



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2025

**MARITIME
ADMINISTRATION**

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

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**DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION
Budget Estimates, Fiscal Year 2025**

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MARITIME ADMINISTRATION FISCAL YEAR 2025 BUDGET REQUEST

SECTION ONE OVERVIEW



March 11, 2024

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MARITIME ADMINISTRATION

FY 2025 Budget Request

Overview

The Fiscal Year 2025 Budget request includes \$859.7 million for the Maritime Administration (MARAD), a decrease of \$103.4 million or -12% below the FY 2023 enacted level 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 mitigate climate change, strengthen environmental justice, and ensure transportation equity and inclusion. MARAD helps to foster, promote, and develop the U.S. maritime industry to meet our Nation's economic and security needs, and to provide sealift capacity to support our military. 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 and leveraging technology to meet the needs and challenges of the maritime transportation system. In addition, the Bipartisan Investment Infrastructure Law (BIL) continues 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 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 (NDRF) to provide sealift to transport military equipment and supplies during war and national emergencies. DoD provides funding for NDRF through reimbursable agreement.

MARAD educates and trains future mariners and maritime leaders by operating the Federal U.S. Merchant Marine Academy (USMMA). The FY 2025 budget request enables MARAD's continued support of policies and procedures to improve safety for cadets during the Sea Year training. In addition to ongoing support of survivors, MARAD focuses on measures to provide a climate of accountability, to prevent sexual assault and sexual harassment (SASH), and to improve safety for all mariners. MARAD is working to ensure regular reviews and continuous improvement of the measures in advancing and supporting a broader culture change across the maritime industry. Funding requested in the FY 2025 will allow MARAD to advance measures to support diversity, equity, and inclusion across the merchant marine, as the maritime educational programs help educate and train a diverse group of mariners and the next generation of future leaders, as well as foster innovation to support the U.S. marine transportation infrastructure, including shipyards and ports.

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 as they always have during times of crisis in our Nation's history. Funding requested in the FY 2025 continues to invest in U.S. mariner training, supports programs that help U.S.-flag commercial vessels and product tankers to 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.

The MARAD FY 2025 Budget Request will sustain and build upon the Administration's program activities and initiatives advancing the FY 2022 – FY 2026 Strategic Plan's priority goals for Economic Strength and Global Competitiveness, Climate and Sustainability, Equity, and Organizational Excellence. The FY 2025 Budget request is summarized by account as follows:

Operations and Training

The FY 2025 Budget Request for Operations and Training (O&T) is \$285 million, an increase of \$71.8 million from the FY 2023 enacted level and includes \$191 million for the USMMA and \$94 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. It will also provide for agency infrastructure, including additional staff necessary to support National Academy of Public Administration (NAPA) recommendations for operational and program support, and initiatives. Funding for USMMA will also continue efforts to strengthen management of USMMA, to advance SASH prevention and response policies and procedures, and to address long-standing maintenance and repair needs of campus infrastructure. The FY 2025 O&T request supports the following programs:

U.S. Merchant Marine Academy

In FY 2025, \$191 million is requested for the USMMA, an increase of \$59.3 million from the FY 2023 enacted level, to educate and train a diverse and inclusive student body to be the next generation of seagoing officers and maritime leaders. Funding includes \$105 million for academic operating expenses and resources critical to respond to emerging needs, and \$86 million to support capital improvements as well as routine facility maintenance and emergency repairs of the Academy's buildings and infrastructure.

- ***Academy Operations.*** In FY 2025, \$105 million is requested for Academy Operations to support mission-essential educational and IT infrastructure requirements, the housing and feeding of Midshipmen, administrative services, security priorities, and the prevention of sexual assault and sexual harassment. Funding will support salaries, benefits and overhead for Academy employees (303 full-time equivalents (FTEs)), and fully funds the staffing in the Sexual Assault Response Office.
- ***Capital Asset Management Program.*** The funding request for CAMP of \$86 million will support capital improvements, facilities maintenance, repairs, and equipment (FMRE) requirements. This level of funding is essential to providing continued support priority infrastructure projects on campus and address major physical plant emergencies and high priority mission-related physical plant projects that emerge during the fiscal year due to facility deterioration.

MARAD Operations and Programs

In FY 2025, \$94 million is requested for MARAD Operations and Programs, an increase of \$12.5 million from the FY 2023 enacted level and includes \$78 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 five FTEs dedicated to advancing the strategic goal of equity, contributing to diversity and equity priorities, as well as operational program initiatives that effect grant management oversight, and expertise in legal counsel areas. The remaining \$16 million will support the following program initiatives:

- ***Maritime Environmental and Technical Assistance (META)***. In FY 2025, funding of \$6 million will maintain support of the META program that provides technical assistance and innovation to address critical maritime environmental issues. This initiative advances the priority climate and sustainability goal by exploring alternative energies and technologies, while also supporting the economic strength and global competitiveness strategic goal with its job growth in the fields of clean energy and maritime transportation. 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.
- ***United States Marine Highway Program (USMHP)***. In FY 2025, \$10 million is requested for the United States Marine Highway 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 USMHP facilitates partnerships with a variety of stakeholders including shippers and manufacturers, truckers, ports and terminals, ocean carriers, and U.S.-flag vessel operators to utilize our waterways to move freight. These new supply chains enable more cost-effective transportation options for U.S. shippers and manufacturers.

State Maritime Academy (SMA) Operations

In FY 2025, \$87 million is requested for SMA Operations, \$33.7 million below the FY 2023 enacted level, to provide Federal assistance to support the six SMAs that educate and train mariners who will become the future leaders in the U.S. maritime transportation industry.

The requested funding includes \$57.7 million for the National Security Multi-mission Vessel (NSMV) program, which supports operations, integration, oversight and management of NSMV school ships. Additionally, the request includes \$17.1 million to fund critical maintenance and repairs for the legacy training ships on loan to the SMAs to ensure they are maintained in compliance with U.S. Coast Guard (USCG) and American Bureau of Shipping requirements. 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.

Assistance to Small Shipyards

The FY 2025 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 2025, \$6 million is requested for the Ship Disposal program, including funding for support salaries and overhead for Ship Disposal and Nuclear Ship SAVANNAH (N.S.S.) 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 2025, \$3.7 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. This reflects an increase of \$700 thousand over the FY 2023 enacted level. The increase is necessary to maintain effective monitoring of existing loan guarantees and support underwriting of new loan guarantee applications to support construction of new Jones Act qualified vessels for the Administration's offshore wind energy initiative. 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 2025 Budget requests \$318 million at the target level for MSP and includes 60 vessels participating in the program. The program maintains a viable commercial fleet of vessels that can provide a U.S. presence in foreign commerce while also meeting the Nation's need for sustained military sealift capacity. 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.

Tanker Security Program (TSP)

For FY 2025, \$60 million is requested at the authorized level for the TSP to support ten U.S.-flag product tankers. 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 2025, \$80 million is requested for the PIDP, a decrease of \$132.2 million from the FY 2023 enacted level, 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) continues to provide additional funding of \$450 million in advance appropriations to support critical investments in our nation’s ports. This provides a total of \$530 million to 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 continue to provide grant resources for port infrastructure projects to support the increase in port capacity, while advancing climate sustainability priorities, including projects that reduce or eliminate port-related criteria pollutant or greenhouse gas emissions.

**MARITIME ADMINISTRATION
FY 2025 BUDGET REQUEST SUMMARY**

(Dollars in Thousands)

<u>ACCOUNT/PROGRAM</u>	<u>FY 2023 ENACTED</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>	<u>DIFFERENCE FROM FY 2023 ENACTED</u>
OPERATIONS & TRAINING	<u>\$213,181</u>	<u>\$213,181</u>	<u>\$285,000</u>	<u>\$71,819</u>
U.S. Merchant Marine Academy	<u>\$131,669</u>	<u>\$131,669</u>	<u>\$191,000</u>	<u>\$59,331</u>
Academy Operations	87,848	87,848	105,000	17,152
Capital Asset Management Program	<u>43,821</u>	<u>43,821</u>	<u>86,000</u>	<u>42,179</u>
Capital Improvement Program	31,921	31,921	64,000	32,079
Facilities Maintenance and Repair, Equipment	11,900	11,900	22,000	10,100
MARAD Operations & Programs	<u>\$81,512</u>	<u>\$81,512</u>	<u>\$94,000</u>	<u>\$12,488</u>
Headquarters Operations	65,512	65,512	78,000	12,488
Maritime Program Initiatives	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
Maritime Environmental and Technical Assistance	6,000	6,000	6,000	0
United States Marine Highway Program	10,000	10,000	10,000	0
STATE MARITIME ACADEMY OPERATIONS	<u>\$120,700</u>	<u>\$120,700</u>	<u>\$87,000</u>	<u>-\$33,700</u>
Student Incentive Program	2,400	2,400	2,400	0
Direct SMA Support	6,000	6,000	6,000	0
Fuel Assistance Payments	6,800	6,800	3,800	-3,000
School Ship M&R	30,500	30,500	17,100	-13,400
National Security Multi-Mission Vessel	75,000	75,000	57,700	-17,300
ASSISTANCE TO SMALL SHIPYARDS	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$0</u>
SHIP DISPOSAL PROGRAM	<u>\$6,000</u> ^{1/}	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$0</u>
Ship Disposal	3,000	3,000	3,000	0
NS Savannah	3,000	3,000	3,000	0
MARITIME SECURITY PROGRAM	<u>\$318,000</u> ^{2/}	<u>\$318,000</u>	<u>\$318,000</u>	<u>\$0</u>
CABLE SECURITY FLEET PROGRAM	<u>\$10,000</u>	<u>\$10,000</u>	<u>-</u>	<u>-\$10,000</u>
TANKER VESSEL SECURITY PROGRAM	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$0</u>
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM	<u>\$212,204</u>	<u>\$212,204</u>	<u>\$80,000</u>	<u>-\$132,204</u>
MARITIME GUARANTEED LOAN PROGRAM	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,700</u>	<u>\$700</u>
Title XI Administrative Expenses	3,000	3,000	3,700	700
NEW BUDGET AUTHORITY REQUESTED	<u>\$963,085</u>	<u>\$963,085</u>	<u>\$859,700</u>	<u>-\$103,385</u>
IIJA SUPPLEMENTAL (DIVISION J)	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>
Port Infrastructure Development Program	450,000	450,000	450,000	\$0
GRAND TOTAL	<u>\$1,413,085</u>	<u>\$1,413,085</u>	<u>\$1,309,700</u>	<u>-\$103,385</u>

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

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

U.S. Department of Transportation Maritim Administration

**Organizational Chart - Direct/Reimbursable Funded Full-Time Equivalents
FY 2024 - FY 2025**

MARAD Total FY 2024 FTE	<u>875</u>
Direct	549
Reimbursable	296
IIJA	30
MARAD Total FY 2025 FTE	<u>895</u>
Direct	569
Reimbursable	296
IIJA	30

Office of the Administrator and Staff Offices		
	<u>2024</u>	<u>2025</u>
Direct	60	63
Reim.	4	4
IIJA	8	8
Total	72	75

United States Merchant Marine Academy		
	<u>2024</u>	<u>2025</u>
Direct	292	303
Reim.	0	0
IIJA	0	0
Total	292	303

Associate Administrator for Budget and Programs/ Chief Financial Officer		
	<u>2024</u>	<u>2025</u>
Direct	20	20
Reim.	20	20
IIJA	3	3
Total	43	43

Associate Administrator for Administration		
	<u>2024</u>	<u>2025</u>
Direct	37	38
Reim.	28	28
IIJA	7	7
Total	72	73

Associate Administrator for Environment and Compliance		
	<u>2024</u>	<u>2025</u>
Direct	19	19
Reim.	1	1
IIJA	2	2
Total	22	22

Associate Administrator for Ports and Waterways		
	<u>2024</u>	<u>2025</u>
Direct	48	50
Reim.	1	1
IIJA	10	10
Total	59	61

Associate Administrator for Strategic Sealift		
	<u>2024</u>	<u>2025</u>
Direct	40	43
Reim.	241	241
IIJA	0	0
Total	281	284

Associate Administrator for Business and Finance		
	<u>2024</u>	<u>2025</u>
Direct	34	35
Reim.	1	1
IIJA	0	0
Total	35	36

The above organizational chart does not reflect the realignment of the two new MARAD offices as approved in the Consolidated Appropriations Act, 2021 (Public Law 116-260). MARAD proposes to maintain the current organizational alignment.

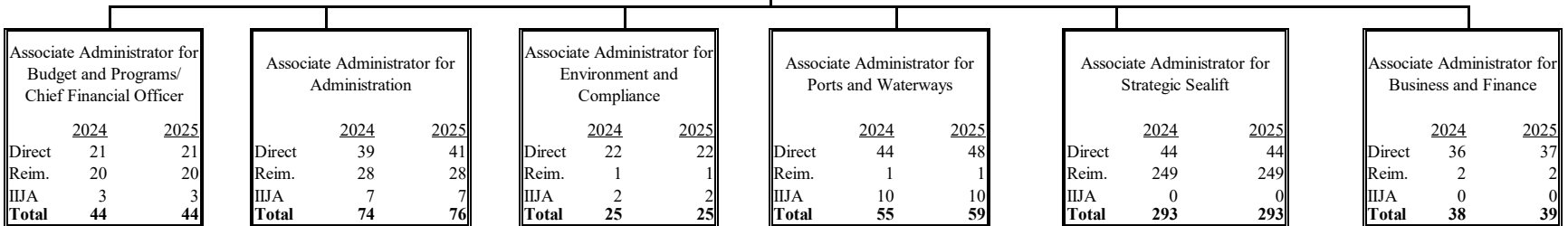
**U.S. Department of Transportation
Maritim Administration**

**Organizational Chart - Direct/Reimbursable Funded Full-Time Positions
FY 2024 - FY 2025**

MARAD Total FY 2024 FTP	<u>927</u>
Direct	592
Reimbursable	305
IIJA	30
MARAD Total FY 2025 FTP	<u>960</u>
Direct	625
Reimbursable	305
IIJA	30

Office of the Administrator and Staff Offices		
	<u>2024</u>	<u>2025</u>
Direct	64	69
Reim.	4	4
IIJA	8	8
Total	76	81

United States Merchant Marine Academy		
	<u>2024</u>	<u>2025</u>
Direct	322	343
Reim.	0	0
IIJA	0	0
Total	322	343



The above organizational chart does not reflect the realignment of the two new MARAD offices as approved in the Consolidated Appropriations Act, 2021 (Public Law 116-260). MARAD proposes to maintain the current organizational alignment.

**MARITIME ADMINISTRATION
FISCAL YEAR 2025 BUDGET REQUEST**

**SECTION TWO
BUDGET SUMMARY TABLES**



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EXHIBIT II-1

**FY 2025 BUDGET AUTHORITY
MARITIME ADMINISTRATION
(\$000)**

	(A)	(B)	(C)	
<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>FY 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Operations and Training	D	<u>\$213,181</u>	<u>\$213,181</u>	<u>\$285,000</u>
A. U.S. Merchant Marine Academy		131,669	131,669	\$191,000
B. MARAD Operations		81,512	81,512	\$94,000
State Maritime Academy Operations	D	\$120,700	\$120,700	\$87,000
Assistance to Small Shipyards	D	\$20,000	\$20,000	\$20,000
Ship Disposal Program	D	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
A. Ship Disposal		3,000	3,000	3,000
B. NS SAVANNAH		3,000	3,000	3,000
Maritime Security Program	D	\$318,000	\$318,000	\$318,000
Cable Security Fleet Program	D	\$10,000	\$10,000	\$0
Tanker Security Program	D	\$60,000	\$60,000	\$60,000
Maritime Guaranteed Loan Prog. (Title XI)		<u>\$143,097</u>	<u>\$83,866</u>	<u>\$3,700</u>
A. Administrative Expenses	D	3,000	3,000	3,700
B. Loan Guarantees	D	-	-	-
C. Subsidy Reestimate	M	140,097	80,866	-
Port Infrastructure Development Program	D	\$212,204	\$212,204	\$80,000
Gifts and Bequests	M	\$901	\$2,000	\$2,000
TOTALS				
Gross New Budget Authority		\$1,104,083	\$1,045,951	\$861,700
Rescissions		-	-	-
Transfers		-	-	-
Offsets		-	-	-
NEW BUDGET AUTHORITY:		<u>\$1,104,083</u>	<u>\$1,045,951</u>	<u>\$861,700</u>
[Mandatory BA]		140,998	82,866	2,000
[Discretionary BA]		963,085	963,085	859,700
IJA SUPPLEMENTAL (DIVISION J)		<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>
America's Marine Highway Grants		-	-	-
Port Infrastructure Development Program		450,000	450,000	450,000
GRAND TOTAL		<u>\$1,554,083</u>	<u>\$1,495,951</u>	<u>\$1,311,700</u>

EXHIBIT II-2

**FY 2025 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
(\$000)**

	(A)	(B)	(C)
<u>ACCOUNT NAME</u>	<u>FY 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Operations and Training	<u>\$213,181</u>	<u>\$213,181</u>	<u>\$285,000</u>
A. U.S. Merchant Marine Academy	131,669	131,669	191,000
B. MARAD Operations	81,512	81,512	94,000
State Maritime Academy Operations	\$120,700	\$120,700	\$87,000
Assistance to Small Shipyards	\$20,000	\$20,000	\$20,000
Ship Disposal Program	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
A. Ship Disposal	3,000	3,000	3,000
B. NS SAVANNAH	3,000	3,000	3,000
Maritime Security Program	\$318,000	\$318,000	\$318,000
Cable Security Fleet Program	\$10,000	\$10,000	\$0
Tanker Security Program	\$60,000	\$60,000	\$60,000
Maritime Guaranteed Loans Program	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,700</u>
A. Administrative Expenses	3,000	3,000	3,700
B. Loan Guarantees	-	-	-
Port Infrastructure Development Program	\$212,204	\$212,204	\$80,000
TOTAL	<u>\$963,085</u>	<u>\$963,085</u>	<u>\$859,700</u>
<u>IIJA SUPPLEMENTAL (DIVISION J)</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>
America's Marine Highway Grants	-	-	-
Port Infrastructure Development Program	450,000	450,000	450,000
<u>GRAND TOTAL</u>	<u>\$1,413,085</u>	<u>\$1,413,085</u>	<u>\$1,309,700</u>

EXHIBIT II-3
FY 2025 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS
Appropriations, Obligation Limitation, and Exempt Obligations
MARITIME ADMINISTRATION
(\$000)

