

**STATEMENT OF
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BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES**

**HEARING ON “REVIEW OF FISCAL YEAR 2027 BUDGET FOR MARITIME
TRANSPORTATION PROGRAMS”**

June 3, 2026

Good morning, Chairman Ezell, Ranking Member Carbajal and members of the Subcommittee. I appreciate the opportunity to testify on the President’s Fiscal Year (FY) 2027 budget priorities for the Maritime Administration (MARAD). The maritime industry is currently experiencing a historic resurgence, driven by President Trump’s unprecedented advocacy for the sector. This commitment was solidified by the signing of Executive Order 14269, *Restoring America’s Maritime Dominance*, which precipitated the development of the Maritime Action Plan. This strategic roadmap serves as the definitive blueprint for rejuvenating the Maritime Industrial Base (MIB) and ensuring the Nation’s long-term competitive edge at sea.

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

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

Summary of Programs

Maritime Security Trust Fund (MSTF)

In support of the President's Executive Order 14269, Restoring America's Maritime Dominance, the FY 2027 President's Budget proposes the creation of the MSTF as a reliable funding source for a variety of Maritime Action Plan (MAP) programs. The FY 2027 budget proposal authorizes \$1.412 billion in mandatory appropriations out of the MSTF to fund new programs as well as supplementary amounts to specifications existing programs currently funded through annual discretionary appropriations.

Maritime Security Program (MSP)

The FY 2027 budget request includes \$400.5 million for the MSP. Funding supports a fleet of up to 60 U.S.-flag vessels participating in the program at the full authorized level. The purpose of the program is to maintain a viable commercial fleet of vessels that can provide a U.S. presence in foreign commerce while also meeting the Nation's need for sustained military sealift capacity. The program also supports over 7,400 American maritime jobs, bolstering coastal economies. Without MSP subsidies, operators would likely reflag vessels, jeopardizing these jobs and national security. Furthermore, the MSP strengthens supply chain resilience by ensuring the availability of U.S.-flag vessels for transporting critical goods, a need underscored by recent supply chain disruption. The program's viability is threatened by conflicting priorities between the Ready Reserve Force (RRF) and MSP, as well as an overall decline in available cargo. This decline is not uniform across ship classes, but all are seeing it. In addition, cargo preference evasion remains a significant problem. Combined there is a significant decline in cargo available to support the program. As you know, MSP exists as a three-legged stool, consisting of a stipend, commercial cargo, and preference cargo. As the preference cargo leg declines, the program becomes unstable. Failure to treat overall DOW cargo as a system rather than optimizing individual stovepipes coupled with weak enforcement mechanisms are the root cause and need to be remedied for MSP to remain viable in the medium to long term.

Tanker Security Program (TSP)

The FY 2027 budget request includes \$167.6 million for the TSP. This investment is intended to support up to 20 U.S.-flag product tankers at the full authorized level. There are currently ten in the program, so this represents a doubling of the size of the TSP fleet. This investment addresses the urgent and critical national security requirements for the U.S.-flag product tankers. It also supports our deployed Armed Forces in contingency operations and improves core assets to enhance our Nation's global network of distribution capabilities. Like the MSP, the TSP suffers from a cargo shortage. While doubling the program to 20 vessels is risky because current cargo levels barely sustain the existing ten ships, this proactive investment toward establishment of a healthy program is not only necessary, but warranted. It should be noted that dry goods for the United States military are subject to the Berry Amendment of the Buy American Act. This generates the cargo needed to support the MSP fleet. Oil is currently exempt for this provision; therefore, TSP does not get the cargo volumes needed to sustain a healthy program.

