



Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington DC 20515

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July 21, 2021

**SUMMARY OF SUBJECT MATTER**

**TO:** Members, Subcommittee on Coast Guard and Maritime Transportation  
**FROM:** Staff, Subcommittee on Coast Guard and Maritime Transportation  
**RE:** Hearing on “Review of Fiscal Year 2022 Budget Request for the Coast Guard and Maritime Transportation Programs”

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**PURPOSE**

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Wednesday, July 21, 2021, at 11:00 a.m. EDT in 2167 Rayburn House Office Building and via Zoom to examine the President’s fiscal year (FY) 2022 budget requests for the Coast Guard and Maritime Transportation Programs. The Subcommittee will hear testimony from the U.S. Coast Guard (Coast Guard or Service), the Federal Maritime Commission (Commission or FMC), and the Maritime Administration (MARAD).

**BACKGROUND**

**Coast Guard**

The Coast Guard was established on January 28, 1915, through the consolidation of the Revenue Cutter Service (established in 1790) and the Lifesaving Service (established in 1848). The Coast Guard later assumed the duties of three other agencies: the Lighthouse Service (established in 1789), the Steamboat Inspection Service (established in 1838), and the Bureau of Navigation (established in 1884).

Under Section 102 of Title 14, United States Code, the Coast Guard has primary responsibility to enforce or assist in the enforcement of all applicable federal laws on, under, and over the high seas and waters subject to the jurisdiction of the United States; to ensure the safety of life and property at sea; to carry out domestic and international icebreaking activities; and, as one of the six armed forces of the United States, to maintain defense readiness to operate as a specialized service in the Navy upon the declaration of war or when the President directs.

The Coast Guard is directed by a Commandant, appointed by the President with the advice and consent of the Senate to a four-year term. Admiral Karl Schultz was sworn in as the 26th Commandant of the Coast Guard in June 2018.

<b>Coast Guard FY 2021 Enacted to FY 2022 President's Budget Request Comparison</b>				
(Dollars in Thousands)				
<b>Program</b>	<b>FY 2021 Enacted</b>	<b>FY 2022 President's Budget Request</b>	<b>Diff. Bet. FY 2022 Budget Request &amp; FY 2021 Enacted</b>	<b>% Diff. Bet. FY 2022 Budget Request &amp; FY 2021 Enacted</b>
Operations & Support (O&S)	\$ 8,485,146	\$ 9,020,770	\$ 535,624	6.3%
Overseas Contingency Operations <sup>1</sup> (OCO)	\$ -	\$ -	\$ -	-
Environmental Compliance & Restoration (EC&R) <sup>2</sup>	\$ 21,186	\$ 23,456	\$ 2,270	10.7%
Medicare-Eligible Retiree Health Care Fund (MERHCF)	\$ 215,787	\$ 240,577	\$ 24,790	11.5%
Procurement, Construction & Improvements (PC&I)	\$ 2,264,041	\$ 1,639,100	\$ (624,941)	-27.6%
Research & Development (R&D)	\$ 10,276	\$ 7,476	\$ (2,800)	-27.2%
<b>Subtotal, Discretionary</b>	<b>\$ 10,975,250</b>	<b>\$ 10,907,923</b>	<b>\$ (65,057)</b>	<b>-0.6%</b>
Retired Pay	\$ 1,869,704	\$ 1,963,519	\$ 93,815	5.0%
State Boating Safety Grants	\$ 118,002	\$ 128,987	\$ 10,985	9.3%
Maritime Oil Spill Program	\$ 101,000	\$ 101,000	\$ -	0.0%
General Gift Funds	\$ 2,864	\$ 2,864	\$ -	0.0%
<b>Subtotal, Mandatory</b>	<b>\$ 2,091,570</b>	<b>\$ 2,196,370</b>	<b>\$ 104,800</b>	<b>5.0%</b>
<b>Total</b>	<b>\$ 13,066,820</b>	<b>\$ 13,104,293</b>	<b>\$ 39,743</b>	<b>0.3%</b>

<sup>1</sup> Coast Guard OCO funding is historically requested in the Navy's request but appropriated directly to the Coast Guard.  
<sup>2</sup> EC&R funding is now under O&S.

