



February 2017

# MARITIME ADMINISTRATION

Proceeds from the  
Sale of Obsolete  
Vessels Were  
Accounted for,  
Allocated, and  
Disbursed Consistent  
with Applicable Law

# GAO Highlights

Highlights of [GAO-17-280](#), a report to congressional committees

## Why GAO Did This Study

MARAD, an agency within the Department of Transportation, maintains and operates the NDRF. The NDRF comprises merchant-type vessels that can be activated for defense and other specified purposes. MARAD has the authority to scrap or sell certain vessels that no longer warrant preservation. Proceeds from these sales are deposited in the VORF. Applicable law states that the proceeds in the VORF must be made available (allocated) to designated recipients for specified purposes. The Maritime Administrator determines the timing of disbursements of VORF funds (actual payments) to designated recipients.

The Coast Guard Authorization Act of 2015 included a provision for GAO to conduct an audit of VORF funds since fiscal year 2005. In this report, GAO assesses the extent to which (1) MARAD's accounting for and allocation of the proceeds in the VORF were consistent with applicable law and (2) MARAD's disbursement of those proceeds was consistent with applicable law. GAO recalculated the allocation of proceeds against requirements, examined support for VORF payments related to NPS and the maritime academies, and tested a statistical sample of VORF-funded MARAD and NDRF expenses.

GAO is not making recommendations. In comments on this report, the Department of Transportation stated that MARAD, as steward of taxpayer dollars, exercises management, oversight, and control over its VORF to ensure that proceeds are used consistent with applicable law.

View [GAO-17-280](#). For more information, contact William J. Cordrey at (404) 679-1873 or [cordreyw@gao.gov](mailto:cordreyw@gao.gov)

February 2017

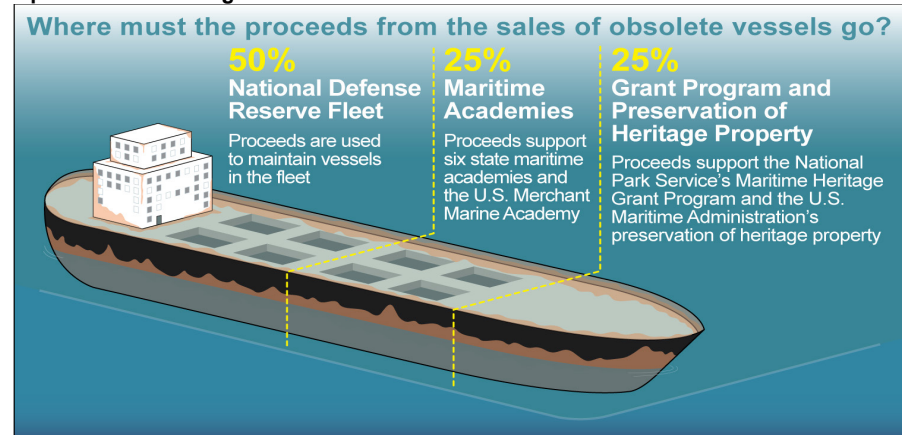
## MARITIME ADMINISTRATION

### Proceeds from the Sale of Obsolete Vessels Were Accounted for, Allocated, and Disbursed Consistent with Applicable Law

## What GAO Found

The Maritime Administration (MARAD) accounted for and allocated about \$75.9 million in proceeds from the sale of 90 obsolete vessels from the National Defense Reserve Fleet (NDRF) in fiscal years 2005 through 2015 in the Vessel Operations Revolving Fund (VORF) consistent with applicable law.

#### Required Allocation of Proceeds from the Sale of Obsolete Vessels Maintained in the Vessel Operations Revolving Fund



Source: 54 U.S.C § 308704. | GAO-17-280

GAO also found that MARAD's disbursements from the VORF—of approximately \$52.6 million in fiscal years 2005 through 2015—were consistent with applicable law. Specifically, the amount of MARAD's disbursements from fiscal years 2005 through 2015 to the six state maritime academies and the National Park Service (NPS) were properly supported and consistent with applicable law. GAO also verified that MARAD's disbursements to vendors on behalf of the U.S. Merchant Marine Academy from fiscal years 2011 through 2015 were consistent with applicable law. Finally, GAO verified, based on a statistical sample, that MARAD's disbursements from the VORF from fiscal years 2011 through 2015 for the NDRF vessels and for preservation and presentation of heritage property were supported and used for purposes consistent with applicable law.

