

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 and the Ready Reserve Force, 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, help provide skilled U.S. merchant marine officers, capable of serving both defense and commercial transportation needs. Through its ship disposal program, MARAD also continues to address the environmental risks posed by obsolete ships in the National Defense Reserve Fleet.

The FY 2006 request of \$294 million is a decrease of \$11 million (about 3.7 percent) below the 2005 enacted funding level.

MARITIME ADMINISTRATION BUDGET

(Dollars In Millions)

	2004 <u>Actual</u>	2005 <u>Enacted</u>	2006 <u>Request</u>
Operations & Training	106	107	114
Ship Disposal	16	21	21
National Defense Tank Vessel Construction Program	0	74	--
Maritime Security Program	98	98	156
Maritime Guaranteed Loans	4	5	4
TOTAL	224	305	294



FY 2006 Budget

Operations and Training: The FY 2006 budget request includes \$114 million to support the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD operations. All three programs support national security, mobility, global connectivity, and environmental stewardship. The budget request includes \$64 million for the U.S. Merchant Marine Academy, including \$17 million for critical capital improvement projects, \$11 million for the State Maritime Schools, and \$39 million for MARAD Operations.

Maritime Security Program: The FY 2006 budget request includes \$156 million for the Maritime Security Program, for payments of \$2.6 million for 60 ships, a payment increase of \$0.5 million per ship, as authorized by the National Defense Authorization Act for Fiscal Year 2004. The fleet will increase from 47 to 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 and the Ready Reserve Force, 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 2006 budget request includes \$18 million to remove approximately 13 obsolete ships from the National Defense Reserve Fleet (NDRF). 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. In addition, the budget request also includes \$3 million to decommission, remove, and dispose of the nuclear reactor remnants and hazardous materials aboard the nuclear ship SAVANNAH.

Maritime Guaranteed Loan Program: Consistent with the Administration's intent to eliminate corporate subsidies, no funds are requested for maritime loan guarantees. The budget request of \$4 million is for the administration of the existing loan guarantee portfolio.

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. MARAD will continue to support national security by meeting DOD sealift requirements and readiness levels for the RRF with an estimated \$221 million for FY 2006 activities.