The chart above compares the FY 2022 budget request to the FY 2021 enacted funding level.<sup>1</sup>

*Fiscal Year 2022 Coast Guard Budget Request*

The President requests \$13.1 billion in FY 2022 for the activities of the Coast Guard, including \$10.9 billion in discretionary funding.<sup>2</sup> The *Elijah E. Cummings Coast Guard Authorization Act of 2020* (Division G of P.L. 116-283) enacted as part of the *William H. Thornberry National Defense Authorization Act* authorized \$11.9 billion in discretionary funds for the Coast Guard in FY 2021, \$766 million (or 7 percent) more than the FY 2020 enacted level of \$11.2 billion. The FY 2022 request of \$10.9 billion for discretionary funds is a decrease of \$65 million (or 0.6 percent) from the FY 2021 enacted level of \$11 billion. The budget does not provide a specific request from the Department of Defense (DOD) Overseas Contingency Operations (OCO) account. Although the budget allocates \$10 million to the OCO Transfer Fund, it is unclear how much the Coast Guard would receive. The

<sup>1</sup> United States Coast Guard. *Budget Overview: Fiscal Year 2022 Congressional Justification*, available at [https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022\\_Congressional\\_Justification.pdf?ver=YXeBcfwpIAE7RuU94zRJg%3d%3d](https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022_Congressional_Justification.pdf?ver=YXeBcfwpIAE7RuU94zRJg%3d%3d).

<sup>2</sup> *Id.*

transfer of those funds could support the ongoing deployment of Coast Guard resources and defense operations around the world.

In FY 2019, the Coast Guard transitioned to the Department of Homeland Security (DHS) Common Appropriations Structure (CAS). Accordingly, activities funded through the previous Operating Expenses, Reserve Training, and Medicare-Eligible Retiree Health Care Fund Contribution were included as part of the new Operations and Support (O&S) account in FY 2020. Environmental Compliance and Restoration was included as part of O&S in FY 2021 and has remained in that account for FY 2022. In addition, acquisition personnel costs previously funded through the Acquisition, Construction, and Improvements account are included as part of the O&S account. The Acquisition, Construction, and Improvements account transitioned to the Procurement, Construction, and Improvements account and the Research, Development, Test, and Evaluation account became the new Research and Development account.

*Operations and Support (previously Operating Expenses)*

The President requests \$9 billion for the O&S account in FY 2022, \$536 million (or 6.3 percent) more than the FY 2021 enacted level. The O&S account supports the day-to-day activities of the Coast Guard including administrative expenses, support costs, travel, lease payments, and the operation and maintenance of infrastructure and assets. The O&S account also funds personnel compensation and benefits for the Service's approximate 41,600 active-duty military members, 7,000 reservists, and 8,200 civilian employees.

The O&S budget request includes increases in funding to cover follow-on costs for the operation and maintenance of newly acquired assets and technology and increases in other administrative expenses. These sustain critical frontline operations with high priority recapitalization efforts for cutters, boats, aircraft, systems, and infrastructure; operate new air, surface, and shore facilities; fund increases for military and civilian pay; and maintain parity with DOD Services for military pay, allowances, and health care benefits. The request includes a \$172 million increase from the FY 2021 enacted level to cover the cost of the 2022 military pay raise (2.7 percent), 2022 civilian pay raise (2.7 percent), 2021 military pay raise (3 percent), and 2021 civilian pay raise (1 percent).

