U.S. Department of Transportation

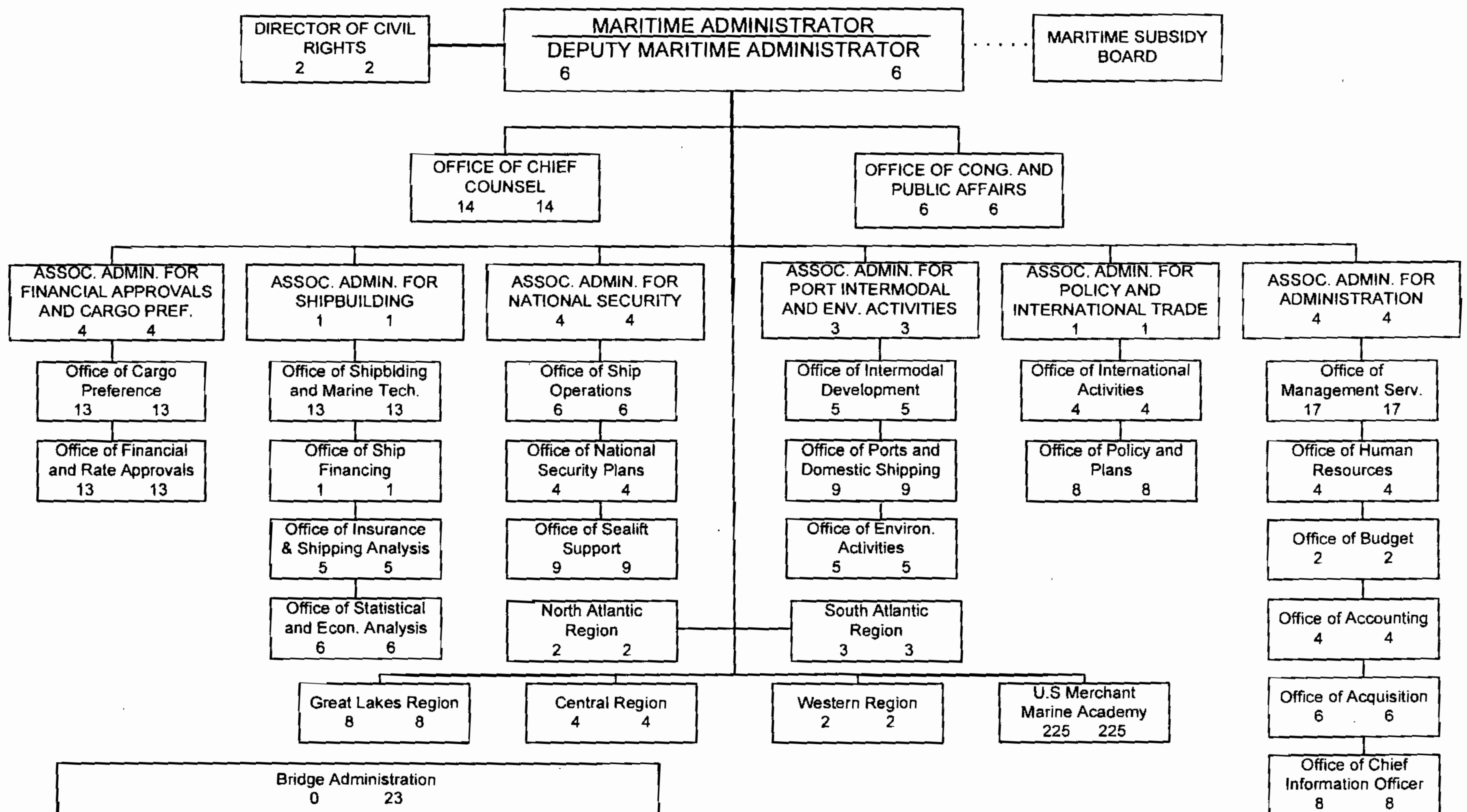
BUDGET ESTIMATES

FISCAL YEAR 2008

MARITIME ADMINISTRATION

SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS

MARITIME ADMINISTRATION ORGANIZATION CHART - FTE



Bridge Administration
0 23

Bridge Administration is a functional transfer from the USCG that will not become effective until FY 2008 (Not yet Assigned Organizationally)

431 - 2007 FTE 454 - 2008 FTE *

* Includes Bridge Administration

DIRECT APPROPRIATED STAFF ONLY

MARITIME ADMINISTRATION
ORGANIZATION CHART - FTP

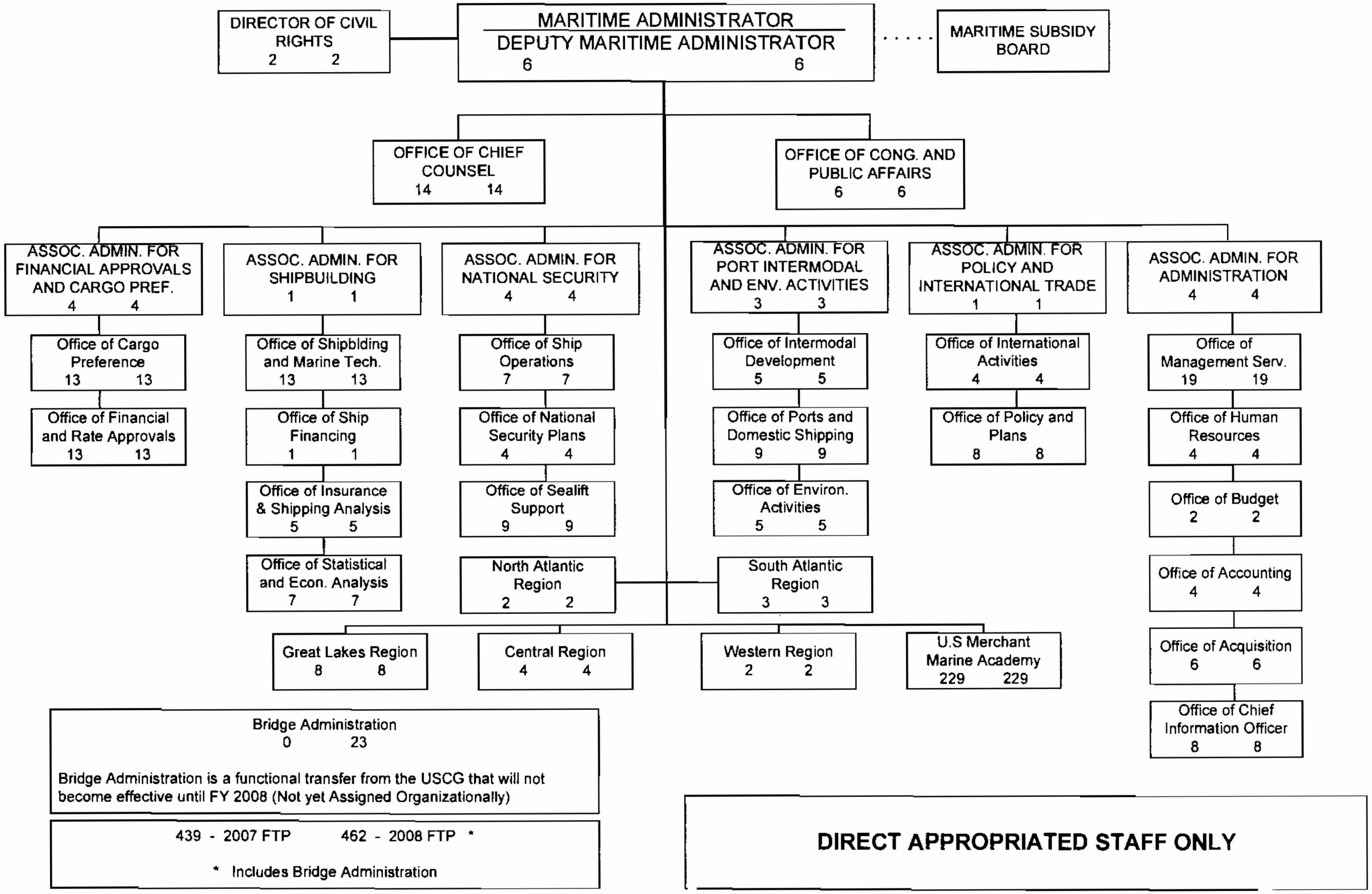


EXHIBIT II-I
COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
($000)

ACCOUNT NAME	FY 2006 ACTUAL	FY 2007 PRESIDENT'S BUDGET	FY 2007 CR	FY 2008 REQUEST
Operations and Training	128,527	115,830	116,129	115,276
Alteration of Bridges *	0	0	0	5,650
Ship Disposal Program	20,790	25,740	17,339	20,000
Maritime Security Program	154,440	154,440	152,634	154,440
Maritime Guaranteed Loan Program (Title XI)	4,085	3,317	3,317	0
Administrative Expenses **	4,085	3,317	3,317	0
TOTALS	307,841	299,327	289,419	295,366

* This is a proposed functional trransfer from the U.S. Coast Guard

** MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008. Instead, MARAD proposes to transfer $3.422 million of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

EXHIBIT II-2
FY 2008 BUDGET REQUEST BY APPROPRIATIONS ACCOUNT
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
($000)

	(A)		(B)	(C)
ACCOUNT NAME	**FY 2006 ACTUAL**	**FY 2007 PRESIDENT'S REQUEST**	**FY 2007 CR**	**FY 2008 REQUEST**
1. Operations and Training				
A. U.S. Merchant Marine Academy	61,235	61,747	61,235	61,458
B. State Maritime Academies	11,099	9,900	11,099	10,000
C. MARAD Operations	56,192	44,183	43,794	43,818
Subtotal O&T	128,527	115,830	116,129	115,276
2. Alteration of Bridges	0	0	0	5,650
3. Ship Disposal Program				
A. Ship Disposal	17,820	15,770	14,369	15,296
B. NS SAVANNAH	2,970	9,970	2,970	4,704
Subtotal Ship Disposal	20,790	25,740	17,339	20,000
4. Maritime Security Program	154,440	154,440	152,634	154,440
5. Maritime Guaranteed Loans (Title XI)				
A. Administrative Expenses	4,085	3,317	3,317	0
Subtotal Title XI	4,085	3,317	3,317	0
TOTALS	307,841	299,327	289,419	295,366
PROPRIETARY RECEIPTS				
. *Maritime Guaranteed Loan*				
. *Subsidy Reestimate*	-111,943	0	-37,802	0
TOTAL, PROPRIETARY RECEIPTS	-111,943	0	-37,802	0

EXHIBIT II-3
FY 2008 BUDGET REQUEST BY APPROPRIATION ACCOUNT AND STRATEGIC OBJECTIVE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL	SAFETY	REDUCED CONGESTION	GLOBAL CONN.	ENVIRON. STEWARD.	SECURITY PREPAREDNESS AND RESPONSE	ORG. EXCELL.	TOTAL
Operations and Training							
Defense Mobilization							
U.S. Merchant Marine Academy	0	0	0	0	61,458	0	81,458
State Maritime Schools	0	0	0	0	10,000	0	10,000
MARAD Operations	0	0	0	0	17,553	0	17,553
Reduced Impediments to the Efficient Movement of Freight							
MARAD Operations	0	10,296	0	0	0	0	10,298
Enhanced Competitiveness and Efficient Cargo Movement							
MARAD Operations	0	0	12,783	0	0	0	12,783
Reduced Pollution and Other Adverse Environmental Effects							
MARAD Operations	0	0	0	1,748	0	0	1,748
Strategic Management of Human Capital							
MARAD Operations	0	0	0	0	0	189	189
Improved Financial Performance							
MARAD Operations	0	0	0	0	0	575	575
E-Government							
MARAD Operations	0	0	0	0	0	674	674
Alteration of Bridges							
Reduction in Transportation - Related Deaths and Injuries							
Bridge Administration	5,650	0	0	0	0	0	5,650
Maritime Security Program							
Defense Mobilization	0	0	0	0	154,440	0	154,440
Ship Disposal							
Reduced Pollution and Other Adverse Environmental Effects							
Obsolete Vessel Disposal	0	0	0	15,296	0	0	15,296
NS SAVANNAH	0	0	0	4,704	0	0	4,704
Ocean Freight Differential (Mandatory)	0	0	[$265,000]	0	0	0	0
TOTAL REQUEST (Excludes Ocean Freight Diff.)	5,650	10,296	12,783	21,748	243,450	1,438	295,366
FTE (direct funded only)	23	50	72	14	288	7	454
Title XI FTEs	0	24	0	0	0	0	24
TOTAL FTE'S	23	74	72	14	288	7	478

EXHIBIT II-3A
FY 2008 INFORMATION TECHNOLOGY (IT) BUDGET REQUEST BY IT INVESTMENT AND STRATEGIC OBJECTIVE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL	REDUCED CONGESTION	GLOBAL CONN.	ENVIRON. STEWARD.	SECURITY PREP. AND RESPONSE	ORG. EXCELL.	TOTAL
Operations and Training						
MARAD Operations						
IT Baseline	746	723	131	1,330	0	2,930
Reduced Impediments to the Efficient Movement of Freight	746	0	0	0	0	746
Enhanced Competitiveness and Efficient Cargo Movement	0	723	0	0	0	723
Reduced Pollution and Other Adverse Environmental Effects	0	0	131	0	0	131
Strategic Mobility	0	0	0	1,330	0	1,330
IT Consolidation	684	1,205	121	979	211	3,200
Reduced Impediments to the Efficient Movement of Freight	684	0	0	0	0	684
Enhanced Competitiveness and Efficient Cargo Movement	0	1,205	0	0	0	1,205
Reduced Pollution and Other Adverse Environmental Effects	0	0	121	0	0	121
Strategic Mobility	0	0	0	979	0	979
Strategic Management of Human Capital	0	0	0	0	30	30
Improved Financial Performance	0	0	0	0	90	90
E-Government	0	0	0	0	91	91
E-Government	0	0	0	0	98	98
E-Government	0	0	0	0	98	98
Enterprise Architecture and IT Security	505	489	89	900	0	1,983
Reduced Impediments to the Efficient Movement of Freight	505	0	0	0	0	505
Enhanced Competitiveness and Efficient Cargo Movement	0	489	0	0	0	489
Reduced Pollution and Other Adverse Environmental Effects	0	0	89	0	0	89
Strategic Mobility	0	0	0	900	0	900
TOTAL REQUEST	1,935	2,417	341	3,209	309	8,211
FTE (direct funded only)	0	0	0	0	0	0

EXHIBIT II-4
FY 2008 BUDGET REQUEST BY ACCOUNT
Maritime Administration
Budget Authority
$000

ACCOUNTS		FY 2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	FY 2007 CR	FY 2008 REQUEST
Operations and Training	D	128,527	115,830	116,129	115,276
Gifts and Bequests	D	0	0	0	0
Special studies, services, and projects	D	0	0	0	0
Alteration of Bridges	D	0	0	0	5,650
Ship Disposal	D	20,790	25,740	17,339	20,000
Maritime Security Program	D	154,440	154,440	152,634	154,440
National Defense Tank Vessel Construction	D	0	(74,400)	(74,400)	0
Ship Construction	D	(2,071)	0	(2,977)	0
Operating Differential Subsidies	D	0	0	0	0
Ocean Freight Differential	M	513,847	364,000	449,800	265,000
Ready Reserve Force	D	0	0	0	0
Vessel Operations Revolving Fund	D	0	0	0	0
War Risk Insurance Revolving Fund	D	0	0	0	0
Federal Ship Financing Fund	M	0	0	0	0
Maritime Guaranteed Loan Program	D	4,085	3,317	3,317	0
Subsidy Reestimate	M	5,231	0	22,660	0
Title XI Rescission	D	0	(2,068)	0	0
TOTALS		824,848	586,859	684,502	560,366
[Mandatory]		519,078	364,000	472,460	265,000
[Discretionary]		305,770	222,859	212,042	295,366
Proprietary Receipts:					
Maritime Guaranteed Loan Program		-111,943	0	-37,802	0
Gifts and Bequests		0	0	0	0
Special studies, services, and projects		0	0	0	0

EXHIBIT II-5
FY 2008 BUDGET REQUEST RECAP BY ACCOUNT
Maritime Administration
Outlays
$000

ACCOUNTS		FY 2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	FY 2007 CR	FY 2008 REQUEST
Operations and Training	D	92,159	116,028	115,710	115,985
Gifts and Bequests	M	107	0	0	0
Special studies, services, and projects	M	281	0	0	0
Alteration of Bridges	D	0	0	0	48,650
Ship Disposal	D	22,273	23,500	19,944	18,950
Maritime Security Program	D	150,106	154,440	154,567	154,440
Ship Construction	D	(2,977)	0	0	0
Operating Differential Subsidy	D	220	0	0	0
Ocean Freight Differential	M	269,083	120,000	175,000	145,000
Ready Reserve Force	D	749	1,000	2,000	2,000
Vessel Operations Revolving Fund	D	20,674	(1,000)	(10,000)	16,000
War Risk Insurance Revolving Fund	D	(1,292)	(2,000)	(2,000)	(2,000)
Federal Ship Financing Fund	M	(262)	0	0	0
Maritime Guaranteed Loan Program	D	35,768	3,317	3,317	8,003
Subsidy Reestimate	M	5,231	0	22,660	0
TOTALS		592,120	415,285	481,198	507,028
[Mandatory]		274,440	120,000	197,660	145,000
[Discretionary]		317,680	295,285	283,538	362,028

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

OPERATIONS AND TRAINING ACCOUNT

Baseline Changes

	FY 2007 President's Request	2007 PC&B By Program	2007 # FTE Per Program	FY 2007 Contract Expense	Annualization of 2007 Pay Raises	2008 Pay Raises	Two More Compensable Days	Inflation/ Deflation	FY 2007 Adj. Base	Program Inc./ Decreases	2008 PC&B Program Increase	2008 # FTE Per Program Increase	FY 2008 Contract Expense	FY 2008 Request
PERSONNEL RESOURCES	431		Note Non-Add						431	0		Note Non-Add		431
Direct FTE	431								431	0				431
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits	13,385	13,385	[86]		102	307	142		13,937					13,937
Travel	975			975					975					975
Transportation	225			225					225					225
GSA Rent	6,200			6,200					6,200				0	6,200
Communications, Rent & Utilities	400			400					400					400
Printing	350			350					350					350
Other Services														
WCF									0				0	0
Other	4,534			4,534					4,534	(812)			(812)	3,722
Supplies	400			400					400					400
Equipment	248			248					248					248
ADMINISTRATIVE SUBTOTAL	26,717			13,332	102	307	142	0	27,269	(812)			(812)	26,457
PROGRAMS														
Ports and MTS Improvement	3,142	807	[19]	2,335	5	14	7	5	3,173	(63)			(63)	3,111
Capital Construction Fund	612	157	[3.7]	495	1	3	1	1	618	(12)			(12)	606
International Activities	855	375	[5]	480	1	4	2	1	863	(14)			(14)	848
Cargo Preference	3,823	1,539	[28]	2,283	7	20	9	8	3,867	(79)			(79)	3,787
Deepwater Port Licensing	1,077	385	[7]	692	2	5	2	2	1,088	(20)			(20)	1,068
Mobile Source Emissions	737	660	[8]	77	6	18	9	7	777	(41)			(41)	737
U.S. Merchant Marine Academy	61,747	24,720	[225]	37,027	132	396	183	830	63,288	(1,830)			(1,830)	61,458
State Maritime Schools	9,900	0		9,900				174	10,074	(74)			(74)	10,000
Maritime Security Program	685	315	[3.5]	370	2	6	3	2	698	(10)			(10)	688
VISA/Security Planning	2,137	970	[8]	1,167	4	13	6	5	2,164	(21)			(21)	2,143
Merchant Mariner Avail., Educ., & Trng.	820	536	[6]	284	3	10	5	4	842	(17)			(17)	825
DOD-Designated Strategic Port Facilities	1,213	94	[10]	1,119	6	17	8	6	1,249	(28)			(28)	1,221
War Risk Insurance Program	885	242	[6]	643	3	9	4	3	905	(16)			(16)	889
Human Resources	197	101	[1]	96	1	1	1	1	200	(10)			(10)	189
Improved Financial Management	593	306	[3]	287	2	5	3	2	605	(30)			(30)	575
E-Government	692	306	[2]	386	2	5	3	2	704	(30)			(30)	674
PROGRAM SUBTOTAL	89,113	31,512	[336]	57,601	176	527	246	1,054	91,115	(2,296)			(2,296)	88,819
TOTAL	115,830	44,897	[424]	70,933	278	834	387	1,054	118,384	(3,108)			(3,108)	115,276

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

OPERATIONS AND TRAINING ACCOUNT

Baseline Changes

	FY 2007 President's Request	2007 PC&B By Program	2007 # FTE Per Program	FY 2007 Contract Expense	Annualization of 2007 Pay Raises	2008 Pay Raises	Two More Compensable Days	Inflation/ Deflation	FY 2007 Adj. Base	Program Inc./ Decreases	2008 PC&B Program Increase	2008 # FTE Per Program Increase	FY 2008 Contract Expense	FY 2008 Request
PERSONNEL RESOURCES	431		Note Non-Add						431	0		Note Non-Add		431
Direct FTE	431								431	0				431
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits	13,385	13,285	[88]		102	307	142		13,937					13,937
Travel	975			975					975					975
Transportation	225			225					225					225
GSA Rent	6,200			6,200					6,200				0	6,200
Communications, Rent & Utilities	400			400					400					400
Printing	350			350					350					350
Other Services														
WCF									0				0	0
Other	4,534			4,534					4,534	(812)			(812)	3,722
Supplies	400			400					400					400
Equipment	248			248					248					248
ADMINISTRATIVE SUBTOTAL	26,717			13,332	102	307	142	0	27,269	(812)			(812)	26,457
PROGRAMS														
Ports and MTS Improvement	3,142	807	[19]	2,335	5	14	7	5	3,173	(63)			(63)	3,111
Capital Construction Fund	612	157	[3.7]	455	1	3	1	1	618	(12)			(12)	606
International Activities	855	375	[5]	480	1	4	2	1	863	(14)			(14)	848
Cargo Preference	3,823	1,539	[28]	2,283	7	20	9	8	3,867	(79)			(79)	3,787
Deepwater Port Licensing	1,077	385	[7]	692	2	5	2	2	1,088	(20)			(20)	1,088
Mobile Source Emissions	737	660	[8]	77	6	18	9	7	777	(41)			(41)	737
U.S. Merchant Marine Academy	61,747	24,720	[225]	37,027	132	396	183	830	63,288	(1,830)			(1,830)	61,458
State Maritime Schools	9,900	0		9,900				174	10,074	(74)			(74)	10,000
Maritime Security Program	685	315	[3.5]	370	2	6	3	2	698	(10)			(10)	688
VISA/Security Planning	2,137	970	[8]	1,167	4	13	6	5	2,164	(21)			(21)	2,143
Merchant Mariner Avail., Educ., & Trng.	820	536	[6]	284	3	10	5	4	842	(17)			(17)	825
DOD-Designated Strategic Port Facilities	1,213	94	[10]	1,119	6	17	8	6	1,249	(28)			(28)	1,221
War Risk Insurance Program	885	242	[6]	643	3	9	4	3	905	(16)			(16)	889
Human Resources	197	101	[1]	96	1	1	1	1	200	(10)			(10)	189
Improved Financial Management	593	306	[3]	287	2	5	3	2	605	(30)			(30)	575
E-Government	692	206	[2]	386	2	5	3	2	704	(30)			(30)	674
PROGRAM SUBTOTAL	89,113	31,512	[336]	57,601	176	527	245	1,054	91,115	(2,296)			(2,296)	88,819
TOTAL	115,830	44,897	[424]	70,933	278	834	387	1,054	118,384	(3,108)			(3,108)	115,276