#### Vessel Operations Revolving Fund Proceeds and Disbursements, Fiscal Years 2005-2015

Dollars in millions

	National Defense Reserve Fleet	Maritime academies	National Park Service's National Maritime Heritage Grant Program	Maritime Administration's preservation of heritage property	Total
Proceeds from vessel sales	\$37.93	\$18.96	\$10.32	\$8.64	<b>\$75.86</b>
Less: Disbursements	(30.37)	(15.82)	(4.84)	(1.52)	<b>\$(52.56)</b>
<b>Remaining balances as of September 30, 2015</b>	<b>7.56</b>	<b>3.14</b>	<b>5.48</b>	<b>7.12</b>	<b>\$23.30</b>

Source: GAO analysis of Maritime Administration data. | GAO-17-280

Note: Numbers may not add to totals because of rounding.

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## Abbreviations

MARAD	Maritime Administration
NDRF	National Defense Reserve Fleet
NPS	National Park Service
USMMA	United States Merchant Marine Academy
VORF	Vessel Operations Revolving Fund

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February 23, 2017

Congressional Committees

The Department of Transportation's Maritime Administration (MARAD) has the authority to scrap or sell certain vessels that no longer warrant preservation.<sup>1</sup> From fiscal years 2005 through 2015, MARAD sold 90 obsolete vessels from its National Defense Reserve Fleet (NDRF) to ship recycling companies and collected proceeds of approximately \$75.9 million from these sales.<sup>2</sup> In accordance with the National Maritime Heritage Act of 1994, as amended (the applicable law),<sup>3</sup> MARAD deposits the proceeds from these sales in the Vessel Operations Revolving Fund (VORF).<sup>4</sup> The law also states that these funds are to be made available (allocated) to designated recipients for specified purposes, such as maintaining or repairing ships in the NDRF; paying or reimbursing certain expenses of the maritime academies, including the six state maritime academies and the United States Merchant Marine Academy (USMMA);<sup>5</sup> and providing funding for the National Park Service's (NPS) National Maritime Heritage Grant Program (Grant Program) and the preservation of MARAD's heritage property.<sup>6</sup> While MARAD makes the proceeds available to the designated recipients by allocating the funds into specific VORF accounts in its accounting records, the timing for when

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<sup>1</sup>40 U.S.C. § 548; 46 U.S.C. § 57102.

<sup>2</sup>The NDRF was established by the Merchant Ship Sales Act of 1946 and serves as a reserve of ships for national defense and other specified purposes. Pub. L. No. 79-321, § 11, 60 Stat. 49 (Mar. 8, 1946), *codified as amended at* 50 U.S.C. § 4405.

<sup>3</sup>Pub. L. No. 103-451, § 6, 108 Stat. 4776 (Nov. 2, 1994), *codified as amended at* 54 U.S.C. § 308704.

<sup>4</sup>The VORF was established to assist the Secretary of Transportation in carrying out certain duties and powers related to vessel operations, including charter, operation, maintenance, repair, reconditioning, and improvement of merchant vessels. 46 U.S.C. § 50301.

<sup>5</sup>The state maritime academies are the Great Lakes Maritime Academy, Maine Maritime Academy, Massachusetts Maritime Academy, Texas Maritime College of the Texas A&M University at Galveston, California Maritime Academy, and the State University of New York Maritime Academy.

<sup>6</sup>The Grant Program is administered by NPS, which is part of the Department of the Interior. Pub. L. No. 103-451, § 4, *codified as amended at* 54 U.S.C. § 308703.