The FY 2022 budget request includes an increase of 28 positions, 16 full time employees (FTEs), and \$34.8 million to fund initiatives in the Coast Guard's Technology Revolution Roadmap. This comprehensive framework outlines investments required to ensure mission execution supported by reliable, mobile, and integrated technology.<sup>3</sup> The investments in this request are focused on three primary lines of effort: modernize Command, Control, Communications, Computers, Cyber, and Intelligence (C5I) infrastructure, improve cutter connectivity, and transition to modern phone systems.<sup>4</sup> The FY 2022 budget request would include an increase of 11 positions, 6 FTEs, and \$20.6 million to fund initiatives to modernize C5I infrastructure, improve cyber readiness, and transition to modern software that provides mobility and leverages cloud technology. The FY 2022 budget request would also include an increase of 6 positions, 4 FTEs, and \$16.9 million to modernize information technology (IT) applications and deployment of monitoring systems to defend against growing cyber threats to Coast Guard IT networks.

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<sup>3</sup> United States Coast Guard. *Tech Revolution: Vision for the Future.*, available at <https://www.dcms.uscg.mil/Portals/10/CG-6/roadmap/C5i-roadmap-FINAL-v6.pdf>.

<sup>4</sup> *Id.*

O&S increases would be offset by \$192 million in cuts derived through decommissioning certain assets, fee and operational adjustments, annualization of prior-year initiative reductions, and the termination of one-time costs. The proposed reductions in the O&S account include:

- **Asset Decommissionings and Retirements:** The FY 2022 budget request proposes to decommission five HC-130H Long Range Surveillance Aircraft, five Island Class Patrol Boats, and five legacy 87-foot Marine Protector Class Coastal Patrol Boats. The Coast Guard estimates these decommissionings would save an estimated total of \$32.3 million (\$25.4 million, \$4.6 million, and \$2.2 million respectively for each boat class) in FY 2022.
- **Operational Adjustments:** Compared to FY 2021, the FY 2022 budget request proposes \$1.6 million in Coast Guard Detailee Reductions, \$814 thousand to consolidate redundant stations, \$895 thousand to improve boat operations, \$27.8 million to improve management efficiencies, \$3.3 million to improve mission support efficiencies, \$1 million to realign support to departmental initiatives, and \$1.9 million to rebalance maritime patrol aircraft operations.

The Environmental Compliance and Restoration (EC&R) account was moved to the O&S account in FY 2021. The President requests \$23.5 million within O&S for EC&R in FY 2022, \$2.3 million (or 10.7 percent) more than the FY 2021 enacted level. The EC&R funding provides for the clean-up and restoration of contaminated Coast Guard facilities, and for the remediation of Coast Guard assets to ensure they are safe to operate or can be decommissioned in compliance with environmental laws.

The \$23.5 million requested for EC&R continues long term monitoring at 18 sites, begins or continues investigation/remediation site work at 30 sites, and displays a commitment to ongoing identification, investigation, cleanup, and long-term management of contamination from hazardous substances and pollutants for Coast Guard systems, buildings, structures, and assets.

In January of 2020, the Coast Guard opened the Blue Technology Center of Expertise (COE) at Scripps Institution of Oceanography in La Jolla, California.<sup>5</sup> This new COE, will further act as a unique pipeline to innovation and enable sharing of information between the Coast Guard, private sector, other federal agencies, academia, and non-profit organizations.<sup>6</sup> Despite the creation of this new center, the Coast Guard requests no additional funds to support and expand the Blue Technology COE, which currently has only two billets.<sup>7</sup> The Coast Guard is still in the process of performing a Requirements Analysis for the Blue Technology COE.

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<sup>5</sup> United States Coast Guard. *Coast Guard opens new Blue Technology Center of Expertise*, available at <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Acquisitions-CG-9/Newsroom/Latest-Acquisition-News/Article/2065456/coast-guard-opens-new-blue-technology-center-of-expertise/>. January 24, 2020.

<sup>6</sup> *Id.*

<sup>7</sup> United States Coast Guard. *Budget Overview: Fiscal Year 2022 Congressional Justification*, available at [https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022\\_Congressional\\_Justification.pdf?ver=YXeBcfwpAI AE7RuU94zRJg%3d%3d](https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022_Congressional_Justification.pdf?ver=YXeBcfwpAI AE7RuU94zRJg%3d%3d).