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

SHIP DISPOSAL PROGRAM

	FY 2007 President's Request	2007 PC&B By Program	2007 # FTE Per Program	2007 Contracts Expense	Annualization of 2007 Pay Raises	2008 Pay Raises	Two More Compensable Days	Inflation/ Deflation	FY 2007 Adj Base	Program Increases/ Decreases	2008 PC&B Program Increase	2008 # FTE Per Program Increase	2008 Contract Expense Program Increases	FY 2008 Request
					Baseline Changes									
PERSONNEL RESOURCES			Note Non-Add									Note Non-Add		
Direct FTE														
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits														
Travel														
Transportation														
GSA Rent														
Communications, Rent & Utilities														
Printing														
Other Services														
WCF														
Other	25,740			25,740				314	26,054	(6,054)			(6,054)	20,000
Supplies														
Equipment														
ADMINISTRATIVE SUBTOTAL	25,740	0	0	25,740				314	26,054	(6,054)			(6,054)	20,000
PROGRAMS														
Ship Disposal Technical Staff														
TOTAL	25,740	0		25,740				314	26,054	(6,054)			(6,054)	20,000

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

MARITIME SECURITY PROGRAM

	FY 2007 President's Request	2007 PC&B By Program	2007 # FTE Per Program	2007 Contracts Expense	Annualization of 2007 Pay Raises	2008 Pay Raises	Two More Compensable Days	WCF Increase/ Decrease	Inflation/ Deflation	Program Increases/ Decreases	2008 PC&B Program Increase	2008 # FTE Per Program Increase	2008 Contract Expense Program Increases	FY 2008 Request
					Baseline Changes									
PERSONNEL RESOURCES			Note Non-Add									Note Non-Add		
Direct FTE														
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits														
Travel														
Transportation														
GSA Rent														
Communications, Rent & Utilities														
Printing														
Other Services														
WCF														
Other	154,440													154,440
Supplies														
Equipment														
ADMINISTRATIVE SUBTOTAL	154,440													154,440
PROGRAMS														
TOTAL	154,440													154,440

Exhibit II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

MARITIME GUARANTEED LOAN PROGRAM

Baseline Changes

	2007 CR	2007 PC&B By Program	2007 # FTE Per Program	2007 Contracts Expense	Annualization of 2007 Pay Raises	2007 Pay Raises	Two More Compensable Days	Inflation/ Deflation	FY 2007 Adj Base	Program Increases/ Decreases	2008 PC&B Program Increase	2008 # FTE Per Program Increase	2008 Contract Expense Program Increases	FY 2008 Request
PERSONNEL RESOURCES	24		Note Non-Add						24					24
Direct FTE	24								24					24
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits	2,374	2,374	[24]		13	53	18		2,459	(2,459)	(2,459)			(0)
Travel	30			30					30	(30)			(30)	0
Transportation														
GSA Rent														
Communications, Rent & Utilities														
Printing														
Other Services														
WCF														
Other	912			912				21	933	(933)			(933)	(0)
Supplies														
Equipment														
ADMINISTRATIVE SUBTOTAL	3,317	2,374	[24]	942	13	53	18	21	3,422	(3,422)	(2,459)		(963)	(0)
PROGRAMS														
TOTAL	3,317	2,374	[24]	942	13	53	18	21	3,422	(3,422)	(2,459)		(963)	(0)

MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008. Instead, MARAD proposes to transfer $3.422 million of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

FEDERAL FUNDS

OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, $115,276,000, of which $13,850,000 shall remain available until expended for capital improvements at the United States Merchant Marine Academy; and of which $8,218,000 shall remain available until expended for maintenance and repair of Schoolships at State Maritime Schools.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Exhibit III-1
Maritime Administration
Operations and Training
Appropriation Summary by Program Activity
($000)

	FY 2006 ACTUAL	FY 2007 PRESIDENT'S BUDGET	FY 2008 REQUEST	CHANGE FY 2007-2008
U.S. Merchant Marine Academy	61,235	61,747	61,458	(289)
State Maritime Schools	11,099	9,900	10,000	100
MARAD Operations	56,192	44,183	43,818	(365)
Total, Operations and Training	128,527	115,830	115,276	(554)
FTEs				
Direct Funded	431	431	431	0

EXHIBIT III-2

OPERATIONS AND TRAINING

SUMMARY ANALYSIS OF CHANGE FROM FY 2007 TO FY 2008

Appropriations, Obligations, Limitations, and Exempt Obligations

($000)

Item	Change from FY 2007 to FY 2008	FY 2008 PC&B By Program	FY 2008 FTEs by Program	FY 2008 Contract Expenses	Appropriation Total
		Note Columns are Non-Add			
FY 2007 Base			431		$115,830
Adjustments to Base					
Annualization of 2007 Pay Raise (2.2%)	$278	$278			
2008 Pay Raise (3.0%)	$834	$834			
Two More Compensable Days	$387	$387			
Inflation/Deflation'	$1,054	$1,054			
Subtotal, Adjustments to Base	$2,554	$2,554			$2,554
New or Expanded Programs					
Other Services	($812)			($812)	
Ports and MTS Improvement	($63)			($63)	
Capital Construction Fund	($12)			($12)	
International Activities	($14)			($14)	
Cargo Preference	($79)			($79)	
Deepwater Ports Licensing	($20)			($20)	
Mobile Source Emissions	($41)			($41)	
U.S. Merchant Marine Academy	($1,830)			($1,830)	
State Maritime Schools	($74)			($74)	
Maritime Security Program	($10)			($10)	
VISA/Security Planning	($21)			($21)	
Merchant Mariner Avail., Educ., & Trng.	($17)			($17)	
DOD-Designated Strategic Port Facilities	($28)			($28)	
War Risk Insurance Program	($16)			($16)	
Human Resources	($10)			($10)	
Improved Financial Management	($30)			($30)	
E-Government	($30)			($30)	
Subtotal, New or Expanded Programs	($3,108)	$0		($3,108)	($3,108)
Total FY 2008 Request	($555)	$2,554	431	($3,108)	$115,276

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OPERATIONS AND TRAINING
Program and Financing Schedule
(In Thousands of Dollars)

Direct Program	2006 Actual	2007 CR	2008 Request
00.01 Merchant Marine Academy	63,000	61,235	61,458
00.02 State Maritime Schools	7,614	11,099	10,000
00.03 Marad Operations	63,255	43,794	43,818
00.91 Total Direct Program	133,869	116,129	115,276
09.01 Reimbursable program	66,000	68,000	68,000
09.02 Gifts and Bequests	2,149	2,000	2,000
09.09 Total Reimbursable Program	68,149	70,000	70,000
10.00 Total obligations	202,018	186,129	185,276
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	9,404	15,783	15,783
22.00 New budget authority (gross)	203,496	186,129	185,276
22.10 Resources available from recoveries of prior year obligations	1,000	0	0
22.22 Unobligated balance transferred from other accounts	5,342	0	0
23.90 Total budgetary resources available for obligation	219,242	201,912	201,059
23.95 Total new obligations	(202,018)	(186,129)	(185,276)
23.98 Unobligated balance expiring or withdrawn	(1,441)	0	0
24.40 Unobligated balance available, end of year	15,783	15,783	15,783
New budget authority (gross), detail			
Discretionary			
40.00 Appropriation (definite)	129,749	116,129	115,276
40.35 Amount Permanently Reduced	(1,222)	0	0
43.00 Appropriation (total)	128,527	116,129	115,276
Discretionary spending authority from offsetting collections:			
Spending authority from offsetting collections: Discretionary.			
58.00 Offsetting collections (cash)	73,378	70,000	70,000
58.10 Change in orders on hand from Federal sources	1,591	0	0
58.90 Spending authority from offsetting collections (total)	74,969	70,000	70,000
Spending authority from offsetting collections: Mandatory.			
70.00 Total new budget authority (gross)	203,496	186,129	185,276
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	50,725	84,829	85,248
73.10 Total new obligations	202,018	186,129	185,276
73.20 Total outlays (gross)	(165,505)	(185,709)	(185,985)
73.40 Adjustment in expired accounts	(1,000)	0	0
73.45 Recoveries of prior year obligations(-)	(1,000)	0	0
74.00 Change in uncollected customer payments - Fed Srcs Unexp	(2,000)	0	0
74.10 Change in uncollected customer payments - Fed. Srcs exp	1,591	0	0
74.40 Obligated balance: Appropriation	84,829	85,248	84,540
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	138,118	167,009	166,285
86.93 Outlays from discretionary balances	27,000	16,989	17,796
86.97 Outlays from new mandatory authority	300	1,700	1,700
86.98 Outlays from mandatory **balances**	87	11	204
87.00 Total outlays (gross)	165,505	185,709	185,985

Offsets:			
Against gross budget authority and outlays			
Offsetting collections (cash) from:			
88.00 Ready ReserveForce/Nat'l Defense Reserve Fleet	11,000	36,000	36,000
88.00 Merchant Marine Academy	0	4,000	4,000
88.00 Title XI Administrative Expenses	0	4,000	4,000
88.00 Marine Board research program and others	0	6,000	6,000
88.00 Port of Anchorage	0	20,000	20,000
88.00 Miscellaneous Federal Sources			
Federal Sources			
88.40 Non Federal Sources	62,346	0	0
88.90 Total, offsetting collections (cash)	73,346	70,000	70,000
Against gross budget authority only			
88.95 Change in receivables, unpaid, unfilled orders -Fed sources	1,591	0	0
Net budget authority and outlays			
89.00 Budget authority	128,527	116,129	115,276
90.00 Outlays	92,159	115,709	115,985

OPERATIONS AND TRAINING

Program and Performance Statement

The appropriation for Operations and Training provides funding for staff at headquarters and region offices to administer and direct Federal maritime programs, the total cost to train merchant marine officers at the U.S. Merchant Marine Academy, and financial assistance to the six State maritime academies.

Maritime Administration programs also include planning for coordination of U.S. maritime industry activities under emergency conditions; technology assessments calculated to achieve advancements in ship design, construction and operation; and port and intermodal development to increase capacity and mitigate congestion.

Within the total Operations and Training budget request of $115.3 million, the U.S. Merchant Marine Academy will use $13.9 million in support of deferred maintenance and/or capital improvement initiatives.

MARITIME ADMINISTRATION
OPERATIONS AND TRAINING
OBJECT CLASSIFICATION
(In thousands of dollars)

Object Class Code	Object Class	FY 2006 Actual	FY 2007 CR	FY 2008 President's Request
11.1	Full-time permanent	37,400	37,961	37,961
11.3	Other than full-time permanent	3,200	3,378	3,378
11.5	Other personnel compensation	1,052	1,101	1,101
11.8	Special personnel services payments	2,573	2,582	2,582
11.9	Total personnel compensation	44,225	45,022	45,022
12.1	Civilian personnel benefits	7,703	7,600	7,759
21.0	Travel and transportation of persons	1,802	1,750	1,856
22.0	Transportation of things	101	150	162
23.1	Rental payments to GSA	3,242	3,172	3,239
23.2	Rental payments to others	26	25	22
23.3	Communications, utilities & misc. charges	6,157	6,250	5,864
24.0	Printing and reproduction	201	300	406
25.1	Advisory and assistance services	198	250	444
25.2	Other services	24,783	19,100	18,839
25.3	Other purchases of goods and svcs from Gov't	4,152	4,200	4,376
25.4	Operation and maintenance of facilities	22,895	10,600	10,083
25.7	Operation and maintenance of equipment	4,702	4,800	4,786
26.0	Supplies and materials	8,975	8,000	7,799
31.0	Equipment	2,856	2,900	2,821
41.0	Grants, claims and subsidies	1,843	2,000	1,787
42.0	Insurance claims and indemnities	8	10	12
99.0	Direct Obligations			
99.0	Reimbursable Obligations	68,149	70,000	70,000
99.9	**Total New Obligations**	202,018	186,129	185,276

MARITIME ADMINISTRATION
OPERATIONS AND TRAINING
HISTORY OF APPROPRIATIONS

FY 1999 - FY 2008
Main Table - Dollars in Thousands

Fiscal Year	Estimate	Enacted
1999	70,533	72,246
2000	72,164	72,921 1/
2001	80,240	86,719 2/
2002	89,054	88951 3/
2003	93,132	92,092 4/
2004	104,400	105,674 5/
2005	109,300	106,952 6/
2006	113,650	136,027 7/
2007	115,830	
2008	115,276	

1/ Includes $274,000 rescinded in P.L.106-113.
2/ Includes $191,202 rescinded in P.L.106-553.
3/ Includes $103,000 rescinded in P.L.107-77.
4/ Includes $602,524 rescinded in P.L.108-7.
5/ Includes cancellation of expired funds of $721,878 plus $1,323,159
6/ Includes Working capital fund of $1,650,000 plus $875,824
rescinded in P.L.108-447.
7/ Includes the Hurricanes Supplemental Appropriation of $7,500,000

Detailed Justification for the United States Merchant Marine Academy

U.S. Merchant Marine Academy	FY 2008 Request: $61.458 million

Overview:
The USMMA graduates a significant number of the merchant marine officers trained annually in the United States. These graduates have a four year bachelor's degree which includes courses in marine engineering and navigation, logistics, maritime security, and shipyard management; a U.S. Coast Guard merchant marine officer's license; and practical shipboard training. U.S. national defense depends on government-owned and privately-owned oceangoing cargo ships, with skilled crews, to deliver people and supplies to remote places of the world. In times of conflict, some USMMA graduates crew the ships that support our troops. The USMMA is the main source of new reservists for the merchant marine component of the U.S. Naval Reserve. Licensed mariners are needed by DOD during national emergencies not only for crewing, but to provide shore side support for sealift operations. The USMMA's educational activities contribute to the success and achievement of the Department's Security, Preparedness and Response strategic goal.

In return for their tuition-free education, Academy graduates incur a three-part service obligation:

1. They must maintain a license as an officer in the merchant marine of the United States for at least six years following the date of graduation from the Academy. Because the U.S. Coast Guard requires license renewal after five years, graduates are effectively licensed for up to ten years after graduation;
2. They must apply for, and accept if offered, an appointment as a commissioned officer and serve in the U.S. Naval Reserve, U.S. Coast Guard Reserve, or any other reserve component of an armed force of the United States, for at least eight years after graduation from the Academy; and
3. They must serve the foreign and domestic commerce and national defense of the United States for at least five years following the date of graduation from the Academy as merchant marine officers serving on a U.S.-flag merchant vessel; as employees in a U.S. maritime-related industry, profession, or marine science; or as commissioned officers on active duty in an armed force of the United States or the National Oceanic and Atmospheric Administration.

FY 2007 Base:
The base consists of salaries and benefits for the USMMA faculty and support staff and all USMMA operational funds, including capital improvements.

Anticipated FY 2007Accomplishments:
The Academy plans to graduate approximately 225 merchant marine officers in June 2007.

FY 2008 Budget Request:
The Academy's FY 2008 budget request of $61.458 million is $0.289 million less than the FY 2007 President's Budget request. The request includes sufficient funds to pay for the cost of the FY 2008 pay raise increase and the addition of two more compensable days. The Academy

request includes $13.850 million for the Academy Capital Improvement program, a reduction of $1.0 million from the FY 2007 President's Budget request.

USMMA ($000)				
Program	**FY 2007 President's Request**	**Inflation/ Deflation**	**Program Increases/ Decreases**	**FY 2008 Request**
Salary and Benefits	$24,009	$711	$0	$24,720
Midshipmen Program	$6,977	$153	($153)	$6,977
Instructional Program	$5,689	$125	($125)	$5,689
Prog., Dir. & Admin.	$2,916	$64	($64)	$2,916
Maintenance Repair and Operating Requirements	$7,307	$161	($161)	$7,307
Capital Improvements	$14,850	$327	($1,327)	$13,850
TOTAL	**$61,747**	**$1,542**	**($1,830)**	**$61,458**

The Academy conducted a Program Assessment Rating Tool (PART) review in support of the FY 2007 budget submission. The overall score was 83, or 'moderately effective.' OMB's PART recommendations are discussed in the Performance Overview. The funds requested in this budget will allow the Academy to meet the performance measure targets identified in the PART. The Academy's performance measures are listed in the 'Budget Request by Performance Goals' section of this budget under the Security, Preparedness and Response strategic goal.

Detailed Justification for State Maritime Schools

State Maritime Schools	FY 2008 Request: $10.0 million

Overview:
The State Maritime School (SMS) budget request has historically comprised three parts: annual direct payments to each of the six State maritime schools; a Student Incentive Payment (SIP) Program; and training ship maintenance and repair costs for Federally-owned training ships on loan to the schools. The underlying premise for Federal support of mariner education is to ensure that highly qualified personnel are produced annually to replenish the nation's pool of skilled merchant mariners. These mariners are needed to safely operate U.S.-flag cargo vessels. The SMS program contributes over half of the entry-level licensed mariners trained annually. Each SMS is funded primarily by its State government.

Some students at the schools participate in a Student Incentive Payment (SIP) program. SIP targets cadets who are enrolled in the unlimited U.S. Coast Guard license program who are also willing to complete naval training while in school. SIP participants commit to post-graduate service obligations to remain employed in the maritime industry for three years; maintain their U.S. Coast Guard license for six years; and become an active member of a U.S. armed forces reserve unit for a minimum of six years.

MARAD furnishes Federally-owned and maintained training ships to the schools. These training ships are employed as academic and seagoing laboratories for license coursework and practical, hands-on training and testing. Coast Guard and MARAD approved training curricula require the use of training ships for much of the at-sea training necessary to qualify individual students to sit for the U.S. Coast Guard licensing exams. This makes the vessels vital components of the SMS program, without which it would not be possible for the schools to continue. As the vessel owner, MARAD is responsible for maintaining each ship in a state of good repair, i.e. all regulatory requirements are fully met, and ensuring that the ship is structurally and mechanically sound, well preserved and equipped, and operates reliably.

FY 2007 Base:
The base consists of direct payment funding for each of the six SMSs, SIP program funds and training ship maintenance and repair funds. Salaries and benefits for the supporting staff are paid out of the Operations and Training account (MARAD Operations program activity).

Anticipated FY 2007 Accomplishments:
For the academic year 2005-2006, 463 students graduated from the SMS unlimited license program. Of the total number of SMS graduates, 44 were SIP participants. Similar numbers are estimated for the 2006-2007 academic year.

Beginning in 2004, MARAD has observed a sharp cost escalation in the commercial ship repair sector. The recent 2005 Gulf Coast hurricanes exacerbated the already difficult situation, and have had a long-lasting effect on the marine industry. With substantial damage to marine infrastructure in the Gulf, and a continuing diminishment of lower-tier repair facilities and specialty contractors (e.g., boiler and turbine repair firms) nationwide, there has been a dramatic escalation in the cost to accomplish basic ship repairs and maintenance. Market conditions throughout 2006 have driven costs upwards of 30% and these higher costs are expected to continue into 2007. These conditions have had a substantial impact on the training ship maintenance and repair program.

The bulk of the expected FY 2007 impact of high costs will be absorbed by maintaining the new Texas training ship (ex-USNS SIRIUS, acquired in FY 2005 from Military Sealift Command) in a dormant state pending its conversion. Although this single action offsets approximately $1.5 million in direct cost, it renders the vessel incapable of disaster response during the 2006 and 2007 hurricane seasons. SIRIUS was one of three MARAD training ships mobilized to support hurricane recovery efforts in the Gulf Coast area in 2005, and its continuing availability had been factored in all of MARAD's contingency planning. This dormant period will have the secondary effect of increasing the ultimate cost and complexity of the ship's planned conversion.

Projected cost increases in FY 2007 may also require the lay-up of a second vessel (presumably ENTERPRISE). MARAD is statutorily obligated to maintain the training ships in a state of good repair. Thus, it may be necessary to lay-up and defer maintenance on these two vessels in order to attempt to maintain the safe and seaworthy condition of the remaining ships. In short, given dramatic industry cost increases, the FY 2007 budget request may prove insufficient to maintain all the vessels, even at minimum standards.

FY 2008 Budget Request:

State Maritime Schools ($000)				
Program	**FY 2007 President's Request**	**Inflation/ Deflation**	**Program Increases/ Decreases**	**FY 2008 Request**
Direct Payments	$1,188	$0	$693	$1,881
Student Incentive Payments	$792	$0	($792)	$0
Schoolship Maintenance and Repair	$7,920	$174	$25	$8,119
TOTAL	**$9,900**	**$174**	**($74)**	**$10,000**

MARAD requests a total of $1.881 million to continue direct payments to the SMS, an increase of $0.693 from the FY 2007 President's budget request. This will result in payments to each school of $313,500, an increase of $115,500 above the FY 2007 President's budget request. The schools rely on these funds a great deal to support their training programs for producing merchant mariners. MARAD recognizes the urgent need for increased SMS direct payments to help offset the increasing cost of salaries for professors and instructors, faculty health care costs, facilities costs and schoolship fuel costs. Providing funds to the SMS through the direct payment leads to greater flexibility for the schools to use the combined funding to enhance their educational program. In FY 2006, Congress appropriated $1,782,000 for these direct payments, enough for a $297,000 payment to each school. In FY 2006, Congress also authorized increasing the direct payment to $500,000 per school by FY 2008. Prior to this increase, the direct payment had been unchanged at approximately $200,000 per school for over a decade.

MARAD proposes to sunset the SIP program, a reduction of $0.792 from the FY 2007 President's request in order to provide more funding for the SMS direct payments. The number of SIP participants entering the program has continued to decrease in recent years, partly due to concerns of the students and their parents of being called to active duty in Iraq. MARAD is also told that students can receive the same amount of financial educational assistance, or more, from grants and specific State funding that do not require any post-graduation service obligation. Currently, only 146 SMS students are enrolled in the SIP with a projected total annual cost of $584,000. No further SIP enrollments will be allowed after the 2006-2007 academic year. Each SMS will be required to fully execute the current SIP contracts by entering into a memorandum of understanding with MARAD. All current SIP participants will be paid until they complete the program from the direct payment funds provided to each SMS. MARAD will periodically request that the SMS's provide a count of the number of remaining SIP participants.

The FY 2008 budget request for training ship maintenance and repair is $8.119 million, with funds to be available until expended. This is an increase of $0.199 million from the FY 2007 President's Budget request. In previous years, MARAD used an "equal distribution" format for training ship maintenance and repair. This method provided for a base program for each training ship of approximately $1.0 million for maintenance and repair (except for the Michigan training ship which received $0.5 million); a programmatic drydocking allowance of $1.5 million; and a Capital Preservation/Upgrade allowance of $1.0 million (for a total program of about $8 million). In the current budgetary environment and in light of the dramatic escalation in the cost to accomplish basic ship repairs and maintenance, the "equal distribution" format cannot be used to maintain six ships in the mandated condition of "good repair." Beginning in FY 2008, MARAD proposes to support maintenance and repair for five training ships (EMPIRE STATE, ENTERPRISE, STATE OF MAINE, GOLDEN BEAR, and STATE OF MICHIGAN). The Texas training ship will remain in a dormant state. The Texas SMS midshipmen will use the California training ship, GOLDEN BEAR, for their training needs.

