (\$10.8 million)

The mission of the America's Marine Highway (AMH) program is to support the development, expansion and modernization 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 2023 request includes \$10.8 million for AMH, 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 all while creating good American jobs to strengthen our future workforce and economic competitiveness.

Funding will be used to create 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. Since 2016, MARAD has received \$44.6 million in AMH funds. These grants have leveraged an additional \$99.1 million in public and private investment, resulting in \$143.7 million in total investment. 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, urban and rural areas along the inland waterways, the Great Lakes, the Pacific Northwest, and U.S. territories. In addition, a \$25 million investment was enacted in FY 2022 under the Infrastructure Investment and Jobs Appropriation Act (IIJA), which will provide additional funding for the creation and expansion of new and existing services.

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.

Sealift Contested Environment Evaluation

For FY 2023, \$2 million is requested to support an evaluation on the Sealift Contested Environment to assess the standardization for naval operations and resiliency for the commercial fleet to operate through a contested environment which prioritizes safety and public health. Today's commercial maritime fleet and the maritime workforce face new threats and asymmetric approaches to conflict that seek to prevent the advantage that U.S. sealift capabilities provide. This effort will outline and assess U.S. approaches to increase mariner skills and provide effective tools and outfitting for U.S. companies to compete in operations short of war, and in unstable international waters.

This study will focus along the following three lines of effort, including those that meet the intent of the National Defense Authorization Act for mariner contested environment training:

- Development of a core curriculum with updated modules that train mariners in naval operations, enhanced damage control, and survivability.
- Assessment of National Defense Features (NDF) and how standardized outfitting for government-owned vessels can be broadened to include commercial ships as well.
- Application of training modules to enhance the entire, all-volunteer force of mariners through targeted training opportunities at approved maritime training and maritime labor schools; capstone training at the U.S. Merchant Marine Academy and other maritime academies; and at the shipboard level for safety, security, and competency training for U.S. government-owned vessels.

This effort will consider previous government training involvement such as the National Sealift Training Program course, as well as exportable and computer-based training implemented by maritime labor training schools to meet Navy requirements. Course and module development will establish a core curriculum of functional task training and provide mariners with an understanding of today's threats and vulnerabilities for sealift vessels. Training is intended to address Government Accountability Office and Inspector General reporting on the need for training mariners for contested environment operations.

National Defense Reserve Fleet (NDRF) Sufficiency/Resiliency Evaluation

For FY 2023, \$800 thousand is requested for a fleetwide evaluation to assess the three existing NDRF facilities and anchorages. This will assess the sufficiency and resiliency of infrastructure, personnel safety, and resourcing methods to guide investments, capital improvements or even guide reductions in capabilities, where demand has decreased over time. To facilitate development of a comprehensive, achievable plan, the study will include projections of future requirements for fleet and anchorage services over the next 25 years. Performance measures will be developed to gauge effective resource utilization, to inform Agency strategic planning, and to provide Departmental reporting on effectiveness. Additionally, all assessment data will be incorporated into the Geographical Information System (GIS) platform utilized by the Agency and the Department.

MARAD is recapitalizing the Ready Reserve Force vessels and the legacy schoolship vessels, and the projected need to sequence over 50 vessels through the three NDRF sites will continue through mid FY 2030, and beyond, to properly dispose of these DOT/MARAD-owned vessels. The effort will identify resiliency measures that can improve day-to-day readiness and document sustainability initiatives for more effective utilization of resources.

Another outcome of the NDRF sufficiency study is an understanding of the inefficiencies presented by the fleet facilities and anchorages. This effort can support improved efficiencies by identifying infrastructure and personnel where requirements have been reduced. This effort will document how standardization and alignment efforts can improve overall program management for the most active fleet facilities and anchorages.

TS State of Michigan: Maritime Training Platform Requirements Assessment

For FY 2023, the request includes \$1.2 million for a comprehensive evaluation to assess the requirements for the Training Ship State of Michigan (TSSOM). During FY 2021, the TSSOM suffered a significant casualty on one of two propulsion trains that resulted in the cessation of cruise and forced the rescheduling of sea time for a follow-on cruise.

This assessment will be conducted in three parts, as follows:

- Near-term assessment and prioritized actions to repair known shortfalls in shafting, lube oil systems, and ship control or propulsion engine powertrains that impact ship's training schedule.
- Targeted Service Life Evaluation, similar to the American Bureau of Shipping Service Life Evaluation Program (ABS SLEP)
- Comprehensive maritime training needs assessment and requirements development for Great Lakes Maritime Academy.

This task will assess the current material condition of TSSOM and projected major repairs, modifications, and fleetwide upgrades needed in the next 5 years to improve reliability and safety. It will consider the effects of casualties suffered over the last ten years onboard TSSOM, and another vessel of the same class, TS General Rudder. Equipment and systems will be evaluated according to the hierarchy recorded in the fleetwide, Nautical Systems Enterprise (NSE) application.

The assessment will document and record stakeholder concerns for platform or capability expansion, and detail the scope of future changes in berthing arrangements, equipment integration, and operating procedures that would improve maritime training delivery or cadet throughput, such as those developed during early 2004. This assessment will also document and deliver the detailed, baseline requirements for the maritime training platform needed by Great Lakes Maritime Academy (GLMA). Where there is a significant gap in understanding of the unique operational profile, sea-time and training requirements for Great Lakes pilotage and restricted maneuvering situations, these related requirements will be documented. Mariners trained and certificated through GLMA have significant differences in their training requirements for sea-time, hours of training and the endorsements for pilotage on the Great Lakes, that no other State Maritime Academy requires. This assessment will involve close engagement with stakeholders at GLMA to identify maritime training platform requirements unique to vessels and mariner training on the U.S. Great Lakes.

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 MARAD program initiatives. Headquarters Operations contributes to operational program effectiveness by providing the leadership, management, and administrative support infrastructure for all agency programs. Funds requested for Headquarters Operations will support staffing and mission operations for the Strategic Sealift, Ports and Waterways,

Policy and Strategic Engagement, and Maritime Industry Support offices 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. META advances the Department of Transportation's goal for Climate Sustainability, and also supports Equity and Transformation strategic objectives. META funds support projects and technology innovation focused on addressing maritime environmental challenges, including continuing efforts that further the reduction of criteria pollutant and greenhouse gas emissions, and that increase energy efficiency in maritime operations to reduce carbon emissions.

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 (AMH)

Shippers and manufacturers in our Nation are constantly looking for lower-cost alternatives to move their goods to market. The AMH 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. The modernization of our Nation's core waterways and coastline infrastructure to move domestic freight not only provides new, safe transportation options, but also reduces highway maintenance costs, congestion, and 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;
- Supporting efforts to help minimize supply chain impacts;
- 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.

Sealift Contested Environment Evaluation

Maritime commerce requires a strong merchant marine and vessels capable of operating in any environment. Recent cases of GPS, radar, and other interference in the maritime commons has increasingly affected commercial ships and platforms. With a low-cost of entry to gain technology that can exploit maritime systems, near-peers and other adversaries engage in activity to develop tactics that will be used to interfere with, corrupt, or stem the flow of maritime goods and military deployments. This study will focus on the skills needed in the workforce to recognize and counter activity meant to constrain the U.S. ability to deploy military forces and engage in maritime commerce. The full scope of the study will include revision of previous training curriculum, instruction on new capabilities, tactics, and procedures, with an eye on safety, for more effective responses.