## *Procurement, Construction, and Improvements*

The President requests \$1.6 billion for the Procurement, Construction, and Improvements (PC&I) account, a \$625 million (or 27.6 percent) decrease over the FY 2021 enacted level. The PC&I account funds the acquisition, procurement, construction, rebuilding, and physical improvements of Coast Guard owned and operated vessels, aircraft, facilities, aids-to-navigation, communications and information technology systems, and related equipment.

The FY 2022 budget request would include \$1 billion allocated for the acquisition of vessels and \$222.8 million for aircraft. This represents a decrease of \$575.5 million (or 3 percent) from the FY 2021 enacted level. Specifically, the budget request includes:

- \$170 million to continue the construction of Polar Security Cutter (PSC) 1, commence construction of PSC 2, purchase Long Lead Time Materials (LLTM) for PSC 3, and prepare to commence construction of PSC 3. The acquisition of three PSCs supports the program management and production activities associated with the Detail Design and Construction contract. In 2019, the joint Coast Guard and Navy Polar Security Cutter Integrated Program Office (IPO) awarded the contract for the construction of the nation's first heavy icebreaker in more than 40 years to VT Halter of Mississippi.
- \$78 million to support Post Delivery Activities (PDA) for NSCs 9-11 and class wide activities, which include test and evaluation; program execution and support; and program close-out support to ensure an adequate and complete basis of technical and logistical material and information for transition to sustainment.
- \$20 million for the acquisition of the current program of record of 58 Fast Response Cutters (FRC) for the Continental United States support production management costs, PDA, Government Furnished Equipment (GFE), and logistics and technical support for the FRC program. In 2019, FRCs 31 through 35 were delivered; in 2020 FRCs 36 through 40 were delivered and Option 4 under the Phase II contract was awarded for FRCs 57 through 60. The Coast Guard plans to deliver FRCs 41 through 45 in 2021 and 46 through 50 in 2022. Bollinger Shipyards currently has two FRC contracts (one in Phase I, one in Phase II) with to-be-determined delivery dates, and the Coast Guard expects to deliver four hulls in 2023 and four more hulls in 2024. The FRC program of record close out with Program Support will begin in 2022 and end in 2024. The FY 2022 budget request completes the FRC program of record.
- \$597 million to support the construction of Offshore Patrol Cutter (OPC) 4 and LLTM for OPC 5, and detail design efforts for the OPC recompetes effort. The funding also supports other elements including warranty, outfitting materials, spares, system stock, supply support, life cycle engineering, Economic Price Adjustment, and Antecedent Liability. The remaining funds would support Program Office technical and project support for program-wide activities and the Ship Design Team; Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) and combat system development and integration support; test and evaluation efforts; logistics management and training development; preparation for PDA; licensing, development, and procurement of government-furnished information and equipment; and contract recompetes including industry studies. The

OPC program and the current contract were restructured following then-Acting Secretary McAleenan’s 2019 decision to grant extraordinary contract relief under Public Law 85-804.

- \$66.5 million to support logistics requirements, regeneration, and missionization for 14 HC-27J aircraft received from the U.S. Air Force; and \$20 million for the acquisition of HC-130J aircraft, development and installation of the mission system, and associated logistics.
- \$32 million for the continued modernization and sustainment of the HH-65 helicopter fleet.
- \$18 million for C4ISR design, development, and integration.
- No funding for the Alteration of Bridges program in FY 2022. The program last received funding in FY 2010. Established by the Truman-Hobbs Act of 1940 (33 U.S.C. 511 et. seq.), the Alteration of Bridges program authorizes the Coast Guard to share with a bridge’s owner the cost of altering or removing privately or publicly owned railroad and highway bridges that are determined by the Service to obstruct marine navigation.