The State Maritime School program conducted a Program Assessment Rating Tool (PART) review in support of the FY 2007 budget submission. The overall score was 89, or 'effective'. OMB's PART recommendations are discussed in the Performance Overview. The funds requested in this budget will allow the SMS program to meet the performance measure targets identified in the PART. The State Maritime School performance measures are listed in the 'Budget Request by Performance Goals' section of this budget under the Security, Preparedness and Response strategic goal.

Detailed Justification for MARAD Operations

MARAD Operations	FY 2008 Request: $43.818 million

Overview:
The MARAD Operations program activity funds a cadre of professional support staff who are responsible not only for the achievement of all of MARAD's short and long term performance goals, but also for conducting a number of specific maritime activities. On an ongoing basis, these maritime activities encompass: the negotiation of bilateral maritime agreements; the licensing of deepwater ports; strengthening and improving the Maritime Transportation System through support of the Committee on the Marine Transportation System (CMTS); creating improved waterborne methods for shipping cargo; ensuring the availability of DOD's designated strategic ports; management of mariner training activities and the War Risk Insurance program; and management of MARAD's maritime-related environmental activities. This program activity also pays for the administrative staff and other support costs for the Maritime Security Program (MSP), the Voluntary Intermodal Sealift Agreement (VISA) program and the Cargo Preference program. Finally, MARAD Operations pays for the MARAD staff and other support necessary to fulfill the objectives of the President's Management Agenda initiatives.

FY 2007 Base:
The base consists of salaries and benefits and the majority of MARAD's operating costs such as rent, utilities, information technology, etc.

Anticipated FY 2007 Accomplishments:
MARAD expects to continue operational activities in support of:

- negotiation of bilateral maritime agreements;
- licensing of deepwater ports;
- strengthening and improving the Marine Transportation System via CMTS efforts to ensure the development and implementation of national MTS policies consistent with national needs;
- creation of improved waterborne methods for shipping cargo;
- ensuring the availability of DOD's designated strategic ports and national security planning;
- management of the War Risk Insurance program;
- efficient administrative operation of MSP and VISA;
- effective management of MARAD's maritime-related environmental activities.

FY 2008 Budget Request:
MARAD requests a total of $43.818 million to cover the cost of MARAD operations, a decrease of $0.365 million from the FY 2007 President's Budget request. This request level includes the cost of salaries as well as general support costs for most of MARAD's staff and salary and non-salary inflation. The following table displays MARAD Operations costs by function.

MARAD Operations ($000)				
Program	**FY 2007 President's Request**	**Inflation/ Deflation**	**Program Increases/ Decreases**	**FY 2008 Request**
Ports and MTS Improvement	$3,142	$31	($63)	$3,111
Capital Construction Fund Mgmt.	$612	$6	($12)	$606
International Activities	$855	$8	($14)	$848
Deepwater Port Licensing	$1,077	$11	($20)	$1,068
Cargo Preference Management	$3,823	$44	($79)	$3,787
Mobile Source Emissions	$737	$7	($7)	$737
MSP Administration	$685	$13	($10)	$688
VISA/Vessel Transfer	$2,137	$27	($21)	$2,143
Mariner Training & Education Mgmt.	$820	$22	($17)	$825
Strategic Ports/Nat. Security Planning	$1,213	$36	($28)	$1,221
War Risk Insurance	$885	$20	($16)	$889
Organizational Excellence	$1,482	$27	($71)	$1,438
Admin. Support	$26,716	$696	($957)	$26,455
TOTAL	**$44,183**	**$950**	**($1,316)**	**$43,818**

ALTERATION OF BRIDGES

For necessary expenses to administer the alteration or removal of obstructive bridges, as authorized by Section 6 of the Truman-Hobbs Act (33 U.S.C. 516), $5,650,000, to remain available until expended.

Exhibit III-1

Maritime Administration

Alteration of Bridges

Appropriation Summary by Program Activity

($000)

	FY 2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	FY 2008 REQUEST	CHANGE FY 2007-2008
Alteration of Bridges	0	0	5,650	5,650
Total	0	0	5,650	5,650
FTEs				
Direct Funded	0	0	23	23
Reimbursable	0	0	0	0

EXHIBIT III-2

ALTERATION OF BRIDGES
SUMMARY ANALYSIS OF CHANGE FROM FY 2007 TO FY 2008
Appropriations, Obligations, Limitations, and Exempt Obligations
($000)

Item	Change from FY 2007 to FY 2008	FY 2008 PC&B By Program	FY 2008 FTEs by Program	FY 2008 Contract Expenses	Appropriation Total
		Note Columns are Non-Add			
FY 2007 Base					$0
Adjustments to Base		0		0	$0
New or Expanded Programs					
Salaries and Benefits	$2,650	$2,650	23		
Other Services	$3,000			$3,000	
Subtotal, New or Expanded Programs	$5,650	$2,650	23	$3,000	$5,650
Total FY 2008 Request	$5,650	$2,650	23	$3,000	$5,650

ALTERATION OF BRIDGES
Program and Financing Schedule
(In Thousands of Dollars)

		2006 Actual	2007 CR	2008 Request
	Obligations by program activity			
00.01	Bridge alterations	0	0	6,650
10.00	Total new obligations	0	0	6,650
	Budgetary resources available for obligation			
22.00	New budget authority (gross)	0	0	5,650
22.22	Unobligated balance transferred from other accounts (70-0614)	0	0	1,000
23.90	Total budgetary resources available for obligation	0	0	6,650
23.95	New budget authority (gross), detail	0	0	(6,650)
24.40	Unobligated balance carried forward, end of year	0	0	0
	Spending authority from offsetting collections:			
	Discretionary			
40.00	Appropriation (definite)	0	0	5,650
43.00	Appropriation (total discretionary)	0	0	5,650
70.00	Total new budget authority (gross)	0	0	5,650
	Change in obligated balances:			
	Obligated balance, start of year:			
73.10	Total new obligations	0	0	6,650
73.20	Total outlays (gross)	0	0	(48,650)
73.32	Obligationed balance transferred from other accounts (70-0614)	0	0	91,000
74.40	Unpaid obligations, end of year:	0	0	49,000
	Outlays (gross), detail			
86.90	Outlays from new discretionary authority	0	0	41,353
86.93	Outlays from discretionary balances	0	0	7,297
87.00	Total outlays (gross)	0	0	48,650
	Net budget authority and outlays			
89.00	Budget authority (net)	0	0	5,650
90.00	Outlays (net)	0	0	48,650

ALTERATION OF BRIDGES

Program and Performance Statement

The appropriation for Alteration of Bridges provides funding for the Maritime Administration to administer the bridge alteration program. This program is proposed for transfer from the U.S. Coast Guard on October 1, 2007. Funding is this account will allow the Department of Transportation, through the Maritime Administration, to provide domestic and international bridge permitting, permitting for alterations and removals, drawbridge regulation, appropriations management of the alteration of bridges, and fine and penalty administration. The budget includes language that would also transfer resources associated with the bridge alteration program from the Coast Guard to the Maritime Administration. In addition, the Administration will propose authorizing legislation to affect the program transfer into permanent law. The authorizing legislation will also direct that future funds to alter or rebuild obstructive highway bridges come from the Highway Trust Fund.

MARITIME ADMINISTRATION
ALTERATION OF BRIDGES
OBJECT CLASSIFICATION
(In thousands of dollars)

Object Class Code	Object Class	FY 2006 Actual	FY 2007 CR	FY 2008 President's Request
11.1	Full-time permanent	0	0	2,650
25.1	Advisory and assistance services	0	0	3,000
99.9	**Total New Obligations**	0	0	5,650

MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
ALTERATION OF BRIDGES
FY 1999 - FY 2008
Main Table - Dollars in Thousands

Fiscal Year	Estimate	Enacted
1999	0	0
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	0	0
2005	0	0
2006	0	0
2007	0	0
2008	5,650	0

Detailed Justification for Alteration of Bridges

Alteration of Bridges	FY 2008 Request: $5.65 million

Overview:
MARAD's request includes a functional transfer of the U.S. Coast Guard's (USCG) Bridge Administration back to the Department of Transportation (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 back into DOT where they were prior to the USCG leaving DOT in 2003.

FY 2007 Base:
There is no MARAD FY 2007 base for this program. The Coast Guard's FY 2007 base consists solely of salary and expenses funds to pay staff costs for administering the Bridge Administration program.

Anticipated FY 2007 Accomplishments:
This program is new to MARAD in FY 2008; there are no FY 2007 accomplishments for MARAD.

FY 2008 Budget Request:
MARAD requests $5.65 million for a MARAD Bridge Administration program. This level of funding will allow DOT to continue to provide the services of Permitting, Alteration and Removal, Drawbridge Management, Appropriations Management of Alterations balances and related Fine and Penalty Administration. The requested funding level allows MARAD to potentially re-engineer the Bridge Administration process to take advantage of process improvements and at the same time to utilize new technology. The expected result is a virtually seamless transfer and integration of Bridge Administration into MARAD's existing mission portfolio in FY 2008 and an improvement in service to the public across the existing Permitting and Alterations processes.

SHIP DISPOSAL

For necessary expenses related to the disposal of obsolete vessels in the National Defense Reserve Fleet of the Maritime Administration, $20,000,000, to remain available until expended.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Exhibit III-1

Maritime Administration

Ship Disposal

Appropriation Summary by Program Activity

($000)

	FY 2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	FY 2008 REQUEST	CHANGE FY 2007-2008
Ship Disposal	17,820	15,770	15,296	(474)
N/S SAVANNAH	2,970	9,970	4,704	(5,266)
Total	20,790	25,740	20,000	(5,740)

EXHIBIT III-2

SHIP DISPOSAL
SUMMARY ANALYSIS OF CHANGE FROM FY 2007 TO FY 2008
Appropriations, Obligations, Limitations, and Exempt Obligations
($000)

Item	Change from FY 2007 to FY 2008	FY 2008 PC&B By Program	FY 2008 FTEs by Program	FY 2008 Contract Expenses	Appropriation Total
		Note Columns are Non-Add			$25,740
FY 2007 Base					
Adjustments to Base					
Other Services	$314			314	
Subtotal, Adjustments to Base	$314			$314	$314
New or Expanded Programs					
Other Services	($6,054)			(6,054)	
Subtotal, New or Expanded Programs	($6,054)			($6,054)	($6,054)
Total FY 2008 Request	($5,740)			($5,740)	$20,000

SHIP DISPOSAL
Program and Financing Schedule
(In Thousands of Dollars)

		2006 Actual	2007 CR	2008 Request
	Obligations by program activity			
00.01	Ship Disposal	17,132	32,788	20,484
10.00	Total new obligations (Object Class 25.2)	17,132	32,788	20,484
	Budgetary resources available for obligation			
21.40	Unobligated balance carried forward, start of year	12,482	15,933	484
22.00	New budget authority (gross)	20,259	17,339	20,000
22.10	Recoveries of prior year unpaid obligations	324	0	0
23.90	Total budgetary resources available for obligation	33,065	33,272	20,484
23.95	Total new obligations	(17,132)	(32,788)	(20,484)
24.40	Unobligated balance available, end of year	15,933	484	0
	New budget authority (gross), detail			
	Discretionary			
40.00	Appropriation (definite)	21,000	17,339	20,000
40.75	Reduction pursuant to PL -109-115	(210)	0	0
43.00	Appropriation (total)	20,790	17,339	20,000
	Discretionary spending authority from offsetting collections:			
	Spending authority from offsetting collections: Discretionary.			
68.00	Offsetting collections (cash)	(531)	0	0
68.90	Spending authority from offsetting collections (total)	(531)	0	0
70.00	Total new budget authority (gross)	20,259	17,339	20,000
72.40	Unpaid obligations, start of year	15,604	10,994	23,839
73.10	Total new obligations	17,132	32,788	20,484
73.20	Total outlays (gross)	(21,742)	(19,944)	(18,950)
74.40	Obligated balance: end of year	10,994	23,839	25,373
86.90	Outlays from new discretionary authority	10,130	8,950	10,000
86.93	Outlays from discretionary balances carried forward	11,613	10,994	8,950
87.00	Total outlays (gross)	21,742	19,944	18,950
	Against gross budget authority and outlays			
	Offsetting collections (cash) from:			
	Federal Sources			
88.40	Non Federal Sources	531	0	0
88.90	Total, offsetting collections (cash)	531	0	0
	Against gross budget authority only			
	Net budget authority and outlays			
89.00	Budget authority	20,790	17,339	20,000
90.00	Outlays	22,273	19,944	18,950

SHIP DISPOSAL

Program and Performance Statement

The Ship Disposal program provides resources to properly dispose of obsolete government-owned merchant-type vessels in the National Defense Reserve Fleet. These vessels pose a significant environmental threat due to the presence of unexpended fuel and oil and other hazardous substances such as asbestos and solid and liquid polychlorinated biphenyls (PCBs).

MARITIME ADMINISTRATION
SHIP DISPOSAL
OBJECT CLASSIFICATION
(In thousands of dollars)

Object Class Code	Object Class	FY 2006 Actual	FY 2007 CR	FY 2008 President's Request
25.2	Other services	17,132	32,788	20,484
99.9	**Total New Obligations**	17,132	32,788	20,484

MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
SHIP DISPOSAL
FY 1999 - FY 2008
Main Table - Dollars in Thousands

Fiscal Year	Estimate	Enacted	
1999	0	0	
2000	0	0	
2001	0	0	
2002	10,000	0	
2003	11,161	11,088	1/
2004	11,422	16,115	2/
2005	21,616	21,443	3/
2006	21,000	20,790	
2007	25,740	0	
2008	20,000	0	

1/ Includes $72,546 rescinded in P.L.108-7.
2/ Includes $95,645 rescinded in P.L.108-199.
3/ Includes $172,928 rescinded in P.L.108-447.

Detailed Justification for Ship Disposal

Ship Disposal	FY 2008: $20.0 million

Overview:
MARAD conducts its Ship Disposal Program to help achieve DOT's Environmental Stewardship strategic objective to promote transportation solutions that enhance communities and protect the natural and built environment. Successful pursuit of this program also helps lead to achievement of DOT's desired outcome of reduced pollution and other adverse environmental effects from transportation and transportation facilities. MARAD is the U.S. government's disposal agent for merchant type vessels 1,500 gross tons or more and has custody of a fleet of over one hundred obsolete ships owned by the Federal government. Due to the presence of asbestos and solid and liquid polychlorinated biphenyls (PCBs) on these ships, they pose a risk to the surrounding environment and must be disposed of properly. Preventing pollution makes sense not only from the standpoint of avoiding harm, but also in terms of reducing costs. Environmental cleanup costs after an incident are often far higher than the cost of proper and timely disposal. MARAD's obsolete ships are located primarily at the James River Reserve Fleet site in Virginia, the Suisun Bay Reserve Fleet site in California and the Beaumont Reserve Fleet site in Texas. The last few years have seen an increase in domestic recycling capacity coupled with the sustained high market price of steel and consistent Federal ship disposal funding levels. This presents a continued opportunity for MARAD to expedite the disposal of obsolete ships.

The Nuclear Ship (NS) SAVANNAH is a cargo ship owned and maintained by MARAD that was designed and built in the 1960's as a demonstration project for the peaceful use of nuclear power under the 'Atoms for Peace' initiative. Its nuclear power plant is licensed as a commercial power reactor (inoperable / possession-only) by the Nuclear Regulatory Commission (NRC); one of only a few such federally-owned, NRC-licensed facilities. In order to protect the environment from radioactive materials, MARAD must adhere to licensing requirements for the NS SAVANNAH reactor as prescribed by NRC regulations and the statutory provisions of the Atomic Energy Act of 1954, as amended.

FY 2007 Base:
The base consists of ship disposal funds, salaries and benefits, contractor support, administrative funds (including travel) and funding for NS SAVANNAH nuclear license management.

Anticipated FY 2007 Accomplishments:
MARAD has an FY 2007 performance target to remove 13 high priority obsolete vessels from the National Defense Reserve Fleet (NDRF) and expects to meet or exceed this target. However, recent surges in fuel prices and increased costs associated with hull fouling and ballast water testing and mitigation requirements may impact the number of vessels actually removed in FY 2007. Anti-fouling coatings are placed on ship hulls to inhibit the attachment of marine growths, such as barnacles on the hull which increase drag and therefore reduce operating efficiency. In the past, these coatings had highly toxic formulas. The development of testing and mitigation requirements surfaced in 2006 as a potentially significant cost driver due to increasing concern regarding the environmental impact of hull fouling compounds and for the potential spread of

non-indigenous species as MARAD relocates obsolete ships from our fleet sites to the various disposal locations throughout the U.S.

MARAD also expects to continue to pursue vessel export and artificial reefing initiatives with the EPA and State Department and deep sinking of ships with the U.S. Navy. As opportunities arise, MARAD will also continue working with domestic and international organizations to accomplish vessel condition assessments, hazardous materials identification, waste-stream minimization, and applied technology testing on MARAD's obsolete ships. MARAD anticipates that in the future these activities could result in improved overseas hazardous material remediation and ship recycling and lead to additional choices for cost-effective vessel disposal worldwide. MARAD did not dispose of all obsolete ships in its inventory at the end of FY 2006, as required by Section 3502 of Public Law 106-398, the National Defense Authorization Act of FY 2001. However, MARAD will dispose of all high and moderate priority ships that are available for disposal during FY 2007.

FY 2008 Budget Request:
MARAD requests $15.296 million to support the continuation of the obsolete ship disposal activities, a decrease of $0.474 million from the FY 2007 President's Budget request. Funding at this level will continue the steady decrease in the total number of ships in our inventory and the steady elimination of MARAD's higher priority vessels which will lessen the environmental risk at the fleet sites. MARAD also requests $4.704 million to support nuclear license management for the NS SAVANNAH, a decrease of $5.266 million from the FY 2007 President's Budget request. The total request for the ship disposal appropriation is $20.0 million, a decrease of $5.740 million from the FY 2007 President's Budget request.

MARAD plans to continue to expedite the disposal of high and moderate priority ships via full and open competition, utilizing all feasible disposal options. By the end of 2008, MARAD expects to have completed the removal of all high priority ships that are available for disposal as well as a significant number of moderate priority ships currently on the books from its fleet sites. Removal of these ships eliminates the risk they pose to the local environment. This plan assumes that the majority of vessels designated as obsolete during 2007-2008 are in "fair" or "good" condition.

The following table provides a breakout of our budget request by major cost element:

Ship Disposal Summary ($000)

Program	FY 2007 President's Request	Inflation/ Deflation	Program Increases/ Decreases	FY 2008 Request
Vessel Disposal	$11,875	$261	($735)	$11,401
Salary and Benefits	$660	$24	($24)	$660
Contractor Support	$1,135	$25	($25)	$1,135
Fleet Actions	$1,902	$0	$0	$1,902
Misc. (Travel, Training, etc.)	$198	$4	($4)	$198
NS SAVANNAH	$9,970	$0	($5,266)	$4,704
TOTAL	**$25,740**	**$314**	**($6,054)**	**$20,000**

Vessel Disposal – Covers the cost of domestic dismantling contracts, artificial reefing, deep sinking, vessel sales and donations, and vessel export for recycling (if available). The request level will not defray significant increases in fuel costs and hull fouling testing and mitigation requirements, both of which may be significant cost drivers into FY 2008, without impacting the program's ability to meet its performance targets.

Salary and Benefits – Covers base salary and inflationary increases for Federal employee staff.

Contractor Support – Covers the use of contractors, through competitive outsourcing, for on-site project management and environmental, safety and health oversight at multiple domestic ship recycling facilities and one foreign facility.

Fleet Actions – Covers important disposal related activities that take place at the fleet sites where MARAD's obsolete ships are berthed and that are a necessary element of a comprehensive ship disposal program. These activities include: 1) vessel condition assessments, 2) hazardous material identification and disposal estimations, 3) shipboard waste stream minimization, and 4) testing of applied technology related to hazardous material remediation.

Misc. (Travel, Training, etc.) – Covers travel costs - including domestic and foreign travel - to assess facility capability, set-up and monitor foreign pilot programs, and review/monitor the progress of disposal in recycling facilities. The travel budget includes the cost for EPA staff to travel in support of MARAD's foreign recycling projects.

NS SAVANNAH – Covers nuclear license management activities, including restored licensee program for NRC compliance. Also covers incremental facility decommissioning (dismantling) activities that can be achieved at reasonable cost using commercial nuclear industry best practices and methods.

The ship disposal program conducted a Program Assessment Rating Tool (PART) review in support of the FY 2008 budget submission. The ship disposal program received an overall score of 88, or 'effective.' OMB's PART recommendations and MARAD's actions are discussed in the Performance Overview. The funds requested in this budget will allow the ship disposal program to meet the performance measure targets identified in the PART. The ship disposal performance measures are listed in the 'Budget Request by Performance Goals' section of this budget under the Environmental Stewardship strategic goal.

The following table shows the projected number of obsolete ships in our inventory as of the end of FY 2006 and the effect of additions and removals on the total vessel inventory for the years 2001 through 2008.

OBSOLETE VESSELS IN MARAD's CUSTODY BY FISCAL YEAR, FY 2001 - FY 2006

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007*	FY 2008*
On hand, start of year	115	132	133	132	138	143	133	124
Transfers in	19	7	2	16	17	13	9	5
Transfers out	2	6	3	10	12	23	18	16
On the books end of year	132	133	132	138	143	133	124	113
Removed from the fleets	6	6	2	15	18	27	13	16

Definitions "Transfers In" refers to vessels from all sources that have changed in status from retention to non-retention. Transfers Out" refers to vessels that have been taken "off the books" because of a completed disposal, title transfer through vessel sale, donation or other transfer action. "Removed from the fleet" refers to vessels that have been physically removed from the fleet sites. Except for vessel sales and donations, vessels removed from the fleet are not counted as "Transfers Out" until the disposal action is completed * - FY 2007 and 2008 are projections.

