

"MYTHS & FACTS"

Correcting Misconceptions about the Six State Maritime Academies

MYTH	FACT
<p>MARAD always refers to the state maritime academies (SMAs) as one unit. They represent one program.</p>	<p><u>FALSE</u>. There are six state maritime academies (CA, NY, MA, ME, MI, TX). Their programs are run by each state.</p> <p>(Unlike the state maritime academies, the U.S. Merchant Marine Academy is a federal service academy under the jurisdiction and control of the federal government.)</p>
<p>All state maritime academy graduates go to sea in the merchant marine</p>	<p><u>FALSE</u>. The six state maritime academies are diverse colleges which offer a choice of majors, many of which do not lead to a merchant marine license</p> <p><u>FALSE</u>. According to SUNY (NY) Maritime's website, only 40% of its graduates who do attain a merchant marine license will go to sea.</p>
<p>The state maritime academy graduates who do get a license, get an unlimited license which means they can sail on all sizes of ships.</p>	<p><u>FALSE</u>. Some of the SMA graduates get an unlimited license, and some get limited licenses which are only authorized to work on small coastal vessels. By law, however, all USMMA graduates must attain an unlimited license.</p>
<p>All state maritime academy graduates owe the federal government an obligation in return for the federal gov't's investment in their training</p>	<p><u>FALSE</u>. State maritime academy graduates are private citizens. They are NOT obligated to repay the federal gov't for its investment in their training.</p> <p>MARAD offers a tuition stipend (\$8k/year, \$32k for four year education) to interested students who then will incur an obligation. Called the SIP (student incentive program), MARAD budgets that the SMAs will graduate 75/yr in total across all six SMA's who will have an SIP-required obligation (or, 12.5 SIP graduates per year/school average).</p> <p><u>FACT</u>: In 2014, only 38 students across all 6 academies took the stipend. At SUNY MARITIME, only 4 graduates took the stipend and owed the federal gov't any service.</p>

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<p>State maritime academy graduates can be activated to sail in the merchant marine when the Navy needs them to crew ships</p>	<p><u>FALSE</u>. The federal government cannot force SMA graduates to join a ship unless they participated in the SIP program. On average, only 12.5 graduates per year per SMA (75 total for the six schools) are budgeted to take this annual stipend. Typically fewer will actually join the program.</p> <p>USMMA, however, produces approximately 230 graduates per year obligated to meet the needs of the federal government.</p>
<p>The state maritime academies receive no government subsidies</p>	<p><u>FALSE</u>. Each of the six state maritime academies is loaned a training ship by the Maritime Administration</p> <p>In addition, the six state maritime academies receive operating expense subsidies. The FY2017 MARAD budget request is \$29.2M</p>
<p>The proposed \$300M - \$1.2B federal investment in new training ships for the state maritime academies will <u>guarantee</u> a supply of state maritime academy graduate merchant mariners to meet the defense sealift needs of the United States.</p>	<p><u>FALSE</u>. SMA graduates are private citizens (other than the 75/yr budgeted to graduate as a participant in the SIP program). The federal investment in these training ships will not result in any additional obligated mariners to fill these sealift needs.</p> <p>All graduates of USMMA are obligated to serve in the merchant marine or uniformed service and are trained to a technical standard (unlimited license, Bachelor of Science degree, uniformed service commission) to fill the defense sealift needs of the federal government</p>

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<p>The cost to graduate a state maritime academy graduate who has an obligation to serve the federal government is less than a U.S. Merchant Marine Academy graduate who has a similar obligation.</p>	<p><u>FALSE</u>: The cost to graduate a state maritime academy graduate who is trained to the same technical standard as a USMMA graduate and has a similar obligation as a USMMA graduate is MORE than a USMMA graduate, as based on MARAD'S proposed FY2017 operating expense budget for the SMAs (\$29.2M) and USMMA (\$74.8M).</p> <p>MARAD's budget is for 75 state maritime graduates to incur an obligation in return for the government investment in the state maritime academies. The cost per obligated graduate is <u>\$389k/obligated graduate</u> (\$29.2M OpEx budget / 75 obligated students). Only these 75 graduates represent a return to the federal government for its investment.</p> <p>Assume USMMA will graduate 230 students, all of whom have a federal service obligation. The cost per obligated student is <u>\$325k / obligated graduate</u> (\$74.8M OpEx budget / 230 obligated students)</p> <p>The least expensive, and perhaps best alternative for the federal government is to increase enrollment at USMMA by 75 and cease subsidizing the state maritime academies. This is amplified by the fact that the federal government has control over USMMA but has no direct control over the SMAs or their graduates in return for its investment.</p>

MYTH	FACT
<p>The cost to construct 1 (\$300M) to 5 (\$1.2B) new training ships for the state maritime academies is justified by the return in professional mariners.</p>	<p>That is for Congress to decide. Simple calculations reveal that the cost of the new ship to the federal government for each SMA obligated graduate will on average be between \$640k - \$960k per SMA obligated graduate when amortizing the costs of the ships over 25 years.</p> <p>ANALYSIS: By MARAD's budget, a max of 75 SMA graduates (typically between 60-70) will owe a obligation to the federal government - which is an average 12.5 obligated graduates / SMA. The Congressional Budget Office estimates the cost of a new training ship to be \$300M, the total fleet cost is estimated to be \$1.2B.</p> <p>ANALYSIS "A": At \$300M for 1 ship for 1 school, and an average of 12.5 (avg) obligated graduates per school, it is logical to view the return on investment as 12.5 obligated mariners per year per SMA. The ships are assumed to have a 25 year life. The cost for each of those graduates becomes: $(\\$300M \text{ cost} / 25 \text{ yr life} / 12.5 \text{ obligated students per year}) = \\$960k \text{ per obligated graduate}$.</p> <p>ANALYSIS "B": Assuming 75 obligated graduates across the six SMAs and a fleet cost of \$1.2B, the cost per obligated graduate is \$640k $(\\$1.2B \text{ cost} / 25 \text{ yr life} / 75 \text{ obligated students per year}) = \\$640k \text{ per obligated graduate}$.</p>

The relationship between USMMA and the SMAs complement each other, rather than compete with each other. USMMA is designed and mandated to meet defense strategic sealift needs and military needs of the United States. The SMAs are not designed nor mandated to meet this need.