The budget requests \$279.7 million to construct or renovate shore facilities and aids-to-navigation. This request would be an \$83.5 million (or 23 percent) decrease from the FY 2021 enacted level. The Coast Guard estimates that there is a \$1 billion deferred shore facility maintenance backlog, while the Government Accountability Office (GAO) approximated that number at \$2.6 billion in February 2019 (likely higher today), according to Coast Guard information.<sup>8</sup> As of 2018, the deferred maintenance backlog included more than 5,600 projects, while the recapitalization and new construction backlog included 125 projects.<sup>9</sup> GAO’s analysis of Coast Guard data found that as of November 2018, there were hundreds of recapitalization projects without cost estimates—the majority of recapitalization projects.<sup>10</sup> Coast Guard officials told GAO that these projects were in the preliminary stages of development.<sup>11</sup> From that report, the GAO recommended that the Commandant of the Coast Guard employ models for its asset lines to predict the outcome of investments, analyze trade-offs, and optimize decisions among competing investments.<sup>12</sup> The Coast Guard concurred, and in response to Section 5108 of title 14, United States Code, the Coast Guard produced their Unfunded Priorities List (UPL) in order of priority on June 29, 2021.<sup>13</sup> This included \$992.2 million for Procurement, Construction, and Improvements; and \$121.1 million for Operations and Support, totaling \$1.1 billion across the two accounts.<sup>14</sup>

*Research and Development (previously Research, Development, Test, and Evaluation)*

The President requests \$7.5 million in FY 2022 for the Coast Guard’s Research and Development (R&D) account, \$2.8 million or 27.2 percent less than the FY 2021 enacted level. The R&D account supports improved mission performance for the Service’s 11 statutory missions through applied research and development of new technology and methods.

The Coast Guard intends to use the requested \$7.5 million in FY 2022 for programs to develop technologies and systems that improve operational presence and response, as well as perform

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<sup>8</sup> GAO, *COAST GUARD SHORE INFRASTRUCTURE: Actions Needed to Better Manage Assets and Reduce Risks and Costs*. [GAO-19-711T](#), September 25, 2019.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> United States Coast Guard. *FY 2022 Unfunded Priorities List*.

<sup>14</sup> *Id.*

technology assessments to inform the early stages of the acquisition process. Of the funding, \$0.5 million is derived from the Oil Spill Liability Trust Fund as authorized by the Oil Pollution Act of 1990 (33 USC § 2701-2761).

**Federal Maritime Commission (FMC)**

The FMC was established in 1961 as an independent agency that regulates ocean-borne transportation in the foreign commerce of the United States. The FMC protects shippers and carriers from restrictive or unfair practices of ocean carriers, including foreign-flagged carrier alliances. The FMC also enforces laws related to cruise vessel financial responsibility to ensure cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury or death or for nonperformance of a voyage.

The FMC is composed of five Commissioners appointed for five-year terms by the President with the advice and consent of the Senate. Daniel B. Maffei was designated Chairman of the Commission by the President in March 2021.

<b>FMC FY 2021 Enacted to FY 2022 President's Budget Request Comparison</b>				
(Dollars in Thousands)				
<b>Account</b>	<b>FY 2021 Enacted</b>	<b>FY 2022 President's Budget Request</b>	<b><i>Diff. Bet. FY 2022 Request &amp; FY 2021 Enacted</i></b>	<b><i>% Diff. Bet. FY 2022 Request &amp; FY 2021 Enacted</i></b>
<b>Inspector General</b>	\$554	\$578	\$24	4.35%
<b>Operational and Administrative</b>	\$29,746	\$30,295	\$549	1.85%
<b>Total</b>	<b>\$30,300</b>	<b>\$30,873</b>	<b>\$573</b>	<b>1.89%</b>

The chart above compares the FY 2022 budget request to the FY 2021 enacted funding level.<sup>15</sup>

The President requests \$30.9 million in FY 2022 for the activities of the FMC, \$573 thousand (or 1.9 percent) more than the FY 2021 enacted level. This budget request increase does not consider the 2.7 percent civilian pay raise or average Cost of Living Adjustment for 2022, which will not be released officially until October but has been estimated to be as high as 5.3 percent given recent increases in inflation.<sup>16</sup>

<sup>15</sup> The White House. *Budget of the U.S. Government Fiscal Year 2022: Appendix*, available at [https://www.whitehouse.gov/wp-content/uploads/2021/05/appendix\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/appendix_fy22.pdf).