MARITIME SECURITY PROGRAM

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, $154,440,000, to remain available until expended.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Exhibit III-1
Maritime Administration
Maritime Security Program
Appropriation Summary by Program Activity
($000)

	FY 2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	FY 2008 REQUEST	CHANGE FY 2007-2008
Maritime Security Program	154,440	154,440	154,440	0
Total	154,440	154,440	154,440	0

EXHIBIT III-2

MARITIME SECURITY PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2007 TO FY 2008
Appropriations, Obligations, Limitations, and Exempt Obligations
($000)

Item	Change from FY 2007 to FY 2008	FY 2008 PC&B By Program	FY 2008 FTEs by Program	FY 2008 Contract Expenses	Appropriation Total
FY 2007 Base					$154,440
Adjustments to Base					$0
New or Expanded Programs					$0
Total FY 2008 Request	$0	$0	$0	$0	$154,440

MARITIME SECURITY PROGRAM
Program and Financing Schedule
(In Thousands of Dollars)

		2006 Actual	2007 CR	2008 Request
	Obligations by program activity			
00.91	Direct Program Activity	152,692	155,193	154,440
10.00	Total new obligations (Object Class 41.0)	152,692	155,193	154,440
	Budgetary resources available for obligation			
21.40	Unobligated balance available, start of year	754	2,559	0
22.00	New budget authority (gross)	154,440	152,634	154,440
22.10	Resources available from recoveries of prior year obligations	0	0	0
22.10	Resources available from recoveries of prior year obligations	58	0	
23.90	Total budgetary resources available for obligation	155,252	155,193	154,440
23.95	Total new obligations	(152,692)	(155,193)	(154,440)
24.40	Unobligated balance available, end of year	2,559	0	0
	New budget authority (gross), detail			
	Discretionary			
40.00	Appropriation	156,000	152,634	154,440
40.33	Appropriation permanently reduced (HR 2863)	(1,560)		
40.35	Appropriations permanently reduced			
43.00	Appropriation (total discretionary)	154,440	152,634	154,440
55.00	Advance appropriation (definite)			
70.00	Total new budget authority (gross)	154,440	152,634	154,440
	Change in obligated balance:			
72.40	Obligated balance, start of year:	10,115	12,644	13,270
73.10	Total new obligations	152,692	155,193	154,440
73.20	Total outlays (gross)	(150,106)	(154,567)	(154,440)
73.45	Adjustments in unexpired accounts	0	0	0
73.45	Recoveries of prior year obligations	(58)	0	0
	Unpaid obligations, end of year:			
74.40	Unpaid obligations, end of year:	12,644	13,270	13,270
	Outlays (gross), detail			
86.90	Outlays from new discretionary authority	127,590	143,247	143,166
86.93	Outlays from discretionary balances	22,516	11,320	11,274
87.00	Total outlays (gross)	150,106	154,567	154,440
	Net budget authority and outlays			
89.00	Budget authority (net)	154,440	152,634	154,440
90.00	Outlays (net)	150,106	154,567	154,440

MARITIME SECURITY PROGRAM

Program and Performance Statement

The Maritime Security Program provides resources to maintain a U.S.-flag merchant fleet crewed by U.S. citizens to serve both the commercial and national security needs of the United States. The program provides direct payments to U.S.-flag ship operators engaged in U.S.-foreign trade. Participating operators are required to keep the vessels in active commercial service and are required to provide intermodal sealift support to the Department of Defense in times of war or national emergency.

MARITIME ADMINISTRATION
MARITIME SECURITY PROGRAM (MSP)
OBJECT CLASSIFICATION
(In thousands of dollars)

Object Class Code	Object Class	FY 2006 Actual	FY 2007 CR	FY 2008 President's Request
41.0	Grants, claims and subsidies	154,440	152,634	154,440
99.9	**Total New Obligations**	154,440	152,634	154,440

MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME SECURITY PROGRAM
FY 1999 - FY 2008
Main Table - Dollars in Thousands

Fiscal Year	Estimate	Enacted	
1999	97,650	89,650	
2000	98,700	96,200	
2001	98,700	98,483	1/
2002	98,700	98,700	
2003	98,700	98,058	2/
2004	98,700	98,118	3/
2005	98,700	97,910	4/
2006	156,000	154,440	
2007	154,440	0	
2008	154,440	0	

1/ Includes $217,140 rescinded in P.L.106-553.
2/ Includes $641,550 rescinded in P.L.108-7.
3/ Includes $582,330 rescinded in P.L.108-199.
4/ Includes $789,600 rescinded in P.L.108-447.

NATIONAL DEFENSE TANK VESSEL CONSTRUCTION
Program and Financing Schedule
(In Thousands of Dollars)

		2006 Actual	2007 CR	2008 Request
	Budgetary resources available for obligation			
21.40	Unobligated balance carried forward, start of year	74,400	74,400	0
22.00	New budget authority (gross), detail	0	(74,400)	0
23.90	Total budgetary resources available for obligation	74,400	0	0
24.40	Unobligated balance carried forward, end of year	74,400	0	0
	New budget authority (gross), detail			
	Discretionary			
40.36	Unobligated balance permanently reduced	0	(74,000)	
	Net budget authority and outlays			
89.00	Budget authority (net)	0	(74,400)	0
90.00	Outlays (net)	0	0	0

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SHIP CONSTRUCTION
Program and Financing Schedule
(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	2,071	2,977	0
22.00 New budget authority (gross)	906	(2,977)	0
23.90 Total budgetary resources available for obligation	2,977	0	0
24.40 Unobligated balance available, end of year	2,977	0	0
New budget authority (gross), detail			
Discretionary			
40.36 Unobligated balance rescinded	(2,071)	(2,977)	0
43.00 Appropriation (total discretionary)	(2,071)	(2,977)	0
Discretionary spending authority from offsetting collections:			
58.00 Offsetting collections (cash)	2,977	0	0
70.00 Total new budget authority (gross)	906	(2,977)	0
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	0	(2,977)	0
86.93 Outlays from discretionary balances	0	2,977	0
87.00 Total outlays (gross)	0	0	0
Offsets:			
Against gross budget authority and outlays			
88.40 Non-Federal sources	(2,977)	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	(2,071)	(2,977)	0
90.00 Outlays (net)	2,977	0	0

SHIP CONSTRUCTION

Program and Performance Statement

The Ship Construction account is currently inactive, except for: determinations regarding the use of vessels built under the program, final settlement of open contracts, and closing of financial accounts.

OPERATING-DIFFERENTIAL SUBSIDIES
Program and Financing Schedule
(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Change in Obligated Balances:			
72.40 Obligated balance, start of year:	13,561	13,341	13,341
73.20 Total outlays (gross)	(220)	0	0
74.40 Unpaid obligations, end of year:	13,341	13,341	13,341
86.93 Outlays from discretionary balances	220	0	0
Net budget authority and outlays:			
89.00 Budget authority (net)	0	0	0
90.00 Outlays (net)	220	0	0

OPERATING-DIFFERENTIAL SUBSIDIES
(LIQUIDATION OF CONTRACT AUTHORITY)

Program and Performance Statement

The Operating-Differential Subsidies (ODS) account helped maintain a U.S.-flag merchant fleet to serve both the commercial and national security needs of the U.S. by providing operating subsides to U.S.-flag ship operators to offset certain differences between U.S. and foreign operating costs. This program has been replaced by the Maritime Security Program. The account is inactive except for the final settlement of open contracts and closing of financial accounts.

Maritime Administration

Ocean Freight Differential

Appropriation Summary by Program Activity

($000)

	FY 2006 ACTUAL	FY 2007 PRES. BUD.	FY 2008 REQUEST	CHANGE FY 2007-2008
Ocean Freight Differential				
Apppropriation	244,547	244,000	120,000	(124,000)
Borrowing Authority	269,300	120,000	145,000	25,000
Total Budget Authority	513,847	364,000	265,000	(99,000)
FTEs				
Direct Funded	0	0	0	0
Reimbursable, allocated, other	0	0	0	0

OCEAN FREIGHT DIFFERENTIAL
Program and Financing Schedule
(In Thousands of Dollars)

		2006 Actual	2007 CR	2008 Request
	Obligations by program activity			
00.01	Ocean Freight Differential - 20% Excess Freight	212,649	135,600	116,000
00.02	Ocean Freight Differential - Incremental	53,817	33,900	29,000
00.03	Ocean Freight Differential-Interest to Treasury	2,617	5,500	0
10.00	Total obligations	269,083	175,000	145,000
	Budgetary resources available for obligation			
21.40	Unobligated balance available, (beginning of year)	0	0	0
22.00	New budget authority (gross)	513,847	449,800	265,000
22.40	Capital transfer to general fund prior year obligations	(241,930)	(269,300)	(120,000)
22.70	Balance of authority to borrow withdrawn	(2,834)	(5,500)	0
23.90	Total budgetary resources available for obligation	269,083	175,000	145,000
23.95	Total new obligations	(269,083)	(175,000)	(145,000)
24.40	Unobligated balance available, (end of year)	0	0	0
	New budget authority (gross), detail			
	Mandatory			
60.00	Appropriation (definite)	244,547	274,800	120,000
67.10	Borrowing Authority	269,300	175,000	145,000
70.00	Appropriation (total)	513,847	449,800	265,000
	Obligated balance: Appropriation (end of year)			
	Change in obligated balances:			
	Unpaid obligations, start of year:			
72.40	Unpaid obligations, (beginning of year)	0	0	0
73.10	Total new obligations	269,083	175,000	145,000
73.20	Total outlays (gross)	(269,083)	(175,000)	(145,000)
74.40	Obligated balance: Appropriation (end of year)	0	0	0
	Outlays (gross), detail			
86.97	Outlays from new mandatory authority	269,083	175,000	145,000
87.00	Total outlays (gross)	269,083	175,000	145,000
	Net budget authority and outlays			
89.00	Budget authority	513,847	449,800	265,000
90.00	Outlays	269,083	175,000	145,000

OCEAN FREIGHT DIFFERENTIAL

Program and Performance Statement

Ocean freight differential is the difference in cost incurred in the movement of ocean cargoes. In general, when applied to cargo preference policy implementation, it is the cost difference between U.S.-flag carriers and foreign-flag carriers. Public Law 99–108 amended the cargo preference requirement in Section 901 of the Merchant Marine Act to increase the minimum required tonnage of certain government-sponsored food-aid shipments that must be shipped on U.S.-flag vessels from 50 to 75 percent. The Maritime Administration is required to reimburse government agencies that sponsor these food-aid shipments for the increase in ocean freight differential associated with compliance with this expanded U.S.-flag shipping requirement.

MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
OCEAN FREIGHT DIFFERENTIAL
FY 1999 - FY 2008
Main Table - Dollars in Thousands

Fiscal Year	Estimate	Enacted
1999	16,131	16,131
2000	74,832	74,832
2001	80,495	80,495
2002	54,331	54,331
2003	113,360	113,360
2004	687,816	687,816
2005	814,859	814,859
2006	526,260	526,260
2007	364,000	0
2008	265,000	0

Detailed Justification for Ocean Freight Differential

Ocean Freight Differential	FY 2008 Request: $145.0 million

Overview:
The cargo preference program exists to ensure compliance by both Federal agencies and shippers with cargo preference laws designed to maximize the use of U.S.-flag vessels when shipping U.S. government owned or sponsored cargoes. Where necessary, the program also determines fair and reasonable guideline rates for the shipment of preference cargoes so that the Federal government is not charged excessive costs. Funding for this program enables the transport of U.S. food aid cargoes by U.S.-flag vessel operators. Without this business, the U.S.-flag carriers cannot effectively compete with foreign flag carriers due to higher U.S. labor costs and more rigorous U.S. safety, environmental and operating requirements. These laws help to ensure the existence of a significant portion of the U.S.-flag fleet operating in foreign commerce. The $1.4 billion in ocean freight revenue provided to the entire US-flag merchant fleet by the cargo preference program provides an economic incentive to remain under the U.S. flag to support our nation's global connectivity, the mobility of our goods and people, and our economic and defense needs. Depending on corporate size and a carrier's world trading areas, preference cargo accounts for between 10 to 50 percent of a carrier's base cargoes.

FY 2007 Base:
The base consists solely of freight differential funding used to reimburse the USDA's Commodity Credit Corporation for the increased cost of shipping agricultural cargoes on U.S.-flag ships versus foreign flag ships.

Anticipated FY 2007 Accomplishments:
MARAD will continue to seek legislative approval to give the Secretary of Transportation enforcement authority for the cargo preference laws. As indicated in MARAD's draft Program Assessment and Rating Tool (PART) review for the food aid portion of the Cargo Preference program, lack of such authority results in agencies failing to comply with the laws. MARAD will continue to hold public meetings and solicit inputs from all stakeholders and customers of all our programs as part of the promotion of U.S.-flag vessels. MARAD will work with the Export-Import Bank on a working capital loan guarantee program for commercial cargoes that are carried on U.S.-flag vessels. MARAD expects to continue to increase the use of electronic methods to receive and exchange data and information with other Agencies, shippers and the public. We will continue working with U.S. Department of Agriculture (USDA) to encourage the U.S. Agency for International Development (USAID) to adopt the Powertrack cargo tracking and financial payment system now used by DOD and the State Department. The pilot program with USDA was successfully concluded in 2006. It will be fine-tuned and expanded in 2007.

FY 2008 Budget Request:
MARAD requests an estimated $145.0 million in order to pay the Department of Agriculture's Commodity Credit Corporation to partially offset the additional cost to ship humanitarian food aid cargo on U.S.-flag vessels versus foreign-flag vessels in FY 2008, in accordance with the Food Security Act of 1985.

READY RESERVE FORCE
Program and Financing Schedule
(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Obligation by program activity			
00.01 Ready reserve force	0	3,631	0
10.00 Total new obligations	0	3,631	0
Budgetary resources available for obligation			
21.40 Unobligated balance carried forward, start of year	3,015	3,632	0
22.00 New budget authority (gross), detail			
22.10 Resources available from recoveries of prior year obligations	617	0	0
23.90 Total budgetary resources available for obligation	3,632	3,632	0
23.95 Total new obligations	(0)	(3,631)	0
24.40 Unobligated balance carried forward, end of year	3,632	0	0
Change in obligated balances			
72.40 Obligated balance, start of year:	1,456	90	2,000
73.10 Total new obligations	0	3,631	0
73.20 Total outlays (gross)	(749)	(1,721)	(2,000)
73.45 Recoveries of prior year obligations	(617)	0	0
74.40 Unpaid obligations, end of year:	90	2,000	0
Outlays (gross), detail			
86.93 Outlays from discretionary balances	749	1,721	2,000
Outlays (gross), detail			
89.00 Budget authority (net)	0	0	0
90.00 Outlays (net)	749	1,721	2,000

READY RESERVE FORCE

Program and Performance Statement

The Ready Reserve Force (RRF) is comprised of Government-owned, U.S.-flag merchant ships which are part of the National Defense Reserve Fleet (NDRF), and maintained in an advanced state of readiness to meet surge shipping requirements during a national emergency. Since 1996, funding for the RRF account is included in appropriations for the Department of Defense (DOD). However, the program is managed by MARAD with resources provided by reimbursement from DOD that are reflected in MARAD's Vessel Operations Revolving Fund account.

The obligations shown above are the spendout of funding appropriated directly to MARAD prior to 1996.

VESSEL OPERATIONS REVOLVING FUND
Program and Financing Schedule
(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Obligations by program activity			
00.91 Direct program	150	0	0
09.01 Reimbursable program	307,318	475,000	380,000
10.00 Total new obligations	307,468	475,000	380,000
Budgetary resources available for obligation			
21.40 Unobligated balance carried forward, start of year	13,485	22,553	22,553
22.00 New budget authority (gross)	290,375	475,000	380,000
22.10 Resources available from recoveries of prior year obligations	26,161	0	0
23.90 Total budgetary resources available for obligation	330,021	497,553	402,553
23.95 Total new obligations	(307,468)	(475,000)	(380,000)
24.40 Unobligated balance carried forward, end of year	22,553	22,553	22,553
New budget authority (gross), detail			
Spending authority from offsetting collections:			
Discretionary			
58.00 Offsetting collections (cash)	298,630	475,000	380,000
58.10 Change in uncollected customer payments from Federal sources	-8,254	0	0
58.90 Spending authority from offsetting collections (total discretionary)	290,375	475,000	380,000
Change in obligated balance:			
72.40 Obligated balance, start of year:	81,747	52,004	62,004
73.10 Total new obligations	307,468	475,000	380,000
73.20 Total outlays (gross)	(319,304)	(465,000)	(396,000)
73.45 Recoveries of prior year obligation	(26,161)	0	0
74.00 Change in uncollected customer payments from Federal sources	8,254	0	0
74.40 Unpaid obligations, end of year:	52,004	62,004	46,004
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	255,442	428,250	341,600
86.93 Outlays from discretionary balances	63,862	36,750	54,400
87.00 Total outlays (gross)	319,304	465,000	396,000
Offsets:			
Against gross budget authority and outlays			
Offsetting collections (cash) from:			
88.00 Ready Reserve Force	157,664	225,000	219,000
88.00 Activations and Deactivations	4,224	48,000	36,000
88.00 Afloat Prepositioning Force (APF)/Army Prepositioning Stock (APS)	26,428	40,000	32,000
88.00 DOD Exercises and other	35,000	22,000	25,000
88.00 Operation Iraqi Freedom	48,000	140,000	68,000
88.00 FEMA	27,314	0	0
88.90 Total, offsetting collections (cash)	298,630	475,000	380,000
Against gross budget authority only			
88.95 Change in uncollected customer payments from Federal sources	-8,254	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	0	0	0
90.00 Outlays (net)	20,674	(10,000)	16,000

VESSEL OPERATIONS REVOLVING FUND

Program and Performance Statement

The Maritime Administration (MARAD) is authorized to reactivate, maintain, operate, and deactivate government-owned merchant vessels comprising the National Defense Reserve Fleet (NDRF) and the Ready Reserve Force (RRF), a subset of the NDRF. Resources for RRF vessel maintenance, preservation, activation and operation costs, as well as RRF infrastructure support costs and additional DOD/Navy-sponsored sealift activities and special projects, are provided by reimbursement from the Defense Sealift Fund. MARAD incurs similar obligations for government-owned merchant vessels outside the RRF fleet and for the charter of privately-owned merchant vessels, the cost of which is likewise provided by reimbursement from sponsoring Federal agencies.

In addition, the fund is used by MARAD to finance the acquisition, maintenance, preservation, protection and use of merchant vessels involved in mortgage foreclosure or collateral forfeiture proceedings instituted by the Federal Government and not financed by the Federal Ship Financing Fund or the Maritime Guaranteed Loan Program; and to finance the acquisition and disposition of merchant vessels under the Trade-In/Scrap Out program. Direct appropriations for the disposal of merchant vessels are received in a separate account.

MARITIME ADMINISTRATION
VESSEL OPERATIONS REVOLVING FUND
OBJECT CLASSIFICATION
(In thousands of dollars)

Object Class Code	Object Class	FY 2006 Actual	FY 2007 CR	FY 2008 President's Request
	Reimbursable obligations			
21.0	Travel and transportation of persons	3,000	8,000	3,000
23.3	Communications, utilities & misc. charges	21,000	28,000	21,000
24.0	Printing and reproduction	2,000	5,000	2,000
25.2	Other Services	233,000	375,000	306,000
26.0	Supplies and materials	46,000	55,000	46,000
31.0	Equipment	1,000	2,000	1,000
42.0	Insurance claims and indemnities	1,000	2,000	1,000
99.9	**Total New Obligations**	307,000	475,000	380,000

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WAR RISK INSURANCE REVOLVING FUND

Program and Financing Schedule

(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Obligations by program activity			
00.91 Direct program	50	0	0
10.00 Total new obligations	50	0	0
Budgetary resources available for obligation			
21.40 Unobligated balance carried forward, start of year	41,083	42,365	44,365
22.00 New budget authority (gross)	1,332	2,000	2,000
23.90 Total budgetary resources available for obligation	42,415	44,365	46,365
23.95 Total new obligations	(50)	0	0
24.40 Unobligated balance carried forward, end of year	42,365	44,365	46,365
New budget authority (gross), detail			
Discretionary			
Spending authority from offsetting collections:			
58.00 Offsetting collections (cash)	1,332	2,000	2,000
Change in obligated balances:			
Unpaid obligations, start of year			
72.40 Unpaid obligations, start of year	16	0	0
73.10 Total new obligations	50	0	0
74.40 Obligated balance, end of year	26	0	0
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	40	0	0
86.93 Outlays from discretionary balances	0	2,000	2,000
87.00 Total outlays (gross)	40	2,000	2,000
Offsets:			
Against gross budget authority and outlays			
88.20 Offsetting collections (cash) from: Interest on Federal securities	1,332	2,000	2,000
Net budget authority and outlays			
89.00 Budget authority (net)	0	0	0
90.00 Outlays (net)	(1,292)	(2,000)	(2,000)

FEDERAL SHIP FINANCING FUND LIQUIDATING ACCOUNT
Program and Financing Schedule
(In Thousands of Dollars)

	Obligations by program activity	2006 Actual	2007 CR	2008 Request
	Budgetary resources available for obligation			
22.40	Capital transfer to general fund	(262)	0	0
	Net budget authority and outlays			
89.00	Budget authority (net)	0	0	0
90.00	Outlays (net)	(262)	0	0

FEDERAL SHIP FINANCING FUND LIQUIDATING ACCOUNT
Status of Guaranteed Loand
AMOUNTS IN THOUSANDS

	2006 Actual	2007 Estimate	2008 Estimate
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	13,302	6,781	2,781
2251 Repayments and prepayments	6,521	-4,000	-2,000
2290 Outstanding, end of year	6,781	2,781	781
Guaranteed amount of guaranteed loans outstanding, end of year	6,781	2,781	781

FEDERAL SHIP FINANCING FUND LIQUIDATING ACCOUNT

Program and Performance Statement

The Merchant Marine Act of 1936, as amended, established the Federal Ship Financing Fund to assist in the development of the U.S. merchant marine by guaranteeing construction loans and mortgages on U.S.-flag vessels built in the United States. No new commitments for loan guarantees are projected for the Federal Ship Financing Fund as this Fund is now used only to underwrite guarantees made under the Title XI loan guarantee program prior to 1992.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT
(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the guaranteed loan program, $3,408,000 from amounts made available for highway priority projects identified pursuant to section 112 of title I, Public Law 109–115, for ''Maritime Guaranteed Loans (Title XI),'' which shall be transferred to and merged with the appropriation for ''Operations and Training,'' Maritime Administration.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Exhbit III-1
Maritime Administration
Maritime Guaranteed Loan Program
Appropriation Summary by Program Activity
($000)

	FY 2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	FY 2008 REQUEST	CHANGE FY 2007-2008
Maritime Guaranteed Loan Program	4,085	3,317	0	(3,317)
Total	4,085	3,317	0	(3,317)
FTEs				
Direct Funded	0	0	0	0
Reimbursable, allocated, other	24	24	24	0

MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008. Instead, MARAD proposes to transfer $3.422 million of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

EXHIBIT III-2

MARITIME GUARANTEED LOAN PROGRAM
SUMMARY ANALYSIS OF CHANGE FROM FY 2007 TO FY 2008
Appropriations, Obligations, Limitations, and Exempt Obligations
($000)

Item	Change from FY 2007 to FY 2008	FY 2008 PC&B By Program	FY 2008 FTEs by Program	FY 2008 Contract Expenses	Appropriation Total
FY 2007 Base		$2,374	24	$942	$3,317
Adjustments to Base					
Annualization of 2007 Pay Raise (2.	$13	$13			
2008 Pay Raise (3.0%)	$53	$53			
Two More Compensable Days	$18	$18			
Inflation/Deflation`	$21			$21	
Subtotal, Adjustments to Base	$53	$85		$21	$105
New or Expanded Programs					
Salaries and Benefits	($2,459)	($2,459)			
Travel	($30)			($30)	
Other Services	($933)			($933)	
Subtotal, New or Expanded Programs	($3,422)	($2,459)		($963)	($3,422)
Total FY 2008 Request		($0)	24	($0)	($0)

MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008. Instead, MARAD proposes to transfer $3.422 million of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

Program and Financing Schedule

(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Obligations by program activity			
00.02 Loan guarantee subsidy	0	3,944	0
00.07 Reestimates of loan guarantee subsidy	2,379	14,996	0
00.08 Interest on reestimates of loan guarantee subsidy	2,852	7,664	0
00.09 Administrative Expenses	4,085	3,317	3,408
10.00 Total new obligations	9,316	29,921	3,408
Budgetary resources available for obligation			
21.40 Unobligated balance carried forward, start of year	334	7,352	3,408
22.00 New budget authority (gross)	14,266	25,977	0
22.10 Resources available from recoveries of prior year obligations	2,068	0	0
23.90 Total budgetary resources available for obligation	16,668	33,329	3,408
23.95 Total new obligations	(9,316)	(29,921)	(3,408)
24.40 Unobligated balance carried forward, end of year	7,352	3,408	0
New budget authority (gross), detail			
Discretionary			
40.00 Appropriation (definite)	4,126	3,317	0
40.36 Appropriation rescinded	(41)	0	0
43.00 Appropriation (total discretionary)	4,085	3,317	0
Spending authority from offsetting collections:			
58.00 Offsetting collections (cash)	5,231		0
60.00 Appropriation (total mandatory)	4,950	22,660	0
70.00 Total new budget authority (gross)	14,266	25,977	0
Change in obligated balances:			
72.40 Obligated balance, start of year:	40,352	1,651	4,595
73.10 Total new obligations	9,316	29,921	3,408
73.20 Total outlays (gross)	(45,949)	(25,977)	(8,003)
73.45 Recoveries of prior year obligation	(2,068)	0	0
Obligated balance, end of year:			
74.40 Obligated balance: Appropriation	1,651	4,595	0
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3,750	3,317	0
86.93 Outlays from discretionary balances	36,968	0	8,003
86.97 Outlays from new mandatory authority	5,231	22,660	0
87.00 Total outlays (gross)	45,949	25,977	8,003
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	4,950	0	0
Net budget authority and outlays			
89.00 Budget authority (net)	9,316	25,977	0
90.00 Outlays (net)	40,999	25,977	8,003

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

Program and Performance Statement

This program provides guaranteed loans for purchasers of ships from the U.S. shipbuilding industry and for modernization of U.S. shipyards.