As cybersecurity is inherently involved in a contested environment, this study will link cybersecurity risk management to resiliency measures that ensure continued U.S. organic and commercial sealift capabilities can remain fully operational through any technical or tactical degradations by adversaries. The U.S. Merchant Marine is an all-volunteer force and this effort will document necessary training for the force, and viable training partnerships with maritime labor training schools, state maritime academies, and other training providers. This effort will document the core capabilities and outfitting need to counter that could be resourced from emergency sealift programs, when funded during conflicts or periods of increased tensions. Finally, this study will ensure that Department of Defense requirements are met, and that the common training standards, outfitting, and procedures align to their needs.

National Defense Reserve Fleet (NDRF) Resiliency Evaluation

Maintaining government-owned or operated facilities means keeping them upgraded and ready for utilization. This study will comprehensively assess the Federal government's needs and where reductions can be made for efficiency or decreased use, the facilities may be repurposed. The government has a strong record of turning over lands and facilities to state and local governments when no longer needed. At the same time, these facilities require upgrades from their current condition and a legacy of wartime use, to address core infrastructure needs and environmental, hazardous material and other remediation assessment.

Finally, these facilities require modernization to continue to provide needed services to the Federal government as well as for state and local partners. This modernization will apply significant, environmentally conscious approaches to increase use of renewable energy sources,

reduction of emissions, erosion and stormwater management, and capital investment in areas to improve their security, utility, and resiliency to extreme weather events.

TS State of Michigan Maritime Training Platform Requirements Evaluation Assessment

Providing vessels to State Maritime Academies for safe use as training platforms is consistent with provisions in U.S. statute and with the Agency's mission. The Training Ship State of Michigan is a former Naval vessel, constructed in 1985, that already completed service as an Ocean Surveillance Ship for the U.S. Navy, and that was repurposed for maritime training in 2002. With more than 20-years of service for maritime training, the aging ship requires assessment for remaining service life, and a comprehensive documentation of what platform requirements are needed for recapitalization.

The TS State of Michigan trains mariners for the unique service on the U.S. Great Lakes. As one of the Agency's (4) smaller training ships, these ships cannot be replaced by other new construction training ships. The Agency requires detailed understanding of the capabilities and technical requirements for operating in the regions waterways and integrating within the GLMA's USCG-approved curriculum for maritime training. This effort will ensure that GLMA and the Great Lakes region retain a maritime training platform for the industries serviced, and that recapitalization efforts can include the most recent assessment identifying the ship type, capabilities, and safe feasibility for continued support.

STATE MARITIME ACADEMY OPERATIONS

For necessary expenses of operations, support, and training activities for State Maritime Academies, [~~\$358,300,000~~]\$77,700,000: 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) [~~\$315,600,000~~] \$35,000,000, 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, *and, as determined by the Secretary, necessary expenses to construct infrastructure to berth such ships*;

(3) \$2,400,000 to remain available through September 30, [~~2026~~]2027, 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, [~~2023~~]2024, shall be for direct payments for State Maritime Academies.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
State Maritime Academy			
Operations	<u>\$432,700</u>	<u>\$432,700</u>	<u>\$111,780</u>
Total	<u>\$432,700</u>	<u>\$432,700</u>	<u>\$111,780</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	<u>-</u>	<u>-</u>	<u>-</u>
Total, Base	<u>-</u>	<u>-</u>	<u>-</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$432,700</u>	<u>\$432,700</u>	<u>\$111,780</u>

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 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2022 CR	<u>\$432,700</u>	-
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2023 Pay Raise	-	
GSA Rent	-	
Working Capital Fund	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$0</u>	-
<u>PROGRAM REDUCTIONS:</u>		
National Security Multi-Mission Vessel Program	-355,000	-
SUBTOTAL, PROGRAM REDUCTIONS	<u>-\$355,000</u>	-
<u>PROGRAM INCREASES:</u>		
SUBTOTAL, PROGRAM INCREASES	<u>\$0</u>	-
FY 2023 REQUEST	<u>\$77,700</u>	-
Supplemental Appropriations	-	-
TOTAL	<u>\$77,700</u>	-

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

STATE MARITIME ACADEMY OPERATIONS

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR.	FY 2023 Request
Student Incentive Program	2,400	2,400	2,400
Direct SMA Support	6,000	6,000	6,000
Fuel Assistance Payments	3,800	3,800	3,800
School Ship M&R	30,500	30,500	30,500
NSMV Program	390,000	390,000	35,000
Total	\$432,700	\$432,700	\$77,700

For FY 2023, \$77.7 million is requested to support the six State Maritime Academies (SMAs). Funding includes \$35 million for the National Security Multi-mission Vessel (NSMV) Program as this assumes construction of the final training ship. Continued NSMV funding includes \$9.6M to cover unanticipated steel cost increases on NSMV II and III that are in excess of contingencies, \$18.4 million for SMA pier structural improvements at the State University of New York (SUNY) Maritime College necessary for heavy weather mooring of NSMV I when it is delivered, and \$7 million for NSMV I custodianship, management, and logistics required in FY 2023 for integration into the schoolship fleet such as port engineering, crew wages, fixed management fees, regulatory surveys, and operational dock trials as well as initial oversight costs such as government material condition surveys, vessel management, and logistics support.

The FY 2023 request also includes \$2.4 million for the Student Incentive Program (SIP), and \$6 million for direct payments to be divided equally among each of the six SMAs. This request also continues the funding of \$3.8 million for fuel assistance payments. Lastly, \$30.5 million is requested for maintenance and repair of all current MARAD-owned training school ships. This funding will continue to support increased operating costs associated with the older training vessels, school ship capacity sharing expenses, and marine insurance for training vessel operations.

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 to federal standards. 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 State University Maritime Academy in Vallejo, California;
- Great Lakes Maritime Academy in Traverse City, Michigan;
- Maine Maritime Academy in Castine, Maine;
- Massachusetts Maritime Academy (MMA) 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.

Graduation levels in 2021 for unlimited license merchant mariners were less than the previous year (717 versus 757) primarily due to tremendous challenges created by the COVID-19 pandemic. Five of the six SMAs are integrated within their state- university system, with the sixth as an autonomous state entity. All six SMAs are regional academies, providing maritime learning opportunities to broader regional areas and partner states.

The FY 2023 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 Watchkeeping¹ (STCW). It helps in the challenge to 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 US mariners with unlimited credentials are trained each year.

NATIONAL SECURITY MULTI-MISSION VESSEL (NSMV) PROGRAM

The FY 2023 request includes \$35 million for the NSMV Program. This includes funding for unanticipated steel costs on NSMV II and III, pier improvements at SUNY, as well as Operations & Integration (e.g., vessel custodianship, government material condition surveys, management oversight, and logistics support) for NSMV I which is expected to be delivered in April of 2023.