ACCOUNT	Safety	Economic Strength	Equity	Climate & Sustainability	Transformation	Organizational Excellence	Total
OPERATIONS AND TRAINING	-	220,606	2,607	15,459	-	46,328	285,000
United States Merchant Marine Academy		191,000	-	-			191,000
MARAD Operations and Programs		29,606	2,607	15,459		46,328	94,000
STATE MARITIME ACADEMY OPERATIONS		87,000	-	-		-	87,000
ASSISTANCE TO SMALL SHIPYARDS		20,000	-	-		-	20,000
SHIP DISPOSAL PROGRAM		-	-	6,000		-	6,000
MARITIME SECURITY PROGRAM		318,000	-	-		-	318,000
CABLE SECURITY FLEET PROGRAM		-	-	-		-	-
TANKER SECURITY PROGRAM		60,000	-	-		-	60,000
MARITIME GUARANTEED LOAN PROGRAM		3,700	-	-		-	3,700
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM		44,000	8,000	28,000		-	80,000
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM-ILJA		247,500	45,000	157,500		-	450,000
TOTAL	\$0	\$1,000,806	\$55,607	\$206,959	\$0	\$46,328	\$1,309,700

EXHIBIT II-4

FY 2025 OUTLAYS
MARITIME ADMINISTRATION
(\$000)

	(A)	(B)	(C)	
<u>ACCOUNT NAME</u>	<u>M/D</u>	<u>FY 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Operations and Training	D	\$192,995	\$198,557	\$234,039
State Maritime Academy Operations	D	\$445,348	\$450,462	\$315,565
Assistance to Small Shipyards	D	\$13,581	\$20,000	\$21,900
Ship Disposal Program	D	\$26,900	\$11,500	\$10,500
Maritime Security Program	D	\$301,154	\$318,000	\$318,000
Cable Security Fleet Program	D	\$10,000	\$10,833	\$10,000
Tanker Security Program	D	\$6,990	\$60,000	\$60,000
Maritime Guaranteed Loans Program		<u>\$143,097</u>	<u>\$97,593</u>	<u>\$3,700</u>
A. Administrative Expenses	D	3,000	3,000	3,700
B. Loan Guarantees - Reestimates	M	140,097	94,593	-
Port Infrastructure Development Program	D	\$70,396	\$175,879	\$267,764
Ready Reserve Force	D	-\$163,881	\$4,378	-\$25,166
War Risk Insurance Rev. Fund	D	-\$700	-	-
Vessel Revolving Fund	D	\$980	-	-
Gifts and Bequests	M	\$1,553	\$2,000	\$2,000
TOTAL:		<u>\$1,048,413</u>	<u>\$1,349,202</u>	<u>\$1,218,302</u>
[Mandatory BA]		141,650	96,593	2,000
[Discretionary BA]		906,763	1,252,609	1,216,302

EXHIBIT II-5

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

Operations and Training	Baseline Changes								FY 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base			
Direct FTE 1/	468	478		6				12	496	18	514
PERSONNEL RESOURCES (FTE)											
Direct FTE	263	274		6				12	292	11	303
ACADEMY OPERATIONS											
Salaries and Benefits	\$43,830	\$48,916	\$612	\$1,107	\$865	-	-	\$2,775	\$54,275	\$1,605	\$55,880
Instructional Programs	6,543	6,570	-	-	-	-	-	157	6,727	1,269	7,996
Midshipmen Programs	17,620	17,800	-	-	-	-	-	-1,825	15,975	5,873	21,848
Facilities & Infrastructure Operations	-	-	-	-	-	-	-	8,490	8,490	542	9,032
Mission Support (Formerly PD&A)	19,855	14,562	-	-	-	-	0	-6,491	8,071	2,173	10,244
SUBTOTAL	\$87,848	\$87,848	\$612	\$1,107	\$865	\$0	\$0	\$3,106	\$93,538	\$11,462	\$105,000
CAPITPAL ASSET MANAGEMENT PROGRAM											
Capital Improvement Program	\$31,921	\$31,921	-	-	-	-	-	-	\$31,921	\$32,079	\$64,000
Facilities Maintenance and Repair, Equipment	11,900	11,900	-	-	-	-	-	-	11,900	10,100	22,000
SUBTOTAL	\$43,821	\$43,821	\$0	\$0	\$0	\$0	\$0	\$0	\$43,821	\$42,179	\$86,000
TOTAL	\$131,669	\$131,669	\$612	\$1,107	\$865	\$0	\$0	\$3,106	\$137,359	\$53,641	\$191,000
Direct FTE	192	192		0					192	6	198
MARAD Operations & Programs											
Salaries and Benefits	\$37,441	\$39,741	\$168	-	\$503	-	-	4,095	\$44,506	\$1,043	\$45,549
Non-Discretionary Operations	16,083	18,589	-	-	-	-	1,002	-	19,591	-	19,591
GSA Rent	[-]	[-]	-	-	-	-	-	-	[-]	-	[-]
WCF	[8,412]	[8,975]	-	-	-	-	[1,002]	-	[9,977]	-	[9,977]
Operations & Travel	9,657	5,204	-	-	-	-	-	5,757	10,961	-	10,961
Information Technology	2,331	1,978	-	-	-	-	-79	-	1,899	-	1,899
Admin Subtotal	\$65,512	\$65,512	\$168	\$0	\$503	\$0	\$923	\$9,852	\$76,957	\$1,043	\$78,000
PROGRAMS											
Maritime Technical Assistance (MTA)	\$6,000	\$6,000	-	-	-	-	-	-	\$6,000	-	\$6,000
United States Marine Highway Program	10,000	10,000	-	-	-	-	-	-	10,000	-	10,000
Programs Subtotal	\$16,000	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$16,000	\$0	\$16,000
SUBTOTAL	\$81,512	\$81,512	\$168	\$0	\$503	\$0	\$923	\$9,852	\$92,957	\$1,043	\$94,000
GRAND TOTAL	\$213,181	\$213,181	\$780	\$1,107	\$1,368	\$0	\$923	\$12,958	\$230,316	\$54,684	\$285,000

1/ Includes 13 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)

Academy Operations	Baseline Changes								FY 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base			
PERSONNEL RESOURCES (FTE)											
Direct FTE	263	274	-	6	-	-	-	12	292	11	303
ACADEMY OPERATIONS											
Salaries and Benefits	\$43,830	\$48,916	\$612	1,107	\$865	-	-	\$2,775	\$54,275	\$1,605	\$55,880
Instructional Programs	6,543	6,570	-	-	-	-	-	157	6,727	1,269	7,996
Midshipmen Programs	17,620	17,800	-	-	-	-	-	-1,825	15,975	5,873	21,848
Facilities & Infrastructure Operations	-	-	-	-	-	-	-	8,490	8,490	542	9,032
Mission Support (Formerly PD&A)	19,855	14,562	-	-	-	-	0	-6,491	8,071	2,173	10,244
SUBTOTAL	\$87,848	\$87,848	\$612	\$1,107	\$865	\$0	\$0	\$3,106	\$93,538	\$11,462	\$105,000
CAPITAL ASSET MANAGEMENT PROGRAM											
Capital Improvement Program	\$31,921	\$31,921	-	-	-	-	-	-	\$31,921	\$32,079	\$64,000
Facilities Maintenance and Repair, Equipment	11,900	11,900	-	-	-	-	-	-	11,900	10,100	22,000
SUBTOTAL	\$43,821	\$43,821	\$0	\$0	\$0	\$0	\$0	\$0	\$43,821	\$42,179	\$86,000
TOTAL	\$131,669	\$131,669	\$612	\$1,107	\$865	\$0	\$0	\$3,106	\$137,359	\$53,641	\$191,000

EXHIBIT II-5

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

MARAD Operations & Programs	Baseline Changes									FY 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)												
Direct FTE	192	192	-	-	-	-	-	17	209	6	215	
WCF - IT Shared Services[Non-add]*												
FINANCIAL RESOURCES												
Salaries and Benefits	\$37,441	\$39,741	\$168	-	\$503	-	-	\$4,095	\$44,506	\$1,043	\$45,549	
Non-Discretionary Operations	16,083	18,589	-	-	-	-	1,002	-	19,591	-	19,591	
WCF	[8,412]	[8,975]	-	-	-	-	[1,002]	-	[9,977]	-	[9,977]	
Operations & Travel	9,657	5,204	-	-	-	-	-	5,757	10,961	-	10,961	
Information Technology	2,331	1,978	-	-	-	-	-79	-	1,899	-	1,899	
Admin Subtotal	\$65,512	\$65,512	\$168	\$0	\$503	\$0	\$923	\$9,852	\$76,957	\$1,043	\$78,000	
PROGRAMS												
Maritime Environmental and Technical Assistance (META)	\$6,000	\$6,000	-	-	-	-	-	-	\$6,000	-	\$6,000	
United States Marine Highway Program	10,000	10,000	-	-	-	-	-	-	10,000	-	10,000	
Programs Subtotal	\$16,000	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$16,000	\$0	\$16,000	
TOTAL	\$81,512	\$81,512	\$168	\$0	\$503	\$0	\$923	\$9,852	\$92,957	\$1,043	\$94,000	

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 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base					
PERSONNEL RESOURCES (FTE)													
Direct FTE	-	4	-		-	-	-	-	-	7	-	7	
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	6,800	6,800	- 4		-	-	-	-	-	6,800	-3,000	3,800	
School Ship M&R/Capacity Sharing	30,500	30,500	-		-	-	-	-	-	30,500	-13,400	17,100	
National Security Multi-Mission Vessel Program	75,000	75,000	-		-	-	-	-	-	75,000	-17,300	57,700	
TOTAL	\$120,700	\$120,700	\$0		\$0	\$0	\$0	\$0	\$0	\$120,700	-\$33,700	\$87,000	

EXHIBIT II-5

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

	Baseline Changes										
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
Assistance to Small Shipyards											
PERSONNEL RESOURCES (FTE)											
Direct FTE	1	1	-	-	-	-	-	-	1	-	1
FINANCIAL RESOURCES											
Salaries and Benefits	\$275	\$290	\$1	-	\$4	-	-	-	\$295	-	\$295
Travel	25	25	-	-	-	-	-	-	25	-	25
Other Services	100	85	-	-	-	-	-	-5	80	-	80
Admin Subtotal 1/	\$400	\$400	\$1	\$0	\$4	\$0	\$0	-\$5	\$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	\$19,600	\$0	\$19,600
TOTAL	\$20,000	\$20,000	\$1	\$0	\$4	\$0	\$0	-\$5	\$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										Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2025 Baseline Estimate			
PERSONNEL RESOURCES (FTE)												
Direct FTE	13	13	-	-	-	-	-	-	13	-	13	
FINANCIAL RESOURCES												
Salaries and Benefits	\$2,259	\$2,347	\$12	-	\$35	-	-	-	\$2,394	-	\$2,394	
Travel	5	5	-	-	-	-	-	-	5	-	5	
Operating Expenses	279	174	-	-	-	-	-	-97	77	-	77	
WCF	457	474	-	-	-	-	50	-	524	-	524	
Admin Subtotal	\$3,000	\$3,000	\$12	\$0	\$35	\$0	\$50	-\$97	\$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	\$3,000	\$0	\$3,000	
TOTAL	\$6,000	\$6,000	\$12	\$0	\$35	\$0	\$50	-\$97	\$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 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base			
PERSONNEL RESOURCES (FTE)											
Direct FTE	-	-	-	-	-	-	-	-	-	-	-
FINANCIAL RESOURCES											
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-
Travel											
Operating Expenses											
GSA Rent	-										
WCF											
Admin Subtotal	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -
PROGRAMS											
Maritime Security Payments	\$318,000	\$318,000	-	-	-	-	-	-	\$318,000	-	\$318,000
Programs Subtotal	\$318,000	\$318,000	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 \$318,000	\$0 -	\$318,000
TOTAL	\$318,000	\$318,000	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 -	\$0 \$318,000	\$0 -	\$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 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base			
PERSONNEL RESOURCES (FTE)											
Direct FTE	-	-							-	-	-
FINANCIAL RESOURCES											
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
GSA Rent	-	-	-	-	-	-	-	-	-	-	-
WCF	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS											
Cable Security Fleet	\$10,000	\$10,000	-	-	-	-	-	-	\$10,000	-\$10,000	-
Programs Subtotal	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	-\$10,000	\$0
TOTAL	\$10,000	\$10,000	\$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 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base			
PERSONNEL RESOURCES (FTE)											
Direct FTE	-	-	-	-	-	-	-	-	-	-	-
FINANCIAL RESOURCES											
Salaries and Benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
GSA Rent	-	-	-	-	-	-	-	-	-	-	-
WCF	-	-	-	-	-	-	-	-	-	-	-
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS											
Tanker Security Program	\$60,000	\$60,000	-	-	-	-	-	-	\$60,000	-	\$60,000
Programs Subtotal	\$60,000	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$0	\$60,000
TOTAL	\$60,000	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$0	\$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	Baseline Changes									FY 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of New FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)												
Direct FTE	12	12								12	1	13
FINANCIAL RESOURCES												
Salaries and Benefits	\$2,230	\$2,489	\$12	-	\$38	-	-	\$285	\$2,824	\$101	\$2,925	
Travel	5	5	-	-	-	-	-	-	5	5	10	
Operating Expenses	247	-	-	-	-	-	-	-	-	203	203	
WCF	518	506	-	-	-	-	56	-	562	-	562	
Admin Subtotal	\$3,000	\$3,000	\$12	\$0	\$38	\$0	\$56	\$285	\$3,391	\$309	\$3,700	
PROGRAMS												
Loan Subsidies	-	-	-	-	-	-	-	-	-	-	-	
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL	\$3,000	\$3,000	\$12	\$0	\$38	\$0	\$56	\$285	\$3,391	\$309	\$3,700	

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 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of new FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base			
PERSONNEL RESOURCES (FTE)											
Direct FTE	13	13							13	-	13
FINANCIAL RESOURCES											
Salaries and Benefits	\$3,030	\$3,197	\$16	-	\$48	-	-	-	\$3,261	-\$1,661	\$1,600
Travel	100	100	-	-	-	-	-	-	100	-100	-
Operating Expenses	528	399	-	-	-	-	-	-	399	-399	-
WCF	586	548	-	-	-	-	61	-	609	-609	-
Admin Subtotal	\$4,244	\$4,244	\$16	\$0	\$48	\$0	\$61	\$0	\$4,369	-\$2,769	\$1,600
PROGRAMS											
PID Grants	\$207,960	\$207,960	-	-	-	-	-	-	\$207,960	-\$129,560	\$78,400
Programs Subtotal	\$207,960	\$207,960	\$0	\$0	\$0	\$0	\$0	\$0	\$207,960	-\$129,560	\$78,400
TOTAL	\$212,204	\$212,204	\$16	\$0	\$48	\$0	\$61	\$0	\$212,329	-\$132,329	\$80,000

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 2025 Baseline Estimate	Program Increases/ Decreases	FY 2025 Request
	FY 2023 Enacted	FY 2024 Annualized CR	Annualization of Prior Pay Raises	Annualization of new FY 2024 FTE	FY 2025 Pay Raises	Adjustment for Compensable Days (261 days)	WCF Increase/ Decrease	Inflation and other adjustments to base				
PERSONNEL RESOURCES (FTE)												
Direct FTE	27	28								28	-	28
FINANCIAL RESOURCES												
Salaries and Benefits	\$4,400	\$4,983	\$25	-	\$75	\$0	-	-	-	\$5,083		\$5,083
Travel	63	63	-	-	-	-	-	-	-	63		63
Operating Expenses	3,345	2,839	-	-	-	-	-	-	-223	2,616		2,616
WCF	1,192	1,115	-	-	-	-	123	-	-	1,238		1,238
Admin Subtotal	\$9,000	\$9,000	\$25	\$0	\$75	\$0	\$123	-\$223		\$9,000	\$0	\$9,000
PROGRAMS												
PID Grants	\$441,000	\$441,000	-	-	-	-	-	-	-	\$441,000	-	\$441,000
Programs Subtotal	\$441,000	\$441,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$441,000	\$0	\$441,000
TOTAL	\$450,000	\$450,000	\$25	\$0	\$75	\$0	\$123	-\$223		\$450,000	\$0	\$450,000

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

	<u>FY 2023 ENACTED</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
DIRECT:			
Operations and Training	12,389	12,711	14,213
Ship Disposal	457	474	524
Port Infrastructure Development Prog.	586	548	609
Port Infrastructure Development Prog. IJJA	1,192	1,115	1,238
Maritime Guaranteed Loan Prog. (Title XI)	518	506	562
SUBTOTAL	<u>15,142</u>	<u>15,354</u>	<u>17,146</u>
REIMBURSABLE:			
Ready Reserve Force	<u>7,686</u>	<u>8,306</u>	<u>9,130</u>
SUBTOTAL	<u>7,686</u>	<u>8,306</u>	<u>9,130</u>
TOTAL	<u><u>22,828</u></u>	<u><u>23,660</u></u>	<u><u>26,276</u></u>

EXHIBIT II-7

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

	FY 2023	FY 2024	FY 2025
<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>ACTUAL</u>	<u>ANNUALIZED CR</u>	<u>REQUEST</u>
Operations and Training	464	478	513
U.S. Merchant Marine Academy	260	274	303
MARAD Operations	196	192	198
Title XI Admin. Expenses	8	12	13
State Maritime Academy Operations	-	4	7
Ship Disposal	13	13	13
Assistance to Small Shipyards	1	1	1
Port Infrastructure Development Prog.	13	13	13
SUBTOTAL, DIRECT FUNDED	491 ^{1/}	509 ^{2/}	547 ^{2/}
<u>REIMBURSEMENTS/ALLOCATIONS/ OTHER</u>			
Reimbursements and Other			
Ready Reserve Force	285	295	295
Operation and Training	1	1	1
Allocations from other Organizations			
Operation and Training	5	5	5
SUBTOTAL, REIMBURSE/ALLOC./OTH.	291	301	301
BASE TOTAL POSITIONS	782	810	848
<u>SUPPLEMENTAL FUNDED FTE's</u>			
IIJA Supplemental Funding			
America's Marine Highway Program	1	2	2
Port Infrastructure Development Program	22	28	28
SUBTOTAL, Supplemental Funded	23	30	30
TOTAL FTEs	805	840	878

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

2/ Direct funded FTEs includes 13 FTE for the Title XI Program.

