

United States Senate

WASHINGTON, DC 20510

April 20, 2026

The Honorable Cindy Hyde-Smith
Chair
Senate Committee on Appropriations
Subcommittee on Transportation, Housing
and Urban Development
United States Senate
Washington, DC 20510

The Honorable Kristen Gillibrand
Ranking Member
Senate Committee on Appropriations
Subcommittee on Transportation, Housing
and Urban Development
United States Senate
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Dear Chair Hyde-Smith and Ranking Member Gillibrand:

As you begin consideration of the Fiscal Year 2027 Transportation, Housing and Urban Development appropriations bill, we urge you to fund the U.S. Department of Transportation Maritime Administration (MARAD) Small Shipyard Grant Program at the authorized level of \$105,000,000. We applaud your commitment to this program that helps modernize the country's small shipyards and repair facilities, while spurring American manufacturing and supporting local economies.

We are at a critical time for the U.S. maritime industrial base. Bipartisan leaders, including President Trump, have called for renewed American leadership in shipbuilding and increased competition in global maritime markets. To achieve this, we must strengthen and grow U.S. shipyards. As proposed in the President's recent Maritime Action Plan, increased funding for the Small Shipyard Grant Program is an effective and timely way to meet these ambitious goals.

Small shipyards on our nation's coasts and inland waterways are often considered the lifeblood of America's maritime industrial base. Across the nation, small shipyards build and maintain more than 40,000 commercial workboats in the U.S. flag fleet, ensuring that our nation's maritime transport remains one of the safest and most energy-efficient forms of transportation for both passengers and products. The U.S. commercial fishing fleet relies on shipyards that can keep them up and running with safe, modern and reliable vessels. Small shipyards also build and maintain vessels critical to transportation safety and law enforcement, such as, U.S. Coast Guard (USCG) ships, dredges, icebreakers, research and military vessels, and fire and rescue boats. The program helps keep America's shipbuilding industry strong, all while supporting global commerce and military readiness.

The U.S. shipyard industry faces many threats, including capacity limitations, workforce challenges, and commercial development. Currently, vessels subject to the relatively recent USCG Subchapter M inspection requirements are undergoing their first round of 5-year inspections, increasing shipyard service wait times around the country from weeks to months. This impact is particularly acute on the inland waterways. Shipyards are also finding it difficult to recruit and retain workers, as low unemployment levels and higher pressure on wages shrink the pool of available workers. This labor pool is shared by larger military-focused shipyards, which face similar challenges. Further, pressure to develop waterfront property into luxury residential or other uses has contributed to a shrinking maritime industrial base, as shipyards struggle to keep up with significant infrastructure investments required for their sites.

The renewed federal focus on U.S. shipbuilding underscores the urgent need to modernize waterfront industrial facilities and recruit and upskill workers. The Small Shipyard Grant Program is ideally suited to address these needs. The program generates incentives for small shipyards to modernize and improve their facilities, as well as make capital improvements to upgrade equipment and processes that make them more efficient and competitive in the global marketplace. The grants, along with shipyard matching dollars, fund a variety of projects including infrastructure improvements, equipment upgrades, repairs and reconfigurations. Small shipyard grants also support American manufacturers and workers who produce shipyard equipment. Strict domestic sourcing requirements ensure that the program fosters sales of American-made industrial equipment and well-paying jobs. To date, the program has awarded 382 grants to shipyards in 33 U.S. States and Territories by leveraging competition among the country's best shipyard modernization projects for federal incentive funds.

During this time of American innovation in the maritime industry, new technologies are being rolled out for vessel power and fuel solutions, as well as other specialized shipboard equipment. These technologies require facilities and a shipyard workforce that can efficiently install, maintain and repair this new equipment. Grants may be used to support employee training initiatives to promote technical skills. This feature is particularly valuable in light of today's workforce development needs throughout the maritime industrial base.

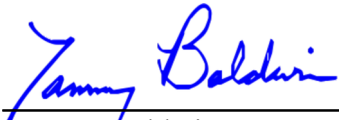
Intense competition for these grants demonstrates a continued strong demand for Small Shipyard Grant Program funding as it continues to be oversubscribed, with annual funding requests approximately 5-10 times the amount of grant funding available. These applications often omit the larger, more complex modernization projects requiring additional funding that just has not been available through the program. Despite the significant economic challenges of this decade, many shipyards would move forward with modernization projects, with the federal government as a funding partner, if sufficient funding for the grant program is made available in Fiscal Year 2027.

To meet the Nation's need for shipyard modernization, a robust funding level at the current authorized level of \$105 million for the Small Shipyard Grant Program is essential. This

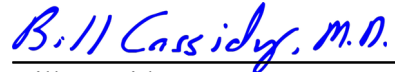
investment is a win for America's small business shipyards, equipment manufacturers, the U.S. fleet and jobs in all of these industries.

Thank you for your consideration.

Sincerely,



Tammy Baldwin
United States Senator



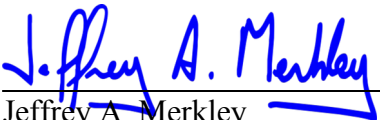
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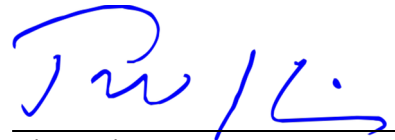
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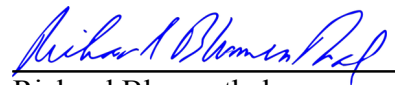
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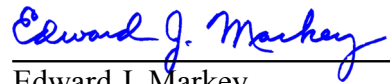
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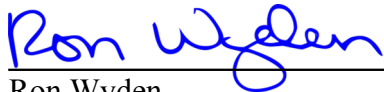
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