As required by the Federal Credit Reform Act of 1990, this account includes the subsidy costs associated with the loan guarantee commitments made in 1992 and subsequent years, as well as administrative expenses of this program. The subsidy costs are estimated on a present value basis; the administrative expenses are estimated on a cash basis. Funds for administrative expenses for the Title XI program are appropriated to this account, then transferred to and merged with the Operations and Training account to be obligated and outlayed.

No new funds for loan guarantees are requested for 2008.

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program
(in thousands of dollars)

	2006 Actual	2007 Estimate	2008 Estimate
Guaranteed loan levels supportable by subsidy budget authority:			
215010 Risk category 3	0	23,000	0
215011 Risk category 4	0	33,329	0
215012 Risk category 5	0	11,000	0
215999 Total loan guarantee levels	0	67,329	0
Guaranteed loan subsidy (in percent):			
232010 Risk category 3	0.00	4.31	4.35
232011 Risk category 4	0.00	6.08	6.12
232012 Risk category 5	0.00	8.79	8.85
232999 Weighted acerage subsidy rate	0.00	5.93	0.00
Guaranteed loan subsidy budget authority			
233010 Risk category 3	0	1,100	0
233011 Risk category 4	0	2,100	0
233012 Risk category 5	0	1,200	0
233999 Total subsidy budget authority	0	4,400	0
Guaranteed loan subsidy outlays:			
234010 Risk category 3	0	0	1,095
234011 Risk category 4	0	0	2,200
234012 Risk category 5	0	0	1,200
234013 Risk category 6	36,414	0	0
234999 Total subsidy outlays	36,414	0	4,495
Guaranteed loan upward reestimates			
235013 Risk category 6	5,231	22,660	0
235999 Total upward reestimate budget activity	5,231	22,660	0
Guaranteed loan downward reestimates:			
237008 Risk category 1	-111,943	-37,802	0
237999 Total downward reestimate subsidy budget authority	-111,943	-37,802	0
Administrative expenses data:			
3510 Budget authority	4,085	3,317	0
3580 Outlays from balances	0	0	1,000
3590 Outlays from new authority	4,085	3,317	0

MARITIME ADMINISTRATION
MARITIME GUARANTEED LOAN PROGRAM
(In thousands of dollars)

Object Class Code	Object Class	FY 2006 Actual	FY 2007 CR	FY 2008 President's Request
12.5	Other services	4,085	7,261	3,408
14.1	Grants, subsidies, and contributions	5,231	22,660	0
99.9	**Total new obligations**	9,316	29,921	3,408

MARITIME ADMINISTRATION
HISTORY OF APPROPRIATIONS
MARITIME GUARANTEED LOAN PROGRAM
FY 1999 - FY 2008
Main Table - Dollars in Thousands

Fiscal Year		Estimate	Enacted
1999	Guarantee Subsidy	16,000	6,000
	Administration	4,000	3,725
	Rescission of Unobligated Balance	0	0
	TOTAL	20,000	9,725
2000	Guarantee Subsidy	6,000	5,977
	Administration	3,893	3,795
	Rescission of Unobligated Balance	0	0
	TOTAL	9,893	7,815 1/
2001	Guarantee Subsidy	2,000	29,934
	Administration	4,179	3,978
	Rescission of Unobligated Balance	0	(7,644)
	TOTAL	6,179	33,912 2/
2002	Guarantee Subsidy	0	33,000
	Administration	3,978	3,978
	Rescission of Unobligated Balance	0	(5,000)
	TOTAL	3,978	36,978 3/
2003	Guarantee Subsidy	0	25,000
	Administration	4,126	4,482
	Rescission of Unobligated Balance	0	0
	TOTAL	4,126	29,099 4/
2004	Guarantee Subsidy	0	0
	Administration	4,498	4,471
	Rescission of Unobligated Balance	0	0
	TOTAL	4,498	4,471 5/
2005	Guarantee Subsidy	0	0
	Administration	4,764	4,726
	Rescission of Unobligated Balance	0	0
	TOTAL	4,764	4,726 6/
2006	Guarantee Subsidy	0	5,000 7/
	Administration	3,526	4,085
	Rescission of Unobligated Balance	0	0
	TOTAL	3,526	9,085
2007	Guarantee Subsidy	0	0
	Administration	3,317	0
	Rescission of Unobligated Balance	(2,068)	0
	TOTAL	3,317	0
2008	Guarantee Subsidy	0	0
	Administration	0 8/	0
	Rescission of Unobligated Balance	0	0
	TOTAL		0

Footnotes (Actual Dollars - not in thousands):
1/ Includes $1,956,864 rescinded in P.L.106-113.
2/ Includes $74,771 rescinded in P.L.106-553.
3/ Includes $5,000 rescinded in P.L.107-77.
4/ Includes $26,819 rescinded in P.L.108-7.
5/ Includes $26,538 rescinded in P.L.108-199.
6/ Includes $38,112 rescinded in P.L.108-447.
7/ Transferred from Highway Priority Projects (Section 113).
8/ MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008. Instead, MARAD proposes to transfer $3.422 million of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

Detailed Justification for Administrative Expense (Title XI)

Maritime Guaranteed Loans (Title XI)	FY 2008 Request: $0.0 million

Overview:
The Maritime Guaranteed Loan (Title XI) Program was created to provide a Federal guarantee of private sector debt for domestic ship construction and shipyard modernization. Title XI is designed to foster and sustain the U.S. shipbuilding and repair industry and support the continued existence of a U.S. merchant marine by supporting new ship construction in U.S. shipyards. Vessels financed by the Title XI program directly contribute to the ability of the Unites States to carry its domestic and foreign water-borne commerce. Shipyard activity spurred by the Title XI program assists U.S. shipyards in maintaining a skilled workforce to meet shipbuilding needs during times of war or national emergency.

FY 2007 Base:
The base consists of salaries and benefits and a share of MARAD Headquarters operational costs such as rent, utilities, etc.

Anticipated FY 2007 Accomplishments:
MARAD will continue to increase its efficiency in monitoring the Title XI loan guarantee portfolio of over $3 billion. Loan monitoring was identified as a weakness within the Title XI program by the Department of Transportation Inspector General (DOTIG) in its FY 2004 audit of the program. In order to eliminate this weakness the Title XI program has been working with software developers to implement a computerized monitoring system. The computerized monitoring system should be fully operational by the end of FY 2007. The computerized monitoring system will improve several aspects of program administration including the portfolio and asset management. The computerized system will reduce the amount of time necessary to perform the required financial analysis of each Title XI loan guarantee. The computerized monitoring system will improve asset management by tracking the insurance and vessel classification certificates for vessels and shipyards financed by the Title XI program.

MARAD will work closely with ship owners to avoid new defaults. The Title XI program has not paid off on a defaulted loan guarantee since FY 2002. However, in any instances of default, MARAD will incorporate its new policies on handling defaulted assets to insure a maximum recovery on secured assets.

Additionally, MARAD will process applications for new Title XI guarantees should any subsidy funds be available. MARAD will work to maximize the amount of projects that it can finance by approving projects that have a lower expected cost to the Government and therefore utilize less subsidy funds.

FY 2008 Budget Request:
MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008. Instead, MARAD proposes to transfer $3.422 million of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

Maritime Guaranteed Loan Program ($000)				
Program	FY 2007 President's Request	Inflation/ Deflation	Program Increases/ Decreases	FY 2008 Request
Salary and Benefits	$3,317	$105	($3,422)	$0
Non-Salary Base Budget	$0	$0	$0	$0
TOTAL	**$3,317**	**$105**	**($3,422)**	**$0**

The Title XI program conducted a Program Assessment Rating Tool (PART) review in support of the FY 2008 budget submission. The Title XI program received an overall score of 83, or 'moderately effective'. OMB's PART recommendations and MARAD's actions are discussed in the Performance Overview. The funds requested in this budget will allow the Title XI program to meet the performance measure targets identified in the PART. The Title XI performance measures are listed in the 'Budget Request by Performance Goals' section of this budget under the Reduced Congestion strategic goal.

MARITIME GUARANTEED LOAN (TITLE XI) FINANCING ACCOUNT
Program and Financing Schedule
(In Thousands of Dollars)

	2006 Actual	2007 CR	2008 Request
Obligations by program activity			
00.01 Default Claims	0	35,000	32,000
00.03 Default and default related activities	3,317	5,000	5,000
00.91 Direct Program by Activities - Subtotal (1 level)	3,317	40,000	37,000
08.02 Downward Reestimate	78,062	26,011	0
08.04 Interest on downward reestimates	33,881	11,791	0
08.91 Subtotal, downward re-estimate	111,943	37,802	0
10.00 Total new obligations	115,260	77,802	37,000
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year	394,674	327,373	305,231
22.00 New financing authority (gross)	57,882	55,660	28,000
22.60 Portion applied to repay debt	(10,000)		
23.90 Total budgetary resources available for obligation	442,633	383,033	333,231
23.95 Total new obligations	(115,260)	(77,802)	(37,000)
24.40 Unobligated balance carried forward, end of year	327,373	305,231	296,231
New financing authority (gross), detail			
Spending authority from offsetting collections:			
69.00 Mandatory			
Offsetting collections (cash)	96,363	51,660	32,000
69.10 Change in uncollected customer payments from Federal sources	(38,481)	4,000	(4,000)
69.90 Spending authority from offsetting collections (mandatory)	57,882	55,660	28,000
Change in obligated balances:			
72.40 Obligated balance, start of year:	(37,800)	121	73,923
73.10 Total new obligations	115,260	77,802	37,000
73.20 Total financing disbursements (gross)	(115,744)	0	0
74.00 Change in uncollected customer payments from Federal sources (unexpired)	38,481	(4,000)	4,000
74.40 Obligated balance, end of year	121	73,923	114,923
Outlays (gross), detail			
87.00 Total financing disbursements (gross)	115,744	0	0
Offsets:			
Against gross financing authority and financing disbursements			
Offsetting collections (cash) from:			
88.00 Program account	41,613		4,000
88.00 Payments from program account - Upward reestimate		22,660	0
88.25 Interest on uninvested funds	18,500	17,000	16,000
88.40 Loan Repayment	36,250	2,000	2,000
88.40 Fees and other payments	0	10,000	10,000
88.90 Total, offsetting collections (cash)	96,363	51,660	32,000
Against gross financing authority only			
88.95 Change in receivables from program accounts	(38,481)	4,000	(4,000)
Net financing authority and financing disbursements			
89.00 Financing authority	0	0	0
90.00 Financing disbursements	19,381	(51,660)	(32,000)

MARITIME GUARANTEED LOAN (TITLE XI) FINANCING ACCOUNT

Program and Performance Statement

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantee commitments in 1992 and subsequent years. The amounts in this account are a means of financing and are not included in the budget totals.

MARITIME GUARANTEED LOAN FINANCING ACCOUNT
STATUS OF GUARANTEED LOANS
(In Thousands of dollars)

	2006 Actual	2007 CY	2008 BY
2111 Limitation on guaranteed loans made by private lenders	0	0	0
2131 Guaranteed loan commitments exempt from limitation	0	67,329	0
2150 Total guaranteed loan commitments	0	67,329	0
2199 Guarenteed amount of gauranteed loan commitments	0	67,329	0
2210 Outstanding start of year	3,107,442	2,936,442	2,751,442
2231 Disbursements of new guaranteed loans	140,000	100,000	0
2251 Repayments and prepayments	-311,000	-250,000	-250,000
2262 Adjustiments: Terminations for default	0	-35,000	-32,000
2290 Outstanding end of year	2,936,442	2,751,442	2,469,442
Memorandum:			
2299 Amount of guaranteed loans outstanding end of year	2,936,442	2,751,442	2,469,442

MARITIME GUARANTEED LOAN (TITLE XI) FINANCING ACCOUNT
BALANCE SHEET
(In thousands of dollars)

	2005 ACTUAL	2006 ACTUAL
ASSETS:		
FEDERAL ASSETS:		
1101 FUND BALANCE WITH TREASURY	357,000	328,000
1106 RECEIVABLES, NET	61,000	28,000
1999 TOTAL ASSETS	418,000	356,000
LIABILITIES:		
2101 FEDERAL LIABILITIES: ACCOUNTS PAYABLE	10,000	0
2204 NON-FEDERAL LIABILITIES: LOAN GUARANTEES	408,000	356,000
2999 TOTAL LIABILITIES	418,000	356,000
4999 TOTAL LIABILITIES AND NET POSITION	418,000	356,000

PERFORMANCE OVERVIEW

Annual Performance Results and Targets

The Maritime Administration integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. The Maritime Administration tracks the following DOT level performance measures to demonstrate program results:

Strategic Objective: Security, Preparedness and Response

Availability of Shipping Capacity	2003	2004	2005	2006	2007	2008
Target	94%	94%	94%	94%	94%	94%
Actual	96%	94%	95%	93%		

Strategic Objective: Security, Preparedness and Response

Availability of Strategic Ports	2003	2004	2005	2006	2007	2008
Target	92%	92%	93%	93%	93%	93%
Actual	86%	93%	87%	100%		

Detailed performance budget information can be found in Section 4 of the budget submission.

Program Assessment Rating Tool (PART) Assessment

PART was developed by the Office of Management and Budget to provide a standardized way to assess the effectiveness of the Federal Government's portfolio of programs. The structured framework of PART provides a means through which programs can assess their activities differently than through traditional reviews. The following Maritime Administration programs have been assessed via the PART:

Program	PART Cycle	Yr Reviewed	Score	OMB Assessment
Maritime Security Program	FY 2006	2004	91	Effective
USMMA	FY 2007	2005	83	Moderately Effective
State Maritime Schools	FY 2007	2005	89	Effective
Title XI	FY 2008	2006	83	Moderately Effective
Ship Disposal	FY 2008	2006	88	Effective
Ocean Freight Differential	FY 2008	2006	75	Moderately Effective

Maritime Security Program Analysis**:** The Maritime Security Program (MSP) provides resources to maintain a US-flag merchant marine fleet crewed by US citizens to serve both the commercial and national security needs of the United States. The program provides direct payments to US-flag ships operators engaged in international trade.

Findings:

- MSP is an effective program that targets its resources to vessels that are militarily useful in times of need. It replaced complicated reimbursement schemes in a predecessor program with a set per vessel subsidy capped by law.

- The program needs to employ a better metric to track program execution. Commercial sealift capacity may not be sufficient in times of war or national emergency based on the current mix of vessels enrolled in the program.

MARAD is taking the following actions to improve the performance of the program:

1. Tracking MSP's contribution to DOD's commercial sealift requirement through the use of MSP performance measures to aid evaluation of the program's vessel mix.

   Action taken, but not completed

2. Monitoring MSP agreements and, when appropriate, modifying those agreements, including substitution of vessels with DOD approval, to ensure that the MSP is meeting DOD's needs.

   Action taken, but not completed

USMMA Analysis: The purpose of the United States Merchant Marine Academy is to educate individuals to serve as well-qualified merchant marine officers and to meet mobilization requirements for merchant marine reservists. All students agree to post-graduation obligations and all graduates earn a BS degree and a US Coast Guard license.

Findings:

- The United States Merchant Marine Academy has a clear purpose to produce well-qualified merchant marine officers who are obligated to serve a set number of years in a reserve component of the US Armed Forces and to work in maritime-related employment.

- The Academy needs to improve its ability to achieve its performance goals and demonstrate cost effectiveness, particularly in comparison with other programs that have a similar purpose and goals.

MARAD is taking the following actions to improve the performance of the program:

1. Developing an improved internal performance management system at the Academy to better focus management, staff and resources on performance goal achievement.

   Action taken, but not completed

2. Developing additional efficiency measures to demonstrate improved cost effectiveness that are easily comparable with other, similar education programs.

   Action taken, but not completed

State Maritime Schools Analysis: The purpose of the State Maritime School program is to partner with the six State maritime academies to produce highly qualified commissioned officers to replenish the nation's supply of skilled merchant mariners. Federal support involves direct payments to the schools, tuition aid and maintenance of training vessels.

Findings:

- The State Maritime School program effectively targets Federal resources in a well-defined, cost-shared partnership with the State maritime academies to produce highly qualified officers for the US merchant marine. Of the 370 graduates in 2005, 29 accepted tuition aid stipends requiring post-graduate commitments for maritime industry employment and active military reservist status.

- Budget requests need to be more explicitly tied to the accomplishment of performance goals. The program must better demonstrate improved effectiveness from year to year with emphasis on supplementary performance measures identified in the PART.

MARAD is taking the following actions to improve the performance of the program:

1. Producing performance-based budget materials for the State maritime schools portion of future budgets.

   Action taken, but not completed

2. Reporting annually on existing efficiency measure results by early October of each fiscal year.

   Action taken, but not completed

Ocean Freight Differential Analysis: The difference in shipping costs between a US-flag ship and foreign flag ship is called ocean freight differential. This program reimburses US government agencies of most of the cost of ocean freight differential incurred when shipping foreign food aid.

Findings:

- In accordance with national economic and security policies, the program provides an economic incentive to owners of US-flag merchant vessels to maintain their US registry. Food aid grants to foreign nations represent 30 percent of all preference cargoes. Participation remains significant: approximately 90 percent of US-flag vessels carry food aid cargoes.

- The backlog of payments in arrears to federal agencies shipping food aid to foreign beneficiaries has been correct and made current. A prompt payment process has been established and further process upgrades are being tested in pilot programs.

- Compliance with cargo preference law impacts the flexibility of the delivery of foreign food aid. There is interagency disagreement regarding both the interpretation of and compliance with cargo preference law. In the absence of enforcement authority, accountability for minimum standard compliance has devolved to the courts.

MARAD is taking the following actions to improve the performance of the program:

1. Completing an evaluation with partner government agencies on the efficacy of an electronic vendor payment system to further improve the payment process.

   Action taken, but not completed

2. Negotiating policies that reduce flexibility challenges in the administration of foreign food aid in compliance with cargo preference law.

   No action taken

3. Joining with partner government agencies to develop revised regulations to improve compliance rates with cargo preference law and minimize litigation from supply chain partners in the private sector.

   Action taken, but not completed

Ship Disposal Analysis: This program facilitates disposal of obsolete merchant vessels owned by the Federal government that are equal to or greater than 1,500 gross tons. These obsolete vessels are disposed of through domestic recycling, sinking as artificial reefs and deep-sinking in conjunction with the US Navy's SINKEX Program.

Findings:

- There are approximately 120 obsolete government-owned merchant vessels currently scheduled for disposal and an average of eleven vessels are added to the program's non-retention inventory each year. An ongoing program is needed to dispose of these vessels and to protect the environment from the hazardous materials used in their construction and operation.

- Existing environmental regulations have effectively eliminated contracting with foreign recycling facilities as a disposal option. There is deficit capacity in the domestic market for the recycling of merchant ships. These factors have resulted in a rate of disposal that is substantially less that anticipated when the program was designed.

- Recycling contracts are administered effectively and the program has made recent notable progress in the disposition of high priority vessels with the greatest potential to harm the environment.

MARAD is taking the following actions to improve the performance of the program:

1. Integrating long-term performance measures, targets and goals with annual performance measures, targets and goals to improve program management on a strategic level.

   Action taken, but not completed

2. Seeking innovative ways to improve the ship scrapping process, increase domestic recycling capacity and pursue vessel export as a disposal option.

   Action taken, but not completed

Guaranteed Loan Program (Title XI) Analysis: The Title XI loan guarantee program was created to promote the growth and modernization of the U.S. merchant marine and U.S. shipyards by enabling owners of eligible vessels and shipyards to obtain long-term financing on terms and conditions that might not otherwise be available.

Findings:

- The program addresses a specific and existing problem. Long-term financing at attractive interest rates is not generally available from domestic commercial lending sources due to risk inherent in the cyclical nature of the shipping industry.

- Independent evaluations of the program reported the need for additional controls and reforms to improve the management of the program and its loan portfolio. Subsequent evaluations have recognized implementation of recommended controls and reforms. The program has not experienced a default in three fiscal years.

- In 2005, the most recent year in which guaranteed loan activity occurred, the program directly stimulated approximately $178 million in U.S. shipyard activity, approximately five dollars for each dollar of credit subsidy expended.

MARAD is taking the following actions to improve the performance of the program:

1. Implementing a comprehensive computerized portfolio monitoring system to improve performance of the financial statement review goal to at least baseline level.

   Action taken, but not completed

2. Reassessing shipyard leverage performance measures and goals when appropriations are provided for subsidized lending activity.

