



INCREASING AMERICA'S MARITIME WORKFORCE

Background

The mariner workforce shortage is a national security risk. The U.S. Transportation Command (TRANSCOM) and Military Sealift Command, which manage logistics and transportation for the military, depend on the U.S.-flag merchant marine, with the security benefits of American crews, to move sensitive defense materials. Unfortunately, due to a confluence of factors including complications from the COVID-19 pandemic, lack of peacetime cargo, and a tight labor market, the civilian mariner workforce is shrinking. The last official MARAD data, from before the pandemic, identified a shortage of 1800 mariners needed to support a full-scale conflict.

The FY2024 National Defense Authorization Act authorized increases for two programs to support an increased mariner workforce by defraying the costs of maritime education: Student Incentive Payments and Fuel Subsidies to the state maritime academies. These authorized efforts, passed by the House and Senate, should be funded at the authorized levels for FY25.

Request: National Maritime Marketing Campaign at \$10 Million

Currently, the advertising budgets for the U.S. Merchant Marine Academy (USMMA), State Maritime Academies (SMAs), and other entry points to the maritime industry are wholly inadequate, disjointed, and stove-piped efforts that cannot deliver the national-level attention that could only be achieved by a federally funded, national-level campaign. The solution to these industry headwinds is a national advertising campaign to attract individuals to a career in the American maritime industry. Due to shrinking budgets and a small staff, the Maritime Administration has been challenged in fulfilling its legal promotional obligation, one factor among many contributing to the current workforce shortage. Congress should authorize and appropriate \$10M/year to MARAD's Office of the Administrator to contract with a professional marketing firm to develop and deploy state-of-the-art branding, content, advertising buys, local and national engagement strategies and implementation for a campaign to attract workers to the U.S.-flag Merchant Marine, including civilian mariners in the Military Sealift Command. MARAD should use best practices as developed by the other services when designing its RFPs for this contract. Funding would come through the Transportation-House and Urban Development (T-HUD) appropriations bill.

Request: Fully Fund Increased Student Incentive Payments at \$4.8M as Authorized

Cadets who are in the USN Strategic Sealift Midshipman Program (SSMP) and receiving Student Incentive Payments (SIP) currently receive up to \$8,000 per year and up to \$32,000 over four years while at a state maritime academy (SMA) (46 USC §51509(b)(2)). These cadets incur an obligation to maintain their license for six years and sail on their license for three years. Additionally, these cadets incur an obligation to maintain their commission in the US Navy Reserve as a Strategic Sealift Officer (SSO). The FY24 National Defense Authorization Act (NDAA) increased the maximum SIP to \$16,000 per year and up to \$64,000 over four years, recognizing that this will increase interest in SSMP amongst those attending an SMA and increase the number of SMA graduates who have an obligation to sail on their license after graduation. Still, MARAD is not yet funding

students at that level until it receives the matching appropriations of \$4.8M for the program in FY25 and beyond. SIP has previously been funded at the \$2.4 million level through the T-HUD appropriations bill.

Request: Fund to Authorized Levels of Fuel Incentive Payment

The cost to sail on a training ship can exceed \$13,500 per year. One SMA stated that the cost of three training sea terms is equivalent to the cost of two years of tuition, room, and board. The majority of the sea term costs are fuel and these costs are passed on to students. Increasing fuel funding would reduce the cost of training sea terms and therefore, the cost of attendance at an SMA, which would increase enrollment. 46 CFR 5310.2(c) allows for the Maritime Administrator to "pay any School the amount of the costs of all fuel consumed by a Training Ship... while such vessel is being used for training purposes by such a School if such funds have been appropriated and are available for that purpose. The FY24 NDAA authorized \$17.6M, and this should be fully appropriated at that level so that MARAD is directed to payout at the authorized levels. At a minimum, the fuel incentive should be funded at \$9.8 million through the T-HUD appropriations bill reflecting the addition of the second National Security Multi-Mission Vessel to the fleet in FY '25.

Request: Make AB Training Language Permanent, Include Virtual Training Time for Nautical Vessels

The FY24 NDAA streamlined changes to able-bodied seamen training time to be more consistent with international standards for a pilot program of three years. Congress should make this change permanent in the FY25 Coast Guard Authorization Bill. The changes to training time for these entry-level mariners are consistent with training standards around the world and will have an immediate impact. Additionally, the statutory language in 46 USC 7315 should be changed from 'nautical school vessel' to "nautical school program" to better reflect the nature of training. The proposed changes would allow training programs to mix training on the nautical school vessel with other types of training such as on commercial vessels. This combination of intensive training on a nautical school vessel combined with service on merchant vessels provides a superior training environment for credential candidates. Detailed language is available upon request.

Request: Include American Mariners in Public Service Loan Forgiveness

Public Service Loan Forgiveness (PSLF) encourages individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their direct loans after they satisfy the public service and loan payment requirements. U.S. military members are eligible for PSLF. As the U.S. Merchant Marine is critical to the nation's national and economic security and faces challenges with retention, American Merchant Mariners sailing on board U.S. flagged vessels at least 180 days per year should be among those eligible for PSLF by adding "Merchant Marine" to 34 CFR 685.219(b). More detailed language is available on request.

Request: Create Federal Tax Incentives for Mariners

Foreign mariners do not have to pay any federal income tax, which creates an unfair playing field for those wishing to employ American workers. To make the U.S.-flag more competitive and to bring more mariners to the program, a temporary tax holiday will help with recruitment and retention. Detailed language is available upon request.

Request: Approve Language Allowing Certain Veterans to Transition More Quickly Into the Maritime

America's six state maritime academies (SMAs) produce about 70% of the new U.S. commercial maritime officers each year. Congress should approve a new program to provide a fast track into the maritime industry for certain honorably discharged military veterans attending an SMA. Current law requires a veteran with a preexisting bachelor's degree to get another bachelor's degree if attending an SMA; under the new proposed approach, an honorably discharged military veteran already holding a bachelor's degree could focus only on the Coast Guard license requirements and cut his time at an SMA approximately in half. Those veterans could then fully fund their SMA education within the pendency of G.I. Bill assistance, something not possible in a traditional

SMA program, and more quickly enter the commercial maritime industry to help address the current national mariner shortage. The new program would be a "win-win" approach to helping veterans transition from military service into the commercial maritime industry. Language is available on request.