<sup>16</sup> CNBC. *Social Security cost-of-living adjustment for 2022 could be higher based on rising consumer prices*, available at <https://www.cnbc.com/2021/06/16/social-security-cola-for-2022-could-be-higher-based-on-consumer-prices.html>. June 16, 2021.

**Maritime Administration (MARAD)**

MARAD was established in 1950. It administers financial programs to build, promote, and operate the U.S. flag fleet; manages the disposal of federal government-owned vessels; regulates the transfer of U.S. documented vessels to foreign registries; maintains a reserve fleet of federal government-owned vessels essential for national defense; operates the U.S. Merchant Marine Academy; and administers a grant-in-aid program for state operated maritime academies and other financial assistance programs to support the U.S. maritime and shipbuilding industries. Lucinda Lessley has served as the Acting Administrator of MARAD since January 2021.

<b>MARAD FY 2021 Enacted to FY 2022 President's Budget Request Comparison</b>				
(Dollars in Thousands)				
<b>Account</b>	<b>FY 2021 Enacted</b>	<b>FY 2022 President's Budget Request</b>	<b>Diff. Bet. FY 2022 Request &amp; FY 2021 Enacted</b>	<b>% Diff. Bet. FY 2022 Request &amp; FY 2021 Enacted</b>
<b>Operations and Training</b>	\$ 155,616	\$ 172,204	\$ 16,588	10.66%
<b>Assistance to Small Shipyards</b>	\$ 20,000	\$ 20,000	\$ -	0.00%
<b>Ship Disposal Program</b>	\$ 4,200	\$ 10,000	\$ 5,800	138.10%
<b>Maritime Security Program</b>	\$ 314,008	\$ 318,000	\$ 3,992	1.27%
<b>Title XI - Administrative Expenses</b>	\$ 3,000	\$ 3,000	\$ -	0.00%
<b>Title XI - Loan Guarantees</b>	\$ -	\$ -	\$ -	0.00%
<b>State Maritime Academy Operations</b>	\$ 432,700	\$ 358,300	\$ (74,400)	-17.19%
<b>Cable Security Fleet Program</b>	\$ 10,000	\$ -	\$ (10,000)	-100.00%
<b>Tanker Security Program</b>	\$ -	\$ 60,000	\$ 60,000	N/A
<b>Maritime Transportation System Emergency Relief Authority</b>	\$ -	\$ -	\$ -	0.00%
<b>Port Infrastructure Program</b>	\$ 230,000	\$ 230,000	\$ -	0.00%
<b>Total</b>	<b>\$ 1,169,524</b>	<b>\$ 1,171,504</b>	<b>\$ 1,980</b>	<b>0.17%</b>

The chart above compares the FY 2022 budget request to the FY 2021 enacted funding level.<sup>17</sup>

<sup>17</sup> The White House. *Budget of the U.S. Government Fiscal Year 2022: Appendix*, available at [https://www.whitehouse.gov/wp-content/uploads/2021/05/appendix\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/appendix_fy22.pdf).



The President requests \$1.2 billion in FY 2022 for the activities of MARAD, \$2 million (or 0.2 percent) more than the FY 2021 enacted level.<sup>18</sup>

MARAD's budget request does not include funding for the:

- Maritime Transportation System Emergency Relief Authority,
- Cable Security Fleet Program, or
- Title XI Loan Guarantees.

### *Operations and Training*

The President's FY 2022 budget request of \$172.2 million for Operations and Training (O&T) would be \$16.6 million more than the FY 2021 enacted level of \$155.6 million. O&T funds the salaries and expenses for each of MARAD's programs, the operation, maintenance, and capital improvements to the U.S. Merchant Marine Academy, marine highway program, the Maritime Environmental Technical Assistance Program, and financial assistance to the six state maritime academies.