   No action taken

EXHIBIT IV-1
FY 2008 BUDGET REQUEST BY STRATEGIC OBJECTIVE AND PERFORMANCE GOAL
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations & Exempt Obligations
($000)

STRATEGIC & PERFORMANCE GOALS BY PROGRAM ACTIVITIES	(A) FY 2006 ACTUAL	(B) FY 2007 PRESIDENT'S BUDGET	(C) INFLATION/ DEFLATION	(F) FY 2008 PROGRAM CHANGES	(G) TOTAL FY 2008 REQUEST (D + E)
1. Safety					
Reduced Transportation - Related Deaths and Injuries					
A. Bridge Administration	$0	$0	$0	$5,650	$5,650
FTE (Associated with this segment)	0	0	0	23	23
2. Reduced Congestion					
Reduced Impediments to the Efficient Movement of Freight					
A. MARAD Operations [69-1750]	$16,813	$10,533	$237	($473)	$10,296
Ports and MTS Improvement	$3,061	$3,142	$78	($155)	$3,064
Capital Construction Funds	$596	$612	$15	($30)	$597
Marine Transp. Information Advocate	$7,227	$0	$0	$0	$0
Administrative Support for Mobility	$5,929	$6,779	$144	($288)	$6,635
B. Maritime Guaranteed Loan Program	$4,085	$1,249	$105	($3,422)	$0
Administrative Expenses	$4,085	$3,317	$105	($3,422)	$0
Title XI Recission	$0	($2,068)	$0	$0	$0
Subtotal - Reduced Congestion	$20,898	$11,782	$342	($3,896)	$10,296
FTE (Associated with this segment)	70	74	0	0	74
3. Global Connectivity					
Enhanced Competitiveness and Efficient Cargo Movement					
A. MARAD Operations [69-1750]	$9,290	$12,962	$227	($406)	$12,783
International Activities	$815	$855	$16	($29)	$842
Deepwater Ports	$815	$1,077	$23	($40)	$1,059
Cargo Preference	$1,956	$3,823	$90	($162)	$3,751
Admin. Support for Global Connectivity	$5,705	$7,208	$97	($174)	$7,131
Subtotal - Global Connectivity	$9,290	$12,962	$227	($406)	$12,783
FTE (Associated with this segment)	60	72	0	0	72
4. Environmental Stewardship					
Reduced Pollution and Other Adverse Environmental Effects					
A. Ship Disposal					
Ship Disposal	$17,820	$15,770	$310	($784)	$15,296
A154NS SAVANNAH	$2,970	$9,970	$0	($5,266)	$4,704
Subtotal - Ship Disposal	$20,790	$25,740	$310	($6,050)	$20,000
B. Operations and Training					
Marine Emission Reduction	$552	$737	$7	($7)	$737
MARAD Operations [69-1750]	$1,137	$1,011	$29	($29)	$1,010
Subtotal Operations and Training	$1,689	$1,748	$36	($36)	$1,748
Subtotal - Environmental Stewardship	$22,479	$27,488	$346	($6,086)	$21,748
FTE (Associated with this segment)	14	14	0	0	14

STRATEGIC & PERFORMANCE GOALS BY PROGRAM ACTIVITIES	(A) FY 2006 ACTUAL	(B) FY 2007 PRESIDENT'S BUDGET	(C) INFLATION/ DEFLATION	(F) FY 2008 PROGRAM CHANGES	(G) TOTAL FY 2008 REQUEST (D + E)
5. Security, Preparedness and Response					
Defense Mobilization					
A. Maritime Security Program [69-1711]	$154,440	$154,440	$0	$0	$154,440
B. U.S. Merchant Marine Academy [69-1750]	$61,236	$61,747	$1,542	($1,830)	$61,458
C. State Maritime Schools [69-1750]	$11,099	$9,900	$174	($74)	$10,000
D. MARAD Operations [69-1750]	$27,276	$17,459	$424	($329)	$17,553
Maritime Security Program	$562	$685	$26	($20)	$691
Voluntary Intermodal Sealift Agreements	$3,935	$2,137	$56	($43)	$2,149
Merchant Mariner Availability, Educ. & Train.	$803	$820	$45	($35)	$830
DOD-Designated Strategic Port Facilities	$321	$1,213	$74	($58)	$1,230
War Risk Insurance program	$866	$885	$41	($32)	$894
Marine Transp Sys Info Advocate	$2,673	$0	$0	$0	$0
Supplemental - Hurricanes	$7,500	$0	$0	$0	$0
Administrative Support for Security	$10,615	$11,719	$182	($142)	$11,759
E. National Defense Tank Vessel Construction Program	$0	($74,400)	$0	$0	$0
Subtotal - Security, Preparedness and Response	$254,051	$169,145	$2,139	($2,234)	$243,451
FTE (Associated with this segment)	304	288	0	0	288
6. Organizational Excellence					
A. Strategic Human Resources Management					
a. MARAD Operations [69-1750]	$146	$197	$3	($10)	$189
Subtotal	$146	$197	$3	($10)	$189
FTE (Associated with this segment)	1	1	1	0	1
B. Improved Financial Performance					
a. MARAD Operations [69-1750]	$440	$593	$12	($31)	$575
Subtotal	$440	$593	$12	($31)	$575
FTE (Associated with this segment)	3	3	3	0	3
C. E-government					
a. MARAD Operations [69-1750]	$538	$692	$12	($30)	$674
Subtotal	$538	$692	$12	($30)	$674
FTE (Associated with this segment)	3	3	3	0	3
Subtotal - Organizational Excellence	$1,123	$1,483	$27	($71)	$1,438
	7	7	0	0	7
TOTALS	$307,841	$222,859	$3,081	($7,043)	$295,366
FTE includes Title XI	455	455	0	23	478

EXHIBIT IV-2
FY 2008 BUDGET REQUEST BY APPROPRIATION ACCOUNT AND PERFORMANCE GOAL
MARITIME ADMINISTRATION
Appropriations, Obligation Limitations, and Exempt Obligations

APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL	FY 2006 ACTUAL ($000)	FY 2006 ACTUAL FTE's	FY 2007 PRESIDENT'S REQUEST ($000)	FY 2007 PRESIDENT'S REQUEST FTE's	INFLATION/ DEFLATION ($000)	INFLATION/ DEFLATION FTE's	FY 2008 PROGRAM CHANGES ($000)	FY 2008 PROGRAM CHANGES FTE's	FY 2008 REQUEST ($000)	FY 2008 REQUEST FTE's
Maritime Security Program										
Defense Mobilization	$154,440		$154,440		$0		$0		$154,440	
Operations and Training										
Defense Mobilization										
U.S. Merchant Marine Academy	$61,236	225	$61,747	225	$1,542	225	($1,830)	0	$61,458	450
State Maritime Schools	$11,099		$9,900		$174		($74)		$10,000	
MARAD Operations	$27,275	57	$17,459	57	$424	57	($329)	0	$17,553	57
Reduced Impediments to the Efficient Movement of Freight										
MARAD Operations	$16,813	58	$10,533	58	$237	58	($473)	0	$10,296	58
Enhanced Competitiveness and Efficient Cargo Movement										
MARAD Operations	$9,290	70	$12,982	70	$227	70	($406)	0	$12,783	70
Reduced Pollution and Other Adverse Environmental Effects										
MARAD Operations	$1,689	14	$1,748	14	$36	14	($36)	0	$1,748	14
Strategic Management of Human Capital										
MARAD Operations	$146	1	$197	1	$3	1	($10)	0	$189	1
Improved Financial Performance										
MARAD Operations	$440	3	$593	3	$12	3	($31)	0	$575	3
E-Government										
MARAD Operations	$538	3	$692	3	$12	3	($30)	0	$674	3
SUBTOTAL, Operations and Training	$128,527	431	$115,830	431	$2,665	431	($3,221)	0	$115,276	431
Alteration of Bridges										
Reduced Transportation - Related Deaths and Injuries										
Bridge Administration	$0	0	$0	0	$0	0	$5,650	23	$5,650	23
Ship Disposal										
Reduced Pollution and Other Adverse Environmental Effects										
Obsolete Vessel Disposal	$17,820	0	$15,770	0	$310	0	($784)	0	$15,296	0
NS SAVANNAH	$2,970		$9,970		$0		($5,266)		$4,704	0
SUBTOTAL, Ship Disposal Program	$20,790	0	$25,740	0	$310	0	($6,050)	0	$20,000	0
National Defense Tank Vessel Construction Program	$0		($74,400)		$0		$0		$0	
Maritime Guaranteed Loan (Title XI)										
Reduced Impediments to the Efficient Movement of Freight										
Administrative Appropriation	$4,085	24	$3,317	24	$105	24	($3,422)	0	$0	24
Title XI Rescission	$0		($2,068)		$0		$0		$0	
SUBTOTAL, Title XI	$4,085	24	$1,249	24	$105	24	($3,422)	0	$0	24
TOTAL REQUEST	$307,841	455	$222,859	455	$3,081	455	($7,043)	23	$295,366	478
FTE (Direct funded only - excludes Title XI)		431		431		431		23		454

* These "FTE" TOTAL lines include FTEs for the Title XI Intra-DOT reimbursable.

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SAFETY

This funding request contributes to the achievement of the DOT Safety strategic goal and specifically to the DOT outcomes to reduce transportation-related deaths and injuries.

The FY 2008 request for $5.65 million for Bridge Administration will permit MARAD to provide the services of Permitting, Alteration and Removal, Drawbridge Management, Appropriations Management of Alterations balances and related Fine and Penalty Administration. The requested funding level allows MARAD to potentially re-engineer the Bridge Administration process to take advantage of process improvements and at the same time to utilize new technology. The desired result is a virtually seamless transfer and integration of Bridge Administration into MARAD's existing mission portfolio in FY 2008 and an improvement in service to the public across the existing Permitting and Alterations processes.

The following table outlines the resources requested to achieve this outcome:

Maritime Administration
Appropriations, Obligation Limitations, & Exempt Obligations
($000)

	(A)	(B)	(C)	(D)	(E)
	FY2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	INFLATION/ DEFLATION	PROGRAM CHANGES	TOTAL REQUEST
1. Safety					
Bridge Administration	$0	$0	$0	$5,650	$5,650
Subtotal for Safety	$0	$0	$0	$5,650	$5,650
FTE (this segment)	0	0	0	23	23

PERFORMANCE ISSUE

To reinforce the Administration's position that obstructive automobile bridges should be rebuilt using funds from the Federal Highway Trust Fund, MARAD's request includes a functional transfer of the U.S. Coast Guard's (USCG) Bridge Administration back to the Department of Transportation (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 back into DOT where they were prior to the USCG leaving DOT in 2003.

ANTICIPATED FY 2007 ACCOMPLISHMENTS

- As this program is new to MARAD in FY 2008, there are no anticipated FY 2007 accomplishments for MARAD.

FY 2008 PERFORMANCE BUDGET REQUEST

MARAD requests $5.65 million for a MARAD Bridge Administration program. This level of funding will allow DOT to continue to provide the services of Permitting, Alteration and Removal, Drawbridge Management, Appropriations Management of Alterations balances and related Fine and Penalty Administration. It will also allow improvements to be made to the Bridge Administration program that will improve service to the public.

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REDUCED CONGESTION

This funding request contributes to the achievement of the DOT Reduced Congestion strategic goal and specifically to the DOT outcome to reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways.

The FY 2008 request for $10.296 million reflects a decrease of $3.554 million from the FY 2007 President's Request. MARAD will work to strengthen and improve the Maritime Transportation System (MTS), to relieve pressure on highways by helping to increase the use of our nation's waterways. MARAD will continue to administer the Capital Construction Fund (CCF) and Construction Reserve Fund (CRF) to allow ship operators to use their own funding to create new shipbuilding opportunities which will lead to more modern vessels in the U.S. fleet. MARAD will also assist in the design of ships for Federal services and improvement of shipbuilding processes at U.S. shipyards. Ultimately, all of these programs assist in creating improved waterborne methods for shipping cargo and reducing congestion.

The following table outlines the resources requested to achieve this outcome:

Maritime Administration
Appropriations, Obligation Limitations, & Exempt Obligations
($000)

	(A) FY2006 ACTUAL	(B) FY 2007 PRESIDENT'S REQUEST	(C) INFLATION/ DEFLATION	(D) PROGRAM CHANGES	(E) TOTAL REQUEST
2. Reduced Congestion					
Reduced impediments to the efficient movement of freight					
A. Operations & Training [69-1750]					
1. MARAD Operations	$16,813	$10,533	$237	($473)	10,296
a. Ports and MTS Improvement	$3,061	$3,142	$78	($155)	3,064
b. Capital Construction Funds	$596	$612	$15	($30)	597
c. Marine Transp Sys Info Advocate	$7,227	$0	$0	$0	0
d. Admin Support for Reduced Congestion	$5,929	$6,779	$144	($288)	6,635
B. Administrative Expense [69-1752]	$4,085	3,317	105	(3,422)	0
Subtotal for Reduced Congestion	$20,898	$13,850	$342	($3,896)	10,296
FTE (this segment)	77	74	0	0	74

Baseline Changes:
The 'Admin Support' line under MARAD Operations in the above table displays the 'supports all goals' staff and support costs that are attributable to the accomplishment of this strategic goal. As a result, the table shows the full costs of our efforts to achieve this strategic goal.

PERFORMANCE ISSUE

Our current physical maritime transportation infrastructure will not accommodate the cargo volume growth predicted for the U.S. in the near future. Should any component of the current maritime system break down, more than one-fourth of the national economy would be crippled. There is a need for more efficient Federal coordination to improve the systemic movement of people and freight, alleviate congestion, and plan for better land use. Government must work more effectively with private industry to improve the capability of the Marine Transportation System (MTS). Improvements in vessels and shipyards are also needed as they are a significant element of the MTS.

Vessels financed by the Title XI maritime guaranteed loan program directly contribute to the ability of the Unites States to carry its domestic and foreign water-borne commerce. Shipyard activity spurred by the Title XI program helps industry build newer, more modern vessels and assists U.S. shipyards in maintaining a skilled workforce to meet shipbuilding needs during times of war or national emergency. MARAD's Capital Construction and Construction Reserve funds assist industry operators in accumulating their own private capital to build, acquire, and reconstruct vessels through the deferral of Federal income taxes on certain deposits. Both of these programs enable the building of more modern and efficient U.S.-flag vessels and therefore encourage the renewal of the U.S.-flag fleet.

ANTICIPATED FY 2007 ACCOMPLISHMENTS

- MARAD will promote increased usage of waterways to alleviate congestion and will participate in Departmental efforts to reduce congestion at our National Freight Gateways and through our support of the Department's 'Corridors of the Future' program.

- MARAD will support the Committee on the Marine Transportation System in its efforts to create a partnership of all Federal agencies with responsibility for the MTS [waterways, ports, and their intermodal connections] in order to ensure the development and implementation of national MTS policies consistent with national needs.

- MARAD will continue to increase its efficiency in monitoring the Title XI loan guarantee portfolio of over $3 billion by fully implementing a new computerized loan monitoring system. Loan monitoring was identified as a weakness within the Title XI program by the Department of Transportation Inspector General (DOTIG) in its audits/reviews of the program from 2002-2005.

- MARAD will work closely with ship owners to avoid new Title XI defaults. The Title XI program has not paid off on a defaulted loan guarantee since FY 2002.

FY 2008 PERFORMANCE BUDGET REQUEST

MARAD requests a total of $3.064 million for staff salaries and support to continue port and MTS improvement activities, including support of the CMTS, a decrease of $0.078 million from the FY 2007 President's Budget request.

MARAD does not request any direct appropriated funding to administer the Title XI program during FY 2008, resulting in a decrease of $3.317 million from the FY 2007 President's Budget request.

Instead, MARAD proposes to transfer $3,408,000 of the unobligated balance in the Maritime Guaranteed Loan Program Account and merge it with the appropriation for Operations and Training.

MARAD requests $0.597 million for staff salaries and support in order to continue administering the Capital Construction and Construction Reserve funds, a decrease of $0.015 million from the FY 2007 President's Budget request.

The Title XI program conducted a Program Assessment Rating Tool (PART) review in support of the FY 2008 budget submission. The Title XI program received an overall score of 83, or 'moderately effective'. OMB's PART recommendations and status for the Title XI program are discussed in the Performance Overview. The funds requested in this budget will allow the Title XI program to meet the performance measure targets identified in the PART and listed below.

Maritime Guaranteed Loan (Title XI) Performance Measures

Non-Defaulted Loans

Percentage of Title XI guaranteed loan projects that have not defaulted since the implementation of credit reform in fiscal year 1993. (Long Term – Outcome)

	2003	2004	2005	2006	2007	2008
Target:	92%	92%	92%	92%	92%	92%
Actual:	92.7%	92.8%	92.9%	92.9%		

Shipyard Activity (Long-term)

Amount of U.S. shipyard activity (in millions of dollars) spurred by the Title XI program. (Long-term - Outcome)

	2004	2005	2006	2007	2008
Target:	$203	$178	$65	$100	$100
Actual:	$203	$178	$0*		

*no subsidy was expended

Shipyard Activity (Annual)

Amount of dollars in U.S. shipyard activity spurred by each subsidy dollar expended by the Title XI program. (Annual – Outcome)

	2003	2004	2005	2006	2007	2008
Target:	$21.84	$18.93	$4.89	$17.00	$17.00	$17.00
Actual:	$21.84	$18.93	$4.89	$0*		

*no subsidy was expended

Financial Reviews

Percentage of Title XI projects for which a financial review was completed and documented within 30 days of receiving the annual financial reports. (Annual – Efficiency)

	2005	2006	2007	2008
Target:	25%	50%	67%	75%
Actual:	25%	66.7%		

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GLOBAL CONNECTIVITY

This funding request contributes to the achievement of the DOT Global Connectivity strategic goal and specifically to the DOT outcomes to enhance the competitiveness of U.S. transport providers and manufacturers in the global marketplace and to provide for safer, more efficient and cost effective movement of cargo through U.S. ports of entry.

The 2008 request seeks $12.783 million to allow MARAD to operate programs that enhance maritime transport between the U.S. and other countries, improve and expand our intermodal connections with other countries, and keep a U.S. presence in international shipping markets. This is a decrease of $0.179 million from the FY 2007 President's Request amount. MARAD will negotiate bilateral maritime agreements that create or maintain equal shipping relations between the U.S. and several important trading partners. MARAD will be in the forefront of efforts to improve intermodal connections at our ports through its efforts to issue deepwater port licenses that create additional entry points for Liquid Natural Gas (LNG) into the U.S. According to the U.S. Department of Energy - Energy Information Agency, total natural gas consumption is projected to increase from 22.3 to 30.6 trillion cubic feet (tcf) between 2006 and 2025, with major contributions expected from LNG imports. To meet this growing demand, the U.S. will become more reliant on LNG imports as the U.S. possesses only three percent of the natural gas reserves in the world. Finally, MARAD will continue to conduct the cargo preference program by informing Federal agencies and contractors of the requirements implemented by the U.S. cargo preference laws and making differential payments to the USDA to offset the higher costs of shipping on U.S.-flag ships versus foreign flag ships. These payments keep U.S.-flag ships operating in international trade. These ships are available for DOD use if needed in times of emergency.

Maritime Administration
Appropriations, Obligation Limitations, & Exempt Obligations
($000)

	(A)	(B)	(C)	(D)	(E)
	FY2006 ACTUAL	**FY 2007 PRESIDENT'S REQUEST**	**INFLATION/ DEFLATION**	**PROGRAM CHANGES**	**TOTAL REQUEST**
3. Global Connectivity					
Enhance competitiveness and efficient cargo movement					
A. Operations & Training [69-1750]					
1 MARAD Operations	$9,290	$12,962	227	(406)	12,783
a. International Activities	$815	$855	16	(29)	842
b. Deepwater Ports Licensing	$815	$1,077	23	(40)	1,059
c. Cargo Preference Management	$1,956	$3,823	90	(162)	3,751
d. Admin Support for Global Conn.	$5,705	$7,208	97	(174)	7,131
Subtotal for Global Connectivity	$9,290	$12,962	227	(406)	12,783
FTE (this segment)	60	72	0	0	72

Baseline Changes:
The 'Admin Support' line under MARAD Operations in the above table displays the 'supports all goals' staff and support costs that are attributable to the accomplishment of this strategic goal. As a result, the table shows the full costs of our efforts to achieve this strategic goal.

PERFORMANCE ISSUE

A multi-faceted approach is necessary to improve the connectivity of the U.S. marine transportation system with the global transportation system. MARAD must work to eliminate market access restrictions between the U.S. and other countries, improve and expand our intermodal connections with other countries, and keep a U.S. presence in international shipping markets.

The U.S. maritime industry must contend with the anticompetitive barriers imposed by foreign governments that restrict market access. These restrictions impinge on U.S. maritime companies' access to foreign transportation markets, add to costs, limit revenues, impede efficient operations and negatively impact the profitability of the U.S. maritime industry in international trade. Removal of anticompetitive barriers improves the operating efficiency of U.S. shipping companies and improves U.S. carriers' participation in the carriage of U.S. international trade. Enhancing the competitiveness of U.S. transport providers and manufacturers in the global marketplace is a key outcome of the Department's Global Connectivity strategic goal.

MARAD has responsibility for the processing and licensing of deepwater port applications for the importation of liquefied natural gas (LNG) into the United States. Overall, the Department of Energy projects that from 2006 to 2025, U.S. natural gas consumption will increase from 22.3 to 30.6 trillion cubic feet (tcf), or 37%, with all of this increase supported through importation of LNG. LNG imports are projected to become the primary source of the Nation's supply of natural gas. The development and construction of additional offshore deepwater port LNG facilities will reduce vessel traffic and congestion in our U.S. landside ports; improve the efficiency of the transport of imported LNG within the U.S.; expand of our intermodal connections with other countries; and, create an additional level of security for our nation's energy industry by moving LNG import connections offshore. These benefits will help the Department make progress on its desired outcomes for the Reduced Congestion, Global Connectivity and Security, Preparedness and Response strategic goals.

MARAD's cargo preference program ensures compliance by both Federal agencies and shippers with cargo preference laws designed to maximize the use of U.S.-flag vessels when shipping U.S. government owned or sponsored cargoes. These cargo preference laws help to ensure the existence of a U.S.-flag fleet operating in foreign commerce that is also available for defense sealift in times of emergency. The existence of a U.S.-flag fleet also gives the United States a seat in the numerous international organizations that affect the global transportation system.

ANTICIPATED FY 2007 ACCOMPLISHMENTS

- MARAD expects to complete and sign a new bilateral maritime agreement with Vietnam, and continue to engage in specific bilateral actions with Brazil, China, and Russia as part of the ongoing implementation process of our bilateral maritime agreements with those nations.

- MARAD will work as part of the U.S. team in a variety of international organizations to advocate the U.S. position with regard to international maritime economic and policy issues, such as mariner training requirements, ship recycling standards and new ballast water treatment standards.

- MARAD expects to complete the review process required by the Deepwater Port Act for the eight pending Deepwater Port applications.

- MARAD will continue to seek legislative approval to give the Secretary of Transportation enforcement authority for the cargo preference laws.

- MARAD will work with the Export-Import Bank on a working capital loan guarantee program for commercial cargoes that are carried on U.S.-flag vessels.

FY 2008 PERFORMANCE BUDGET REQUEST

MARAD requests $0.842 million for staff salaries and support in order to continue our international activities, a decrease $0.013 million from the FY 2007 President's Budget request. MARAD requests $1.059 million to support the overall program management and oversight of the Deepwater Port Licensing program, a decrease of $0.018 million from the FY 2007 President's Budget request. MARAD requests $3.751 million for staff salaries and support in order to continue cargo preference activities, a decrease of $0.072 million from the FY 2007 President's Budget request. MARAD also requests an estimated $145 million in new borrowing authority to pay the Department of Agriculture's Commodity Credit Corporation to partially offset the additional cost to ship humanitarian food aid cargo on U.S.-flag vessels versus foreign-flag vessels in FY 2008, in accordance with the Food Security Act of 1985.

The Cargo Preference program conducted a PART review for the Food Aid portion of the program in support of the FY 2008 budget submission. The program received an overall score of 75, or 'moderately effective'. OMB's PART recommendations and status for the Food Aid portion of the Cargo Preference program are discussed in the Performance Overview. The funds requested in this budget will allow the Cargo Preference program to meet the performance measure targets identified in the PART and listed below.

