

## Views on Proposed Legislative Changes to the Small Shipyard Grant Program

The Small Shipyard Grant Coalition supports the Trump Administration's efforts to strengthen America's maritime industrial base and expand federal investment in U.S. shipyard modernization. The Administration's proposal appropriately recognizes the need for increased shipyard investment and seeks to create new opportunities to fund larger and more complex shipyard capital projects.

The Coalition particularly supports the proposal's goals of preserving the Small Shipyard Grant Program (SSGP), expanding overall investment in shipyard infrastructure, and creating new funding opportunities for major shipyard modernization and capacity enhancement projects. However, modifications to several aspects of the proposal are detailed to ensure that these goals are achieved efficiently and fairly.

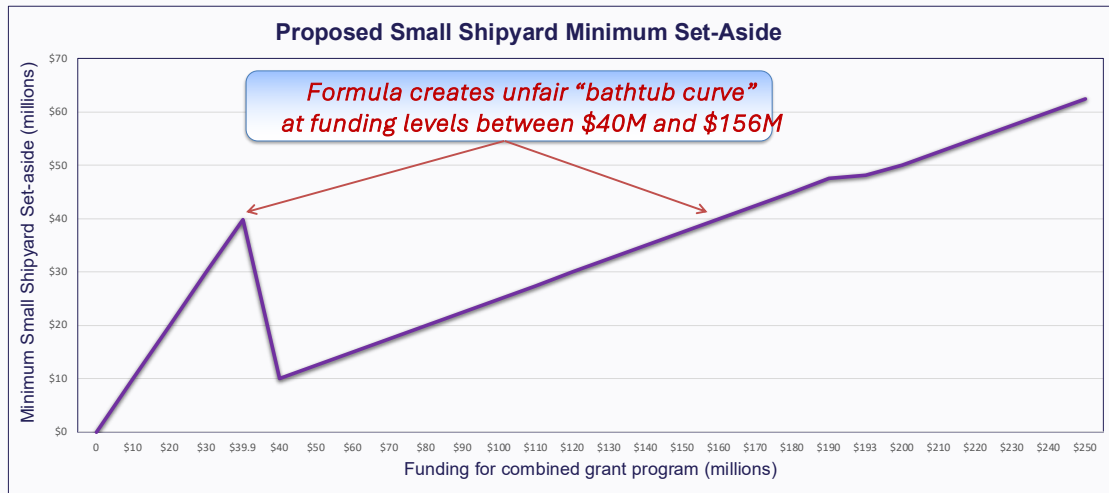
### Key Concerns

**Funding Stability and Predictability:** The proposal would finance shipyard grants through a new maritime trust fund that may generate between approximately \$250 million and \$1.1 billion annually (estimated), while supporting programs authorized at approximately \$1.42 billion per year. This raises concerns regarding the long-term sustainability and predictability of funding for shipyard modernization programs. Stable and dedicated funding is essential for effective long-term planning and investment decisions by shipyards.

**Combining Distinct Grant Programs:** The proposal combines the Small Shipyard Grant Program with a new commercial shipyard grant program designed to support projects of at least \$30 million. These programs serve different policy objectives, support different project scales, and target different segments of the industry. Combining them within a shared funding structure may create uncertainty regarding funding allocation decisions and may complicate program administration. As proposed, the formula allocation of funds creates inequities for Small Shipyard Grants (see chart on following page) without a minimum guarantee of the first \$105 million in funds.

**Mid-Sized Project Gap:** The proposed funding structure creates challenges for projects that fall between traditional Small Shipyard Grant Program award sizes and the new \$30 million minimum grant threshold. As a result, many modernization projects in the approximately \$3 million to \$40 million range may continue to lack practical access to federal funding assistance. While Title XI and Capital Construction Fund enhancements are positive steps, they are not direct substitutes for grant assistance.

## Challenge: Funding Formula Concerns



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## Recommendations

In consideration of the concerns listed, the following modifications to the proposal are recommended:

1. Maintain the Small Shipyard Grant Program as a standalone program with dedicated funding and existing selection criteria.
2. Create a separate shipyard capital grant program for larger and more complex shipyard modernization and capacity expansion projects.
3. Ensure sustainable and predictable funding through dedicated revenue sources.
4. Lower the proposed \$30 million minimum grant threshold for larger grant projects to \$10 million or establish an additional funding tier to support mid-sized modernization projects. Consider creating a set-aside for large projects at small shipyards.

*The views expressed herein are those of Dave Matsuda, founder of the Small Shipyard Grant Coalition and 17th U.S. Maritime Administrator, and do not necessarily reflect the views of every Coalition participant. These views were informed by discussions with more than 20 stakeholders from the small shipyard community.*