Within the FY 2023 request, \$18.4 million will support SMA pier improvements. Pier reviews were completed at the SMAs with respect to structural effects of the bollard loads arising from mooring the NSMV in a heavy weather (i.e. hurricane) condition. These reviews suggest means for alterations to the respective pier structure to withstand the prescribed bollard loads and provide a safe mooring arrangement for the vessel. To date, assessments have been completed

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.

for NSMV I (New York), NSMV II (Massachusetts), NSMV III (Maine) and NSMV IV (Texas). Funding requested will allow SUNY Maritime College to complete their respective estimated pier improvements prior to delivery of the NSMV I, scheduled for April 2023.

The requested \$9.6 million is necessary for steel cost increases resulting from market volatility in relation to the COVID-19 pandemic. While original costs estimates in contingencies of \$2 million per NSMV were based on a review of historically available range of U.S. steel cost per metric ton over several years, the unforeseen inflationary pressures on steel pricing now requires an estimated \$10.5 million each for NSMV II and NSMV III steel, leaving a shortfall of approximately \$8.5 million per vessel. For comparison, the NSMV I actual steel price was \$2 million for the entire vessel.

The FY 2023 request for the NSMV Program also includes \$7 million for Operations & Integration requirements. Funding will support government material condition surveys, vessel management, government oversight and logistics support, which is critical in managing risk for effective operation of the NSMV fleet. Logistics support includes items such as consumables, long-lead time shore-based spares, and operational outfitting items (e.g., medical space outfitting, engineering tools for machinery, habitability outfitting for staterooms, and galley equipment outfitting). Long-lead time material are those components of a system or piece of equipment for which the times to acquire are the longest, and therefore, to which an early commitment of funds may be desirable to complete the procurement by the time the vessels are delivered to reduce overall cost, schedule and performance risks to the NSMV Program.

The funding requested within Operations & Integration also includes an estimated \$3 million to support vessel custodianship (e.g. port engineering services, training, fixed management fees, regulatory surveys, and operational dock trials). Funding will allow for the procurement of contracting services for the twelve-month Vessel Warranty periods, and Vessel Post-Warranty periods of each NSMV.

STUDENT INCENTIVE PROGRAM (SIP)

In FY 2023, MARAD's request of \$2.4 million for SIP will help provide financial assistance for a diverse cohort of students enrolled at the SMAs. SIP funding is provided to students accepted in the program, and is used to offset costs for uniforms, books, and tuition in return for a service obligation. The proposal will allow up to \$32,000 for 75 students participating in the program. Approximately ten percent, or \$240 thousand, of the request will be used to support various SIP administrative and promotional activities that include career services support for SIP enrollees, SIP outreach planning efforts by SMAs, and implementation of an electronic enrollment application platform.

The SIP program helps meet the personnel requirements of the US Navy Reserve's Strategic Sealift Officer Program (SSOP) and the US Army and US 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 the SMAs and USMMA. Based on the current number

of graduates entering SSOP from USMMA, approximately 75 SMA graduates are required annually to meet the total SSOP accession requirement.

SIP students in good standing receive a stipend each semester in return for post-graduation service obligations. SIP graduates serve in a reserve component of the US Armed Forces for eight years, or serve on active duty in the US 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 US Armed Forces for at least eight years.

Graduates may also fulfill requirements two and four above by serving as an active duty commissioned officer in the US Armed Services or as a NOAA or PHS officer for a five-year period after graduation. Additionally, the US 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.

DIRECT SMA SUPPORT

MARAD's request of \$6 million provides \$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 simulator technology.

FUEL ASSISTANCE PAYMENTS

The FY 2023 request includes \$3.8 million for Fuel Assistance Payments, which provides \$633 thousand for each of the six SMAs in FY 2023 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. Additionally, to ensure compliance with operation in the Emission Control Area (ECA) of the United States, and the ECAs of foreign countries, the training ships are 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. Similar to rising fuel costs across the country, the overall fuel expense continues to rise for the SMAs, and will become even more expensive in FY 2023 when the global demand for more environmentally-friendly low sulfur marine fuel is expected to exceed the available supply.²

SCHOOL SHIP MAINTENANCE AND REPAIR (M&R)

The FY 2023 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 legacy school ship fleet and enable school ship capacity sharing, including vessel movements, required repositioning, pre/post-cruise repair, fuel, travel, insurance and ship management fees.

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 legacy training ships in FY 2023.

The requested level of funding is particularly important as the ships age and exceed 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 and environmental compliance. 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. The requested funding aligns with the School Ship Capacity Sharing plan, established to ensure uninterrupted availability of ships capable of providing the USCG required at-sea training 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. This plan was mandated by the National Defense Authorization Act for FY 2019.

Within this request, a minimum of \$22.5 million will fund planned maintenance and unplanned repairs of the training ships. This includes funding for the legacy vessels 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,

² 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.

and accommodations that are subject to marine inspection regimen. 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 further reduce the service lives of the ships or availability. It will also enable proactive investments to be made on major projects, necessary overhaul of auxiliary systems, obsolete 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.

Within this request, up to \$8 million 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 ship sharing and 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 management 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. These funds are also being applied to alleviate the backlog of needed cadet sea days incurred due to the COVID-19 pandemic and ensuring these future mariners achieve the needed training and graduate on time.

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 until it is replaced in FY 2023 remains a significant matter of concern for the program and stakeholders at the academy. 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 US 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 USC § 1103, MARAD is authorized to provide education and training for US citizens in the interest of the safe and efficient operation of the merchant marine. To fulfill one of MARAD's key statutory mandates, 46 USC § 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 US citizens, and employing US mariners in high-value jobs, is a long-standing objective of the United States. This program supports DOT in maintaining a strong US manpower workforce and transportation infrastructure for national defense and economic security as described in National Security Directive 28 on sealift. 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 military conflicts and natural disasters is by maintaining a strong commitment to:

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

SMA Operations provide Federal assistance to the SMAs to help educate and train a diverse group of mariners and the next generation of future leaders, and foster innovation to support the US marine transportation infrastructure, including shipyards and ports. The SMA program advances DOT's goal for Economic Growth and Modernization, and objective supporting job creation and system reliability, and the Secretary's priorities for transformational investment 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" that will replace aging vessels with newer, safer, more efficient, and environmentally sustainable vessels 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 US 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 US citizen mariners, operate in US 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 ecosystem, which generates an estimated \$4.6 trillion in total economic activity while also creating 23 million jobs.³ The global movement of bulk raw materials, and affordable food and manufactured goods is made possible by the shipping industry. A strong U.S. Merchant Marine enables expanding our trade and commerce and creates well-paying jobs both of which are essential to the Nation's economic growth.

³ 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 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.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
Assistance to Small Shipyards	\$20,000	\$20,000	\$20,000
Total	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
FTEs			
Direct Funded	1	1	1
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	-	-	-
Total, Base	<u>-</u>	<u>-</u>	<u>-</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

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.