Cargo Preference Program Performance Measures

Preference Cargo Carried

Percentage of Food Aid preference cargo carried by U.S.-flag vessels. (Annual - Outcome)

	2002	2003	2004	2005	2006	2007	2008
Target:	76%	76%	78%	78%	78%	78%	78%
Actual:	75%	75%	75%	69%	83%*		

*Preliminary

Percentage of U.S. Ships – Food Aid

Percentage of U.S.-flag oceangoing vessels participating in the carriage of food aid cargoes. (Annual – Output)

	2002	2003	2004	2005	2006	2007	2008
Target:	90%	90%	90%	90%	90%	90%	90%
Actual:	93.7%	97.6%	77%	87.1%	94.2%		

OFD Invoices

Percentage of Ocean Freight Differential invoices that are submitted and processed by USDA and MARAD within 45 days. (Annual – Efficiency)

	2003	2004	2005	2006	2007	2008
Target:	N/A	N/A	N/A	90%	90%	90%
Actual:	20%	27%	79%	94%		

Guideline Rate Calculations

Percentage of guideline rate calculations completed in less than 24 hours. (Annual - Efficiency)

	2002	2003	2004	2005	2006	2007	2008
Target:	N/A	N/A	92%	92%	92%	92%	92%
Actual:	96%	92%	91%	89%	93%		

ENVIRONMENTAL STEWARDSHIP

This funding request contributes to the achievement of DOT Environmental Stewardship strategic goal and specifically to the DOT outcome to reduce pollution and other adverse environmental effect from transportation and transportation facilities.

In the maritime arena, three important areas must be addressed in order to make progress towards reducing pollution and the adverse environmental effects of transportation and transportation facilities: obsolete vessel disposal, achieving compliance with Nuclear Regulatory Commission (NRC) nuclear licensing requirements for the Nuclear Ship (NS) SAVANNAH and advancing progress on reducing marine air emissions and treating ballast water. MARAD requests a total of $21.748 million to fund these programs, a decrease of $5.740 million from the FY 2007 President's Budget request.

MARAD will continue to give priority to disposing of obsolete ships in the worst condition and in FY 2008 expects to award contracts for the disposal of 12 ships, remove 16 ships from the fleet sites, and complete the disposal of 16 ships. MARAD's ability to export vessels for recycling continues to be impeded by legal challenges and statutory limitations. Because of these limitations, foreign recycling is not available as a practical disposal option at the present time. This is unfortunate as some of the foreign proposals are very cost effective or would result in no costs to the U.S. government. The request will permit the continuation of MARAD's NS SAVANNAH nuclear license management and incremental decommissioning efforts in FY 2008.

MARAD plans to continue partnering with other government and/or private entities to conduct research to reduce marine-sourced air emissions and to determine the best method for treating ballast water discharges.

The resources requested to achieve this goal are:

Maritime Administration
Appropriations, Obligation Limitations, & Exempt Obligations
($000)

	(A)	(B)	(C)	(D)	(E)
	FY2006 ACTUAL	**FY 2007 PRESIDENT'S REQUEST**	**INFLATION/ DEFLATION**	**PROGRAM CHANGES**	**TOTAL REQUEST**
4. Environmental Stewardship					
Reduced pollution and other adverse environmental effects					
A. Ship Disposal [69-1768]					
a. Ship Disposal	$17,820	$15,770	$314	($788)	$15,296
b NS SAVANNAH	$2,970	$9,970	$0	($5,266)	$4,704
Subtotal for DOT Facility Cleanup	$20,790	$25,740	$314	($6,054)	$20,000
B Operations & Training [69-1750]					
1. Marine Emission Reduction	$552	$737	$7	$0	$744
2. Admin. Support for Marine Emission Reduction	$1,137	$1,011	$33	($40)	$1,004
	$1,689	$1,748	$40	($40)	$1,748
Subtotal for Environmental Stewardship	$22,479	$27,488	$354	($6,094)	$21,748
FTE (this segment)	17	17	0	0	17

Baseline Changes:
The 'Admin Support' line under MARAD Operations in the above table displays the 'supports all goals' staff and support costs that are attributable to the accomplishment of this strategic goal. As a result, the table shows the full costs of our efforts to achieve this strategic goal.

PERFORMANCE ISSUE

In order to achieve success in reducing pollution and the adverse environmental effects of transportation and transportation facilities, MARAD must make progress with ship disposal, achieving compliance with NRC nuclear licensing requirements for the NS SAVANNAH, and reducing marine air emissions and treating ballast water.

MARAD is the U.S. government's disposal agent for merchant-type vessels 1,500 gross tons or more and has custody of a fleet of over one hundred obsolete ships owned by the Federal government. Some of these ships pose a risk to the surrounding environment and must be disposed of properly.

The NS SAVANNAH is owned and maintained by MARAD. Its nuclear power plant is licensed as a commercial power reactor (inoperable/possession-only) by the NRC. In order to protect the environment from radioactive materials, MARAD must adhere to licensing requirements for the NS SAVANNAH reactor as prescribed by NRC regulations and the statutory provisions of the Atomic Energy Act of 1954, as amended.

The impact of marine transportation on the human and natural environment has become more evident particularly in port and coastal communities, which are feeling the brunt of environmental quality impact from marine transportation activities. At the same time, marine transportation is expected to grow considerably due to increased use of our nations waterways for freight and passenger movement. Marine-related environmental impacts will therefore become more profound. The environmental impacts of marine transportation must be adequately anticipated and addressed or they will adversely affect the nation's economic growth and quality of life.

ANTICIPATED FY 2007 ACCOMPLISHMENTS

- MARAD plans to remove 13 high priority obsolete vessels from the National Defense Reserve Fleet (NDRF) for disposal.

- MARAD expects to pursue vessel export and artificial reefing initiatives with the EPA and State Department and deep sinking of ships with the U.S. Navy.

- Key marine air quality research efforts to be completed in FY 2007 include: Emissions economic incentive study; Analysis and implementation of environmental funding mechanisms; Marine emission technology verification

- Deploy the barge testing platform in the Great Lakes where it will become an integral part of the Great Ships Initiative sponsored largely by the Great Lakes maritime industry and begin testing technology under a cooperative agreement between MARAD and the Northeast Midwest Institute.

- Provide engineering and design support for the development of an additional test barge to be located on the West Coast or in the Chesapeake Bay area.

- Provide a MARAD Ready Reserve Force and/or school ship for ballast water treatment technology testing.

FY 2008 PERFORMANCE BUDGET REQUEST

MARAD requests $20.0 million to support the continuation of the obsolete ship disposal activities, a decrease of $5.740 million from FY 2007 President's Budget Request. Funding at this level will continue the steady decrease in the total number of ships in our inventory and the steady elimination of MARAD's higher priority vessels which will lessen the environmental risk at the fleet sites. Included within this $20.0 million is $4.704 million to support nuclear license management and incremental decommissioning activities for the NS SAVANNAH, a decrease of $5.266 million from the FY 2007 President's Budget Request.

MARAD requests $1.748 million for staff salaries and support to continue our maritime-related environmental activities, equal to the FY 2007 President's Request.

The ship disposal program conducted a Program Assessment Rating Tool (PART) review in support of the FY 2008 budget submission. The ship disposal program received an overall score of 88, or 'effective.' OMB's PART recommendations and status for the ship disposal program are discussed in the Performance Overview. The funds requested in this budget will allow the ship disposal program to meet the performance measure targets identified in the PART and listed below.

Ship Disposal Program Performance Measures

Disposal Contract Awards

Number of obsolete vessels from the National Defense Reserve Fleet (NDRF) sites covered by disposal contract awards for subsequent disposal. (Annual - Output)

	2002	2003	2004	2005	2006	2007	2008
Target:	3	11	14	15	13	13	12
Actual:	2	24	13	20	22		

NDRF Vessel Removals

Number of obsolete vessels removed from the National Defense Reserve Fleet (NDRF) sites for subsequent disposal. (Annual - Output)

	2002	2003	2004	2005	2006	2007	2008
Target:	3	4	4	15	13	13	16
Actual:	6	2	15	18	25		

Disposal Completions

Number of obsolete vessels disposed of [i.e. disposal actions completed] from the National Defense Reserve Fleet (NDRF) sites. (Annual - Output)

	2002	2003	2004	2005	2006	2007	2008
Target:	3	4	4	15	15	15	16
Actual:	9	3	6	13	20		

Average Cost Per Ton

Average cost per ton [to the government] for vessel disposal actions. (Annual - Efficiency)

	2002	2003	2004	2005	2006	2007	2008
Target:	$250	$200	$150	$175	$200	$200	$170
Actual:	$127(r)	$133(r)	$107(r)	$109(r)	$ 83		

(r) Revised

High Priority Vessels

Maintain the level of high priority ships available for disposal, including those newly designated on an annual basis, at a level that is not more than 5% of the total number of obsolete vessels (available for disposal) in the National Defense Reserve Fleet. (Long term - Outcome)

	2004	2005	2006	2007	2008
Target:	5%	5%	5%	5%	5%
Actual:	4.3%	0%	2.4%		

Minimum Removal Rate

Remove at least the number of ships that are designated as obsolete and that enter the disposal queue on an annual basis. (Long term - Outcome)

	2004	2005	2006	2007	2008
Target:	1.0	1.0	1.0	1.0	1.0
Actual:	0.68	0.63	0.58		

SECURITY, PREPAREDNESS AND RESPONSE

This funding request contributes to the achievement of the DOT Security, Preparedness and Response strategic goal and specifically to the two DOT performance measures shown below. These measures demonstrate the results of our efforts to ensure the availability of sufficient contingency sealift and commercial outload ports for DOD mobilization requirements.

DOT Performance Measures:

Availability of Ships with Crews

Percentage of DOD-required shipping capacity, complete with crews, available within mobilization timelines. (Long term - Outcome)

	2002	2003	2004	2005	2006	2007	2008
Target:	93	94	94	94	94	94	94
Actual:	94	96	94	95	93		

Strategic Port Availability

Percentage of DOD-designated commercial ports available for military use within DOD established readiness timelines. (Long term - Outcome)

	2002	2003	2004	2005	2006	2007	2008
Target:	92	92	92	93	93	93	93
Actual:	92	86	93	87	100		

The request seeks $243.451 million for security activities designed to achieve the above DOT performance measures, a decrease of $0.094 million from the FY 2007 President's Budget Request. The Ready Reserve Force (RRF) will continue provide surge capacity to quickly bring supplies to the point of conflict and some sustainment capacity to support continued operations. In addition, the RRF and MARAD's National Security Planning activities provide support to the Secretary's policy initiative for Emergency Preparedness and Disaster Response. The Maritime Security Program (MSP) and Voluntary Intermodal Sealift Agreement (VISA) programs provide sustainment sealift via commercial, U.S.-flag vessels. MSP is an asset management program, not a customer service program. MARAD's goal is to provide support to DOD by managing all of these maritime assets and resources so that at any one time, 94 percent of those assets [representing sealift capacity with crews] are available for use by DOD.

MARAD will continue to support mariner-training programs to ensure that trained mariners are available to crew the U.S.-flag fleet and work throughout the maritime industry. Many of these mariners are also Merchant Marine reservists available to the Navy in times of emergency. The U.S. Merchant Marine Academy will receive additional funds to make various improvements to the midshipman and instructional programs.

MARAD will also continue to conduct strategic commercial port activities help to ensure the availability of these ports for DOD use in times of emergency and will continue to issue war risk insurance binders that allow commercial ships to enter war zones.

The following table outlines the resources requested to achieve this goal:

Maritime Administration
Appropriations, Obligation Limitations, & Exempt Obligations
($000)

	(A)	(B)	(C)	(D)	(E)
	FY2006 ACTUAL	**FY 2007 PRESIDENT'S REQUEST**	**INFLATION/ DEFLATION**	**PROGRAM CHANGES**	**TOTAL REQUEST**
5. Security, Preparedness and Response					
Defense Mobilization Measures					
A. Maritime Security Program [69-1711]	$154,440	$154,440	$0	$0	$154,440
B. Operations & Training [69-1750]					
1 Merchant Marine Academy	$61,236	$61,747	$1,542	($1,830)	$61,458
2. State Maritime Schools	$11,099	$9,900	$174	($74)	$10,000
3 MARAD Operations	$27,275	$17,459	$424	($329)	$17,553
a. MSP Administration	$562	$685	$26	($20)	$691
b. VISA/Vessel Transfer	$3,935	$2,137	$56	($43)	$2,149
c. Mariner Training & Educa. Mgmt	$803	$820	$45	($35)	$830
d. Strategic Port Avail./Ntnl. Sec. Planning	$321	$1,213	$74	($58)	$1,230
e. War Risk Insurance Mgmt	$866	$885	$41	($32)	$894
f. Marine Transp Sys Info Advocate	$2,673	$0	$0	$0	$0
g. Supplemental - Hurricanes	$7,500	$0	$0	$0	$0
h. Admin support for Security, Preparedness and Response	$10,615	$11,719	$182	($142)	$11,759
Subtotal for Security, Preparedness and Response	$254,051	$243,545	$2,139	($2,234)	$243,451
FTE (this segment)	304	288	0	0	288

AVAILABILITY OF SHIPS WITH CREWS

Marginal Cost of Performance

Requested program changes from the FY 2008 baseline associated with the Availability of Shipping Capacity goal:

	FY 2008 BASELINE ESTIMATES ($000)	FTEs	FY 2008 PROGRAM CHANGES ($000)	FTEs	FY 2008 TOTAL REQUEST ($000)	FTEs
MSP	154,440	0	0	0	154,440	0
O&T	89,957	278	(2,176)	0	87,781	278
Total	244,397	278	(2,176)	0	235,181	278

Agency outcome associated with this program increase: Preparedness for response to emergencies affecting the transportation sector.

Performance measure: Percentage of DOD-required shipping capacity, complete with crews, available within mobilization timelines.

Baseline Performance Level	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target	93	94	94	94	94	94	---
Actual	94	96	94	95	93	---	---
Incremental Performance Target With Program Changes	---	---	---	---	---	---	0
(Total) Performance Target With Program Changes	---	---	---	---	---	---	94

Baseline Changes:
The 'Admin Support' line under MARAD Operations in the above table displays the 'supports all goals' staff and support costs that are attributable to the accomplishment of this strategic goal. As a result, the table shows the full costs of our efforts to achieve this strategic goal.

PERFORMANCE ISSUE

The availability of shipping capacity is determined by a number of different factors: availability of commercial vessels, availability of government-owned sealift vessels, availability of qualified mariners to crew these vessels, and the availability of war risk insurance coverage for vessels entering a war zone. All of these factors must be managed properly in order to support DOD's mobilization requirements.

The Maritime Security Act of 2003 authorized 60 ships for the Maritime Security Program and up to a $2.6 million payment per ship through FY 2008. The Maritime Security Program (MSP) ensures that the United States will have U.S.-flag commercial vessels and intermodal assets to support Department of Defense (DOD) operations. DOD uses Voluntary Intermodal Sealift Agreements (VISA) with commercial carriers [70 percent are enrolled in MSP] to pre-plan the availability of militarily useful vessels for DOD use in times of emergency. VISA is DOD's official sealift emergency preparedness program. All ships enrolled in VISA must commit certain percentages of their vessel capacity and use of their related intermodal transportation resources to DOD. This capacity helps the Department meet its performance goal for the availability of ships with crews.

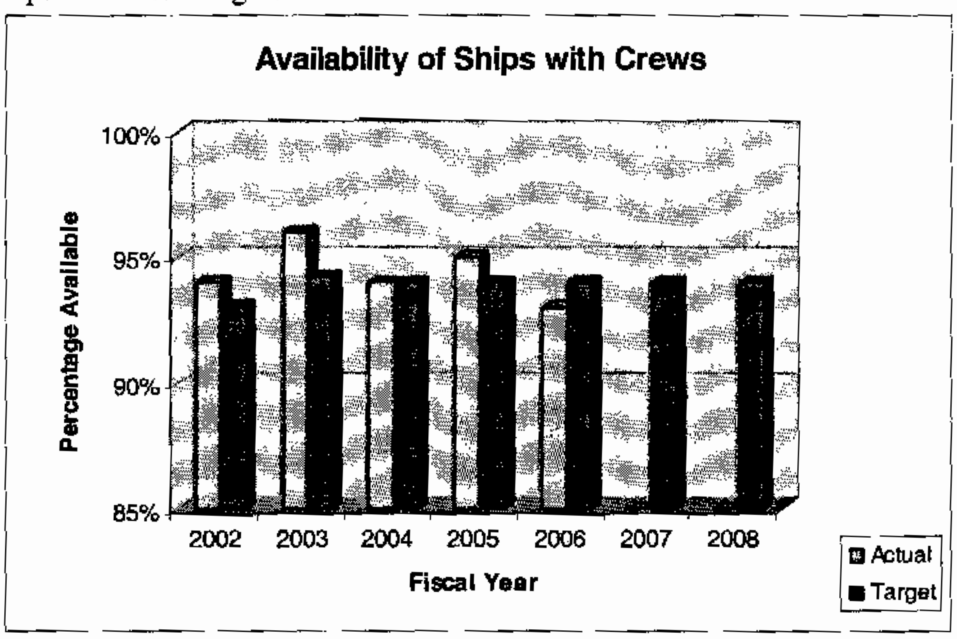
The DOT-owned Ready Reserve Force (RRF) is completely funded on a reimbursable basis by the Navy. The RRF ships are an important component of the Department's ability to achieve its performance goals for defense mobilization. They also now serve as an important asset supporting the Department's emergency preparedness and disaster response activities. The RRF is composed of ships with special capabilities that can carry or offload heavy and oversized military cargoes which regular U.S. flag commercial cargo ships cannot. RRF ships meet approximately half of the U.S. Transportation Command's surge sealift requirement. Without the RRF ships, the Department of Defense (DOD) would have insufficient sealift capacity in times of emergency.

Ship capacity, both commercial and government-owned, is only part of the defense mobilization equation. These ships must be operated by skilled crews. MARAD supports the training of new merchant marine officers by operating the U.S. Merchant Marine Academy (USMMA) and providing partial support of the six State Maritime Schools (SMS). The USMMA and SMS are the principal source of new unlimited license merchant marine officers. Licensed mariners are needed by DOD during national emergencies not only for crewing purposes, but also to provide shore side support for sealift operations.

In order to enter war zones, commercial vessels require specific war risk insurance binders. MARAD issues these binders because regular commercial marine insurance will not cover losses resulting from war or warlike actions. Without this program, the Department of Defense could not rely on commercial ships for sealift during an emergency.

ANTICIPATED 2007 ACCOMPLISHMENTS

- MARAD plans to maintain full enrollment of 60 ships in MSP.
- MARAD plans to conduct an open season for VISA enrollment in May 2007.
- The United States Merchant Marine Academy plans to graduate approximately 225 merchant marine officers in June 2007.
- For the academic year 2005-2006, 463 students graduated from the State Maritime Schools unlimited license program. Of these graduates, 44 were Student Incentive Payment participants. Similar numbers are expected for the 2006-2007 academic year.
- MARAD is experiencing a sharp escalation in commercial ship repair costs. MARAD plans to offset increased FY 2007 repair costs by maintaining the new training ship for the Texas school in a dormant state pending its conversion.
- MARAD plans to continue managing the War Risk Insurance program and carry over all or as many of the vessels currently under war risk insurance policies as DOD requires to sustain Iraq and Afghanistan nation rebuilding efforts.
- The following bar chart shows MARAD's performance history and planned targets for the Availability of Ships with Crews performance measure. MARAD expects to meet the performance targets in 2007 and 2008.



FY 2008 PERFORMANCE BUDGET REQUEST

MARAD requests $154.4 million for MSP in order to fund 60 ships in the MSP fleet in FY 2008, equal to the FY 2007 President's Budget request. MARAD requests $2.149 million for staff salaries and support in order to continue MARAD's involvement with the VISA program and vessel transfer activities, an increase of $0.012 million from the FY 2007 President's Budget request.

MARAD requests $0.830 million for salary and support costs for the oversight and management of mariner education and training programs, an increase of $0.010 million from the FY 2007 President's request. The Academy's FY 2008 budget request of $61.458 million represents a decrease of $0.289 million from the FY 2007 President's Budget request. MARAD requests a total of $10.0 million to continue Federal support of the State Maritime Schools (SMS), an increase of $0.100 million from the FY 2007 President's Budget request. Within this amount, MARAD proposes to increase the direct payments to the SMS, sunset the SMS Student Incentive Payment program and fund maintenance and repair activities for five training ships (EMPIRE STATE, ENTERPRISE, STATE OF MAINE, GOLDEN BEAR, and STATE OF MICHIGAN). The Texas training ship will remain in a dormant state. Texas SMS midshipmen will use the California training ship, GOLDEN BEAR, for their training needs.

MARAD requests $0.894 million for staff salaries and support in order to continue operation and management of the war risk insurance program, an increase of $0.009 million from the FY 2007 President's Budget request.

MSP conducted a Program Assessment and Rating Tool (PART) review in 2004. This review focused on the effectiveness of the MSP program in providing required availability of the MSP shipping assets for Department of Defense use. The MSP program received an overall score of 91, or 'effective.' OMB's PART recommendations and status are discussed in the Performance Overview. The funds requested in this budget will allow MSP to meet the performance measure targets identified in the PART and listed below.

Maritime Security Program Performance Measures

MSP Container Ships (TEUs in thousands)

Ship capacity (as measured in thousands of twenty-foot container equivalent units (TEUs)), for container vessels enrolled in the Maritime Security Program. available to meet DOD's requirements for intermodal, commercial sealift capacity. (Annual - Output)

	2005	2006	2007	2008
Target:	N/A	110.0	110.0	110.0
Actual:	113.2	118.0		

MSP Roll-on/Roll-off Ships (square feet in millions)

Ship capacity (as measured in millions of square feet), for roll-on, roll-off vessels enrolled in the Maritime Security Program, available to meet DOD's requirements for intermodal, commercial sealift capacity. (Annual - Output)

	2005	2006	2007	2008
Target:	N/A	1.8	1.8	1.8
Actual:	1.2	2.3		

MSP ships (Number of ships)

Ship availability as measured by the number of ships contractually enrolled in the Maritime Security Program, available to meet DOD's requirements for commercial sealift capacity. (Annual - Output)

	2002	2003	2004	2005	2006	2007	2008
Target:	N/A	N/A	47	47	60	60	60
Actual:	46	47	47	47	60		

State Maritime School Program Performance Measures

SMS - Number of Graduates

Number of fully qualified licensed officer graduates. (Long Term – Outcome goal)

	2003	2004	2005	2006	2007	2008
Target:	Baseline	412	424	436	448	460
Actual:	400	412	423	463		

SMS - State Maritime Licensed Officers

Percentage of newly licensed officers in the U.S. who are State Academy graduates. (Long term – Outcome)

	2003	2004	2005	2006	2007	2008
Target:	Baseline	52.5%	54.0%	55.5%	57.0%	58.5%
Actual:	51.0%	52.5%	56.4%	57.0%		

SMS - Placement Rate

Placement rate for licensed officer graduates. (Long term – Outcome)

	2004	2005	2006	2007	2008
Target:	Baseline	99%	99%	99%	99%
Actual:	99%	99%	99%		

SMS - License Exam Takers

Overall percentage of State Academy graduates among all license exam takers. (Annual – Output)

	2003	2004	2005	2006	2007	2008
Target:	Baseline	52%	53%	54%	55%	56%
Actual:	51%	56%	54%	55%		

SMS - Federal Contribution

Federal contribution per licensed officer graduate from the State Academies. (Annual – Efficiency)

	2004	2005	2006	2007	2008
Target:	Baseline	$830	$820	$810	$800
Actual:	$841	$827	$834		

STRATEGIC PORT AVAILABILITY & NATIONAL SECURITY PLANNING

Marginal Cost of Performance

Requested program changes from the FY 2008 baseline associated with the Strategic Port Availability goal:

	FY 2008 BASELINE ESTIMATES		FY 2008 PROGRAM CHANGES		FY 2008 TOTAL REQUEST	
	($000)	FTEs	($000)	FTEs	($000)	FTEs
O&T	1,287	10	(58)	0	1,230	10

Agency outcome associated with this program increase: Preparedness for response to emergencies affecting the transportation sector.