National Defense Reserve Fleet (NDRF) & Ready Reserve Force (RRF)

MARAD will continue to execute its responsibilities to the NDRF and the RRF. The Ready Reserve Force (RRF), a component of the National Defense Reserve Fleet (NDRF), consists of

merchant vessels owned by the Government. These ships are maintained in a reduced operating status, allowing for rapid activation to transport cargo to specific operational theaters in fulfillment of the critical warfighting needs of combatant commanders. While MARAD will continue to support efforts led by the Department of War to recapitalize the strategic sealift fleet, the agency is also exploring opportunities to minimize stress placed on the mariner workforce by turbo activations and improve coordination between RRF and MSP fleet operations.

Maritime Guaranteed Loan (Title XI) Program

For FY 2027, MARAD requests \$4.5 million to administer the Title XI program. This request supports administrative costs necessary to manage the current loan guarantee portfolio of the Title XI program, as well as new loan agreements. Funding is necessary to support information technology modernization and process improvements. MARAD is currently considering options to modernize the application process to reduce both the labor intensity and time needed to complete an application.

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

Port Infrastructure Development Program (PIDP)

The FY 2027 Budget requests \$50.0 million for the Port Infrastructure Development Program (PIDP), which reflects a \$53.3 million decline from 2026. The Budget also proposes \$450.0 million in mandatory appropriations out of the proposed MSTF for a total budgetary resource request of \$500.0 million for PIDP. This request will provide competitive grants to improve port infrastructure and facilities, support the growth of the U.S. maritime industry, and to stimulate economic growth in and around ports while improving safety and efficiency. These investments will create good-paying jobs for American workers and help transform our aging infrastructure into a 21st-century system that improves freight supply chain efficiency and boosts global competitiveness.

This funding request makes incremental contributions supporting efficient and resilient operations to meet the supply chain needs for delivery of goods to the American people. It has been many years since a full analysis like Nifty Nugget in 1978 has been done to understand the true condition of the total mobility enterprise and the port system's role in it. An exercise such as this could generate useful data.

Small Shipyard Grant Program (SSG)

The FY 2027 Budget requests \$105.0 million for the SSG program. This request will continue to modernize qualified U.S. shipyard facilities, improving their efficiency, cost-effectiveness, and ability to construct, convert and repair vessels for both commercial and government use. This significant investment will maintain the maritime industrial base in an effort to arrest further decline.

U.S. Merchant Marine Academy (USMMA)

For FY27, \$249.5 million is requested for the USMMA to provide \$129.5 million for Academy Operations and \$120.0 million for the Campus Asset Management Program (CAMP). The discretionary request for CAMP is supplemented with \$430.0 million in mandatory appropriations out of the MSTF for total budgetary resources of \$550.0 million.

State Maritime Academy (SMA) Operations

The FY 2027 budget request includes \$87.2 million. This request includes funding for Federal assistance to support the six SMAs that educate and train mariners who will become the future leaders in the U.S. maritime transportation industry.

The requested funding includes \$64.0 million for the National Security Multi-mission Vessel (NSMV) program to fund the essential infrastructure, security, and maintenance required to safely operate and manage the NSMV State-class fleet. The NSMV program has delivered three training ships to the SMAs with the fourth ship having an anticipated delivery date to Texas Maritime Academy in fall 2027.

CONCLUSION

In addition to executing the President’s priorities as reflected in the FY 2027 budget request, MARAD is focused on next steps that must be taken to further the goals outlined in the Maritime Action Plan. The Maritime Action Plan calls for the creation and improvement of programs that will incentivize private investment in commercial shipbuilding, commercial shipyards, and repair facilities. To achieve this goal, MARAD is exploring options to spur innovation and modernize its financing programs. In addition, MARAD is focused on ensuring our Ready Reserve Force (RRF) is structured to reliably meet long-term strategic goals. While recent investments by Congress have preserved critical mobility capacity, we must continue to focus on developing a RRF that can reliably execute large-scale surge sealift under realistic operating conditions.

Mr. Chairman, thank you for the opportunity to present and discuss the President’s Budget for MARAD. I appreciate the Subcommittee’s continuing support for maritime programs, and I look forward to working with you on advancing maritime transportation in the United States. I will be happy to respond to any questions you and the members of the Subcommittee may have.