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

ASSISTANCE TO SMALL SHIPYARDS

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Assistance to Small Shipyards	20,000	20,000	20,000
Total	\$20,000	\$20,000	\$20,000

For FY 2023, \$20 million is requested to support the Assistance to Small Shipyards program. 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 funding used by the shipyards bring transformative changes to our Nation's transportation system by improving, modernizing, and increasing 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 equitable 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

¹ Maritime Administration, The Economic Importance of the U.S. Shipbuilding and Repairing Industry, March 2021.

shipbuilding and repair. Additionally, this report found that our Nation’s private shipyards support \$42.4 billion in gross domestic product (GDP), and more than 107,000 American jobs.

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 (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 2023 funding request of \$20 million will continue 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 2023, 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, 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 helps to transform our nation's maritime transportation industry by enabling 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.

Assistance to Small Shipyard grants advances the Department of Transportation's (DOT) goal for Economic Growth and Modernization, and objectives supporting system reliability and job creation. Expansion of shipyard capabilities provides for increased economic growth and competitiveness, reduces overhead costs, and supports the creation and sustainability of jobs. 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 equitable opportunities to better employment in a vital domestic industrial base.

² Maritime Administration, The Economic Importance of the U.S. Shipbuilding and Repairing Industry, March 2021.

SHIP DISPOSAL

For necessary expenses related to the disposal of obsolete vessels in the National Defense Reserve Fleet of the Maritime Administration, [\$10,000,000]\$6,000,000, to remain available until expended: *Provided, That of the unobligated balances from prior year appropriations made available under this heading, \$12,000,000 is hereby permanently cancelled.*

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
Ship Disposal	\$4,200	\$4,200	\$6,000
Total, BASE	<u>\$4,200</u>	<u>\$4,200</u>	<u>\$6,000</u>
FTEs			
Direct Funded	9	13	13
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	-	-	-
Total, Base	<u>-</u>	<u>-</u>	<u>-</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$4,200</u>	<u>\$4,200</u>	<u>\$6,000</u>

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 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2022 CR	<u>\$4,200</u>	13
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	5	
Annualization of FTE	-	
2023 Pay Raise	17	
Less Compensable Day	-3	
GSA Rent	23	
Working Capital Fund	151	
Inflation/Other Non-Discretionary Decrease	<u>1,607</u>	
SUBTOTAL, ADJUSTMENTS TO BASE	\$1,800	-
<u>PROGRAM REDUCTIONS:</u>		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	-
<u>PROGRAM INCREASES:</u>		
Ship Disposal	<u>0</u>	-
SUBTOTAL, PROGRAM INCREASES	\$0	-
FY 2023 REQUEST	<u>\$6,000</u>	13
Supplemental Appropriations	-	-
TOTAL	<u>\$6,000</u>	13

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

SHIP DISPOSAL PROGRAM

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Ship Disposal Program	1,200	7,000	3,000
Nuclear Ship SAVANNAH	3,000	3,000	3,000
Total	\$4,200	\$10,000	\$6,000

For FY 2023, \$6 million is requested for the Ship Disposal Program. The requested funding provides \$3 million for program support, salaries and benefits, and overhead. This request also includes \$3 million to maintain the Nuclear Ship SAVANNAH (NSS) in protective storage in accordance with Nuclear Regulatory Commission (NRC) license requirements. Additionally, MARAD proposes a cancellation of \$12 million in prior-year unobligated balances for the Ship Disposal Program in FY 2023.

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). The National Defense Reserve Fleet (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. After successfully meeting its program objectives, NSS was shut down in 1970, defueled in 1971, and placed into a licensed condition of protective storage in 1976.

NSS Decommissioning (DECON) activities were funded in 2017 and 2018. The baseline protective storage condition represents the underlying minimum NRC licensing activity in which DECON is performed and must be maintained until the decommissioning project is completed and the NRC license is terminated. Protective storage funding provides for experienced nuclear professional contract staff, maintenance, and husbandry

of the ship's hull as the primary safety element of the nuclear power plant, layberthing and utility services, and required radiological protection and emergency response capabilities.

SHIP DISPOSAL PROGRAM

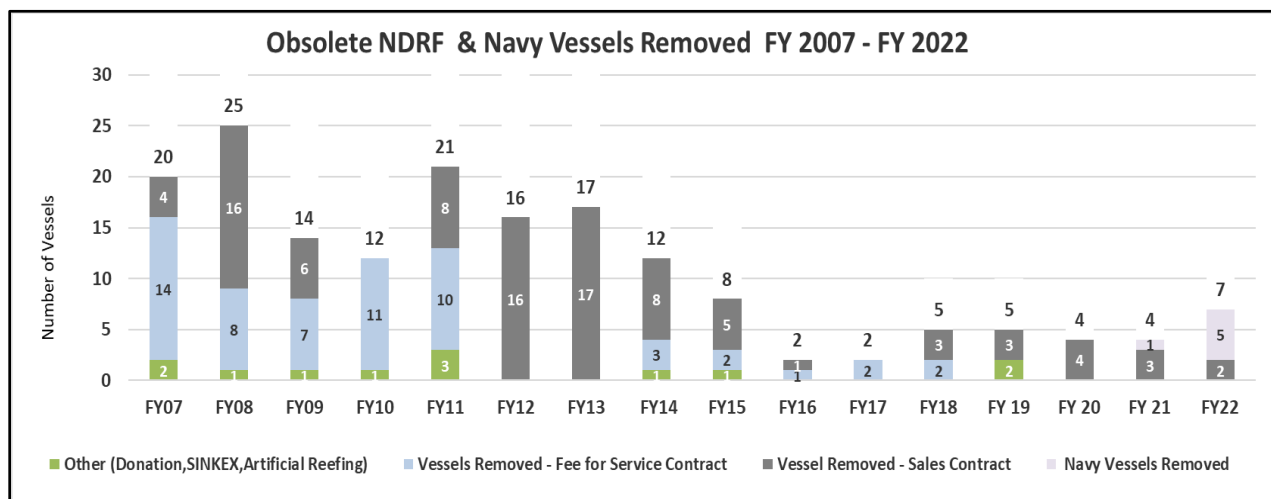
The FY 2023 request provides \$3 million for the Ship Disposal Program for salaries and benefits, program support staff and overhead costs (e.g. rent, insurance, and utilities), and environmental assessment requirements. The Ship Disposal Program maintains a team of Marine Industrial Specialists who, 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 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. 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.¹

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. Vessels are domestically recycled, either through the award of ship recycling services or sales, and only at MARAD qualified recycling facilities. Currently, there are five MARAD qualified ship recyclers, which are all located in Texas and Louisiana. 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.

¹ To comply with the U.S. Coast Guard (USCG) Ballast Water Management Act, the Aquatic Invasive Species Act, and the Clean Water Act, vessels departing Suisun Bay Reserve Fleet (SBRF) require dry-docking to remove aquatic fouling, which is funded by Ship Disposal Program funds in separate contract actions. Vessels departing the James River Reserve Fleet (JRRF) and the Beaumont Reserve Fleet (BRF) require in-water hull cleaning.

The table below reflects a total of 174 non-retention vessels from the various NDRF fleet sites.