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disbursements of VORF funds (actual payments) for these purposes are made to the recipients is determined by the Maritime Administrator.<sup>7</sup>

The Coast Guard Authorization Act of 2015 included a provision for GAO to conduct an audit of funds attributable to the sale of obsolete vessels in the NDRF since fiscal year 2005.<sup>8</sup> In this report, we examine the extent to which (1) MARAD's accounting for the proceeds from the sale of obsolete vessels in the VORF and allocation to designated recipients during fiscal years 2005 through 2015 were consistent with the applicable law and (2) MARAD's disbursement of those proceeds was consistent with the applicable law. The act also included a provision for GAO to provide a list of all annual NPS Grant Program grants and subgrants awarded, their recipients, and associated amounts.<sup>9</sup> The list provided by NPS Grant Program management is presented in appendix I.

To accomplish the first objective, we reviewed VORF-related deposits in MARAD's account with the Department of the Treasury for fiscal years 2005 through 2015 and compared those deposit amounts to VORF proceeds recorded in MARAD's accounting records.<sup>10</sup> We also reviewed information that MARAD released publicly, such as reports to Congress and inventory reports detailing changes in the number of ships maintained in the NDRF, and reconciled those data with records maintained by MARAD's Ship Disposal Program Office and with MARAD's accounting records. We then calculated the amount of proceeds that should be allocated to each of the designated recipients based on the applicable law and compared our results with MARAD's allocations. Through these reconciliations as well as interviews with MARAD officials, review of recent Department of Transportation-related audit reports, and checks for missing data and errors, we determined that

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<sup>7</sup>The Maritime Administrator is the head of MARAD. 54 U.S.C. § 308704(a) states that funds credited in a fiscal year to the VORF attributable to the sale of obsolete vessels in the NDRF shall be available to the Maritime Administrator for the specified purposes, and funds are available until expended.

<sup>8</sup>Pub. L. No. 114-120, § 603, 130 Stat. 80 (Feb. 8, 2016).

<sup>9</sup>Subgrants are grants made under an agency grant by the original award recipient to a subrecipient. For example, NPS Grant Program grants are awarded to state historic preservation offices, which in turn distribute subgrants to approved applicants in their state.

<sup>10</sup>When ship recycling companies purchase an obsolete vessel from MARAD, payment is made via check or a wire transfer and funds are deposited in MARAD's account with the Department of the Treasury.

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the data in MARAD's accounting system were sufficiently reliable for our purposes.

To accomplish the second objective, we identified all disbursements from the VORF in MARAD's accounting records for fiscal years 2005 through 2015.<sup>11</sup> We determined that an audit of the specific uses of VORF funds by NPS and the maritime academies was beyond the scope of our review. We did, however, verify all disbursements to the state maritime academies and to NPS for fiscal years 2005 through 2015 by examining evidence of and support for payment.<sup>12</sup> For the USMMA,<sup>13</sup> we examined evidence of MARAD's disbursements to vendors on behalf of the academy for fiscal years 2005 through 2015. To determine whether MARAD's disbursements of VORF funds for the NDRF and the preservation of MARAD's heritage property were consistent with the law,<sup>14</sup> we selected a statistical sample of relevant transactions from MARAD's accounting records for fiscal years 2011 through 2015 and examined supporting documents, such as invoices, contracts, and statements of work, to determine the nature of the goods or services obtained. Since federal records management policies state that financial transaction documentation should be destroyed 6 years after final payment or cancellation, we limited our sample testing to the most recent 5-year period.<sup>15</sup> This period accounted for approximately 90 percent of the total disbursements for the NDRF and the preservation of MARAD's heritage property for the entire 11-year period.

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<sup>11</sup>For purposes of this report, disbursements include payments made and unpaid obligations. Unpaid obligations are transactions where MARAD has made a definite commitment resulting in a legal liability to pay for a good or service but has yet to actually disburse the funds.

<sup>12</sup>MARAD disburses VORF sales proceeds to each state maritime academy in the form of a check and to NPS for the Grant Program by means of an intragovernmental funds transfer. For these payees, all disbursements represented payments made. In the case of the MARAD-controlled programs—the United States Merchant Marine Academy, the NDRF, and the preservation of MARAD's own heritage property—VORF funds are paid directly to the applicable vendors. Disbursements for these programs consisted of payments made and unpaid obligations.

<sup>13</sup>MARAD funds and operates the USMMA.

<sup>14</sup>54 U.S.C. § 308704.