### *Assistance to Small Shipyards*

The Assistance to Small Shipyards Grant Program provides capital grants to small privately-owned shipyards to expand and modernize shipbuilding capacity, efficiency, and competitiveness. Grant requests routinely exceed available funds. The program received \$20 million in FY 2021, and the President also requests \$20 million in the FY 2022 budget.

### *Ship Disposal*

The President requests \$10 million for the Ship Disposal Program, which would be \$5.8 million or 138.1 percent more than the FY 2021 enacted level of \$4.2 million. The program provides for the proper disposal of obsolete government-owned merchant ships maintained by MARAD in the National Defense Reserve Fleet. This request would include \$3 million to maintain the Nuclear Ship SAVANNAH in protective storage according to Nuclear Regulatory Commission license requirements, while decommissioning of the vessel's defueled nuclear reactor, components, and equipment is in progress. The remaining \$7 million is requested for ship disposal program support, including salaries and overhead. The National Defense Reserve Fleet is under the jurisdiction of the House Committee on Armed Services.

### *Maritime Security Program*

The President requests \$318 million for the Maritime Security Program (MSP), an increase of \$4 million (or 1.3 percent). Under this program, \$318 million in direct payments are allocated among up to 60 U.S. flagged vessel operators engaged in foreign trade. MSP vessel operators must keep their vessels in active commercial service and provide intermodal sealift support to the DOD in times of war or national emergency. This budget request enables vessel operators to remain active and available

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<sup>18</sup> The FY 2021 budget request for O&T also includes \$90.5 million for the U.S. Merchant Marine Academy, including \$85.0 million for Academy Operations; \$10 million for the Maritime Environmental and Technical Assistance Program; \$5.5 million for capital improvements, repairs, and maintenance; \$358.3 million for the six state maritime academies, including \$30.5 million for School Ship Maintenance and Repair; and \$81.7 million for MARAD Operations and Programs. The Merchant Marine Academy is under jurisdiction of the House Committee on Armed Services.

for service. This results in \$5.3 million per stipend payment for each of the 60 ships in the program. Allocating less than \$318 million annually for the program allows U.S. vessels to exit without penalty, and likely also leave the U.S. flag registry. The MSP is under the jurisdiction of the House Committee on Armed Services.

#### *Title XI Loan Guarantees*

The President requests \$3 million for administrative expenses to carry out the guaranteed loan program, which shall be transferred to and merged with the appropriations for "Maritime Administration—Operations and Training" (Department of Transportation Appropriations Act, 2021). The Title XI Loan Guarantee program is under the jurisdiction of the House Committee on Armed Services.

#### *State Maritime Academies*

The President requests \$358.3 million for the six State Maritime Academies (SMAs), which is a decrease of \$74.4 million (or 17.2 percent) less than the FY 2021 enacted level of \$432.7 million. 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 student financial assistance, direct assistance to each of the six SMAs, and construction of new training vessels under the National Security Multi-Mission Vessel Program.

#### *Tanker Security Program*

The Tanker Security Program provides direct payments to U.S. Flagship product tankers capable of supporting national economic and 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. The FY 2022 budget requests \$60 million for this new program.

#### *Port Infrastructure Development Program*

The President requests \$230 million for the Port Infrastructure Development Program (PIDP), representing no change from the FY 2021 enacted level. The PIDP 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.

**WITNESS LIST**

Admiral Karl P. Schultz  
*Commandant*  
*United States Coast Guard*

The Honorable Daniel B. Maffei  
*Chairman*  
*Federal Maritime Commission*

Master Chief Jason M. Vanderhaden  
*Master Chief Petty Officer of the Coast Guard*  
*United States Coast Guard*

Ms. Lucinda Lessley  
*Acting Administrator*  
*Maritime Administration*