EXHIBIT II-8

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

	FY 2023	FY 2024	FY 2025
<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>ACTUAL</u>	<u>ANNUALIZED CR</u>	<u>REQUEST</u>
Operations and Training	466	549	582
Ship Disposal	13	13	13
Assistance to Small Shipyards	1	1	1
Port Infrastructure Development Prog.	<u>13</u>	<u>13</u>	<u>13</u>
SUBTOTAL, DIRECT FUNDED	493 ^{1/}	583 ^{1/}	616 ^{2/}
<u>REIMBURSEMENTS/ALLOCATIONS/ OTHER</u>			
Reimbursements and Other			
Ready Reserve Force	285	308	308
Operation and Training	1	1	1
Allocations from other Organizations			
Operation and Training	<u>5</u>	<u>5</u>	<u>5</u>
SUBTOTAL, REIMBURSE/ALLOC./OTH.	<u>291</u>	<u>314</u>	<u>314</u>
BASE TOTAL POSITIONS	<u>784</u>	<u>897</u>	<u>930</u>
<u>SUPPLEMENTAL FUNDED FTE's</u>			
IIJA Supplemental Funding			
America's Marine Highway Program	1	2	2
Port Infrastructure Development Program	<u>24</u>	<u>28</u>	<u>28</u>
SUBTOTAL, REIMBURSEMENTS	<u>25</u>	<u>30</u>	<u>30</u>
TOTAL POSITIONS	<u>809</u>	<u>927</u>	<u>960</u>

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

2/ Direct funded FTPs includes 13 FTP for the Title XI Program.

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**MARITIME ADMINISTRATION
FISCAL YEAR 2025 BUDGET REQUEST**

**SECTION THREE
BUDGET REQUEST BY APPROPRIATION ACCOUNT**



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OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, [\$289,773,000] \$285,000,000: Provided, That of the sums appropriated under this heading—

- (1) [\$103,500,000] \$105,000,000 shall remain available until September 30, [2025] 2026, for the operations of the United States Merchant Marine Academy;
- (2) \$22,000,000 shall remain available until expended, for facilities maintenance and repair, and equipment, at the United States Merchant Marine Academy;
- (3) [\$70,000,000] \$64,000,000 shall remain available until expended, for capital improvements at the United States Merchant Marine Academy;
- (4) \$6,000,000 shall remain available until September 30, [2025] 2026, for the Maritime Environmental and Technical Assistance program authorized under section 50307 of title 46, United States Code; and
- (5) \$10,000,000 shall remain available until expended, for the United States Marine Highway Program to make grants for the purposes authorized under section 55601 of title 46, United States Code: Provided further, That the Administrator of the Maritime Administration shall transmit to the House and Senate Committees on Appropriations the annual report on sexual assault and sexual harassment at the United States Merchant Marine Academy as required pursuant to section 3510 of the National Defense Authorization Act for fiscal year 2017 (46 U.S.C. 51318): Provided further, That available balances under this heading for the Short Sea Transportation Program or America's Marine Highway Program (now known as the United States Marine Highway Program) from prior year recoveries shall be available to carry out activities authorized under section 55601 of title 46, United States Code.

Note.—A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

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

	<u>FY 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
U.S. Merchant Marine Academy	131,669	131,669	191,000
MARAD Operations & Programs	81,512	81,512	94,000
Total	<u>\$213,181</u>	<u>\$213,181</u>	<u>\$285,000</u>
FTEs			
Direct Funded	464	478	513
Reimbursable, Allocated, Other	6	6	6
IIJA Supplemental (Divisonal J)			
MARAD Operations & Programs	-	-	-
Total, Base appropriation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTEs			
Direct Funded	1	2	2
Reimbursable, Allocated, Other	-	-	-
Account	<u>\$213,181</u>	<u>\$213,181</u>	<u>\$285,000</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 United States Marine Highway program.

The USMMA, a Federal service academy and accredited institution of higher education, provides instruction to individuals to prepare them for service in the merchant marine. Funding supports 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 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$213,181</u>	478
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	780	
Annualization of FTE	1,107	6
2025 Pay Raise	1,368	
Additional Compensable Days	-	
Working Capital Fund	923	
Inflation and other adjustments to base	12,958	12
SUBTOTAL, ADJUSTMENTS TO BASE	\$17,136	18
<u>PROGRAM REDUCTIONS:</u>		
Academy Operations	0	
Capital Improvement Program	32,079	
Facilities Maintenance and Repair, Equip.	10,100	
SUBTOTAL, PROGRAM REDUCTIONS	\$42,179	0
<u>PROGRAM INCREASES:</u>		
Academy Operations	11,461	11
MARAD HQ Operations	1,043	6
SUBTOTAL, PROGRAM INCREASES	\$12,504	17
Total FY 2025 Request	\$285,000	513

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS MARITIME ADMINISTRATION

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measures for Operations and Training (O&T), which support the DOT Strategic goals for Economic Strength & Global Competitiveness, Equity, and Organizational Excellence.

USMMA Graduation Rate	2021	2022	2023	2024	2025
Target	70%	70%	70%	70%	70%
Actual	75%	73%	72%	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

USMMA Retention Rate for Returning First Year Students (Plebes)	2021	2022	2023	2024	2025
Target	85%	85%	85%	85%	85%
Actual	84%	84%	88%	TBD	TBD
Target Achieved	X	X	√	TBD	TBD

Diversity Graduation Rate	2021	2022	2023	2024	2025
Target	73%	73%	73%	73%	73%
Actual	74%	84%	74%	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

Containers Transported across Marine Highway Corridor (Thousands)	2021	2022	2023	2024	2025
Target	x	168	175	200	200
Actual	169.1	157.2	102.2	TBD	TBD
Target Achieved	N/A	X	X	TBD	TBD

Number of Truck Miles Removed from the Roadways (Thousands)	2021	2022	2023	2024	2025
Target	x	5,000	6,500	7,000	7,000
Actual	10,400	10,200	7,800	TBD	TBD
Target Achieved	N/A	√	√	TBD	TBD

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

UNITED STATES MERCHANT MARINE ACADEMY (USMMA)

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Academy Operations	87,848	87,848	105,000
Capital Asset Management Program:	43,821	43,821	86,000
<i>Capital Improvement Program</i>	<i>31,921</i>	<i>31,921</i>	<i>64,000</i>
<i>Facilities Maintenance Repair & Equipment</i>	<i>11,900</i>	<i>11,900</i>	<i>22,000</i>
Total	\$131,669	\$131,669	\$191,000

For FY 2025, \$191 million is requested for the U.S. Merchant Marine Academy (USMMA/Academy). Funding includes \$105 million for Academy Operations, and \$86 million for the Capital Asset Management Program (CAMP) including Facilities Maintenance and Repair, and Equipment, and Capital Improvements.

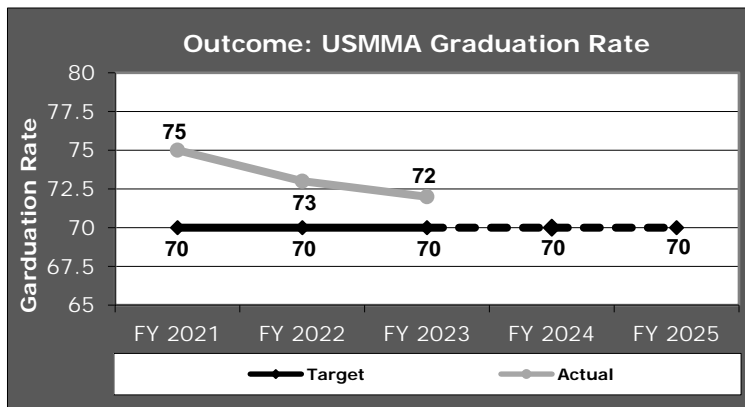
What is this program and what does this funding level support?

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. According to 46 U.S.C. 51314, attendance at USMMA is without charge for tuition, room, or board. In exchange for a tuition-free education, Academy graduates incur an obligation to serve the Nation, which includes: 1) serving for five years as a Merchant Marine officer, or on active duty in the U.S. Armed Forces or uniformed services; 2) maintaining a U.S. Coast Guard (USCG) license credential for six years; and 3) serving for eight years as a commissioned officer in a reserve unit of the U. S. Armed Services.

From a performance management perspective, as a degree-granting institution of higher education, the Academy is reviewed periodically by external accrediting groups. These comprehensive, independent evaluations by the Middle States Commission on Higher Education (MSCHE) and the Accreditation Board for Engineering and Technology (ABET) document USMMA's record of academic excellence. MSCHE reviews the overall program every 8 years. MSCHE reviewed USMMA's programs for accreditation in 2016-2017 and the next accreditation review is scheduled for 2025. ABET reviews the Marine Engineering Systems and Marine Engineering and Shipyard Management programs every 6 years. ABET

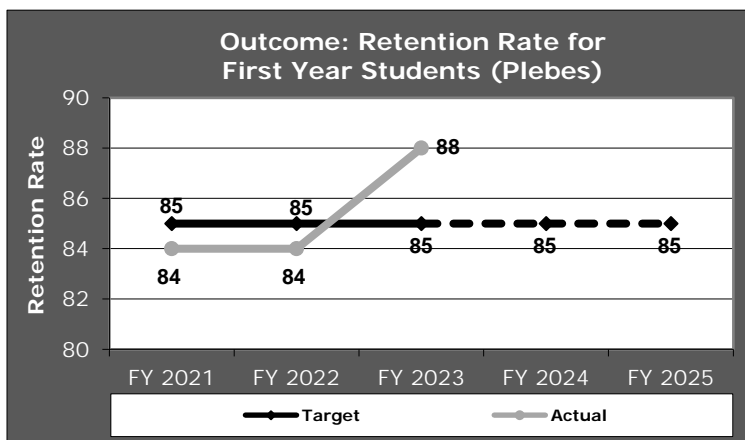
visited the Academy in October 2023, and provided a draft report of that visit. The Academy is reviewing the draft report and its recommendations.

The USCG also evaluates and approves the Academy’s training program every five years to ensure that it meets the national and international training requirements to prepare individuals for USCG examination and credentialing to serve on ocean-going vessels of unlimited tonnage and horsepower. USCG and MARAD also perform an in-depth Standards of Training, Certification and Watchkeeping (STCW) audit at the academy every five years to ensure: the quality of USCG approved STCW training; the adherence to those standards continues to be achieved; and that a plan is in place for correcting any nonconformities discovered through external or internal audits.

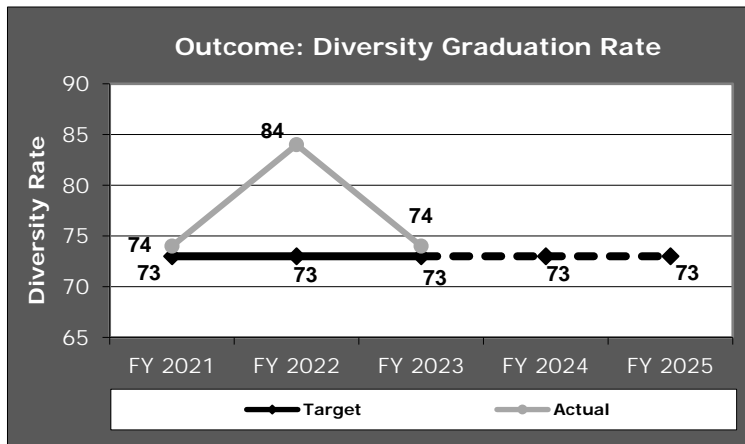


To help ensure the USMMA is graduating highly qualified merchant marine officers, MARAD will work with the Academy to meet the established performance measures and the target graduation rate of 70 percent. This metric indicates the percentage of students who graduate within four years after they begin as a plebe in their first

year at the Academy. For the Class of 2023, the Academy reports that 72 percent of students graduated within four years.



The USMMA also tracks and measures the retention rate for returning first year students who continue their second year at the Academy. For FY 2023, the Academy reported an 88 percent returning freshmen rate, exceeding an 85 percent target. The retention rate metric plays an important role in achieving the goal of attracting and retaining high quality students.



In FY 2024, the Academy is continuing to focus on implementing a robust recruitment and retention program to encourage a diverse population of Midshipmen, faculty, and staff. This includes the establishment of an effective system for campus engagement that promotes a diverse and inclusive community. The USMMA tracks and monitors

efforts to achieve a diverse campus environment for the purpose of providing a challenging learning setting and personal growth opportunities. The diversity graduation rate indicates whether appropriate actions in recruiting and mentoring a diverse student cohort have been successful. The USMMA reported an actual 74 percent diversity graduation rate for FY 2023, exceeding the target of 73 percent.

MARAD and the USMMA continue to work to develop a robust performance management system to collect, track and monitor Academy-wide performance to assess outcomes and report on results towards advancing the Department of Transportation’s (DOT) strategic goals for: (1) Economic Strength & Global Competitiveness aiming to grow an inclusive and reliable source of qualified merchant mariners; and (2) Equity aiming to expand job accessibility by focusing on removing barriers for underrepresented individuals and communities.

In FY 2021, The National Academy of Public Administration (NAPA) made a number of recommendations to DOT 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.

Funding requirements by program activity are described below:

ACADEMY OPERATIONS

For FY 2025, MARAD requests \$105 million for Academy Operations. The Academy is 24 hours seven days a week, 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 Midshipman meals, instructional materials, textbooks, travel to and from Sea Year training assignments, athletic programs, library services, and Midshipman health and welfare programs.

The request provides \$55.9 million for salaries and benefits including Federal Employees’ Compensation Act (FECA) liabilities and \$49.1 million for non-pay operations.

Within the non-pay operations, MARAD proposes:

1. To realign certain activities within Academy Operations to create a new activity, *Facilities and Infrastructure Operations* (FIO), to better reflect the management of USMMA’s facilities and the internal organization of responsibilities at USMMA. In FY 2022, USMMA secured a senior facilities executive, on detail from the Federal Aviation Administration (FAA), in response to NAPA’s recommendation to:

“[h]ire a professional facility executive and assign them to direct and coordinate all F&I (facility and infrastructure) aspects for a consistent, ongoing facility engineering program, including maintenance, repair, and capital improvements.” - NAPA Recommendation 4.10.

The FAA detailee is currently fulfilling the role of a new Senior Executive Service (SES) position created at USMMA and reporting directly to the Superintendent, Director, Facilities Management, pending MARAD’s recruitment and on-boarding of a full time executive.

2. To rename its Program Direction and Administration activity as “Mission Support Operations” to better reflect the nature of the operations within this program.

Within non-pay operations, offices and programs are realigned through proposed adjustments-to- base and have a net zero impact on overall budgetary resources.

Salaries and Benefits (\$55.9 million): MARAD requests \$55.9 million to fund 303 full-time equivalents (FTEs) salaries and benefits and FECA liabilities. The request includes an increase of \$5.7 million in baseline adjustments to support the annualization of the FY 2024 pay raise, annualization of FY 2024 hires, FY 2025 pay raise, and other baseline adjustments; and, \$1.6 million to fund eleven (11) new FTEs associated with a proposed hiring of an additional twenty (21) full-time positions.

In order to build-on and institutionalize NAPA recommendations, MARAD proposes that USMMA hire an additional fifteen (15) positions in areas identified in the NAPA report as requiring additional capacity:

- Seven (7) new positions in response to the following NAPA recommendation:

“Accelerate expansion of maintenance capacity by adopting a campus maintenance contract or another staffing arrangement.” – NAPA recommendation 4.1.

In FY 2023, MARAD awarded a task order contract to expedite maintenance and repairs to USMMA facilities. In addition, the USMMA facilities’ executive reviewed USMMA’s internal staff dedicated to capital improvements and facilities maintenance and repair programs and identified skillset deficiencies in oversight administration, project planning, cost estimating, safety compliance, and supply management.

- Two (2) new positions in response to the following NAPA recommendation:

“Increase institutional capacity to build diversity, equity, inclusion, and belonging.

- *Create a DEIB Office staffed with individuals experienced in DEIB in undergraduate institutions of higher education....*
- *Create a Chief Diversity Officer position that is part of the senior leadership team to inform decisions, policies, programs, and procedures.” – NAPA Recommendation 5.6*

In FY 2024, MARAD is working with USMMA to hire a Chief Diversity Officer. In FY 2025, MARAD proposes the creation of two (2) new positions to support the establishment of an Office of Diversity, Equity, Inclusion, and Belonging (DEIB) under the Chief Diversity Officer.

- Four (4) new positions in response to the following NAPA recommendations:

“Add capacity and capabilities as needed to develop and implement performance metrics and a performance measurement system that demonstrates USMMA’s progress towards its own goals and objectives, including...Add staff and contractual support for faculty, including the capability to analyze data....” NAPA Recommendation 8.6

“Develop and implement an Academy-wide data collection and performance measurement system related to institutional culture....” NAPA Recommendation 5.11

To add this additional capacity, MARAD proposes to: hire one additional position (1) dedicated to institutional assessment that will report within Office of the Academy Provost; and, to set up a new Office of Resource Planning and Evaluation with three (3) additional staff resources that will report to the Office of the Superintendent responsible for the development, review, and implementation of an Academy-wide data collection and performance measurement system.

- Two (2) new positions in response to the following NAPA recommendation:

USMMA and MARAD should designate a point of contact with their respective agencies to coordinate their engagement efforts better, collaborate as appropriate, and develop formal, two-way channels of communications to better share information....” – NAPA Recommendation 7.3

For FY 2025, MARAD is requesting the creation of two (2) new positions, a Liaison Officer reporting to the Superintendent but residing at MARAD headquarters, and a Director of Mission Support residing at USMMA to facilitate collaboration and communication within and between MARAD and USMMA.

In addition to the above, MARAD requests six (6) new positions to address various efficiency and effectiveness initiatives:

- An attorney-advisor to provide dedicated fiscal and ethics law support to USMMA decision-makers as well as provide additional support to MARAD's legal team with respect to the development of policies and disciplinary matters regarding the Midshipmen;
- A Property Management Specialist to provide USMMA a dedicated resource to administer the Academy's property management program in conformance with DOT's property regulations. To date, MARAD has provided this support with headquarters' personnel on an ad hoc basis as available;
- A Marine Machinery Mechanic to ensure that USMMA's fleet of training and competition watercraft are maintained and operational when needed for training and competition;
- Two (2) Waterfront Sport Specialists: Director and an Assistant Director of Offshore Sailing to replace the more expensive use of "full-time" contract coaching for the Offshore Sailing teams.
- An Information Technology Specialist in cybersecurity to strengthen the security of the Academy's information technology systems.

Non-pay Operations (\$49.1 million): MARAD requests \$49.1 million for non-pay operations. For FY 2025, MARAD proposes USMMA's non-pay operations be realigned around four programs - one new and one renamed:

- Instructional Program operated by the Academic Dean and Provost
- Midshipman Program operated by the Commandant of Midshipmen
- Facilities and Infrastructure Operations proposed as a new program to be operated by the Facilities Executive that consolidates activities related to facility operations from the Midshipman Program and Program Direction and Administration.
- Mission Support Operations renamed from the Program Direction and Administration activity.