*Includes other disposal alternatives, such as artificial reefing, deep-sinking, sale for re-use, and donations utilized by MARAD. Obsolete NDRF vessels awarded in FY 2022 as of March 2022

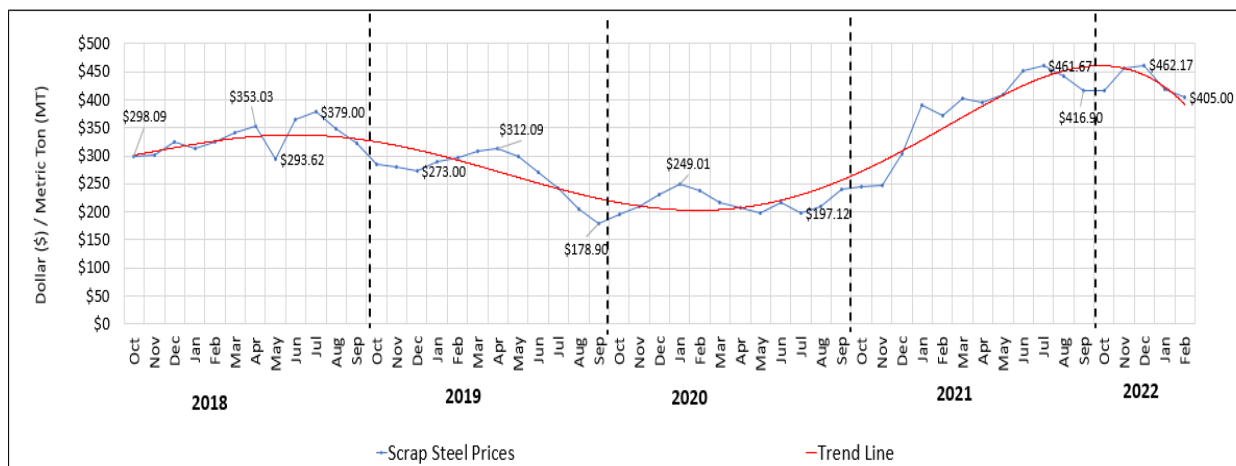
In FY 2021, MARAD downgraded five vessels to non-retention status in the Beaumont Reserve Fleet (BRF), and the agency plans to downgrade additional vessels during FY 2022 and FY 2023 to non-retention from each of the three fleet sites (James River Reserve Fleet (JRRF), BRF, and Suisun Bay Reserve Fleet (SBRF)). Through September of FY 2022, MARAD anticipates selling and removing a total of nine vessels from the fleet sites, leaving a total of 10 for disposal from the NDRF at the end of FY 2022.

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 chart below illustrates the volatility in scrap steel prices. In September 2019, prices fell to \$179 per metric ton. In January 2020, prices rose to \$249 per metric ton, then continued to decrease just before the COVID-19 was declared a pandemic. As of the beginning of the 2nd quarter of FY 2022, the domestic market price of scrap steel increased to \$421 per metric ton, the highest level since 2018. Given these high steel prices, MARAD is working to sell as many ships as possible to recyclers in order to provide a steady supply of steel to the recycling community,

while offering cost savings for the American public. If the steel prices remain above \$300 per metric ton, MARAD anticipates selling and capitalizing on these high steel prices and removing an estimated three to five vessels from the fleet sites.



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>).

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 sustainment 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 2023 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 licensee 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 in FY 2025, subject to NRC's capacity to complete their review and approval of the License Termination Plan, and completion of independent confirmatory radiological surveys.

The FY 2017 and FY 2018 appropriations provided full funding for completion of DECON-License Termination (DECON-LT), which is a 3-phase, seven-year project culminating in the termination of the NRC license, and allowing the free release of the vessel for 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 combines annual protective storage requirements and support for the second and third phases of the DECON-LT project. The Notice to Proceed (NTP) for this contract was effective on April 1, 2021, and was the notional start of DECON-LT Phase II activities.

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 for three months, at which time Phase I was roughly six months away from completion. 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.

Phase II includes controlled heavy industrial and radiological dismantlement actions for the removal of the reactor pressure vessel, and its associated equipment, components and structures. It also includes waste material handling, packaging, transportation, and disposal activities (collectively known as waste management). During the first six months of Phase II, the final outfitting of the ship to support these activities was completed, and dismantlement of minor components, small bore piping and interferences was started. Major dismantlement activities are scheduled to begin in the second six-month period, with large component removals after the first year period. Waste materials generated by these dismantlement activities are packaged on a continuous basis; with the first shipment of Low-Level Radioactive Waste to the repository completed in February 2022. Overall, Phase II activities are planned to take two years to complete.

During FY 2022, MARAD will complete and submit its License Termination Plan (LTP) to the NRC. MARAD began LTP development with the DECON-LT contractor shortly after the contract NTP. The LTP is a comprehensive and significant submittal, requiring detailed review by the NRC before its approval. Dismantlement activities may occur and continue in parallel with the LTP development and review process. The license may not be terminated sooner than two (2) years from the LTP submittal date.

Phase III is the license termination period. During Phase III, the NRC completes its review and approval of the LTP and conducts final independent confirmatory surveys and inspections to ensure that MARAD has met the applicable license termination criteria. The 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?

Funding for the Ship Disposal Program aligns with the Department's goal for Climate Sustainability. Sustained 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 from keeping obsolete ships longer than necessary.

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 marketplace. 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. Like all licensed nuclear facilities in the United States, it is subject to NRC requirements that are designed and intended to protect the health and safety of the public and the environment. NSS funding therefore provides benefits to the public by ensuring that MARAD's activities comply with requirements that are specifically designed for public benefit.

MARITIME SECURITY PROGRAM

(INCLUDING CANCELLATION OF FUNDS)

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, \$318,000,000, to remain available until expended: Provided, That of the unobligated balances from prior year appropriations available under this heading, [\$42,000,000]\$55,000,000 is hereby permanently cancelled.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
Maritime Security Program	\$314,000	\$314,000	\$318,000
Total	<u>\$314,000</u>	<u>\$314,000</u>	<u>\$318,000</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	-	-	-
Total, Base	<u>-</u>	<u>-</u>	<u>-</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$314,000</u>	<u>\$314,000</u>	<u>\$318,000</u>

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 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	\$000	FTE
FY 2022 CR	<u>\$314,000</u>	<u>-</u>
<u>ADJUSTMENTS TO BASE</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2023 Pay Raise	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	-	-
<u>Program Reductions:</u>		
	-	-
SUBTOTAL, PROGRAM DECREASES	-	-
<u>Program Increases:</u>		
Operating Agreements	4,000	-
SUBTOTAL, PROGRAM INCREASES	\$4,000	-
FY 2023 REQUEST	<u>\$318,000</u>	<u>-</u>
Supplemental Appropriations	-	-
TOTAL	<u>\$318,000</u>	<u>-</u>

DETAILED JUSTIFICATION
FY 2023 Budget Request
MARITIME SECURITY PROGRAM (MSP)

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Maritime Security Program	314,000 ^{1/}	318,000	318,000
Total	\$314,000	\$318,000	\$318,000

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

For FY 2023, \$318 million is requested for the Maritime Security Program (MSP), consistent with the authorized level of \$5.3 million in stipend payments for each of the 60 vessels enrolled in the program. Additionally, MARAD proposes a cancellation of \$55 million in prior-year unobligated balances for the MSP in FY 2023.