<sup>15</sup>Longer retention is authorized if required for business use. National Archives and Records Administration, *General Records Schedule 1.1: Financial Management and Reporting Records* (Washington, D.C.: August 2015).

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We obtained from NPS Grant Program management an unaudited list of Grant Program grants and subgrants awarded with associated amounts. According to NPS Grant Program management, from fiscal years 2005 through 2015, there were only two rounds of grants awarded, for 2014 and 2015.<sup>16</sup> We compared the grant and subgrant award information we received from NPS Grant Program management to related information published on the NPS website and noted no discrepancies.

We conducted this performance audit from February 2016 to February 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

By law, the proceeds from the sale of obsolete vessels in the NDRF must be deposited in the VORF and made available (allocated) to designated recipients as follows (also see fig. 1):<sup>17</sup>

- Fifty percent to the Maritime Administrator for the acquisition, maintenance, repair, reconditioning, or improvement of vessels in the NDRF.
- Twenty-five percent to the Maritime Administrator for the maritime academies, including the USMMA and six state maritime academies, for the maintenance, repair, and modernization of facilities and training ships and for the purchase of simulators and fuel.
- Twenty-five percent to the Secretary of the Interior to carry out the NPS Grant Program or, if otherwise determined by the Maritime

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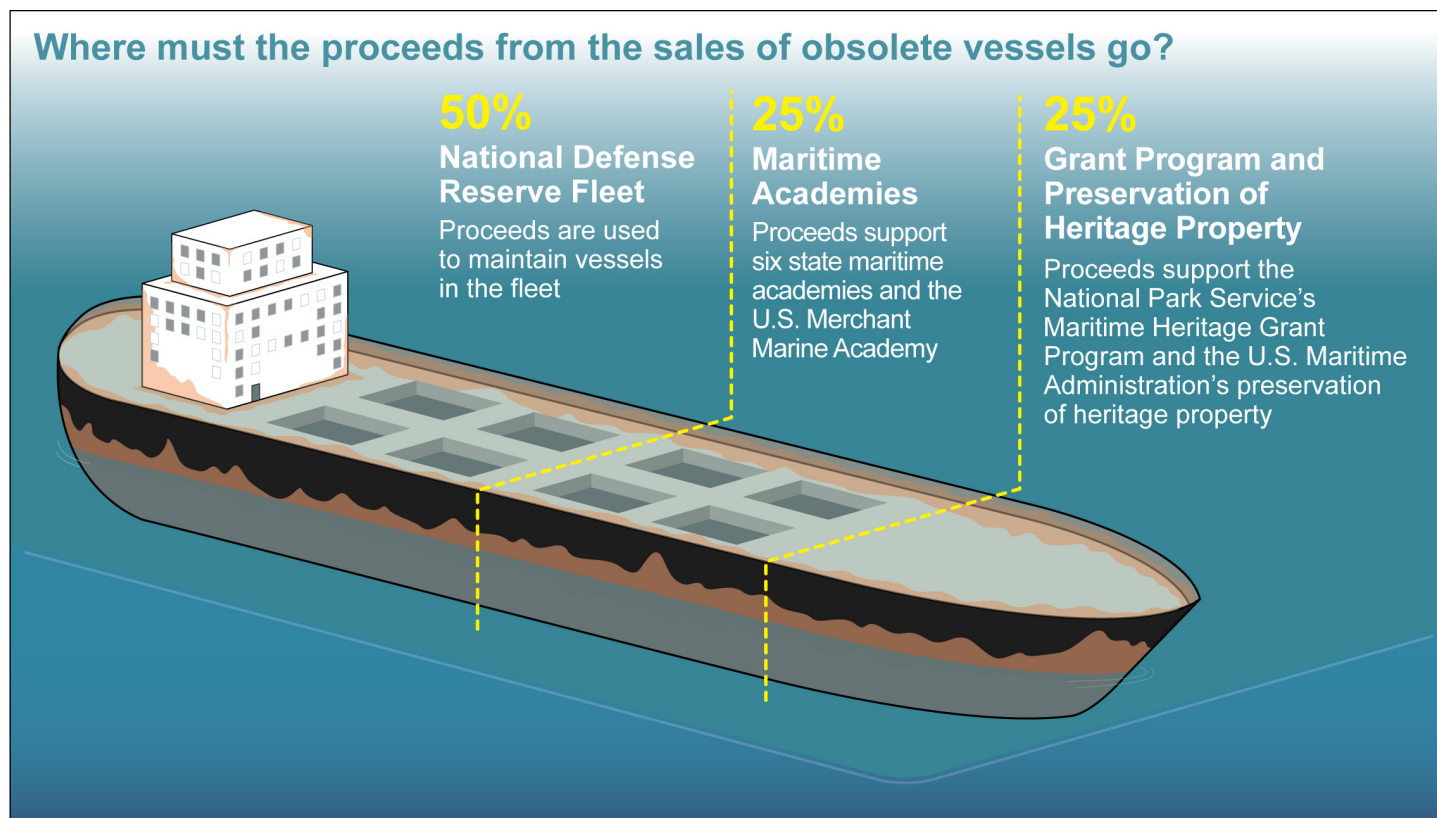
<sup>16</sup>Grant proposals solicited and received in calendar years 2014 and 2015 were awarded in April of the subsequent year.