Instructional Program

The request for the Instructional Program is \$8 million, an increase of \$1.45 million from the FY 2023 enacted. The additional funding provides for anticipated inflationary program costs, costs associated with certain program delivery changes such as the transition of athletic team travel from Midshipman and coach driven Academy vans to commercial buses to mitigate the safety risks of in-house athletic travel operations, and program enhancements including: improved academic assessment tools to meet evolving accreditation requirements; new and replacement classroom furniture and technology; and, accelerated efforts to conserve deteriorating library materials and collections. Overall, 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, Math 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.

Midshipman Program

The request for the Midshipman Program is \$21.8 million, a net increase of \$4.2 million from the FY 2023 enacted. 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*.

In FY 2025, MARAD proposes to realign:

- 1) Janitorial, waste management, and pest control services to the barracks, academic, and administrative buildings from this program to the new Facilities and Infrastructure Operations Program, and
- 2) Midshipman vehicle, mailroom, and warehouse operations to the newly named Mission Support Operations Program.

In addition to this realignment of activities that will be executed within the funding base, the increase in funding will provide for anticipated inflationary costs and planned escalations in recurring contracts. Program enhancements are also requested to fund a mandatory USCG required shipyard inspection and maintenance of the T/V Kings Pointer, shipyard overhauls of the T/V Liberator and T/V Elizabeth Ann, the replacement of the Academy's Safety of Life at Sea (SOLAS) training lifeboat that is beyond its service life, and the replacement of outdated furniture and fixtures in the Academy's health clinic.

Facilities and Infrastructure Operations

For FY 2025, MARAD is proposing to realign certain functions from the Midshipman Program and the Mission Support Operations Program to a new internal program, Facilities and Infrastructure Operations (FIO). Activities within this program will be administered by a Senior Executive Service (SES), Director of Facilities and Infrastructure. The internal realignment of activities has a net zero budgetary impact and is reflected in the baseline changes shown in the Exhibit II-5.

MARAD requests \$9 million for the FIO Program. The request includes following baseline changes and program adjustments:

- \$2.2 million is provided from the Administrative Services (MROR) activity previously under Midshipman Program that provides janitorial, waste management, and pest control services to the barracks, academic, and administrative building.
- \$5.7 million is provided by realigning management of the Office of Security, Utilities, Department of Public Works, Safety and Environmental Protection Office (SEPO), and the Office of Capital Improvement from the Mission Support Operations Program.
- \$0.6 million for baseline inflationary and other adjustments.
- \$0.5 million in net program adjustments, including:
 - anticipated escalation in utility contracts;
 - a new initiative to contract with an Industrial Hygienist to provide expert advice on asbestos, lead, and safety issues related to the recapitalization of USMMA’s facilities;
 - additional funds to: 1) comply with OSHA, NYS and other regulatory requirements for management plans, hazards inventories, and safety and environmental training; 2) acquire facility planning tools to improve cost estimation and project scheduling; and 3) replace or acquire certain new operating assets like club cars utilized by USMMA safety officers and new storage units for public safety equipment and uniforms; and,
 - Offsets from reductions to reflect termination of the inter-agency agreement with FAA to provide the facilities executive that is currently under recruitment, associated travel for the detailee, and one-time purchases of furniture and fixtures to set up offices for new facilities and infrastructure staff requested within the Salaries and Benefits request.

Mission Support Operations (renamed from Program Direction and Administration)

The request for Mission Support Operations is \$10.2 million, a reduction of \$9.6 million from the FY 2023 enacted of which \$5.7 million is realigned resources to the proposed Facilities and Infrastructure Operations activity. This funding supports the Office of the Superintendent that houses the Sexual Assault Prevention and Response Office (SAPRO), the Offices of Admissions, External Affairs, Budget and Finance, Procurement, and Personnel. as well as provides support to the American Merchant Marine Museum and Preparatory Schools under cooperative agreements.

In FY 2025, MARAD proposes to realign:

- 1) The operational expenses for the Office of Security, Utility Services, Department of Public Works, Safety Environmental Protection Office, and Office of Capital Improvements from this program to the new Facilities and Infrastructure Operations Program, and
- 2) Funding for the operation of the Midshipman vehicles, mailroom, and warehouse are transferred from the Midshipman Programs to the newly named Mission Support Operations Program.

CAPITAL ASSET MANAGEMENT PROGRAM (CAMP)

MARAD requests \$86 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 and 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.

Facilities Maintenance and Repairs, and Equipment (FMRE) (\$22 million): MARAD requests \$22 million for FMRE. This level of FMRE funding will ensure a dedicated funding source for essential and recurring maintenance and repair 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 modifications to accommodate new technologies or changes in faculty and Midshipmen populations. The FMRE funds will continue to support the replacement and rehabilitation of major operating systems (roofs, chillers, boilers, water mains, etc.) that are operating beyond their useful life, or are in disrepair due to deferred maintenance. MARAD uses these funds to conduct service life extensions to facilities until major capital improvements can be implemented.

Capital Improvement Program: (\$64 million): MARAD requests \$64 million for the following infrastructure recapitalizations:

- 1) *Rehabilitation of MARAD owned Roads, Parking Lots, sidewalks on the USMMA Campus (\$2.5 million):* Roads, parking lots and sidewalks on campus are in a state of disrepair and current condition is expected to become substantially worse during the replacement of the campus storm water management system (SWMS), as it is anticipated that large sections of the existing roads and sidewalks will be torn up to put in the new SWMS. This work will need to be initiated as soon as the SWMS replacement is finished.
- 2) *Barracks Renovation (\$20 million):* The last renovation of the barracks started in 1999 with Jones/Barry Halls with the final barracks, Cleveland Hall, completed in 2014. It will be over 20 years since Jones/Barry Halls were completed. MARAD proposes to initiate multi-year program to refresh the barracks, upgrade HVAC systems to reduce maintenance requirements, address mechanical systems and building structures that are currently contributing to frequent mold contamination, and other improvements. MARAD is evaluating each of the barracks and will initiate the refresh program with the barracks prioritized by condition.
- 3) *Wiley Hall Renovation (\$16 million):* Wiley Hall which dates back to 1917, was

originally a residence that has been adapted for use as the principal administrative building on the USMMA campus. The building is a historic structure and the primary building used to host visitors to the Academy. Due to its age and original design as a residence, the building has structural deficiencies that limit its effective use as administrative office, conference, and public reception space, and is difficult to maintain and repair on an ad hoc basis. MARAD requests funds to conduct a renovation that will preserve the structure's historic heritage and unique architectural details but update the facility to accommodate modern office, conference, and reception space requirements.

- 4) *Delano Hall Renovation (\$25.5 million)*: Delano Hall houses USMMA's Midshipman common dining facility, the Navy Exchange, the Seafarer café, and Topside dining room. The facility also hosts visitors on occasions such as the annual Battle Standard Dinner. The facility accommodates the entire regiment for each meal. The building was last renovated in 2011-2014. After a decade of continuous use, the facility requires a refresh and rehabilitation to address masonry deterioration, deficient windows and doors, repairs and upgrades to flooring, and replacement of inefficient and deteriorating building systems.

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

The FY 2025 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 Global Competitiveness by investing in infrastructure to foster the development of a competent and capable transportation industry workforce. Each year, approximately 75 percent of Academy graduates are recruited as Merchant Mariners in the U.S. commercial fleet or approved maritime related careers while fulfilling their commitment as commissioned military reserve officers. 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 a tuition-free educational opportunity for qualified young men and women with a commitment to serve the Nation to receive a first-class education regardless of their economic circumstances.

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

MARAD OPERATIONS AND PROGRAMS

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Headquarters Operations	65,512	65,512	78,000
Maritime Program Initiatives:	16,000	16,000	16,000
<i>Maritime Environmental & Technical Assistance</i>	<i>6,000</i>	<i>6,000</i>	<i>6,000</i>
<i>U.S. Marine Highway Program</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
Total	\$81,512	\$81,512	94,000

For FY 2025, a total of \$94 million is requested for MARAD Operations and Programs which includes \$78 million for Headquarters Operations and \$16 million for Maritime Program initiatives.

Within Maritime Program Initiatives, the request includes \$6 million is for the Maritime Environmental and Technical Assistance (META) program and \$10 million is for the United States Marine Highway program.

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

HEADQUARTERS OPERATIONS

For FY 2025, MARAD’s request of \$78 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 \$45.5 million for salaries and benefits for full-time equivalents (215 FTEs) staff, the annualization of the FY 2024 pay raise, and the FY 2025 pay raise. The request also provides \$32.5 million for non-pay operations. This includes funding to support adjustments for the Working Capital Fund, inflation, and information technology.

The request includes an increase of \$1.043 million to hire an additional 11 full-time permanent positions (FTPs) at Headquarters to provide critical support for operating program initiatives, diversity and equity priorities, acquisition support, and cyber security requirements. These new 11 FTPs equates to 6 full-time equivalents (FTEs) rounded.

New FTPs include:

- 4 FTPs are necessary for the Office of Deepwater Port Licensing & Port Conveyance to effectively administer and manage the program in accordance with program authorities under the Deepwater Port Act of 1974. This requires extensive government-wide technical evaluations and robust public engagement.
- 2 FTPs for the Office of Civil Rights to help assist with meeting MARAD's internal and external Civil Rights program responsibilities with 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.
- 2 FTPs for the Office of Policy and Plans for economists to assist the Geospatial Information Officer (GIO) in supporting the agency and department. This office is responsible for the application of GIS technology to analyze strategic and operational issues for MARAD. The GIS team manages a geospatial framework and prepares thematic maps, both static and interactive, to inform decisions made by MARAD leadership and stakeholders. The team also provides technical support directly to the Office of the Secretary and the Office of Emergency Transportation on high priority, time-critical matters requiring spatial or network analysis and/or map production.
- 1 FTP for the Office of the Chief Counsel to provide additional support and expertise in the areas of legal counsel to support emergent legislation and regulations, environmental law mandates, and increased grant reviews due to expanded portfolio resulting from the enactment of the Bipartisan Investment law (BIL).
- 1 FTP for the Office of Acquisition to provide acquisition support for USMMA facilities and infrastructure projects, an increase in grant agreements due to the enactment of BIL, and acquisitions related to RRF ship recapitalization efforts.
- 1 FTP for the Office of the Chief Information Officer to address cyber security requirements.

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), MARAD notified Congress that 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. MARAD has completed its review of the approved realignment and submitted the updated request below that reflects the Administration's priorities and vision.

The operational mission is comprised of:

The Office of Strategic Sealift administers national security related programs that provide

commercial and government-owned shipping capability in times of national emergency and to meet the Department of Defense (DoD) strategic sealift requirements (e.g. Maritime Security Program, Voluntary International Sealift Agreement). Additional responsibilities include emergency preparedness planning and emergency operations in other maritime civil transportation areas, the administration of the ship disposal program, the administration of the cargo preference program, compliance monitoring with the domestic coastwise trade (Jones Act) and small vessel waivers, and the administration of the maritime labor and training programs. The office is also responsible for providing support to the State Maritime Academies (SMAs) program, including the administration and promotion of the Student Incentive Program (SIP) for tuition assistance, the administration of responsibilities with respect to U.S. Merchant Marine Academy (USMMA) and SIP undergraduate and graduate service obligations, and management of training ship maintenance and repair activities in addition to the execution and oversight of the school ship replacement program.

The Office of Environment and Compliance supports the U.S. maritime industry in three key areas. The office fosters innovation, development and adoption of technologies and practices that increase energy efficiency, enable the use of a range of domestically produced fuels, and address vessel discharges, such as ballast water and underwater hull fouling. The office also collaborates closely with federal and industry partners to maintain maritime domain awareness, minimize the potential for cyber, pirate and terrorist attacks against maritime assets, and alert the industry when such threats appear. Additionally, the office participates in developing maritime safety standards, promoting safety awareness, and developing improved safety-related technology and practices, and provides oversight of existing Maritime Environment and Technology Assistance interagency and cooperative agreements.

The Office of Ports and Waterways provides agency support for national port and intermodal infrastructure modernization projects and programs, Deepwater port licensing and offshore programs as well as oversight of existing America's Marine Highway discretionary grants. The office also oversees activities at MARAD's ten gateway offices located at regionally significant ports throughout the U.S. to provide the Agency's day-to-day presence related to the marine transportation infrastructure. Further, the office oversees the Maritime Transportation System National Advisory Committee (MTSNAC), legislated through 46 U.S.C. 55601, which is designed to provide an industry stakeholder and academic perspective to the Departmental issues that impact the efficiency and safety of waterborne freight and critical passenger movements. MTSNAC's role is to provide the Secretary of Transportation with technical advice; information related to the development of short sea initiatives and their impediments; mariner manpower requirements for the future; and the integration of waterborne transportation into the national transportation system.

The Office of Business and Finance Development provides support on broad national maritime policies and programs, including oversight of existing Assistance to Small Shipyard grants, 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 MARAD's operations. These operations and programs also contribute to the Departmental priorities, and help advance implementation of the Administration's Executive Orders, including those on Race and Equity, Environmental Justice, Climate and Sustainability, Economic Growth, and Pandemic Response.

MARAD Headquarters Operations fosters a culture of learning and continuous improvement through OMB-sponsored, virtual, on-the-job, and other trainings to remain current of the evolving appropriations requirements, regulations, and technologies. Analysis of data collected informs policy making such as estimating the regulatory impacts and other relevant effects of Congressional regulations to enhance the effectiveness and efficiency of programs while assessing and minimizing risk. For example, MARAD is engaged in coordinating analysis and evaluation activities to inform policy decisions. Transparency and improved communications with the public are enhanced by the U.S. Department of Transportation website and other outreach efforts.

MARITIME PROGRAM INITIATIVES

Maritime Environmental & Technical Assistance (META) (\$6 million):

In FY 2025, MARAD requests \$6 million in funding for the META program. In addition to supporting technical assistance and innovation to address the multitude of maritime environmental issues, funding also supports Administration goals of mitigating the impact of climate change through the advancement of low carbon alternative fuels and technologies that reduce carbon emissions while also supporting American job growth in clean energy and maritime transportation fields. This funding will address other prominent international and domestic maritime challenges include ongoing work on both the mitigation of ship-generated underwater noise and the control of aquatic nuisance species and improving the safety and efficiency of the domestic maritime industry. Finally, META will work with maritime stakeholders to establish one or more topic focused consortia to allow focus expertise and resources on critical environmental challenges.

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 proving to be successful in building collaborative efforts.

Funding requested in FY 2025 will support the following:

- **Maritime Decarbonization, Alternative Energy Technology, and Energy Efficiency.** The request estimates \$4.5 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 2025 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 including the support of remote or grid-based energy systems. 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.

- **Vessel Generated Underwater Noise.** The request estimates \$1 million in META funding for FY 2025 to continue collecting data and support further investigation of mitigation measures to reduce ship-generated underwater noise from open water transit and port operations. In recent years, there have been 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, noise transmission in shallow versus deepwater environments, and greater investigation into shipboard technology-based best management practices to reduce underwater noise.
- **Aquatic Invasive Species Mitigation:** The request estimates \$500 thousand for ongoing support in advancement of ballast water treatment technology, and compliance monitoring tools and methods for managing/mitigating hull fouling. In FY 2025, META will continue to build upon and implement a key MARAD initiative by measuring the effectiveness of multiple commercial Ballast Water Management Systems. Such systems are critical to preventing the spread of non-native aquatic species in rivers, lakes, and coastal waters. Funding will 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.

United States Marine Highway Program (\$10 million)

The mission of the United States Marine Highway (USMH) program is to support the development, expansion and modernization of services that move containerized and unitized freight, and bulk freight along our waterways and coastlines and to facilitate their integration into the U.S. surface transportation system. 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 2025 request includes \$10 million for USMH program, 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.

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

MARAD Operations and Programs fund 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 supports projects and technology innovation focused on addressing maritime environmental challenges, including continuing efforts that further the reduction of criteria pollutant and greenhouse gas emissions, to maintain the maritime sector's cost and environmental advantages over other transportation systems. 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 strategic goals of Climate and Sustainability, Economic Strength and Global Competitiveness, and Safety. The program leverages MARAD-owned assets 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 commercial 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.

United States Marine Highway Program (USMH)

Shippers and manufacturers in our Nation are constantly looking for lower-cost alternatives to move their goods to market. The USMH System includes more than 19,000 miles of waterways and coastlines, encompasses 41 states, the District of Columbia, five United States territories, and reaches the majority of America's industrial centers. Access to safe, reliable, efficient, resilient, and cost-effective transportation options is one of the key decision factors

manufacturers and shippers consider when locating their facilities. The modernization of our Nation's core waterways and coastline infrastructure to move domestic freight not only provides new, safe transportation options, but also reduces highway maintenance costs, congestion, and air emissions and supports environmental justice in underserved, disadvantaged, and rural areas.

The USMH program provides our agricultural, steel, construction, and finished goods sectors, as well as 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 the Marine Highway services cannot be captured by individuals. By acting to increase the use of the underutilized marine transportation assets in the United States, the USMH 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, 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.