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

Established by the Maritime Security Acts of 1996 and 2003, MSP is a proven critical national security program that supports Department of Defense (DoD) military sealift needs as well as the Department's investments in infrastructure, ensuring both warfighter mobility and logistic support, while also contributing to economic growth and improving system reliability. The FY 2023 request of \$318 million for MSP supports America's economic strength and improves core assets to enhance our Nation's international trade posture. The MSP request will provide 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 request to meet contingency requirements. It also assures access to the multibillion-dollar global intermodal networks maintained by participating carriers, including logistics management services and port terminal facilities. In addition, MSP funding will support 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 over 5,000 additional good-paying, 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

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.

while safeguarding America's role as a leader in the development of international maritime standards. Militarily, MSP ensures the United States' ability to move assets for deployed 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.

MSP fleet ships 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 impacted MSP carriers, with reductions in U.S. Government and commercial cargo shipments and supply chain disruptions felt across the fleet during FY 2020–2021. Although some carriers have rebounded the unprecedented surge in consumer demand, the ongoing volatility of the international shipping market and supply chain disruptions confirms the national need for a dedicated U.S.-Flag international merchant fleet. Continued support at the 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 in efforts to 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 payments that enable participating carriers to operate successfully under U.S. registry. These payments help offset the high operating cost differential between vessels under U.S. registry and foreign registry, now estimated at approximately \$7 million per ship/year.

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 need to rely more on foreign-owned, foreign-registered, and foreign-crewed vessels to meet sealift requirements. MSP also ensures that DoD will have ready access to the global intermodal assets of current U.S.-flag ship operators, including logistics management services and port terminal facilities.

The MSP fleet continues to operate at full capacity, with 60 ships enrolled. The MSP fleet is comprised of: 28 containerships, 6 geared containerships, 18 roll-on/roll-off vessels, 6 heavy lift vessels, and 2 product tanker vessels that are expected to transfer into the newly-authorized Tanker Security Program if requested funds are enacted in FY 2022. 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 2023 to maintain the unique mix of militarily useful MSP vessels critical to meeting projected DoD contingency needs and U.S. economic resilience.

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 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 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, requiring vessel operators to replace participating program vessels 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; found by MARAD to be commercially viable; and found by 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 advances the Department of Transportation's (DOT) goal for Economic Growth and Modernization, and objectives supporting goods movement and supply chain, system reliability and job creation. MSP supports sustainable, good-paying American jobs for now and in the future, while helping to 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. These U.S. merchant mariners are also critical to the reliability and resiliency of the U.S. economy and supply chain. To adequately respond to a range of contingencies, the U.S. requires a modern fleet of U.S.-flag ships crewed by trained, experienced U.S. 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 responses. MSP helps meet these requirements.

DoD has consistently supported the 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 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

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	FY 2021 ENACTED	FY 2022 CR (w/ IIJA)	FY 2023 REQUEST
Cable Security Fleet Program	<u>\$10,000</u>	<u>-</u>	<u>\$10,000</u>
Total	<u>\$10,000</u>	<u>-</u>	<u>\$10,000</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	<u>-</u>	<u>-</u>	<u>-</u>
Total, Base	<u>-</u>	<u>-</u>	<u>-</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$10,000</u>	<u>-</u>	<u>\$10,000</u>

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 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 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2022 CR	<u>\$0</u>	-
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2023 Pay Raise	-	
GSA Rent	-	
Working Capital Fund	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$0</u>	-
<u>PROGRAM REDUCTIONS:</u>		
		-
SUBTOTAL, PROGRAM REDUCTIONS	<u>\$0</u>	-
<u>PROGRAM INCREASES:</u>		
Program	<u>10,000</u>	-
SUBTOTAL, PROGRAM INCREASES	<u>\$10,000</u>	-
FY 2023 REQUEST	<u>\$10,000</u>	-
Supplemental Appropriations	-	-
TOTAL	<u>\$10,000</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.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	FY 2021 ENACTED	FY 2022 CR (w/ IIJA)	FY 2023 REQUEST
Tanker Security Program	-	-	\$60,000
Total	-	-	\$60,000
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	-	-	-
Total, Base	-	-	-
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	\$0	\$0	\$60,000

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 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2022 CR	<u>\$0</u>	-
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2023 Pay Raise	-	
GSA Rent	-	
Working Capital Fund	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$0</u>	-
<u>PROGRAM REDUCTIONS:</u>		
		-
SUBTOTAL, PROGRAM REDUCTIONS	<u>\$0</u>	-
<u>PROGRAM INCREASES:</u>		
Program	<u>60,000</u>	-
SUBTOTAL, PROGRAM INCREASES	<u>\$60,000</u>	-
FY 2023 REQUEST	<u>\$60,000</u>	-
Supplemental Appropriations	-	-
TOTAL	<u>\$60,000</u>	-

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

TANKER SECURITY PROGRAM

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Tanker Security Program (TSP)	0	0	60,000
Total	\$0	\$0	\$60,000

For FY 2023, \$60 million is requested for the Tanker Security Program (TSP) to support the authorized level of \$6 million in retainer payments each, for up to 10 product 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 Tanker Security Program (TSP) to support a total of 10 U.S.-flag product tankers at \$6 million per vessel. This funding for the program addresses the urgent and critical national security requirements for U.S.-flag product tankers, as well as increased job opportunities for American mariners. The vessels in the TSP would provide roughly 500-600 shipboard employment opportunities, not counting the additional shoreside corporate and engineering staff necessary to support the vessels. The pool of mariners employed as a result of this program would also be critical to 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 natural disasters or other contingency needs.

The U.S.-flag product tankers participating in the program will support America's economic strength and provide core assets to enhance our Nation's global network of distribution capabilities and by reducing reliance on foreign-flag ships. 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 enhance 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 was authorized in the FY 2020 National Defense Authorization Act (NDAA), and while purposed with national security objectives, it will also serve to 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 while also providing sustainable, skilled American jobs with competitive, living wages that have applicability both afloat and ashore.

DoD's FY 2020 NDAA Fuel Tanker Study found there to be a substantial risk to the nation's defense associated with a heavy reliance on foreign flag tankers, particularly for intratheater movements within contested environments. The location, timing, and specific missions associated with some tanker requirements dictate the need for U.S.-flag assets, for which there currently are insufficient vessels available. The report's gap analysis found a clear and critical need for a Tanker Security Program to increase American tanker capacity, while reducing the risk of reliance on foreign flag tankers for the most important fuel missions, and to ensure the DoD has sufficient tanker capabilities to meet National Defense Strategy objectives. Currently there are only 53 U.S.-flag product tankers, and only eight of these are engaged in international trade. The remaining 45 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. A fleet of 10 internationally-trading product tanker vessels directly supports this critical requirement while ensuring unimpeded U.S. access to global petroleum supply chains.

