

## MARITIME ADMINISTRATION

**Overview:** The Maritime Administration's (MARAD) mission is to strengthen the U.S. maritime transportation system - including infrastructure, industry and labor - to meet the economic and security needs of the Nation. Through the management of the Maritime Security Program, the Voluntary Intermodal Sealift Agreement program, the Ready Reserve Force, and War Risk Insurance program, MARAD helps support national security and strategic mobility by assuring access to ships and crews for Department of Defense mobilizations. MARAD's mariner education and training programs, through the U.S. Merchant Marine Academy and six State Maritime Schools, provide most of the new, skilled U.S. merchant marine officers needed to serve the Nation's defense and commercial maritime transportation needs. Through its ship disposal program, MARAD also continues to reduce the significant environmental risks posed by the presence of obsolete ships in the National Defense Reserve Fleet.

For FY 2008, MARAD is requesting \$295 million to carry out its mission.

<b>MARITIME ADMINISTRATION BUDGET</b>				
(DOLLARS IN MILLIONS)				
	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Cont. Res.</u>	<u>2007</u> <u>Pres. Bud.</u>	<u>2008</u> <u>Pres. Bud.</u>
OPERATIONS & TRAINING	129	116	116	115
SHIP DISPOSAL	21	17	26	20
MARITIME SECURITY PROGRAM	154	153	154	154
ALTERATION OF BRIDGES	0	0	0	6
MARITIME GUARANTEED LOANS	<u>4</u>	<u>3</u>	<u>3</u>	<u>0</u> <sup>1/</sup>
<b>TOTAL</b>	<b>308</b>	<b>289</b>	<b>299</b>	<b>295</b>

1/ Propose to fund the administration of the Maritime Guaranteed Loan (Title XI) program from unobligated balances.

<b>SUMMARY OF MARAD FY 2008 INCREASES AND DECREASES</b>						
(DOLLARS IN MILLIONS)						
	<u>Operations &amp;</u> <u>Training</u>	<u>Ship</u> <u>Disposal</u>	<u>Maritime</u> <u>Security</u> <u>Program</u>	<u>Alteration</u> <u>of Bridges</u>	<u>Maritime</u> <u>Guaranteed</u> <u>Loans</u>	<u>Total</u>
<b>FY 2007 Base</b>	116	26	154	0	3	299
Pay Inflation Adjustments	2	0	0	0	0	2
Non-Pay Inflation Adjustments	1	0	0	0	0	1
Annualization of FY 2007 Initiatives	0	0	0	0	0	0
Non-recurring Costs or Savings	0	0	0	0	0	0
Base Re-engineering, Reductions or Adjustments	-4	-6	0	0	-3	-13
<b>FY 2008 Current Services Levels</b>	115	20	154	0	0	289
<b>Program Initiatives</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>0</u>	<u>6</u>
<b>FY 2008 Request</b>	115	20	154	6	0	295

## FY 2008 Budget

**Operations and Training:** The FY 2008 budget request includes \$115 million to support the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD operations. All three programs support national security and emergency response, reduced congestion, global connectivity, and environmental stewardship. The budget request includes \$61 million for the U.S. Merchant Marine Academy, including \$14 million for critical capital improvement projects, \$10 million for the State Maritime Schools, and \$44 million for MARAD Operations.



**Maritime Security Program:** The FY 2008 budget request includes \$154 million for payments of approximately \$2.6 million per ship, as authorized by the FY 2004 National Defense Authorization Act. MARAD will continue to retain a fleet of 60 active, militarily useful, privately-owned vessels to meet national defense and other security requirements, and to maintain a U.S. presence in international commercial shipping. The Maritime Security Program, together with the Voluntary Intermodal Sealift Agreement Program, the Ready Reserve Force and the War Risk Insurance program, assures DOD access to ships and crews during DOD mobilizations, and helps ensure the efficient flow of military cargo through commercial ports.

**Ship Disposal:** The FY 2008 budget request includes \$20 million to remove 16 obsolete ships from the National Defense Reserve Fleet (NDRF) for disposal. MARAD continues to pursue alternative disposal methods, such as export and artificial reefing initiatives, with other Federal agencies to minimize any impact on the human and natural environment. The budget request also includes funding to continue nuclear license management for the inactive Nuclear Ship SAVANNAH.



**Alteration of Bridges:** The FY 2008 budget request includes \$5.7 million for a MARAD Bridge Administration program. MARAD's request includes a functional transfer of the U.S. Coast Guard's (USCG) Bridge Administration program back to DOT. This transfer will include a request for change in legislative authorities to shift certain core safety and facilitation of commerce functions from the Department of Homeland Security (DHS) back to DOT where they were prior to the transfer of USCG to DHS in 2003.



**Maritime Guaranteed Loan Program:** Consistent with the Administration's intent to eliminate corporate subsidies, no funds are requested for new maritime loan guarantees. The budget request proposes to fund the administration of the existing guaranteed loan portfolio from unobligated balances.

**Ready Reserve Force:** The Ready Reserve Force (RRF) is funded in the Department of Defense budget, but managed by MARAD. RRF vessels were used in Operation Enduring Freedom and continue to serve in Operation Iraqi Freedom. The initial activation of the vessels for Iraqi Freedom was the fastest and most efficient sealift in U.S. history. Vessels from the RRF also participated as part of the DOT emergency response team for Hurricane Katrina relief efforts on the Gulf coast. MARAD will continue to support national security by meeting DOD sealift requirements and readiness levels for the RRF with an estimated \$219 million for FY 2008 activities.