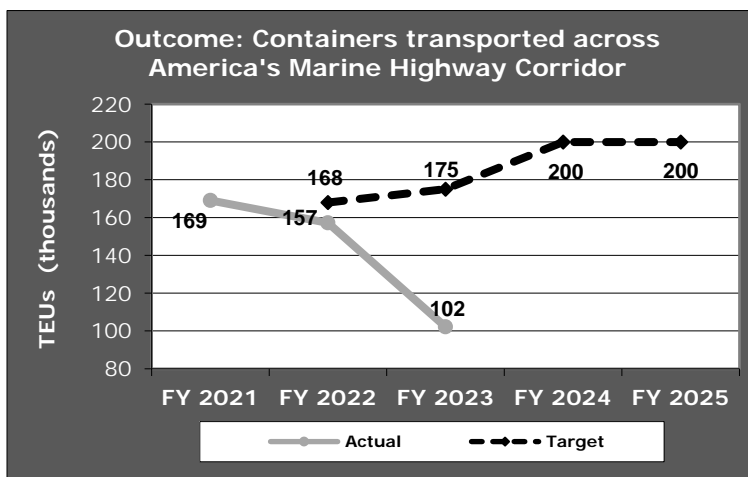
Funding will be used to create new services and expand existing services by supporting planning and the purchase of infrastructure and equipment necessary to support the movement of freight along designated USMH routes. This will increase the number of waterborne transportation services that move containerized and unitized freight and provide a means to monetize the public benefits that are unique to waterborne services. All grants would leverage private investment by prioritizing projects with 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 support regional multimodal corridor planning. Plans completed using grant funds will prove valuable in initiating services that have the potential to evolve into self-sustaining operations.
- *Infrastructure and Equipment Capital Grants* – Capital grants address gaps in the intermodal system required for the efficient transfer of goods between water and landside modes along designated marine highway routes for the benefit of specific designated

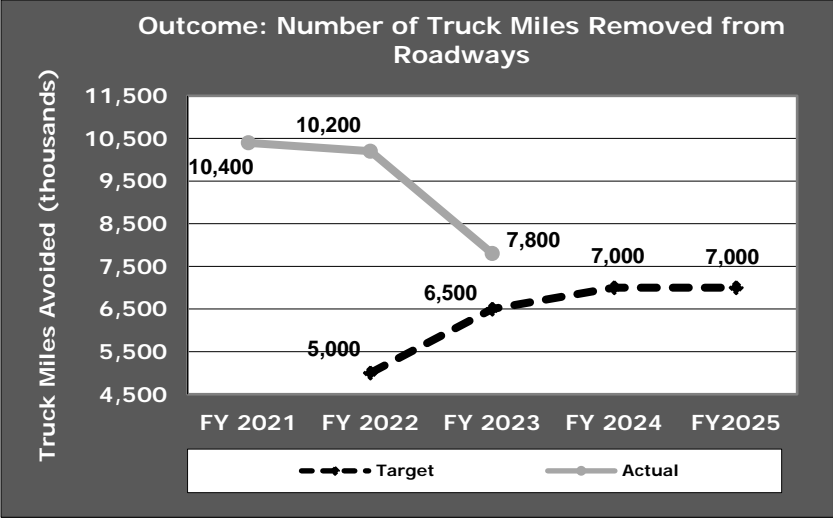
marine highway projects. The purpose of these grants is to invest in the infrastructure that will enable these services to operate efficiently and decrease the upfront costs associated with new ventures. These grants would seek to advance projects that will reduce emissions by funding zero and near-zero emission equipment for use in marine highway services.

- The USMHP 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. Eligible applicants include State Departments of Transportation, metropolitan planning organizations, municipalities, and other governmental entities, including Tribal governments.
- Since 2010, MARAD has received \$76.4 million in appropriated USMH program funds. In addition, the Bipartisan Infrastructure Law provided an additional \$25 million to the program. Thus, the total program funding since 2010 amounts to \$101.4 million.
- On October 6, 2022, MARAD awarded nearly \$12 million in grants to eight marine highway projects across the nation under the United States Marine Highway Program (USMHP). The funding will improve the movement of goods along our navigable waterways and expand existing waterborne freight services in Alaska, Illinois, Indiana, Louisiana, Texas, Washington, and Wisconsin.

In accordance with the Administration’s efforts to promote racial equity and climate change mitigation, the USMH 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 USMH 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.



MARAD started tracking the volume of containers, or twenty-foot equivalent unit (TEUs) moved in 2016, transported across the Marine Highway Routes, as well as the number of truck miles removed from the roadways. For every container that travels across a Marine Highway corridor is equal to the removal of one truck from our roadways; therefore, this is an indicator of direct grant-related program performance and benefits.



For FY 2023, MARAD reports a baseline of 102,200 containers transported across the Marine Highway Routes, and a baseline of approximately 7.8 million truck miles removed from roadways.

STATE MARITIME ACADEMY OPERATIONS

For necessary expenses of operations, support, and training activities for State Maritime Academies, [\$53,400,000] \$87,000,000: Provided, That of the sums appropriated under this heading—

(1) [\$22,000,000] \$17,100,000 shall remain available until expended for maintenance, repair, [and] life extension, insurance, and capacity improvement of National Defense Reserve Fleet training ships, and for expenses related to training mariners, including costs associated with training vessel operations and vessel sharing pursuant to section 51504(g)(3) of title 46, United States Code;

(2) [\$19,200,000] \$57,700,000 shall remain available until expended, for the National Security Multi-Mission Vessel Program, including funds for expenses related to the operation, integration, oversight, and management of NSMV school ships, including insurance, maintenance, repair and equipment costs; [construction, planning, administration, and design of school ships and, as determined by the Secretary, necessary expenses to design, plan, construct infrastructure, and purchase equipment necessary to berth such ships, of which up to \$8,900,000 may be used for expenses related to the oversight and management of school ships to include the purchase of equipment and the repair and maintenance of training vessels;]

(3) \$2,400,000 shall remain available until September 30, [2028] 2029, for the Student Incentive Program;

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

(5) \$6,000,000 shall remain available until September 30, [2024] 2026, for direct payments for State Maritime Academies:

Provided further, That the Administrator of the Maritime Administration may use the funds made available for the National Security Multi-Mission Vessel [under paragraph (2) and the funds provided for shoreside infrastructure improvements] in Public Law 117–103 for necessary expenses to design, plan, construct infrastructure, and purchase equipment necessary to berth such ships. [described in paragraph (2):] Provided further, That such funds may be used to reimburse State Maritime Academies for costs incurred prior to the date of enactment of this Act: Provided further, That such funds shall be available for reimbursement only for those costs incurred in compliance with all applicable Federal Law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and the National Historic Preservation Act (54 U.S.C. 300101 et seq.).

Note.—A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 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)

	FY 2023	FY 2024	FY 2025
	ACTUAL	ANNUALIZED CR	REQUEST
Student Incentive Payments	2,400	2,400	2,400
Direct SMA Payments	6,000	6,000	6,000
Training Ship Fuel Assistance Payments	6,800	6,800	3,800
School Ship M&R/Capacity Sharing	30,500	30,500	17,100
National Security Multi-Mission Vessel Program	75,000	75,000	57,700
Total, Base appropriation	\$120,700	\$120,700	\$87,000
FTEs			
Direct Funded	-	4	7
Reimbursable, Allocated, Other	-	-	-

STATE MARITIME ACADEMY OPERATIONS

Program and Performance Statement

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

EXHIBIT III -1a

**STATE MARITIME ACADEMY OPERATIONS
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$120,700</u>	4
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2025 Pay Raise	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$0</u>	4
<u>PROGRAM REDUCTIONS:</u>		
Training Ship Fuel Assistance Payments	-3,000	
Schoolship M&R	-13,400	
National Security Multi-Mission Vessel Program	-17,300	
SUBTOTAL, PROGRAM REDUCTIONS	<u>-\$33,700</u>	0
<u>PROGRAM INCREASES:</u>		
	0	4
SUBTOTAL, PROGRAM INCREASES	<u>\$0</u>	4
Total FY 2025 Request	<u>\$87,000</u>	7

EXHIBIT III-2

**ANNUAL PERFORMANCE RESULTS AND TARGETS
MARITIME ADMINISTRATION**

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measures for the State Maritime Academies Operations program, which supports the DOT Strategic Goal for Economic Strength and Global Competitiveness.

State Maritime Academies Number of Graduates with Unlimited Credentials	2021	2022	2023	2024	2025
Target	700	650	640	645	675
Actual	718	569	602	TBD	TBD
Target Achieved	√	X	X	TBD	TBD

Training ship days available for at-sea maritime training	2021	2022	2023	2024	2025
Target	600	600	600	600	550
Actual	630	629	481	TBD	TBD
Target Achieved	√	√	X	TBD	TBD

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

STATE MARITIME ACADEMY OPERATIONS

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Student Incentive Program	2,400	2,400	2,400
Direct SMA Support	6,000	6,000	6,000
Fuel Assistance Payments	6,800	6,800	3,800
School Ship M&R	30,500	30,500	17,100
NSMV Program	75,000	75,000	57,700
Total	\$120,700	\$120,700	\$87,000

For FY 2025, \$87 million is requested to support the State Maritime Academies (SMAs) and includes \$2.4 million for the Student Incentive Program (SIP), \$6 million for Direct SMA Support payments divided equally among each of the six SMAs, \$3.8 million for the Fuel Assistance Payments, and \$17.1 million is requested for legacy School Ship Maintenance and Repair of all current MARAD-owned training school ships, operating costs associated with the older training vessels, and school ship capacity sharing expenses, and marine insurance for training vessel operations. Funding also includes \$57.7 million for NSMV Operations in support of operation, integration, oversight, and management of school ships constructed with funds provided for the National Security Multi-Mission Vessel Program.

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

The graduation levels in FY 2022 for unlimited license merchant mariners were less than the previous year (569 versus 718) primarily due to tremendous challenges created by the COVID-19 pandemic. Five of the six SMAs are integrated within their state- university system, except Maine Maritime Academy, which operates as an autonomous state entity. All six SMAs are

regional academies, providing maritime learning opportunities to broader regional areas and partner states.

The FY 2025 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). This program ensures a sufficient number of highly trained U.S. Merchant Marine officers are available to meet the Nation's safety, economic, and national security requirements. In addition, the request includes funding for school ship maintenance and repair. This will enable MARAD to maintain the current cadre of training ships 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) ship maintenance and safety 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 have been trained.

STUDENT INCENTIVE PROGRAM (SIP)

In FY 2025, 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 70 students participating in the program. Approximately 10 percent, or \$160,000, 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 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.

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 2025 request includes \$3.8 million for Fuel Assistance Payments, which provides \$633,333 for each of the six SMAs in FY 2025 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 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 2025 when the global demand for more environmentally friendly low sulfur marine fuel is expected to exceed the available supply.²

NATIONAL SECURITY MULTI-MISSION VESSEL (NSMV) PROGRAM

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.

The FY 2025 request includes \$57.7 million for the NSMV Program. This includes funding for Operations, integration, oversight, and management of school ships constructed with funds provided for the National Security Multi-Mission Vessel Program.

The FY 2025 request for the NSMV Program requests funding of \$15 million for Operations & Integration which includes outfitting material for NSMV III, IV and V, Shore Based Spares, Pre-Delivery support and IT Network Infrastructure development. Additionally, the request reflects \$42.7 million for Oversight and Management which includes \$1.7 million payroll, \$6 million for operational expenses, and \$0.2 million for pre delivery travel, and \$34.8 million for Post Delivery Support. Funding of \$34.8 million for post-delivery support includes Maintenance and Repair, Port Engineering, Operations, and crewing. Funding will also support government material condition surveys, Department of Transportation (DOT) cybersecurity requirements, IT Network and Authority to Operate (ATO) maintenance, GPS hardening, 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 materials 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.

SCHOOL SHIP MAINTENANCE AND REPAIR (M&R)

The FY 2025 request includes \$17.1 million for School Ship M&R. Funding requested supports 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 costs associated with increased training operation costs of the current aging school ship fleet and for school ship capacity sharing, including vessel movements, required repositioning, pre/post-cruise repair, fuel, travel, insurance, and ship manager fees. Having the flexibility to utilize these funds for capacity sharing is critical as an interim measure until sufficient school ship capacity is made available.

The 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 2025. This funding is particularly important as the ships age and exceed their designed end-of-service lives. 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 until replaced.

Within this request, a minimum of \$17.1 million will fund planned maintenance and unplanned repairs of the legacy 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, 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. This includes lifecycle costs associated with end of service life, fleet site layout, and disposal.

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.

The funding requested in FY 2023 will also support requirements for the uninterrupted availability of at-sea training capacity. This request supports Congressional direction that MARAD take a more active role in capacity sharing as an interim measure until sufficient at-sea training capacity can be acquired. Funding will allow MARAD to manage existing vessel capacity to meet current training capacity requirements for the SMAs and provides MARAD with greater flexibility as the owner of the vessels. Funding will allow MARAD to support costs associated with school ship capacity sharing including vessel movements, required repositioning, pre/post-cruise repair, fuel, travel, insurance, and ship manager fees. The SMAs will be responsible for providing and funding the standard program costs, including training faculty, regimental and administrative staff, as well as arrange and fund the cost of normal port calls.

Additionally, the largest and oldest training ship is the TS KENNEDY, which is sailing beyond its service life. Currently, the TS KENNEDY 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 June 2024. However, maintaining TS KENNEDY availability for continued operations during school ship training cruises until it is replaced in FY 2025 remains a significant matter of concern for the program and stakeholders at the academies. 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 TS KENNEDY 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 § 51103³, 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 § 51501⁴ *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 regional 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 28⁵ 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
- 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

³ [46 U.S.C. § 55103.](#)

⁴ [46 U.S.C. § 50501 et seq.](#)

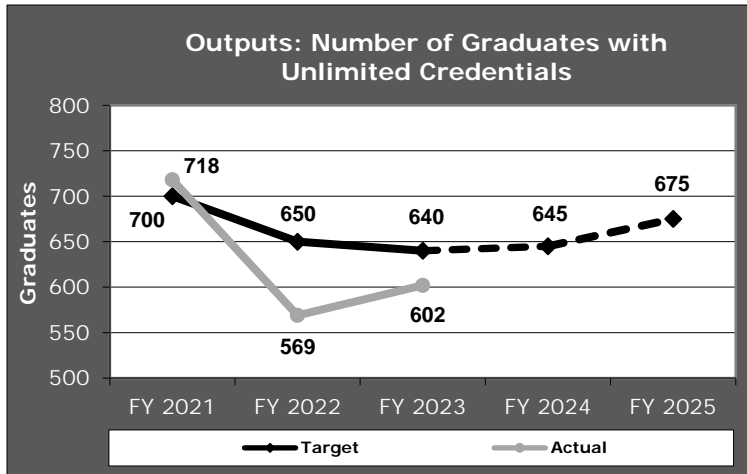
⁵ [National Security Directive 28.](#)

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, 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.⁶ 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.

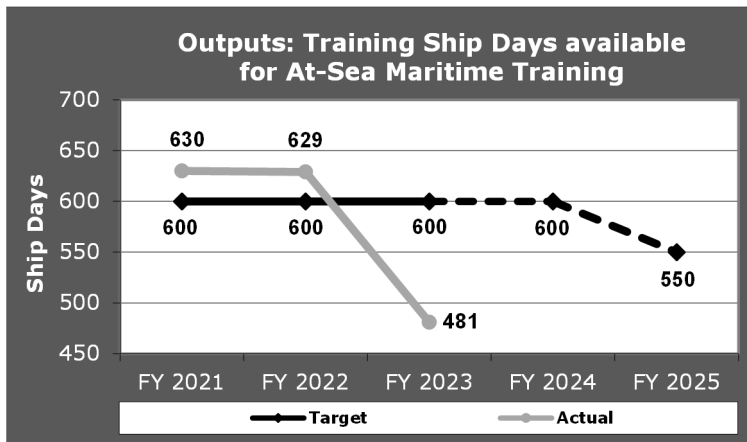
Federal investment in support of mariner education helps ensure that highly qualified personnel are trained annually to maintain the nation's pool of skilled merchant mariners. MARAD's State Maritime Academies (SMA) program provides most of the newly skilled U.S. merchant marine officers needed to serve the nation's commercial maritime transportation needs. This program supports the competitiveness of a viable and robust merchant marine and contributes to national defense and homeland security.

⁶ 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.



This program effectively uses Federal resources in a well-defined, cost-shared partnership with the SMAs to produce highly qualified officers for the U.S. Merchant Marine. The program’s performance targets for graduates who hold a USCG MMC each year was lower for 2023 with 602 SMA students graduating with unlimited credentials. The trends in enrollment and consequent graduation rates are consistent with

national averages. The number of graduates is expected to continue to decrease in FY 2024 through FY 2026 based on decreased enrollment during the COVID-19 pandemic. These graduates support numerous components of the maritime industry. America depends on its U.S. maritime industry and U.S. Merchant Marine to move cargo and goods by maritime transportation systems through our Nation and the world.



MARAD tracks the number of training ship days available for at-sea maritime training for agency program performance measures, which support the DOT Strategic Goals Economic Strength and Global Competitiveness. MARAD’s target of training ship days to meet is 600 days. In FY 2023, MARAD achieved 481 sea days of training ships underway, short of the 600-day target. The shortfall was primarily

the result of the cancellation of the SUNY Maritime College summer training cruise due to the late delivery of the NSMV 1 – EMPIRE STATE. To meet the sea day requirements for cadets earning their USCG Merchant Mariner Credential, SUNY Maritime College sent some of their cadets on the Texas A&M Maritime Academy training cruise aboard the TS KENNEDY. Cadets also earned sea days aboard the TS GOLDEN BEAR. Despite these efforts, SUNY Maritime Cadets were still short on the required sea days, and a supplemental training cruise was conducted aboard the new EMPIRE STATE in January 2024. SUNY Maritime College also intends to extend its FY 2024 summer training cruise to fill the final shortfall.

School Ship M&R Vessels

TS KENNEDY — Texas A&M 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: Galveston, TX

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 fourth constructed NSMV in 2025.

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

TS STATE OF MAINE has supported the disaster relief mission following Hurricanes Katrina and Rita in 2005. The vessel will be undergoing a major lifesaving upgrade project similar to the TS GOLDEN BEAR to install 4 enclosed lifeboats to replace the legacy open style. 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 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 is the only training platform located on the Great Lakes St. Lawrence Seaway System. The TS STATE OF MICHIGAN is a critical to training ships for Great Lakes mariners. All ocean-going ships operating on the Great Lakes and St. Lawrence Seaway are required by law to hire marine pilots to assist with navigation, many of these pilots begin their career training onboard the TS STATE OF MICHIGAN. The vessel was also used as a demonstrator for clean air exhaust technology in 2014 when it was fitted with a catalytic reduction system.

TS GENERAL RUDDER — National Defense Reserve Fleet



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 critical in making up lost sea day due to COVID-19. During 2021 and 2022 the vessel has operated for over 220 calendar days supporting Training Vessel Sharing and capacity sharing supporting cadets from all 7 maritime academies. The vessel also supported disaster relief missions in the 2017 hurricane season. This training vessel is expected to remain in the fleet as needed and as a backup for TS STATE OF MICHIGAN.

NSMV Program Vessels

NSMV EMPIRE STATE — State University New York Maritime College



Year built: 2023
Capacity: 600 Cadets / 100 Crew & Instructors
Propulsion: Diesel Electric
Average # of training days at sea per year: 124
Average # of training days at campus per year: 224
Home port: New York, NY

The National Security Multi-Mission Vessels (NSMV) Program was part of the 2017 National Defense Authorization Act (NDAA). Each NSMV will have total berthing for 760 people (600 Cadets, 100 officers, faculty, staff, & crew + 60 for surge capacity). These ships will provide modern and reliable world-class maritime training-at-sea for America's future mariners and support humanitarian assistance and disaster relief (HA/DR) in times of need.