The TSP request will provide a maximum retainer payment of \$6 million for up to 10 tanker vessels enrolled in the program. While this funding will not lower the market rate for transporting petroleum, these payments offer partial compensation to U.S.-flag tanker operators to defray the comparatively large operating cost differential between operating under the U.S. flag and operating under foreign flags. MARAD estimates the annual operating cost differential between U.S.- and foreign-flag tankers to be \$6.7 million per ship.

MARAD will oversee and manage the TSP in coordination with the U.S. Transportation Command (USTRANSCOM). Similar to the Maritime Security Program (MSP), 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. A major benefit of TSP is the program's self-recapitalization feature, under which vessel operators must, at their expense, replace vessels before they reach the maximum age of 20 years, which provides inherent safety and environmental benefits. Moreover, each participating vessel must remain in compliance with both U.S. Coast Guard and Environmental Protection Agency safety and environmental standards.

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. Additionally, TSP advances the Department of Transportation's (DOT) goal for Economic Growth and Modernization, and objectives supporting goods movement and supply chain, system reliability and job creation. . TSP also helps to address the mariner shortage by providing sustainable employment for roughly 500-600 skilled U.S. Merchant

Mariners for now and in the future, 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. These U.S. merchant mariners are also critical to the reliability and resiliency of the U.S. economy and supply chain.

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. armed 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 Voluntary Tanker Agreement (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”.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
Maritime Guaranteed (Title XI) Loan Program	\$3,000	\$3,000	\$3,000
Total	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
FTEs			
Direct Funded	10	12	12
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
N/A	-	-	-
Total, Base	<u>-</u>	<u>-</u>	<u>-</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>

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.

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

MARITIME GUARANTEED LOAN PROGRAM

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Administrative Expenses	3,000	3,000	3,000
Loan Guarantees	0	0	0
Total	\$3,000	\$3,000	\$3,000

For FY 2023, \$3 million is requested for the Maritime Guaranteed Loan (Title XI) Program. Funding will support staff salaries and administrative costs necessary to manage the current \$1.5 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 construction of Jones Act-compliant vessels to support offshore wind farm construction and repowering of existing vessels to improve efficiency and reduce emissions—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 currently has \$1.5 billion in outstanding loan guarantees encompassing 18 contracts.

The current available loan subsidy amount from prior year appropriations is \$35.5 million, and is estimated to support approximately \$487 million in new Title XI loan guarantees. The program has five applications pending and anticipates that it will approve three of those applications for approximately \$227 million in loan guarantees in FY 2023. The applications are for both new ship construction and shipyard modernization.

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, 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 to promote future climate and sustainability efforts.

Private shipyard projects improving, modernizing, and increasing operational productivity and efficiency of the shipbuilding and repair processes are eligible for loans. Uses of loan proceeds may include acquisition of equipment and technology that increases or diversifies the shipyard workload and reduces of climate impacts.

For FY 2023, the requested amount of \$3 million for Title XI will continue to support administrative management expenses, including staff salaries and operating maintenance expenses, necessary to manage the current loan guarantee portfolio, review new applications, and process new agreements MARAD may enter during the fiscal year. 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 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?

The Title XI Program advances the Department of Transportation's goals for Economic Growth & Modernization, Climate Sustainability, and Equity. A key function of the Title XI Program is to protect and strengthen economic security by supporting domestic shipbuilding, which is a core asset of the U.S. marine industrial base. Most shipyards are in economically challenged and disadvantaged areas of the U.S. where there are limited employment opportunities. These high-paying jobs ensure these investments support the Administration's goals for equity and economic inclusion. 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. A recent June 2021 ¹MARAD-funded report found that our Nation's private shipyards support \$42.4 billion in gross domestic product (GDP) and supports more than 107,000 American jobs.

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.

¹ ¹ Maritime Administration, The Economic Importance of the U.S. Shipbuilding and Repairing Industry, March 2021.

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MARITIME GUARANTEED LOAN (TITLE XI) FINANCING ACCOUNT

Program and Performance Statement

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from Maritime Guaranteed Loan (Title XI) program loan guarantee commitments 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)]54301 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 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:] 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);]

[(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]

[(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 8,000,000 short tons , 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.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

[For an additional amount for "Port Infrastructure Development Program", \$2,250,000,000, to remain available until September 30, 2036: Provided, That \$450,000,000, to remain available until September 30, 2032, shall be made available for fiscal year 2022, \$450,000,000, to remain available until September 30, 2033, shall be made available for fiscal year 2023, \$450,000,000, to remain available until September 30, 2034, shall be made available for fiscal year 2024, \$450,000,000, to remain available until September 30, 2035, shall be made available for fiscal year 2025, and \$450,000,000, to remain available until September 30, 2036, shall be made available for fiscal year 2026: Provided further, That for the purposes of amounts made available under this heading in this Act and in prior Acts, and in addition to projects already eligible for awards under this heading, eligible projects, as defined under section 50302(c)(3) of title 46, United States Code, shall also include projects that improve the resiliency of ports to address sea-level rise, flooding, extreme weather events, earthquakes, and tsunami inundation, as well as projects that reduce or eliminate port-related criteria pollutant or greenhouse gas emissions, including projects for—]

[(1) Port electrification or electrification master planning;]

[(2) Harbor craft or equipment replacements/retrofits;]

[(3) Development of port or terminal micro-grids;]

[(4) Providing idling reduction infrastructure;]

[(5) Purchase of cargo handling equipment and related infrastructure;]

[(6) Worker training to support electrification technology;]

[(7) Installation of port bunkering facilities from ocean-going vessels for fuels;]

[(8) Electric vehicle charge or hydrogen refueling infrastructure for drayage, and medium or heavy duty trucks and locomotives that service the port and related grid upgrades; or]

[(9) Other related to port activities including charging infrastructure, electric rubber-tired gantry cranes, and anti-idling technologies:]

[Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 4112(a) of H. Con. Res. 71 (115th Congress), the concurrent resolution on the budget for fiscal year 2018, and to section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.]

(Infrastructure Investments and Jobs Appropriations Act.)

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

	<u>FY 2021 ENACTED</u>	<u>FY 2022 CR (w/ IIJA)</u>	<u>FY 2023 REQUEST</u>
Port Infrastructure Development Program	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$230,000</u>
Total, Base	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$230,000</u>
FTEs			
Direct Funded	7	8	8
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Division J)			
Port Infrastructure Development Program	<u>-</u>	<u>\$450,000</u>	<u>\$450,000</u>
Total, Base	<u>-</u>	<u>\$450,000</u>	<u>\$450,000</u>
FTEs			
Direct Funded	-	13	34
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$230,000</u>	<u>\$680,000</u>	<u>\$680,000</u>

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

Program and Performance Statement

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

EXHIBIT III -1a

**PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2022 TO FY 2023
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2022 CR	<u>\$230,000</u>	8
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	9	
Annualization of FTE	-	
2023 Pay Raise	30	
One Less Compensable Day	-6	
GSA Rent	-	
Working Capital Fund	-	
Inflation	-	
Other Non-Discretionary Decrease	-33	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>PROGRAM REDUCTIONS:</u>		
Grants	-	-
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
Discretionary Grants	0	0
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2023 REQUEST	<u>\$230,000</u>	8
Supplemental Appropriations	<u>\$450,000</u>	34
TOTAL	<u>\$680,000</u>	42

**DETAILED JUSTIFICATION
FY 2023 Budget Request**

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM (PIDP)

(\$000)

Program Activity	FY 2021 Actual	FY 2022 Annualized CR	FY 2022 IIJA Authorization	FY 2023 IIJA Authorization	FY 2023 Request
PIDP	230,000	230,000	450,000	450,000	230,000
Total	\$230,000	\$230,000	\$450,000	\$450,000	\$230,000

For FY 2023, \$230 million is requested for the Port Infrastructure Development Program (PIDP). Funding will support grants to improve port infrastructure and facilities, and stimulate economic growth in and around ports, while also improving supply chain efficiency, mitigating climate change, strengthening environmental justice, promoting equity and inclusion, and improving resiliency.

