

*QFR submitted by LaLota, Nick  
Subcommittee on Readiness;  
Subcommittee on Seapower and Projection Forces  
Posture and Readiness of the Mobility Enterprise –  
TRANSCOM and MARAD  
Thursday, April 11, 2024*

**Questions for: Rear Admiral (Ret) Ann Phillips**

**1. Mr. LaLota. Rear Admiral Phillips, recognizing the essential role of the maritime workforce in ensuring the competitiveness and security of our national maritime industry:**

- **Could you outline the major challenges MARAD faces in recruiting and retaining a skilled maritime workforce?**
- **Additionally, how does MARAD plan to engage with educational and training institutions, possibly including those in regions rich in maritime history like Long Island, to address these challenges?**

**Response:** In response to concerns from industry stakeholders on the shortage of qualified mariners, Administrator Phillips hosted a widely attended Mariner Workforce symposium to address those issues in September 2022. The discussions brought out several key areas negatively impacting the recruitment and retention of mariners, and recommendations for addressing them. These were summarized under four broad categories—the need for a broad-based marketing and outreach campaign, elimination of entry barriers, enhancing mariners’ pay and benefits, and making substantive changes to work-life balance and quality of life at sea (including 24x7 connectivity at sea being the most ardently sought-after need). There was also a broad consensus that resolving the challenges will require substantive public-private partnership.

To address the challenges, MARAD is working with stakeholders in many areas. For example, we recently completed our Mariner Workforce Strategic Plan, which is a five-year road map that will strengthen and expand the existing mariner workforce and address issues with recruitment, training, and retention. Development of the Mariner Workforce Strategic Plan involved dialogue with numerous maritime industry stakeholders, including officials from the U.S. Transportation Command, the U.S. Navy Military Sealift Command, and the National Oceanic and Atmospheric Administration, as well as representatives from maritime labor unions and the commercial maritime industry.

The Mariner Workforce Strategic Plan is comprehensive in scope, leverages existing programs, and identifies new initiatives targeting gaps in mariner recruitment, training, and retention across the entire mariner workforce spectrum. The plan establishes six goals, with accompanying objectives and implementation strategies. Many of the supporting strategies could be implemented under existing authorities, such as strengthening and broadening recruitment initiatives to include underrepresented populations thereby increasing the potential candidate pool at the U.S. Merchant Marine Academy; promoting the Centers of Excellence for Domestic Maritime Workforce Training and Education (CoE) Program, especially within historically underrepresented communities; increasing support for K–12 maritime programs; ensuring that

the mariner workforce has the skills necessary to operate vessels with evolving system technology; and, raising national awareness of the benefits of a seagoing career and the overall role the U.S. Merchant Marine plays in national and economic security.

MARAD also engages with educational and training institutions across the country through several ways: our CoE Program; K-12 educational outreach; and MARAD's Gateway Offices, which connect with industry and tie into local areas across the United States. This network of resources, though limited, has a broad area of reach and even more potential. Our CoE Program is a network of community and technical colleges and maritime training and education institutions spanning all U.S. coasts and even as far as Guam. These institutions provide afloat and ashore maritime training programs that provide pathways directly into the industry. We also understand the importance of outreach to our nation's youth. Kids sitting in a middle school classroom today will be the Chief Engineers, Able Seafarers, and Port Directors of the future. If they don't know about the maritime industry, they can't work in it. So, within the limitations of our resources, we work to promote outreach to schools across the country, leveraging our partnerships with stakeholders like industry trade associations, our Centers of Excellence, maritime academies, and partner government agencies.

In addition, MARAD is re-capitalizing the U.S.-Government-owned training ships used by the State Maritime Academies through the construction of modern training ships—the National Security Multi-Mission Vessels—that will replace the legacy fleet that is at or beyond their service life. These new vessels will assist in recruiting mariners of the future.

Lastly, as a follow on to our Mariner Workforce Symposium, MARAD and the U.S. Committee on the Marine Transportation System (CMTS) hosted a Mariner Work-Life Balance symposium on April 16, 2024, where we invited stakeholders from across the industry to provide their insights on identifying viable ways to enhance mariner work-life balance (covering topics that included career progression, training, early exodus from sailing, and much more). The CMTS will issue a report in the summer of 2024 on the recommendations made during the symposium.

## **2. Rep. Courtney. Estimate of the total cost of buying used vessels, including additional costs to convert the vessels to meet our specifications.**

**Response:** The estimated cost to purchase a used ship and modify it to meet reflag and material condition requirements is dependent on vessel age, material condition, and market opportunity cost (e.g. charter prices). The estimated total cost for each vessel is the sum of the purchase cost and the estimated modification cost seen in Table 1, below.

Table 1 contains the actual costs to date and estimate to complete the ships one through five of the Buy-Used Sealift Ready Reserve Force Recapitalization Program. An explanation of the columns include:

*Purchase Cost:* The ship purchase pricing plus closing costs and fees.

*Estimated Modification/Repair/Crew Costs:* The cost to comply with U.S. Flag requirements, entry into the U.S. Coast Guard (USCG) Alternate Compliance Program (ACP), and any

modifications for system obsolescence, and operation in Reserve Operating Status in the Ready Reserve Force. In addition to repair and modification costs these include material outfitting costs, estimated shipyard costs to complete repair and modification, Sea trial(s) costs, and crewing costs.

*Total Cost:* Sum of Purchase Cost and Estimated Modification/Repair/Crew.

As observed, purchasing an older ship decreases its material condition and leads to an increased repair cost and schedule increase. The increased cost is due to material condition repairs, system obsolescence replacement, and the increase in schedule to receive a USCG Certificate of Inspection. Older ships also add risk/cost to reflag as their older systems are less likely to meet current reflag regulatory requirements.

Table 2 identifies the schedule impact that ship age has on the ability to obtain a Certificate of Inspection. The increase in schedule independently impacts cost due to added crew cost, layberth cost, and other overhead cost.

**TABLE 1 – RRF Recap Buy-Used Ship Cost**

Ship	Purchase Cost	Estimated Modification / Repair / Crew Cost	Total Estimated Cost
Cape Arundel	\$ 21,414,118.70	\$ 67,889,893.30	\$ 89,304,012.00
Cape Cortes	\$ 21,261,852.32	\$ 67,665,644.92	\$ 88,927,497.24
Cape Sable	\$ 92,834,204.55	\$ 26,668,824.01	\$ 119,503,028.56
Cape San Juan	\$ 92,350,000.00	\$ 24,925,899.01	\$ 117,275,899.01
Cape Starr	\$ 92,350,000.00	\$ 24,276,095.86	\$ 116,626,095.86
<b>Totals</b>	\$ 320,210,175.57	\$ 211,426,357.10	\$ 531,636,532.67

**TABLE 2 – Ship Age Impact on Schedule**

Ship	Age (at purchase)	Date Received by Vessel Acquisition Manager	Date of Entry in ACP and receipt of Initial COI	Days to Receive COI
Cape Arundel	25	21-Mar-22	16-Sep-23	544
Cape Cortes	25	26-Apr-22	6-Sep-23	498
Cape Sable	9	18-Apr-23	26-Apr-24	374
Cape San Juan	10	27-Jun-23	11-Apr-24	289
Cape Starr	10	4-Oct-23	15-Jul-24	285

**COI:** Certificate of Inspection Title 46 Chapter I Subchapter M Part 136 Subpart B § 136.210

**ACP:** Alternative Compliance Program - Title 46 Chapter I Subchapter A Part 8 Subpart D