PATRIOT STATE — Massachusetts Maritime Academy



Year built: 2024

Capacity: 600 Cadets / 100 Crew & Instructors

Propulsion: Diesel Electric

Average # of training days at sea per year: 124

Average # of training days at campus per year: 224

Home port: Buzzards Bay, MA

The National Security Multi-Mission Vessels (NSMV) Program was part of the 2017 National Defense Authorization Act (NDAA). Each NSMV will have total berthing for 760 people (600 Cadets, 100 officers, faculty, staff, & crew + 60 for surge capacity). These ships will provide modern and reliable world-class maritime training-at-sea for America's future mariners and support humanitarian assistance and disaster relief (HA/DR) in times of need.

STATE OF MAINE — Maine Maritime Academy



Year built: 2024

Capacity: 600 Cadets / 100 Crew & Instructors

Propulsion: Diesel Electric

Average # of training days at sea per year: 124

Average # of training days at campus per year: 224

Home port: Castine, ME

The National Security Multi-Mission Vessels (NSMV) Program was part of the 2017 National Defense Authorization Act (NDAA). Each NSMV will have total berthing for 760 people (600 Cadets, 100 officers, faculty, staff, & crew + 60 for surge capacity). These ships will provide modern and reliable world-class maritime training-at-sea for America's future mariners and support humanitarian assistance and disaster relief (HA/DR) in times of need.

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 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 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 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Assistance to Small Shipyards	20,000	20,000	20,000
Total, Base appropriation	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
FTEs			
Direct Funded	1	1	1
Reimbursable, Allocated, Other	-	-	-

ASSISTANCE TO SMALL SHIPYARDS

Program and Performance Statement

The National Defense Authorization Act of 2006 authorized the Maritime Administration to make grants for capital and related improvements at eligible shipyard facilities that will foster efficiency, competitive operations, and quality ship construction, repair, and reconfiguration. Grant funds may also be used for maritime training programs to enhance technical skills and operational productivity in communities whose economies are related to or dependent upon the maritime industry.

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

EXHIBIT III -1a

**Assistance to Small Shipyards
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$20,000</u>	1
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	1	
Annualization of FTE	-	
2025 Pay Raise	4	
Additional Compensable Day	-	
Inflation and Other Adjustments to Base	-5	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>PROGRAM REDUCTIONS:</u>		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
SUBTOTAL, PROGRAM INCREASES	\$0	0
Total FY 2025 Request	<u>\$20,000</u>	1

EXHIBIT III-2

**ANNUAL PERFORMANCE RESULTS AND TARGETS
MARITIME ADMINISTRATION**

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measure for the Assistance to Small Shipyards program, which supports the DOT Strategic Goal for Economic Strength and Global Competitiveness.

Number of small shipyard grants awarded by Fiscal Year (FY)	2021	2022	2023	2024	2025
Target	20	20	20	20	20
Actual	31	24	27	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

ASSISTANCE TO SMALL SHIPYARDS

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Assistance to Small Shipyards	20,000	20,000	20,000
Total	\$20,000	\$20,000	\$20,000

For FY 2025, \$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 shipbuilding and repair. Additionally, this report found that our Nation’s private shipyards support \$42.4 billion in gross domestic product, and more than 107,000 American jobs.

The U.S. Coast Guard’s recent 46 CFR for “Inspection of Towing Vessels”² requires towing

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

² 46 CFR Chapter 1 Subchapter M, Inspection of Towing Vessels.

vessels that are certificated under the rule to maintain certificates of inspection, 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 2025 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, with an average cost to the Federal government 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.

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.

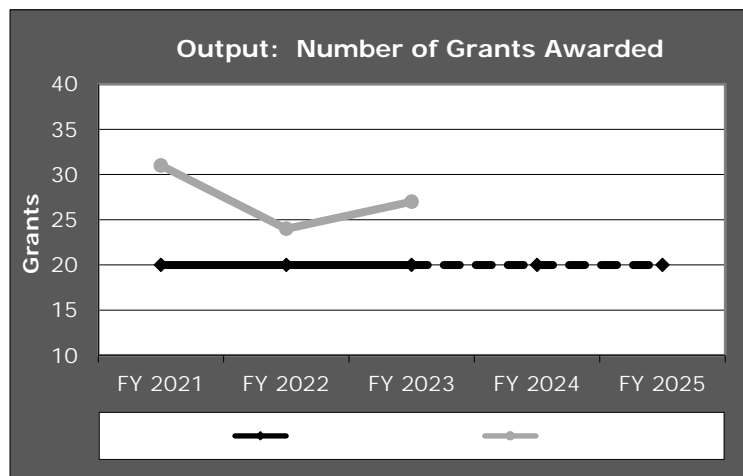
Yards that receive funding improve safety by taking steps such as installing better ventilation systems and lighting and electrical systems with improved climate control technologies in their fabrication buildings and purchasing equipment that is more efficient and will reduce shipyard power consumption. 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.

The FY 2025 funding request for the Assistance to Small Shipyard grants advances the

Department of Transportation’s 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 study³ 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.

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 awarded 27 grants, with an average award of \$800K per grant. To drive competition, 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.

³ 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, [\$6,021,000] *\$6,000,000*, to remain available until expended.

Note.—A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 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 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Ship Disposal	6,000	6,000	6,000
Total, Base appropriation	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
FTEs			
Direct Funded	13	13	13
Reimbursable, Allocated, Other	-	-	-

SHIP DISPOSAL

Program and Performance Statement

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

EXHIBIT III -1a

**SHIP DISPOSAL
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$6,000</u>	13
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	12	
Annualization of FTE	-	
2025 Pay Raise	35	
Additional Compensable Day	0	
Working Capital Fund	50	
Inflation and Other Adjustments to Base	-97	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>PROGRAM REDUCTIONS:</u>		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
SUBTOTAL, PROGRAM INCREASES	\$0	0
Total FY 2025 Request	<u>\$6,000</u>	13

EXHIBIT III-2

**ANNUAL PERFORMANCE RESULTS AND TARGETS
MARITIME ADMINISTRATION**

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measures for the Ship Disposal Program, which support the DOT Strategic Goal for Climate and Sustainability.

Obsolete NDRF vessels removed for disposal	2021	2022	2023	2024	2025
Target	3	7	8	9	5
Actual	4	7	4	TBD	TBD
Target Achieved	√	√	X	TBD	TBD

Ratio of vessels removed in the National Defense Reserve Fleet (NDRF)	2021	2022	2023	2024	2025
Target	1.0	1.0	1.0	1.0	1.0
Actual	1.1	1.0	0.5	TBD	TBD
Target Achieved	√	√	X	TBD	TBD

** In FY 2023, MARAD also removed (3) Navy Ships from Naval Inactive Ship Maintenance Facility (NISMF)-PA.*

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

SHIP DISPOSAL PROGRAM

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Ship Disposal Program	3,000	3,000	3,000
Nuclear Ship SAVANNAH	3,000	3,000	3,000
Total	\$6,000	\$6,000	\$6,000

For FY 2025, \$6 million is requested for the Ship Disposal Program, which provides \$3 million for salaries, benefits, program support, 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.

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

Per 40 U.S.C. Section § 548 of the Federal Property and Administrative Service Act of 1949, MARAD serves as the U.S. Government’s disposal agent for all federal-owned merchant-type vessels weighing 1,500 gross tons or more, no longer useful for defense or aid missions. These no longer useful vessels are transferred to the three National Defense Reserve Fleet (NDRF) anchorages in Beaumont, Texas; Suisun Bay, California; and Fort Eustis, Virginia. Once in the NDRF, some of these vessels are retained for military training, provide critical spare parts to maintain retention vessels, or may provide critical spare parts to other federal agencies such as the US Navy. Once these vessels no longer have logistical support value to MARAD or other federal agencies, they are downgraded to non-retention. The Ship Disposal Program facilitates the disposal of these vessels per state and federal guidelines consistent with EPA guidelines beginning with the worst first basis at MARAD-qualified U.S. ship-recycling facilities in Brownsville, Texas, and New Orleans, Louisiana.

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, lay berthing and utility services, and required radiological protection and emergency response capabilities.

SHIP DISPOSAL PROGRAM

The FY 2025 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 domestically 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 meet facility and contract requirements.

MARAD's Ship Disposal program conducts ship disposal activities, primarily through recycling obsolete federally owned, merchant-type vessels in a responsible manner that promotes worker health and safety, protect 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. Before transferring obsolete ships from the NDRF fleet sites to different bio-geographic locations for 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 recycle MARAD and other federally owned vessels efficiently. 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 time to accomplish hazardous material remediation. The Agency does not anticipate using these vessel disposal actions in the future.

NS SAVANNAH (NSS) LICENSED ACTIVITIES

The FY 2025 request includes \$3 million to support and manage NRC-required protective storage activities for the NSS while decommissioning. Annual NSS protective storage funding will be required until the NRC license is terminated after decommissioning.

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.

Protective storage activities include nuclear compliance, radiological protection, 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 enacted 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 in October of 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.

Phase II is estimated to take two years to complete and 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 began in the 2nd quarter of FY 2022, with large component removals beginning in the 4th quarter. 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.

During FY 2022, MARAD completed and submitted 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?

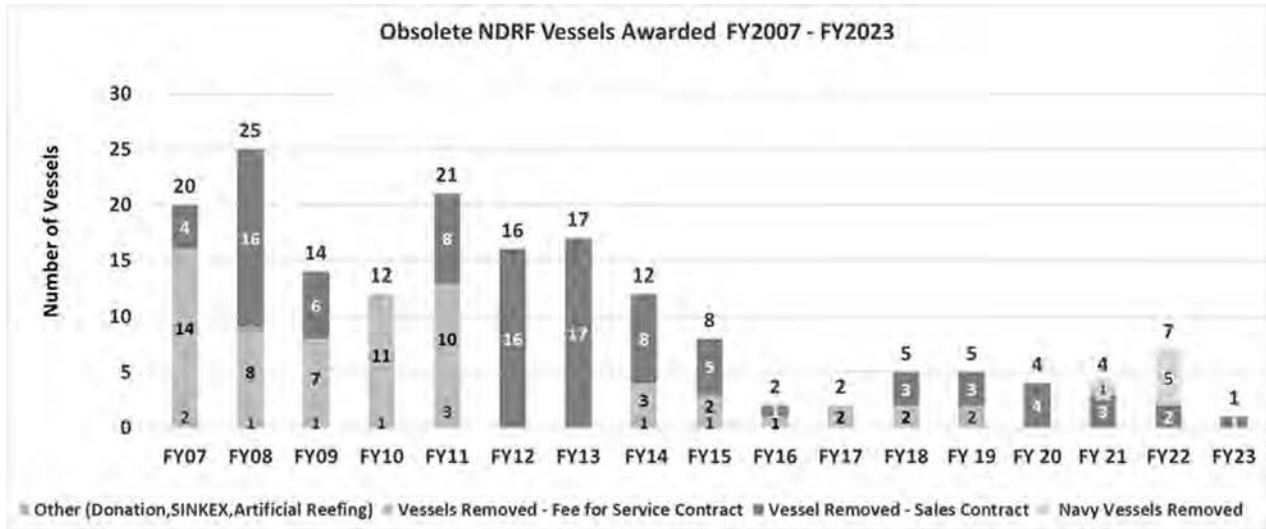
The FY 2025 request for the Ship Disposal Program aligns with the Department's goal for Climate Sustainability. Sustained disposal of deteriorating federal obsolete ships mitigates the risk of fleet and waterfront environmental contamination and its concomitant remediation costs, while reducing maintenance and storage costs from keeping obsolete ships longer than necessary.

Federal investment in this program maintains a consistent rate of obsolete vessel removals 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.

The table below reflects the removal of 175 non-retention vessels from the various NDRF fleet and Navy sites.



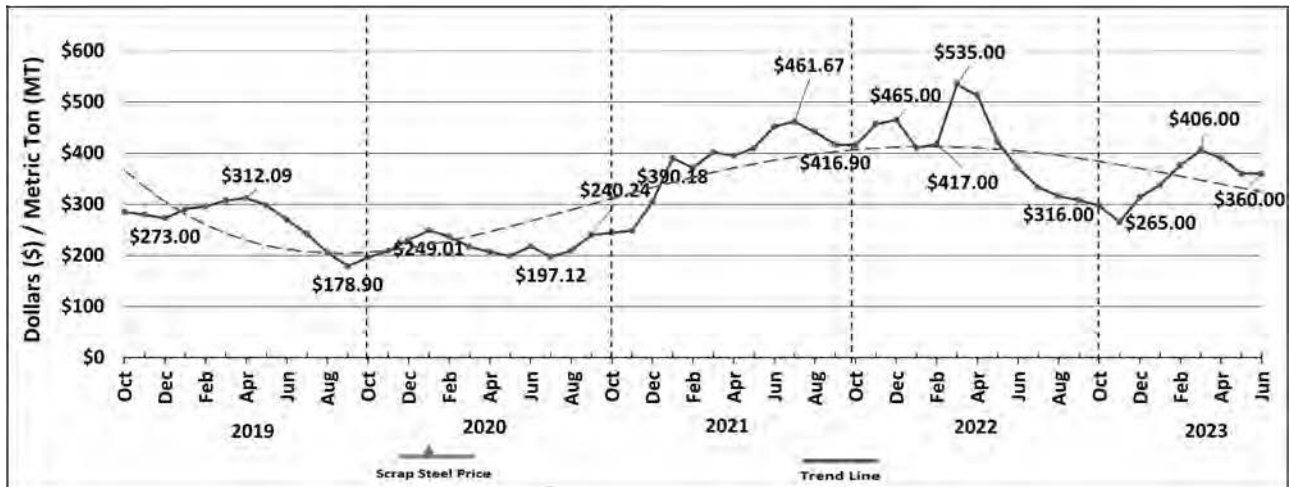
*Includes other disposal alternatives, such as artificial reefing, deep-sinking, sale for reuse, and donations utilized by MARAD. Obsolete NDRF vessels awarded in FY 2022 as of June 01, 2023.

In FY 2023, MARAD downgraded several vessels to non-retention status in the Beaumont Reserve Fleet (BRF). Through September of FY 2023, MARAD anticipates selling and removing 9 vessels from the NDRF three fleet sites (James River Reserve Fleet, BRF, and Suisun Bay Reserve Fleet). At the start of FY 2024, there will be 8 vessels available for disposal within the NDRF. The agency anticipates the removal for disposal 12 vessels in FY 2025 from the Navy and the NDRF fleet sites.

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 high scrap steel prices to return to a profitable market 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 following chart illustrates the volatility in scrap steel prices. The current price of scrap steel prices as of June 01, 2023 is \$360/MT. If the steel prices remain above \$300 per metric ton, MARAD will continue 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.

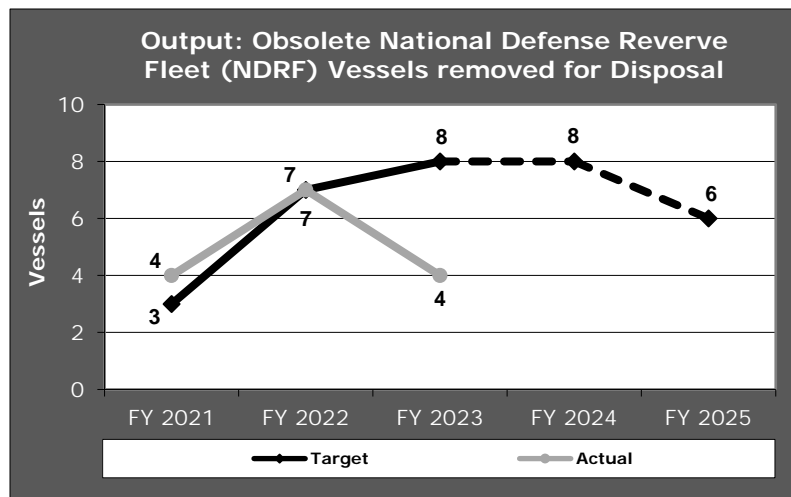
Average Scrap Steel Prices FY 2019 – FY 2023

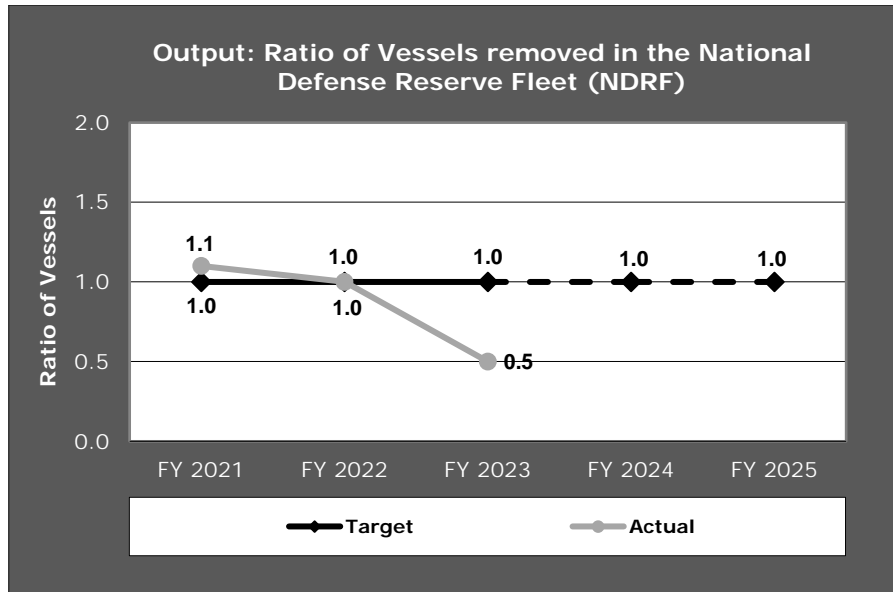


Source data for the Average USA Monthly Scrap Steel Price Trend chart is compiled from: The Scrap Register (<http://www.scrapregister.com>); Recycler's World, (<http://www.recycle.net>); Steel Insight (<http://www.steel-insight.com>); and U.S. Steel Corporation (<https://www.ussteel.com>).

MARAD and federal agencies depend on the domestic ship recycling industry for recycling 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.

In monitoring the performance of the Ship Disposal Program activities, MARAD tracks the removal of obsolete NDRF vessels for disposal and met the Agency's annual targets of removing vessels annually in FY 2020 and FY 2021. In FY 2022, MARAD met the target of removing seven vessels from the NDRF to capitalize on the high domestic market price of scrap steel. In FY 2023 and FY 2024, MARAD has a target of eight vessels for each fiscal year.





MARAD also tracks the ratio of vessels removed in the NDRF. The goal is achieved by maintaining an annual ratio of 1.0 by removing more non-retention vessels for disposal than are designated for disposal in a fiscal year. MARAD met the goals in FY 2020 through FY 2022 and anticipates on met the target in FY 2023 - FY 2025 as well.