In addition to this request, a supplemental \$450 million mandatory investment for FY 2023 was enacted under the Infrastructure Investment and Jobs Appropriation Act (IIJA), which provides additional grant resources for port infrastructure projects.

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 will fund discretionary grant awards to support projects that improve facilities within, or outside of, and directly related to the operations of coastal seaports, inland river ports, and Great Lakes ports.

PIDP grants are awarded on a competitive basis to support projects that strengthen and modernize port infrastructure and support the Nation's long-term economic vitality. To maximize the value of the PIDP funds for all Americans, DOT seeks projects that support the following program objectives: (1) improving the safety, efficiency, or reliability of the loading

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

and unloading of goods, the movement of goods, operational improvements (including projects to improve port resilience), or environmental and emissions mitigation measures; (2) supporting economic vitality at the national and regional levels; (3) addressing climate change and environmental justice impacts; (4) advancing equity and opportunity for all; and (5) leveraging Federal funding to attract non-Federal sources of infrastructure investment.

Over the past three years (FY 2019 through FY 2021), the program has awarded 58 grants totaling more than \$730 million in 25 States and 2 U.S. Territories. In each year, there were approximately \$1 billion in requests—far exceeding the level of funding available. Of the FY2021 funds awarded, approximately 40% went to projects that assist in the development of wind energy, improve resiliency, reduce greenhouse gas emissions and pollution and congestion in port adjacent neighborhoods.

In FY 2022, MARAD will continue to focus on expeditiously awarding all available PIDP funding including the \$450 million provided under the IIJA. This historical investment provides more opportunities to support port infrastructure projects that increase port capacity and throughput capabilities to strengthen our supply chain, in addition to addressing climate resiliency, and greener infrastructure improvements that help to advance greenhouse gas emission reduction. Building on the current processes in place for the existing PIDP program, MARAD is focused on ensuring a robust system of enterprise risk management and internal controls, and establishing the resources necessary to support it, for managing an effective control environment for these grants.

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.

The PIDP advances the Department of Transportation's (DOT) goal for Economic Growth and Modernization, and objectives supporting good movement and supply chain, system reliability and job creation. In addition, the PIDP will prioritize safety, the Department's highest priority goal, 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.

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 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 have positive impact towards achieving the targeted 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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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.

Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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

(\$000)

Budget Account	FY 2021 Enacted /1	FY 2022 CR (w/IIJA) /1	FY 2023 President's Budget /1
MARAD O&T – HQ Direct	\$13,951	\$12,143	\$12,045
<i>Commodity IT SS WCF</i>	<i>\$6,784</i>	<i>\$8,274</i>	<i>\$8,833</i>
<i>O&T Programmatic IT</i>	<i>\$7,167</i>	<i>\$3,869</i>	<i>\$3,212</i>
MARAD O&T - USMMA	\$12,936	\$9,818	\$9,604
<i>Commodity IT SS WCF</i>	<i>\$5,071</i>	<i>\$4,344</i>	<i>\$4,637</i>
<i>USMMA Programmatic IT</i>	<i>\$7,865</i>	<i>\$5,474</i>	<i>\$4,967</i>
MARAD Reimbursable - RRF	\$12,440	\$7,422	\$7,223
<i>Commodity IT SS WCF</i>	<i>\$1,762</i>	<i>\$2,654</i>	<i>\$2,833</i>
<i>RRF Programmatic IT</i>	<i>\$10,678</i>	<i>\$4,768</i>	<i>\$4,390</i>
Total	\$39,326	\$29,383	\$28,872

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 **\$28.9 million** in FY 2023 for information technologies (IT) that support the full spectrum of MARAD programs as well as the Department's initiative to transform and consolidate the management of certain IT solutions centrally by the Office of the Chief Information Officer (OCIO).

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

OCIO will continue to provide all modes Commodity IT Shared Services in FY 2023 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 **\$8.8 million** from the Headquarters (HQ) Operations and Training (O&T) account, **\$4.6 million** from the USMMA account, and **\$2.8 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 2023. This list is only a subset of all IT systems that support MARAD and are reported in OMB's Corporate Investment Management System (CIMS).

- **Nautical System Enterprise (NSE)** - MARAD will invest **\$1.878 million** in Operations & Maintenance (O&M) for RRF to support development and delivery of the Records Management System (RMS) Suite: NSE. Funding of the RMS NSE is essential to the achievement of MARAD's objective to ensure readiness by providing RMS users with the capability to plan and conduct maintenance and logistics actions, and purchase parts and services utilizing a workflow capability.
- **USMMA Comprehensive Academic Management System (CAMS)** - MARAD will invest **\$1.052 million** 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.
- **Maritime Service Compliance System (MSCS)** - MARAD will invest **\$305 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.
- **IT Security** – MARAD will invest **\$1.378 million** in O&M to ensure compliance with Cybersecurity requirements, NIST framework and FISMA requirements. It also performs Security Assessment and Authorization (SA&A) testing on all MARAD business systems on every other year basis.

**MARITIME ADMINISTRATION
OPERATIONS AND TRAINING
HISTORY OF APPROPRIATIONS
FY 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	1/
2019	152,428	149,442	2/
2020	377,497	155,723	
2021	137,797	155,616	
2022	172,204	TBD	
2022	0	25,000	3/
2023	192,000	TBD	

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

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

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

**MARITIME ADMINISTRATION
STATE MARITIME ACADEMY OPERATIONS
HISTORY OF APPROPRIATIONS
FY 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	
2023	77,700	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 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2014	-	-
2015	-	-
2016	-	5,000
2017	-	10,000
2018	-	20,000
2019	-	20,000
2020	-	20,000
2021	-	20,000
2022	20,000	TBD
2023	20,000	TBD

1/ This amount reflects FY 2013 sequestration reductions.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
SHIP DISPOSAL
FY 2014 - FY 2023
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	
2023	6,000	TBD	

1/ This amount reflects FY 2013 sequestration reductions.

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME SECURITY PROGRAM
FY 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
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
2023	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 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
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
2023	0	0

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
TANKER SECURITY PROGRAM
FY 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
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
2023	60,000	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME GUARANTEED LOAN PROGRAM
FY 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>		<u>Request</u>	<u>Enacted</u>
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
2023	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 2014 - FY 2023
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	
2022	0	450,000	2/
2023	238,000	TBD	
2023	0	450,000	2/

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

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

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