Performance measure: Percentage of DOD-designated commercial ports available for military use within DOD established readiness timelines.

Baseline Performance Level	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target	92	92	92	93	93	93	---
Actual	92	86	93	87	100	---	---
Incremental Performance Target With Program Changes	---	---	---	---	---	---	0
(Total) Performance Target With Program Changes	---	---	---	---	---	---	93

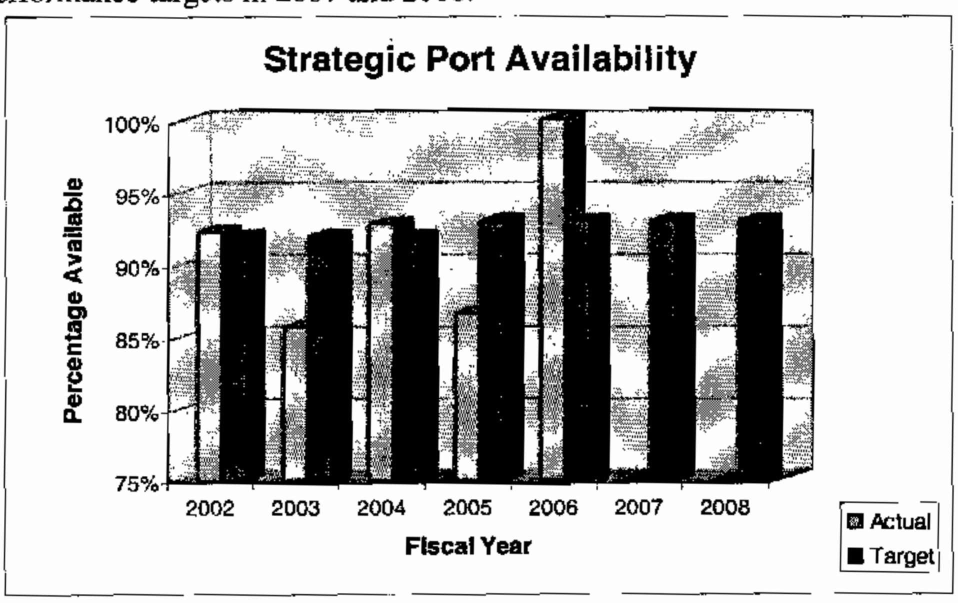
PERFORMANCE ISSUE

DOD relies on the U.S. commercial transportation industry to deliver equipment and supplies throughout the world in order to maximize defense logistics capabilities and minimize cost. Fifteen U.S. commercial strategic ports provide required capabilities to assure that DOD meets its national security missions and timelines. DOT, through MARAD, is responsible for establishing DOD's prioritized use of ports facilities and related intermodal services and facilities during DOD mobilizations, and ensuring the safe, secure, and smooth flow of military cargo through the commercial U.S. transportation system while minimizing commercial cargo disruptions.

MARAD's national security planning activities are critical to strengthening the security of the maritime transportation system; rapidly supporting response and recovery efforts to domestic and international emergencies under Emergency Support Function #1 of the National Response Plan; Continuity of Operations (COOP) activities; and, the smooth secure movement of deploying DOD personnel and material from origin to destination.

ANTICIPATED 2007 ACCOMPLISHMENTS

- MARAD will continue to participate in joint military mobilization and security exercises
- MARAD will strengthen the cooperative partnerships that ensure effective emergency planning and coordination with a variety of organizations.
- MARAD will also administer an Intelligent Transportation System Deployment Integration program with PAR Government Systems Corporation.
- The following bar chart shows MARAD's performance history and planned targets for the Strategic Port Availability performance measure. MARAD expects to meet the performance targets in 2007 and 2008.



FY 2008 PERFORMANCE BUDGET REQUEST

MARAD requests $1.230 million for staff salaries and support in order to continue strategic port readiness activities and national security planning activities, an increase of $0.017 million from the FY 2007 President's Budget request. This level of funding will allow MARAD to continue to administer the MARAD port readiness program and implement port readiness enhancements. In addition, this funding will allow MARAD to continue national security planning activities that strengthen the security of the maritime transportation system and support the Department's emergency preparedness and disaster response and recovery efforts.

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ORGANIZATIONAL EXCELLENCE

The funding request in this section contributes to the DOT Organizational Excellence goal and to MARAD's implementation of the six government-wide initiatives contained in the President's Management Agenda (PMA). The following table outlines the resources requested to achieve this objective and successfully implement the PMA:

Maritime Administration
Appropriations, Obligation Limitations, & Exempt Obligations
($000)

	(A)	(B)	(C)	(D)	(E)
	FY2006 ACTUAL	FY 2007 PRESIDENT'S REQUEST	INFLATION/ DEFLATION	PROGRAM CHANGES	TOTAL REQUEST
6. Organizational Excellence					
A. Human Resources					
a. MARAD Operations [69-1750]	$146	$197	$3	($10)	$189
B. Improved Financial Performance					
a. MARAD Operations [69-1750]	$440	$593	$12	($31)	$575
C. E-Government					
a. MARAD Operations [69-1750]	$538	$692	$12	($30)	$673
Subtotal for Organizational Excellence	$1,123	$1,483	$27	($71)	$1,438
FTE (this segment)	7	7		0	7

A. STRATEGIC MANAGEMENT OF HUMAN CAPITAL

MARAD will continue to support the DOT strategic human capital management objectives, by:

- Using information technology to automate, simplify, and streamline processing of job applications and personnel functions.
- Providing HR oversight and guidance regarding competitive sourcing initiatives.
- Recruiting, rewarding and retaining supervisors based on OPM/DOT leadership competencies.
- Participating in the DOT Leadership Mentoring Program and supporting the MARAD Transportation Leadership Program.
- Fostering a diverse, results-oriented workforce through performance management and awards that link individuals/team/unit performance to organizational goals and results.
- Collaborating with internal and external sources to update core competencies and modify position descriptions and vacancy announcements.

B. IMPROVED FINANCIAL PERFORMANCE

MARAD's focus in this area is to continue to achieve clean audit opinions on MARAD's financial statements and enhance and expand our use of web-based accounting, wherever possible. MARAD's Office of Accounting continues to enhance MARAD's financial management systems and reengineer MARAD's accounting business practices to make full use of Federal resources to provide efficient, high quality, cost-effective and responsive services for supporting and achieving the Administration's goals. Finally, MARAD maintains 100 percent participation in payroll direct deposit, near 100 percent participation in providing electronic payments to our contractors, full compliance with the Federal Financial Managers' Integrity Act (FFMIA), and full participation in the recovery of any discovered erroneous payments

C. EXPANDED ELECTRONIC GOVERNMENT

MARAD's FY 2008 IT/E-Government Portfolio is aligned with MARAD's FY 2005 – FY 2009 E-Government Plan and is comprised of three main parts, each of which contains subparts:

1. Content Environment (CE): MARAD is creating a single, integrated CE comprised of OMB E-Government initiatives, DOT enterprise initiatives, MARAD specific business applications, and common content services. The CE will increase the efficiency and effectiveness of executive leadership decision-making by eliminating redundant data management and by providing protection for authoritative data sources.

OMB E-Government initiatives include Business Gateway, E-Rulemaking, Geospatial One-Stop, Grants.gov, E-Payroll, Integrated Acquisition Environment, E-Authentication, and three lines of business: Financial Management, Grants and Human Resources Management. These government-wide initiatives achieve mission requirements while reducing costs by eliminating "stove-piped" solutions. The following programs specifically benefit from these E-Government initiatives:

- Ship Operations Cooperative Program (SOCP) that addresses commercial operations using new methods, procedures and technologies
- Cargo Preference that mandates certain ocean borne cargo be transported via US-flag vessels
- Port security grants that provide funding to strengthen vulnerabilities in our nation's port infrastructure and waterways
- Federal ship financing program that guarantees loans to promote growth and strength in the US merchant marine and US shipyards
- Port security grants that enhance security at our nation's key ports and facilities

2. Operating Environment (OE): MARAD is creating a comprehensive OE comprised of DOT common services (referred to as the DOT common operating environment, or COE) and residual MARAD services (referred to as the MARAD operating environment, or MOE). The COE will provide local area networking, wide area networking, desktop support, messaging, and file and print services for headquarters offices. MARAD continues to provide OE services for region offices and network engineering to ensure effective integration between the MARAD OE and the DOT COE. Additionally MARAD continues to operate and maintain a Continuity of Operation Program (COOP).

3. Governance: MARAD is involving its executive and senior leaders in the governance of IT and E-Government initiatives. Governance ensures that all levels of users and executives select projects that best align with MARAD's mission and reduce overall risks of operating information technology capabilities (capital planning and portfolio management); ensures that projects deliver expected results within acceptable cost

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(project management); ensures we integrate them with each other to deliver the most effective solutions (enterprise architecture); and ensures that technology is implemented and used in a way that protects privacy, is resistant to malicious attack and is available when and where it is needed (Information Assurance).

NOTE: MARAD's Capital Asset Plan and Business Case Exhibits (Exhibit 300) are posted on www.dot.gov

D. BUDGET AND PERFORMANCE INTEGRATION

This budget presentation contributes to the Administration's plan for full integration of budget and performance information, and using performance data to help make program and budget decisions. This FY 2008 budget request fully integrates our Performance Plan within the budget. This performance budget describes how the funds requested will contribute to the achievement of the DOT strategic and performance goals.

Report to Congress

The Department of Defense Authorization Act for 2001, Public Law 106-398, contains the following section on a report to be submitted to the Congress.

> **SEC. 3506. REPORTING OF ADMINISTERED AND OVERSIGHT FUNDS.**
> *The Maritime Administration, in its annual report to the Congress under section 208 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1118), and in its annual budget estimate submitted to the Congress, shall state separately the amount, source, intended use, and nature of any funds (other than funds appropriated to the Administration or to the Secretary of Transportation for use by the Administration) administered, or subject to oversight, by the Administration.*

The Maritime Administration (MARAD) receives funding from other Federal agencies primarily through reimbursable agreements. Funding from outside MARAD is placed in four accounts.

The largest reimbursement to MARAD is transferred by the Department of the Navy for MARAD's operation, maintenance and management of the National Defense Reserve Fleet (NDRF) Ready Reserve Force (RRF). Most of this funding is placed in the Vessel Operations Revolving Fund (VORF) account. This account covers all non-salary costs associated with maintaining the RRF/NDRF.

The funds transferred into the Operations and Training account comes from approximately 40 reimbursable agreements from other Federal agencies, for a variety of purposes. The largest ongoing reimbursable transaction into this account comes from the Navy and provides funding for the salary and administrative support costs for the RRF and the NDRF maintenance personnel.

The funds deposited into the Special Studies Account originate from the sale of customized data products to the public. These customized data products are generated from the MARAD/U.S. Army Corps of Engineers U.S. Foreign Waterborne Transportation Statistics. The specialized data products consist of U.S. trade, vessel, cargo and related data and include economic analyses and in-depth market assessments of the major marine industry segments. MARAD charges customers a fee to recover the cost of producing these special reports and studies.

The funds deposited into the Gifts and Bequests account are provided by the U.S. Merchant Marine Academy Alumni Association. The Association provides donated funds to assist the Academy, the regiment of Midshipmen and faculty in meeting the mission of the Academy. The funds support the music, arts, morale, athletics and chapel programs.

The report that begins on the following page includes actual reimbursement authority for FY 2006, and reimbursement authority through the first quarter of FY 2007.

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Funds are Credited in Vessel Operating Revolving Fund (VORF)

Fund Source	Intended Use	Amount
Department of the Navy	CHESAPEAKE - Misc. expense/per diem/long lead items port charges/shipyard	$17,850,856
Missile Defense Agency	TEXAS CLIPPER II - Activation and deactivation	$916,000
Department of the Navy	PETERSBURG - Per diem/security guard/misc. expenses/port charges	$9,290,580
Department of the Navy	CAPE JACOB - Per diem/security guard/port charges/misc. expense/maintenance/OPHire	$11,528,410
Naval Sea Systems Command (NAVSEA)	INACTIVE vessels in NDRF for required shipboard maintenance	$18,000
FEMA	SIRIUS/EMPIRE STATE/CAPE VINCENT - Extend the project out to April 30, 2006	$20,000,000
Missile Defense Agency	TEXAS CLIPPER II/pacific collector activation	$6,035,000
Military Sealift Command (MSC)	CAPE JACOB MCDS repair parts shipment	$7,730
USCG	Icebreaker Support Analysis	$25,000
MSC	CAPE GIBSON - Cart rig team training	$4,500
Department of the Navy	CAPE ORLANDO - Activation/charter hire/port charges	$2,119,000
MSC	CAPE GIBSON - Activation & deactivation	$300,000
Military Sealift Fleet Support Command	CAPE GIBSON - Cart rig team training	$5,000
U.S. Army, HECSA	Annual surveillance of STURGIS	$36,000
MSC	CAPE GIBSON - RIMPAC	$1,166,400
NAVSPECWARDEVGRU	DEL MONTE - Analysis, design, engineering required to modify	$50,000
Naval Surface Warfare Center	Shipboard test conducted aboard RRF vessels for Pendulation Control System project	$43,000
Department of the Navy	CHESAPEAKE - Charter hire/misc. expense/fuels	$1,855,731
Department of the Navy	CAPE DECISION - Canal/fuel	$1,398,900
Department of the Navy	CAPE ORLANDO - Redeployment/days hire/port charges/activation/deactivation/fuels	$1,700,000

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Funds are Credited in Vessel Operating Revolving Fund (VORF)

Fund Source	Intended Use	Amount
Department of the Navy	CAPE MAY - Support of ramp hire	$27,000
Navy Cargo Handling Battalion	FLICKERTAIL STATE - Costs associated with personnel training	$34,000
Department of the Navy	CAPE DECISION - Charter hire/port charges/fuels/ transit toll	$2,089,000
2D Marine Aircraft Wing	CAPE WRIGHT - LOADEX support exercise	$2,700
Department of the Navy	CHESAPEAKE - JLOTS project	$301,000
U.S. Army REDECOM	Deployable Airbeam Fender System demo at JRRF	$6,440
Missile Defense Agency	TEXAS CLIPPER II - Technical Operation Maintenance	$420,000
MSC	USNS KILAUEA - Per diem for lay-berth services	$563,013
NAVSPECWARDEVGRU	DEL MONTE - Maritime Training Program	$599,225
Department of the Navy	CAPE WASHINGTON - Activation/deactivation/sea trial day & bunders	$513,200
MSC	USNS KAISER for lay-berth services	$563,013
Department of the Navy	CAPE ORLANDO - Charter hire/fuels/port charges	$968,000
Department of the Navy	Support of RRF vessels operation	$170,818,979
Department of the Navy	SS WRIGHT - Charter/daily op/activation/deactivation/port costs/fuel	$1,631,239
Department of the Navy	CAPE RACE - Turbo activation	$400,000
Department of the Navy	CAPE RAY - Turbo activation	$400,000
Department of the Navy	CAPE RISE - Turbo activation	$400,000
Naval Surface Warfare Ctr	Shipboard tests conducted aboard RRF vessels for PCS project	$32,000
Department of the Navy	CAPE ISLAND - Turbo activation	$475,000
Department of the Navy	CAPE TRINITY - Turbo activation/charter hire/port charges/canal tolls/doring charges	$1,509,000

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Funds are Credited in Vessel Operating Revolving Fund (VORF)

Fund Source	Intended Use	Amount
NAVELSF	GEM STATE & CAPE GIRARADEAU - Cargo handling training	$9,000
Department of the Navy	WRIGHT - Fuel	$250,000
'otal Vessel Operating Revolving Fund (VORF)		**$256,361,916**

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Funds are Credited to Operations and Training (O&T)

Fund Source	Intended Use	Amount
Missile Defense Agency	TEXAS CLIPPER II - pay and benefits and travel costs	$84,000
Naval Sea Systems Command (NAVSEA)	Salary support costs of shipboard maintenance in NDRF	$854,882
FHWA	Support of Lita Stewart Cash Award	$300
St Lawrence Seaway Development Corporation	Offset cost of Ocean Water Ballast Water treatment system	$15,000
Surface Deployment & Distribution Command (SDDC)	Performance award for Donna L. Gregory	$1,861
EPA	Development of Marine Diesel Performance Specifications	$9,000
FEMA	Administrative costs of DOT participation in response to Hurricane Katrina	$50,500
Department of the Navy	Port of Philadelphia Congressional adds	$575,000
USCG	Ships Operations Cooperative Program (SOCP)	$5,000
NOAA	Support of SOCP membership including projects & activities implementation	$5,000
U.S. Army, HECSA	Salary support costs of STURGIS	$35,000
NAVSEA	RDT&E efforts in support of the National Shipbuilding Research Program	
National Data Buoy Center	Continued service of NDBC 10 meter Buoys at Suisun Bay Reserve Fleet Storage Facility	$4,962
OEA	Port of Anchorage Intermodal Marine Facility	$8,500,000
FAA	Costs associated with the purchase of software, development, data conversion, maintenance, & trng	$163,564
OEA	Facilitate the Port Arthur Drydock Transfer	$1,000,000
U.S. Army REDECOM	Salary support costs at JRRF	$7,350
CIA	Continued support of Global Maritime Commercial shipping data	$433,000
FMCSA	Special Act Award to Donna Seymour for 90 day detail	$1,000
MSC	SOCP membership dues and other activities	$15,000

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Funds are Credited to Operations and Training (O&T)

Fund Source	Intended Use	Amount
Department of the Navy	Grant for Port of Philadelphia	$5,000,000
Department of the Navy	Salary support costs for RRF vessels operation	$31,610,021
Department of the Navy	Philadelphia Regional Port Authority administrative costs	$14,993
FHWA	Support of Fiscal Mgt Information System	$126,932
USCG	Support salary costs for IRIS/PLANETREE	$36,000
USCG	Support of International Stds Organization's Technical Advisory Group (TAG)	$75,000
Surface Deploymt. & Distr. Command (SDDC)	National Strategic Seaport Model Congressional add-on	$1,500,000
Total Operations and Training (O&T)		**$50,123,365**

Report to Congress
Funds Administered by the Maritime Admiistration
Not appropriated to the Maritime Administration
Fiscal Year 2006

		Fund Source	Intended Use	Amount
Gifts and Bequests Trust Fund (GF)				
	GF	USMMA		2,182,796
		Gifts & Bequests	To provide funds for midshipmen activities not funded by appropriated funds, including projects relating to academic, admissions, regimental, athletic, public information and other support programs at the U.S. Merchant Marine Academy.	
Total Gifts and Bequests Trust Fund (GF)				**$2,182,796**
Global Maritime and Transportation School (GMATS)				7,815,454
		USMMA Global Maritime & Transportation (GMATS) Program (Non-appropriated) from tuition paid by trainees	The mission of the U.S. Merchant Marine Academy offer leading-edge education and training to maritime and transportation professionals. The GMATS program is a non-appropriated fund instrumentality" (NAFI) of the U.S. Merchant Marine Academy generating funds through tuition, meal and lodging fees	
Total Global Maritime and Transportation School (GMATS)				**$7,815,454**
Special Studies, Services, and Projects Trust Fund (SSSP)				6,338,921
		Federal, State and Local Government Sources	The other flow of funds into MARAD that does not involve reimbursable agreements comes from the sale of data and data products, and also from the receipt of state or local governemnt funds where these entities will work in in a cost sharing partnership	
Total Special Studies, Services, and Projects Trust Fund (SSSP)				**$6,338,921**

Report to Congress
Funds Administered by the Maritime Admiistration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Summary 2006

Total Vessel Operating Revolving Fund	**$256,361,916**
Total Operations & Training	**$50,123,365**
Total Gifts and Bequests	**$2,182,796**
Total GMATS	**$7,815,454**
Total Special Studies, Services, and Projects	**$6,338,921**
Total FY 2006 Funding Authority	**$322,822,451**

This is the total funding authority received/accepted through fiscal year 2006, and cannot exceed the estimated offsetting collections apportioned by the Office of Management and Budget.

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
1st Quarter, Fiscal Year 2007

Funds are Credited to Vessel Operating Revolving Fund (VORF)

Fund Source	Intended Use	Amount
U.S. Army	FLICKERTAIL STATE - Cost of training	$22,000
Department of the Navy	PETERSBURG - Per diem/security guard/port & misc. charges	$2,339,424
Department of the Navy	CAPE JACOB - Per diem/security/port charges/ maintenance/miscellaneous	$3,027,381
NAVSEA	NDRF shipboard maintenance costs	$15,652
Defense Energy Support Center (DESC)	CHESAPEAKE - Costs associated with the outport-ing	$5,986,000
3D Marine Aircraft Wing	Marine Cargo Training and communications mtg	$4,707
Missile Defense Agency	TEXAS CLIPPER II/Pacific Collector activation	$1,790,000
Naval Facilities Engineering Command	OPDS equipment shipment	$3,500
MSC	USNS KILAUEA - Lay-berth and utility services	$580,000
NAVSPECWARDEVGRU	DEL MONTE training platform	$529,000
Department of the Navy	Support of the RRF vessels operation	$174,514,000
Total Vessel Operating Revolving Fund (VORF)		**$188,811,664**

Report to Congress
Funds Administered by the Maritime Administration
Not appropriated to the Maritime Administration
1st Quarter, Fiscal Year 2007

Funds are Credited to Operations and Training (O&T)

Fund Source	Intended Use	Amount
NAVSEA	Salary support costs for NDRF shipboard maintenance	$ 140,868
MSDDC	Support of the ICODES project	$ 2,000
Missile Defense Agency	Salary support costs for TEXAS CLIPPER II/Pacific collector	$60,000
NAVSPECWARDEVGRU	Salary support costs for DEL MONTE	$10,000
Department of the Navy	Salary support costs for RRF vessels	$32,600,000
Total Operations and Training (O&T)		**$ 32,812,868**

Report to Congress
Funds Administered by the Maritime Admiistration
Not appropriated to the Maritime Administration
Fiscal Year 2006

Summary 2006

Total Vessel Operating Revolving Fund	**$256,361,916**
Total Operations & Training	**$50,123,365**
Total Gifts and Bequests	**$2,182,796**
Total GMATS	**$7,815,454**
Total Special Studies, Services, and Projects	**$6,338,921**
Total FY 2006 Funding Authority	**$322,822,451**

This is the total funding authority received/accepted through fiscal year 2006, and cannot exceed the estimated offsetting collections apportioned by the Office of Management and Budget.

Funds Administered by the Maritime Admiistration
Not appropriated to the Maritime Administration
1st Quarter, Fiscal Year 2007

Summary 2007

Total Vessel Operating Revolving Fund	**$188,811,664**
Total Operations & Training	**$32,812,868**
Total Gifts and Bequests	**$545,699**
Total GMATS	**$1,953,864**
Total Special Studies, Services, and Projects	**$1,584,730**
Total FY 2007 Funding Authority	**$225,708,824**

This is the total funding authority received/accepted through Quarter 1 of fiscal year 2007, and cannot exceed the estimated offsetting collections apportioned by the Office of Management and Budget.