MARITIME SECURITY PROGRAM

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet as authorized under chapter 531 of title 46, United States Code, to serve the national security needs of the United States, \$318,000,000, to remain available until expended.

Note.—A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 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 2023</u> <u>ACTUAL</u>	<u>FY 2024</u> <u>ANNUALIZED CR</u>	<u>FY 2025</u> <u>REQUEST</u>
Maritime Security Program	318,000	318,000	318,000
Total, Base appropriation	<u>\$318,000</u>	<u>\$318,000</u>	<u>\$318,000</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-

MARITIME SECURITY PROGRAM

Program and Performance Statement

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

EXHIBIT III -1a

**MARITIME SECURITY PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	\$000	FTE
FY 2024 Annualized CR	<u>\$318,000</u>	<u>0</u>
<u>ADJUSTMENTS TO BASE</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2025 Pay Raise	-	
Additional Compensable Day	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>Program Reductions:</u>		
SUBTOTAL, PROGRAM DECREASES	0	0
<u>Program Increases:</u>		
Operating Agreements	0	-
SUBTOTAL, PROGRAM INCREASES	\$0	0
FY 2025 Request	\$318,000	0

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS MARITIME ADMINISTRATION

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measures for the Maritime Security Program (MSP), which support the DOT Strategic Goal Economic Strength and Global Competitiveness.

Ship capacity for roll-on/roll-off ships enrolled in MSP meeting DoD requirements (in millions of square feet)	2021	2022	2023	2024	2025
Target	3.2	3.2	3.2	3.2	3.2
Actual	3.5	3.4	3.4	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

Ship capacity for container ships enrolled in MSP meeting DoD requirements (in thousands of TEU)	2021	2022	2023	2024	2025
Target	126.0	126.0	126.0	126.0	126
Actual	130.3	129.7	130.0	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

Ship operating days enrolled in the MSP available to meet DoD needs	2021	2022	2023	2024	2025
Target	19,200	19,200	19,200	19,200	19,200
Actual	21,150	21,184	20,987	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

**DETAILED JUSTIFICATION
FY 2025 Budget Request
MARITIME SECURITY PROGRAM (MSP)**

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Maritime Security Program	318,000	318,000	318,000
Total	\$318,000	\$318,000	\$318,000

For FY 2025, \$318 million is requested for the Maritime Security Program (MSP), at the target level for MSP and includes 60 vessels enrolled in the program.

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 2025 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 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.

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.

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 supply chain disruptions associated with the recent COVID-19 pandemic further confirmed 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. The 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 58 ships enrolled in the program and an open solicitation for two vacancies due to close by the end of June 2023. The MSP fleet is currently comprised of 28 containerships, 6 geared containerships, 18 roll-on/roll-off vessels, and 6 heavy lift vessels. The 2 product tanker vessels previously enrolled in the program were transferred to the new Tanker Security Program in April 2023, and there is an active solicitation to replace the 2 tankers with 2 roll-on/roll-off vessels, bringing the total count of roll-on/roll-off vessels to 20. 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 2025 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?

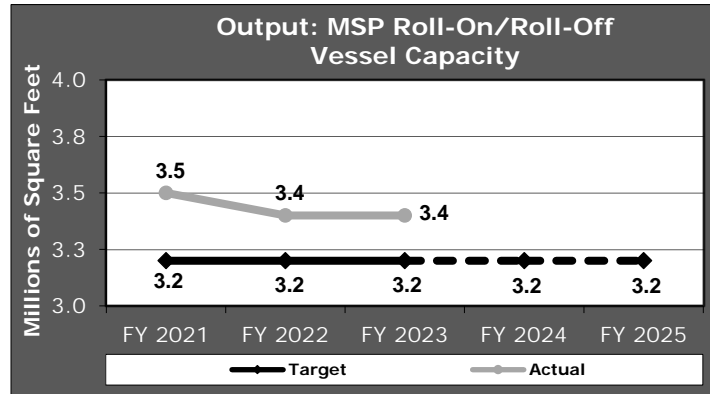
MSP is a combined economic and national security program that not only helps meet DoD sealift needs but also supports MARAD's core mission of strengthening the U.S. Marine Transportation System—including infrastructure, industry, and labor—to meet the economic and security needs of the Nation. Vessels 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.

The FY 2025 funding request for MSP advances the 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.

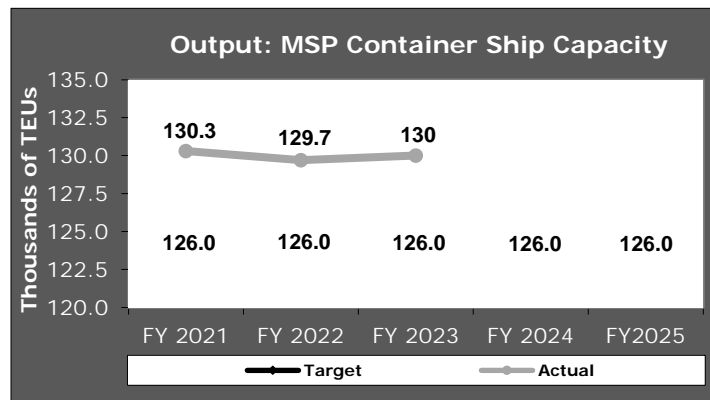
DoD has consistently supported the MSP fleet as necessary to fulfill DoD's sealift requirements. Without this funding, MSP operators could decide that they cannot economically operate under the U.S. flag and leave the flag. If MSP operators decided to adopt this course of action and leave the program, 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.



The MSP supports the Economic Strength and Global Competitiveness strategic goal at DOT. MARAD tracks the vessel capacity committed by MSP carriers to the Department of Transportation (DOT)/DoD's emergency preparedness sealift readiness program. The MSP performance goal for roll-on/roll-off vessel capacity and container ship capacity is set to 3.2 million square

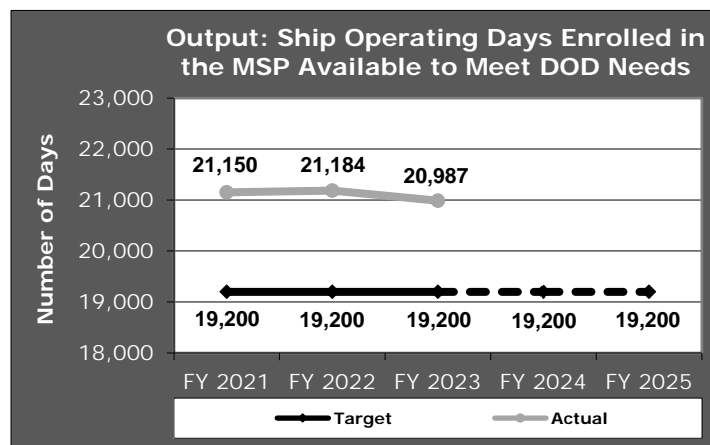
feet. In FY 2021, FY 2022, and FY 2023, the program has exceeded the target, and anticipates meeting the target for FY 2024 thru FY 2025.



With the full authorized 60 vessels enrolled and operating in the MSP, MARAD anticipates meeting the target of 126,000 containership capacity 20-foot equivalent units (TEUs) in FY 2025 by ensuring that MSP operators replace older MSP vessels with newer, more modern, and efficient vessels. The average age of the current 60 vessels is 14.7 years. In FY 2021, FY 2022, and FY 2023, the program has exceeded the

target, and anticipates meeting the target for FY 2024 thru FY 2025.

The MSP emphasizes the importance of a strong partnership with the commercial maritime industry to maintain an international presence in foreign commerce.



MARAD monitors operating days monthly for each of the 60 vessels enrolled in the program to monitor agreements with the ship owners to ensure that MSP ships were operating as required. MARAD met the annual target of 19,200 operating days for FY 2021, FY 2022, FY 2023 reporting a total of 21,150, 21,184, and 20,987 days, respectively, for all vessels. The program has not only met but exceeded the annual target all three years.

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

	<u>FY 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Cable Security Fleet Program	10,000	10,000	-
Total	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-

CABLE SECURITY FLEET PROGRAM

Program and Performance Statement

The Cable Security Fleet Program provides direct payments to U.S. Flagship operators who in turn are required to operate cable repair ships in commercial service providing undersea cable repair services, and to make the vessel available upon request of the Department of Defense (DoD). The program will also sustain a base of U.S. Merchant Mariners to support national security requirements during times of urgent need. No funding was requested in FY 2025.

EXHIBIT III -1a

**CABLE SECURITY FLEET PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$10,000</u>	0
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2025 Pay Raise	-	
Working Capital Fund	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>PROGRAM REDUCTIONS:</u>		
Program	-10,000	-
SUBTOTAL, PROGRAM REDUCTIONS	-\$10,000	0
<u>PROGRAM INCREASES:</u>		
	-	-
SUBTOTAL, PROGRAM INCREASES	\$0	0
Total FY 2025 Request	\$0	0

EXHIBIT III-2

**ANNUAL PERFORMANCE RESULTS AND TARGETS
MARITIME ADMINISTRATION**

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measures for the Cable Security Fleet Program, which support the DOT Strategic Goal Economic Strength and Global Competitiveness.

Ship operating days enrolled in the CSF available to meet DOD needs by Fiscal Year (FY)	2021	2022	2023	2024	2025
Target	x	555	640	640	640
Actual	x	555	730	TBD	TBD
Target Achieved	N/A	√	√	TBD	TBD

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 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 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)

	<u>FY 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Tanker Security Program	60,000	60,000	60,000
Total, Base appropriation	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>
FTEs			
Direct Funded	-	-	-
Reimbursable, Allocated, Other	-	-	-

TANKER SECURITY PROGRAM

Program and Performance Statement

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

EXHIBIT III -1a

**TANKER SECURITY PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$60,000</u>	0
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	-	
Annualization of FTE	-	
2025 Pay Raise	-	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	\$0	0
<u>PROGRAM REDUCTIONS:</u>		
Tanker Security Program	<u>0</u>	
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
SUBTOTAL, PROGRAM INCREASES	\$0	0
Total FY 2025 Request	\$60,000	0

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS MARITIME ADMINISTRATION

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measures for the Tanker Security Program, which support the DOT Strategic Goal Economic Strength and Global Competitiveness.

Ship operating days enrolled in the TSP available to meet DOD needs	2021	2022	2023	2024	2025
Target	x	x	1,600	3,200	6,400**
Actual	x	x	640	TBD	TBD
Target Achieved	N/A	N/A	X	TBD	TBD

** Contingent upon appropriation for the additional ten vessels requested and USTRANSCOM's identification of type of tankers to be secured

Ship capacity for tankers enrolled in the TSP available to meet DOD needs (in barrels)	2021	2022	2023	2024	2025
Target	x	x	2,300,000	2,300,000	3,650,000**
Actual	x	x	2,299,982	TBD	TBD
Target Achieved	N/A	N/A	X	TBD	TBD

** Contingent upon appropriation for the additional ten vessels requested and USTRANSCOM's identification of type of tankers to be secured

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

TANKER SECURITY PROGRAM

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Tanker Security Program (TSP)	60,000	60,000	60,000
Total	\$60,000	\$60,000	\$60,000

For FY 2025, \$60 million is requested for the Tanker Security Program (TSP) to 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 FY 2025 to ensure the TSP can continue to support not more than 10 U.S.-flag product tankers annually. This funding is requested to address the urgent and critical National security requirements for U.S.-flag product tankers, as well as job opportunities for U.S. Mariners. The U.S.-flag product tankers participating in the program supports America’s economic strength and improves core assets to enhance our Nation’s global network of distribution capabilities by reducing reliance on foreign-flag ships. The TSP addresses 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 supports 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 2021 National Defense Authorization Act (NDAA), P.L. 116-283¹, and recently funded in the Consolidated Appropriations Act, 2023, P.L. 117-328². While purposed with national security objectives, TSP also serves 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.

Assured access to U.S.-flag product tankers is required to reduce DoD’s reliance on foreign-owned, foreign-crewed, and foreign-flagged vessels. DoD’s 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 intra-theater movements within contested environments.

¹ FY 2021 National Defense Authorization Act, P.L. 116-283.

² FY 2023 Consolidated Appropriations Act, P.L. 117-328.

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 8 of these are engaged in international trade. The remaining 45 U.S.-flag tanker vessels operate domestically in coastwise (Jones Act)³ 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 annual retainer payment of \$6 million per vessel for 10 tanker vessels. 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 \$7.5 million per ship.

MARAD oversees and manages the TSP in coordination with the U.S. Transportation Command. Similar to the Maritime Security Program (MSP), carriers 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 provides both the U.S. economy and DoD with assured access to privately owned and operated U.S.-flag tankers, sustains a pool of highly skilled U.S. Merchant Mariners, promotes economic security and resilience, and supports 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 to 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 requirements⁴. 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

³ Merchant Marine Act of 1920; See 46 U.S.C. § 12112.

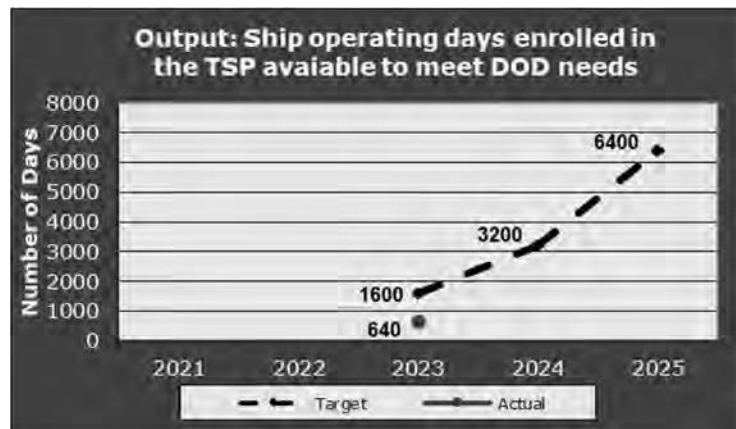
⁴ https://www.dco.uscg.mil/Portals/9/NMC/pdfs/checklists/mcp_fm_nmc5_57_web.pdf

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. Enrolled vessels will be outfitted to support consolidation operations (transferring fuel at sea to a naval combatant vessel), a critical requirement for U.S. Navy fleet replenishment. 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 are required to participate in MARAD's Voluntary Tanker Agreement⁵ program. This DOT-DoD approved emergency preparedness program, which parallels MARAD's⁶ Voluntary Intermodal Sealift Agreement for non-tanker vessels, guarantees DoD access to tanker capacity, ensuring that adequate energy sealift is available to meet contingency needs.

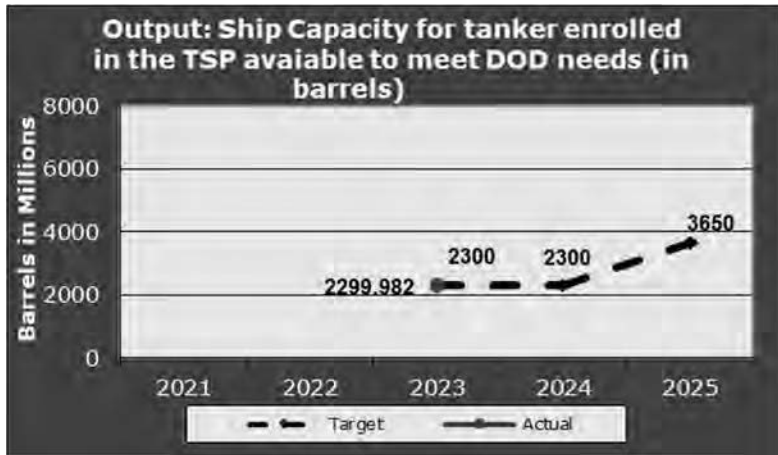
TSP acknowledges the importance of a strong partnership with the commercial maritime industry and the ability to provide well-paying jobs for American seafarers. Additionally, this effort supports U.S. ship managers engaged in global commerce, while also ensuring that U.S.-based sources meet U.S. defense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



In early April 2023, 10 product tankers were selected for the program. The first 3 vessels joined the TSP program. MARAD will monitor operating days monthly for each of the 10 vessels enrolled in the program to monitor agreements with the ship owners to ensure the TSP ship were operating as required.

⁵ Voluntary Tanker Agreement Program, 84 FR 58824.

⁶ Voluntary Intermodal Sealift Agreement, 79 FR 64462.



MARAD will verify TSP ship capacity to ensure the program is meeting DoD needs for 2.3 million barrels of fuel. The program has met the target in FY 2023.

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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, [~~\$3,020,000~~] *\$3,700,000*, which shall be transferred to and merged with the appropriations for "Maritime Administration—Operations and Training".

Note.—A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 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 2023 ACTUAL</u>	<u>FY 2024 ANNUALIZED CR</u>	<u>FY 2025 REQUEST</u>
Administrative Expenses	3,000	3,000	3,700
Total, Base appropriation	<u>3,000</u>	<u>3,000</u>	<u>3,700</u>
FTEs			
Direct Funded	8	12	13
Reimbursable, Allocated, Other	-	-	-

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM

Program and Performance Statement

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

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

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

EXHIBIT III -1a

**MARITIME GUARANTEED (TITLE XI) LOAN PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$3,000</u>	12
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	12	
Annualization of FTE	-	
2025 Pay Raise	38	
Additional Compensable Day	0	
Working Capital Fund	56	
Inflation and Other Adjustments to Base	285	
SUBTOTAL, ADJUSTMENTS TO BASE	\$391	0
<u>PROGRAM REDUCTIONS:</u>		
SUBTOTAL, PROGRAM REDUCTIONS	\$0	0
<u>PROGRAM INCREASES:</u>		
Payroll	101	1
Travel	5	
Contract Support	203	
SUBTOTAL, PROGRAM INCREASES	\$309	1
Total FY 2025 Request	\$3,700	13

EXHIBIT III-2

ANNUAL PERFORMANCE RESULTS AND TARGETS MARITIME ADMINISTRATION

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measure for the Maritime Guaranteed Loan Program (Title XI), which supports the DOT Strategic Goal for Economic Strength and Global Competitiveness.

