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## **TIME FOR CONGRESS TO STEP UP AND FUND THE MARITIME SECURITY PROGRAM**

The Maritime Security Program (MSP) is a model federal program for efficiently leveraging taxpayer dollars to help meet the Department of Defense's (DOD) sealift needs and to sustain a viable, U.S.-flag shipping industry. To keep this mission viable, Congress saw fit to increase the program's authorization for the upcoming fiscal year. Unfortunately, the Obama Administration has completely ignored strong, bipartisan support for MSP by making its budget request for the program far short of what Congress has determined is necessary to meet DOD needs. This is extremely disappointing. TTD and its affiliates call on Congress – and specifically the Budget and Appropriations Committees – to remedy this short-sighted error by taking the necessary steps to ensure that the entire authorized funding amount for MSP be made available for Fiscal Year 2017.

The MSP is a simple and effective compact: the government provides an annual retainer payment to the 60 private, U.S.-flag ships enrolled in the program. In return, these vessels leverage their commercial logistics networks to carry cargo during wars and national emergencies, providing a reliable, safe, and cost-effective means for transporting critical supplies for the DOD. Absent the MSP, the military would be forced to rely on foreign-flag ships, which may not have the loyalty, readiness and capability to meet sealift demands. Additionally, the program provides considerable cost savings. Independent analysts and the DOD have determined that it would cost the federal government \$63 billion to replicate the vessel and global logistics services provided by MSP contractors. In short, the MSP allows the federal government to harness existing private sector capabilities to meet national strategic objectives at a considerable bargain. Beyond military support, the MSP's use of U.S.-flag ships supports thousands of good-paying American jobs. The 60 vessels currently participating in the program support approximately 2,700 U.S. mariner and an additional 5,000 shoreside jobs.

However, for the MSP to continue serving in this capacity, it must be funded to effectively induce vessel operators' continued participation in the program. In the preceding years, the stipend payment paid to participants remained flat despite the increased costs facing vessel operators in a globally competitive, and often times heavily subsidized, shipping industry. In 2015, Congress recognized the need to increase the MSP per-vessel stipend to ensure the fleet could continue meeting DOD objectives. Specifically, in the Consolidated Appropriations Act, 2016 (P.L. 114-113), Congress appropriated a 1-year appropriation increase to \$214 million for FY '16 as a bridge for the program and an authorization of \$299,997,000 for the 60 vessel fleet for Fiscal Year 2017. Obviously, the Obama Administration's \$186 million budget request is well below this authorization target, and even falls short of the short-term financial bridge that Congress appropriated for the previous fiscal year.

Fixing this problem is both imperative and simple. Given that the budget request is far below what Congress believes the DOD needs, it will be necessary for the House and Senate Budget Committees to ensure that the defense-related 050 account allocated to the Transportation Appropriations Subcommittee supports the full Congressionally-authorized MSP amount, and that this figure be included in the FY '17 Transportation, Housing and Urban Development and Related Agencies Appropriations bill. A failure to make this adjustment will result in the loss of participating U.S.-flag ships and the consequent diminishment of U.S. sealift capabilities. This would be a huge loss for the DOD, the U.S.-flag shipping industry, and the thousands of jobs supported by the industry.

Since 1996, the Maritime Security Program has played an indispensable role in our nation's defense readiness through the preservation of a U.S.-flag shipping industry and world-class seafaring workforce capable of meeting military needs. Congress has year in and year out recognized this by authorizing and fully appropriating the program, and making adjustments when necessary. TTD and its affiliates call on Congress to once again step up, remedy a budget error, and fully fund the MSP to maintain sealift demand and a strong U.S.-flagged merchant marine.

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