Percentage of financial reviews documented w/in 30 days of receipt of financial reports	2021	2022	2023	2024	2025
Target	x	90%	95%	100%	100%
Actual	59%	95%	94%	TBD	TBD
Target Achieved	N/A	√	X	TBD	TBD

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

MARITIME GUARANTEED (TITLE XI) LOAN PROGRAM

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Administrative Expenses	3,000	3,000	3,700
Total	\$3,000	\$3,000	\$3,700

The Maritime Administration FY 2025 requests \$3.7 million for the Maritime Guaranteed Loan (Title XI) Program to support staff salaries and operating costs necessary to manage the current \$1.5 billion loan portfolio in compliance with Federal Credit Reform Act requirements¹. This is an increase of \$700 thousand over the FY 2023 enacted level which supports increased salaries and contracting costs. The increase is necessary to maintain effective monitoring of existing loan guarantees and support underwriting of new loan guarantee applications to support construction of new Jones Act qualified vessels for the Administration’s offshore wind energy initiative.

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 112 loan guarantee contracts since credit reform in 1993, totaling \$7.02 billion in loan guarantees.

MARAD has executed 112 loan guarantee contracts since credit reform in 1993, totaling \$7.02 billion in loan guarantees. The Title XI program currently has \$1.38 billion in outstanding loan guarantees encompassing 16 contracts. The current available loan subsidy amount from prior year appropriations is \$35.4 million and is estimated to support approximately \$475 million in new Title XI loan guarantees. The program has 8 applications pending and anticipates that two of these will be approved for approximately \$362.3 million in loan guarantees in FY 2024. The applications are for new ship construction in support of construction and maintenance of offshore wind farm facilities.

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 facility service and installation vessels, support vessels, and floating

¹ Credit Reform, 2 U.S.C. § 661 et seq.

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 climate impacts.

For FY 2025, the requested amount of \$3.7 million for Title XI will continue to support administrative management expenses, including staff salaries and operating expenses necessary to manage the current loan guarantee portfolio, review new applications, and process new agreements. Sufficient funding of administrative costs is a necessary component of the operation of the Title XI program for efficient review of new applications and timely monitoring of existing borrowers for compliance with loan covenants. This 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. It should be noted, the program has not received an increase in administrative funding since FY 2015. In the interim annual salary increases through the normal budget cycle have significantly eroded the ability of the program office to maintain full staffing levels (13 FTEs) while funding necessary contractor support for annual budgetary requirements (i.e., reestimates), reporting, evaluation for maintaining federal credit program best practices, surveying/valuation of portfolio assets to verify the condition and adequacy of loan collateral, and assistance with the program's loan database for OIG and GAO reporting compliance. Without the additional funding, the program will struggle to maintain appropriate staffing and retain staff with appropriate experience to underwrite new loan guarantees and monitor existing loan guarantees. Lack of inadequate staffing creates a potential for omission by the program office in identifying risk of default and loss to the taxpayer.

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 Strength and Global Competitiveness, Climate and 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 March 2021² MARAD-funded report found that

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

our Nation’s private shipyards support \$42.4 billion in gross domestic product (GDP) and supports more than 107,000 American jobs.

The FY 2025 funding request for Title XI loan subsidy also plays an important role in combatting climate change by supporting offshore wind energy development. The Biden Administration has identified the development of offshore wind generation to be critical to the United States meeting the decarbonization and greenhouse gas reduction goals necessary to combat climate change. In order to develop the required offshore windfarms, Jones Act-qualified vessels are necessary, and those vessels do not currently exist. The Title XI program was identified by the White House as playing a critical role in financing the construction of the vessels necessary for construction, service and maintenance of those facilities.

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.



Federal investment enables robust monitoring of the loan portfolio which is critical for timely intervention to reduce Government costs associated with default and maintenance expenses. Therefore, MARAD tracks efficiency of the program’s financial review process. In compliance with prior audit recommendations to minimize potential defaults for the Title XI Program, MARAD will review all borrower financial statements within 30 days of receipt. MARAD completed

implementation of a loan management tool (LMT) in FY 2021 to improve monitoring of existing borrowers and tracks the number of days to complete the review of the financial statements. This is a new measure for FY 2021 and reporting 59 percent of financial statements reviewed within the 30 days as a baseline. The target for FY 2023 was 94 percent, which slightly missed the overall target of 95 percent.

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 54301 of title 46, United States Code, [\$230,000,000] \$80,000,000, to remain available until expended: Provided, That projects eligible for amounts made available under this heading in this Act 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: Provided further, That, for grants under this heading, the Secretary may 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, but directly related to port operations, or to an intermodal connection to a port:

Provided further, That for grants awarded under this heading in this Act, the minimum grant size shall be \$1,000,000: Provided further, That, in determining eligible applicants for grant awards under subsection (b) of section 54301 of title 46, United States Code, MARAD may use data from the Waterborne Commerce of the United States Annual Report issued immediately preceding the effective date of this Act.

Note.—A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

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

	FY 2023 ACTUAL	FY 2024 ANNUALIZED CR	FY 2025 REQUEST
Port Infrastructure Development Program	212,204	212,204	80,000
Total, Base appropriation	\$212,204	\$212,204	\$80,000
FTEs			
Direct Funded	13	13	13
Reimbursable, Allocated, Other	-	-	-
IIJA Supplemental (Divisonal J)			
Port Infrastructure Development Program	450,000	450,000	450,000
Total, Base appropriation	\$450,000	\$450,000	\$450,000
FTEs			
Direct Funded	22	28	28
Reimbursable, Allocated, Other	-	-	-
Account	\$662,204	\$662,204	\$530,000

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 2024 TO FY 2025
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)**

	<u>\$000</u>	<u>FTE</u>
FY 2024 Annualized CR	<u>\$212,204</u>	13
<u>ADJUSTMENTS TO BASE:</u>		
Annualization of Pay Raise	16	
Annualization of FTE	-	
2025 Pay Raise	48	
Additional Compensable Day	-	
Working Capital Fund	61	
Inflation and Other Adjustments to Base	-	
SUBTOTAL, ADJUSTMENTS TO BASE	<u>\$125</u>	0
<u>PROGRAM REDUCTIONS:</u>		
Payroll/Operating Expenses	-2,769	
SUBTOTAL, PROGRAM REDUCTIONS	<u>-\$2,769</u>	0
<u>PROGRAM INCREASES:</u>		
Discretionary Grants	-129,560	-
SUBTOTAL, PROGRAM INCREASES	<u>-\$129,560</u>	0
Total FY 2025 Request	<u>\$80,000</u>	13
IIJA Supplemental Appropriation (Div. J)		
Port Infrastructure Development Program	450,000	28
Total	<u>\$530,000</u>	41

EXHIBIT III-2

**ANNUAL PERFORMANCE RESULTS AND TARGETS
MARITIME ADMINISTRATION**

Annual Performance Results and Targets

The Maritime Administration tracks the following agency performance measure for the Port Infrastructure Development Program, which supports the DOT Strategic Goals for Economic Strength and Global Competitiveness, as well as Climate Change and Equity.

Percentage of eligible applications that meet all NOFO requirements and advanced to the Secretary for selection	2021	2022	2023	2024	2025
Target	62%	63%	64%	65%	65%
Actual	64%	67%	63%	TBD	TBD
Target Achieved	√	√	X	TBD	TBD

Number of awards made annually that advance the Administration's goals to reduce the environmental impact of port operations, and promote equity	2021	2022	2023	2024	2025
Target	2	3	4	5	5
Actual	4	3	4	TBD	TBD
Target Achieved	√	√	√	TBD	TBD

**DETAILED JUSTIFICATION
FY 2025 Budget Request**

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM (PIDP)

(\$000)

Program Activity	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Port Infrastructure Development Program	212,204	212,204	80,000
Total	\$212,204	\$212,204	\$80,000

For FY 2025, \$80 million is requested for the Port Infrastructure Development Program (PIDP). This 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 2025 was enacted under the Infrastructure Investment and Jobs Act (Pub. L. 117-58), also known as the Bipartisan Infrastructure Law (BIL) 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, the Department of Transportation (DOT) seeks projects that support the following program objectives: (1) improving the safety, efficiency, or reliability of the loading and unloading of goods, the movement of goods, operational improvements (including projects to improve port resilience), or environmental and emissions mitigation measures; (2) supporting economic vitality at the national and regional

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

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.

To document a project's impact on safety, efficiency, or reliability, applicants are asked to describe how the proposed project will improve one or more of those elements. The application narrative should identify existing deficiencies or inefficiencies and discuss how the project will correct them. If applicable, the narrative should also explain how the project will strengthen the port's role within the larger local, regional, or national supply chain. The application should include metrics to support claims of expected improvements. Metrics such as the volume of goods moved per hour or the number of vessels served per day might be used to document increased reliability of cargo operations, particularly where the narrative documents a deficiency in goods movement or cargo operations. Similarly, when documenting improvements to port efficiency (such as increases in system capacity), an applicant might include metrics such as the area or capacity of a cargo laydown facility that will be improved by the proposed project.

Supporting economic vitality, large planning and capital projects must provide information that measures the benefits generated by the project against the costs of the project. Among otherwise comparable applications, projects that prioritize maximize net benefits will be more competitive. Applications for funding for small projects at small ports are not required to submit a BCA. Instead, applications for small projects at small ports should address the project's impact on (1) the economic advantage of the port, (2) the contribution to freight transportation at, around, and through the port, and (3) overcoming the competitive disadvantage of the port.

Addressing climate change, applications are asked to describe specific and direct ways that the project will mitigate or reduce contributions to climate change, improve sustainability, and address environmental justice considerations. Applications could address how the project: supports a multimodal shift in freight movement that reduces net emissions; incorporates electrification infrastructure (such as charging stations for electric port equipment); or promotes energy efficiency (such as through the use of demand management strategies or a reduction in vessel dwell times). Applicants are also encouraged to make floodplain upgrades consistent with the Federal Flood Risk Management Standard, to the extent consistent with current law, in Executive Order 14030, Climate-Related Financial Risk (86 FR 27967) and 13690, Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input (80 FR 6425).

Advancing equity, applicants are encouraged to proactively evaluate whether a project will create proportional impacts to all populations in a project area and increase equitable access to project benefits, consistent with Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government (86 FR 7009). Applicants are asked to address how their project will include an equity assessment that evaluates whether a project will create proportional impacts and remove transportation-related disparities to all populations in a project area. Applicants are asked to demonstrate how meaningful public engagement will occur throughout a project's lifecycle and, to the extent possible, target at least 40 percent of project benefits towards low-income communities, Historically Disadvantaged Communities, or underserved or overburdened communities.

Leveraging funds, a leverage rating will be assigned based on the calculated non-Federal share of the project's future eligible project costs. The assigned ratings will be based on quintile: projects in the 80th percentile and above receive the highest rating; the 60th-79th percentile receive the second highest rating; 40th-59th, the third highest rating; 20th-39th, the fourth highest rating; and 0-19th, the lowest rating. A project in a higher quintile will be more competitive than a comparable project in a lower quintile.

From FY 2019 through FY 2023, the PIDP has awarded 140 grants totaling \$2.09 billion in 32 States and 3 U.S. Territories. In each year, there were approximately \$1 billion in requests — far exceeding the level of funding available. Of the FY2022 funds awarded, approximately 40 percent 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.

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

Recent sharp increases in overall consumer demand² 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 DOT's goal for Economic Strength and Global Competitiveness, 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 DOT goal for Climate and Sustainability, and aims to advance the Justice40 Initiative³, 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.

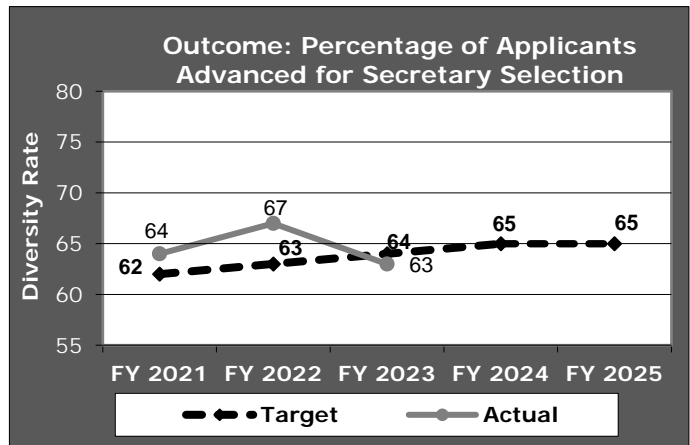
Federal investment in PIDP grants will support port infrastructure projects that help to reduce

² [U.S. Bureau of Labor Statistics: Recent increase in demand for consumer goods](#)

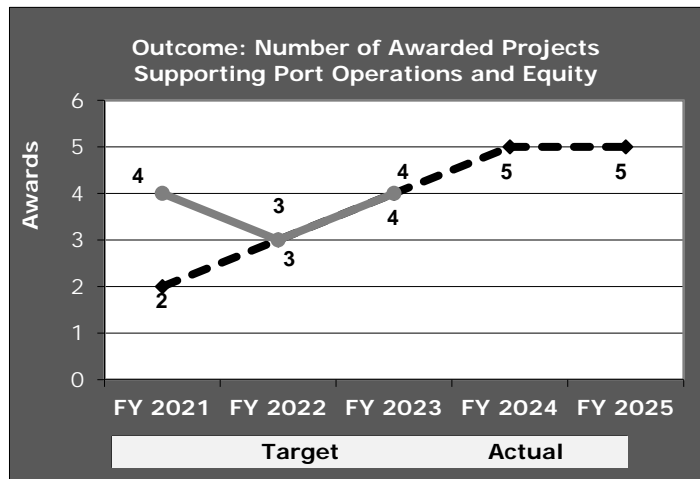
³ [Justice40: A Whole-of-Government Initiative](#)

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. MARAD will work to ensure that port constituents know of the latest information in reference to submission of applications via technical assistance, webinars, frequently asked questions, NOFOs, and other outreach activities. These efforts will ensure that the quality of applications submitted will be maximized for review and selection by the Secretary.

MARAD tracks the percentage of eligible applications that meet all the requirements of the Notice of Funding Availability Opportunity (NOFO) and are advanced to the DOT Secretary for final consideration of selection for award. The aim is to measure the quality of MARAD’s outreach efforts, with the increase in percentage of eligible and competitive applicants and projects. For FY 2023, MARAD reports 63 percent of the total 153 applicants were eligible.



In addition, beginning in FY 2022, MARAD also tracks the number of projects that help to support the Administration’s goals for reducing environmental impact from port operations, and advance equity. MARAD reports 3 projects were awarded in FY 2022, 16 percent of projects awarded, exceeding the target of two projects. In FY 2023, 4 such projects were awarded funding.



In FY 2024, MARAD will continue to focus on expeditiously awarding all available PIDP funding including the \$450 million provided under the BIL. 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.

READY RESERVE FORCE

Program and Performance Statement

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

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VESSEL OPERATIONS REVOLVING FUND

Program and Performance Statement

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

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WAR RISK INSURANCE REVOLVING FUND

Program and Performance Statement

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

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ADMINISTRATIVE PROVISIONS SEC. 170.

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 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

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**MARITIME ADMINISTRATION
FISCAL YEAR 2025 BUDGET REQUEST**

**SECTION FOUR
INFORMATION TECHNOLOGY**



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

(\$000)

Budget Account	FY 2023 Enacted /1	FY 2024 President's Budget /1	FY 2025 Request /1
MARAD O&T – HQ Direct	\$7,890	\$6,867	\$7,676
<i>Commodity IT SS WCF</i>	\$5,559	\$4,889	\$5,777
<i>O&T Programmatic IT</i>	\$2,331	\$1,978	\$1,899
MARAD O&T - USMMA	\$36,074	\$25,224	\$26,396
<i>Commodity IT SS WCF</i>	\$3,365	\$2,959	\$3,496
<i>USMMA Programmatic IT</i>	\$32,709	\$22,265	\$22,900
MARAD Reimbursable - RRF	\$9,498	\$9,814	\$10,779
<i>Commodity IT SS WCF</i>	\$5,705	\$5,018	\$5,929
<i>RRF Programmatic IT</i>	\$3,793	\$4,796	\$4,850
Total	\$53,462	\$41,905	\$44,851

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 **\$44.9 million** in FY 2025 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 2025 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 **\$5.8 million** from the Headquarters (HQ) Operations and Training (O&T) account, **\$3.5 million** from the USMMA account, and **\$5.9 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 2025. This list is only a subset of all IT systems that support MARAD and are reported in OMB's Corporate Investment Management System (CIMS). *(Note: these are preliminary planning estimates as of the time of this OST-stage submission).*

- **Nautical System Enterprise (NSE)** - MARAD will invest **\$2.090 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 **\$1.444 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 **\$475 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 **\$2.354 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
FISCAL YEAR 2025 BUDGET REQUEST**

**SECTION FIVE
HISTORY OF APPROPRIATIONS**



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**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
OPERATIONS AND TRAINING
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	172,204	
2022	0	25,000	3/
2023	192,000	213,181	
2024	289,773	TBD	
2025	285,000	TBD	

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

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

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

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
STATE MARITIME ACADEMY OPERATIONS
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	423,300	
2023	77,700	120,700	
2024	53,400	TBD	
2025	87,000	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 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2016	-	5,000
2017	-	10,000
2018	-	20,000
2019	-	20,000
2020	-	20,000
2021	-	20,000
2022	20,000	20,000
2023	20,000	20,000
2024	20,000	TBD
2025	20,000	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
SHIP DISPOSAL
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>		<u>Enacted</u>	
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		10,000	
2023	6,000		6,000	
2023	-12,000	1/	-12,000	2/
2024	6,021		TBD	
2025	6,000		TBD	

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

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

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME SECURITY PROGRAM
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	1/
2022	318,000	318,000	
2023	318,000	318,000	
2023	-55,000	-55,000	2/ 3/
2024	318,000	TBD	
2025	318,000	TBD	

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

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

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

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
CABLE SECURITY FLEET PROGRAM
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	10,000
2022	0	10,000
2023	0	10,000
2024	0	TBD
2025	0	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
TANKER SECURITY PROGRAM
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	0
2022	60,000	60,000
2023	60,000	60,000
2024	60,000	TBD
2025	60,000	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME GUARANTEED LOAN PROGRAM
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>		<u>Request</u>	<u>Enacted</u>
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	3,000
	TOTAL	3,000	3,000
2023	Guarantee Subsidy	-	-
	Administration	3,000	3,000
	TOTAL	3,000	3,000
2024	Guarantee Subsidy	-	TBD
	Administration	3,020	TBD
	TOTAL	3,020	TBD
2025	Guarantee Subsidy	-	TBD
	Administration	3,700	TBD
	TOTAL	3,700	TBD

**MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
FY 2016 - FY 2025
Main Table - (\$000)**

<u>Fiscal Year</u>	<u>Request</u>	<u>Enacted</u>	
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	234,310	
2022	0	450,000	2/
2023	238,000	212,204	
2023	0	450,000	2/
2024	230,000	TBD	
2024	0	450,000	2/
2025	80,000	TBD	
2025	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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