<sup>17</sup>54 U.S.C. § 308704. These funds are available until expended.



Administrator, for use in the preservation and presentation of MARAD's maritime heritage property.<sup>18</sup>

**Figure 1: Required Allocation of Proceeds from the Sale of Obsolete Vessels Maintained in the Vessel Operations Revolving Fund**



Source: 54 U.S.C § 308704. | GAO-17-280

Once funds have been allocated to the designated recipients, the means of disbursement depends upon the specific recipient. Specifically, MARAD disburses funds to each state maritime academy in the form of a check and to NPS in the form of an intragovernmental funds transfer. For

<sup>18</sup>MARAD entered into a Memorandum of Agreement with NPS to divide the remaining 25 percent of proceeds evenly between NPS's Grant Program and MARAD's preservation of heritage property program. MARAD decided to divide the proceeds equally between the Grants Program and the preservation of heritage property. The National Defense Authorization Act for Fiscal Year 2017 made certain changes to the allocation formula in 54 U.S.C. § 308704 for the remaining 25 percent of the VORF. See Pub. L. No. 114-328, § 3507, 130 Stat. 2777 (Dec. 23, 2016). For purposes of this report, we used the allocation formula contained in the previous version of 54 U.S.C. § 308704, as it was in effect during the period reviewed by our audit.

MARAD-controlled recipients—the USMMA, the NDRF, and the preservation of MARAD’s own heritage property—VORF funds are disbursed directly to the applicable vendors.

## MARAD Accounted for and Allocated the Proceeds from Obsolete Vessel Sales Consistent with Applicable Law

We determined that MARAD properly accounted for in the VORF the proceeds received from the sale of 90 obsolete vessels during the period covering fiscal years 2005 through 2015, which totaled approximately \$75.9 million. We also found that MARAD allocated those proceeds to the designated recipients during fiscal years 2005 through 2015 consistent with applicable law.

Table 1 lists the number of obsolete vessels sold from fiscal year 2005 through fiscal year 2015 as well as the related proceed amounts and allocation to the designated recipients by fiscal year.

**Table 1: The Maritime Administration’s Allocation of Proceeds from Sales of Obsolete Vessels in the Vessel Operations Revolving Fund, Fiscal Years 2005 through 2015**

Fiscal year	Number of obsolete vessels sold	Sales proceeds <sup>a</sup>	Allocations to designated recipients			
			National Defense Reserve Fleet	Maritime academies	National Park Service’s National Maritime Heritage Grant Program <sup>b</sup>	Maritime Administration’s preservation of heritage property <sup>b</sup>
2005	1	\$1,000	\$500	\$250	\$125	\$125
2006	5	151,667	75,834	37,917	18,958	18,958
2007	7	987,502	493,751	246,876	123,438	123,438
2008	16	7,390,257	3,695,129	1,847,564	923,782	923,782
2009	5	260,091	130,046	65,023	32,511	32,511
2010	0 <sup>c</sup>	0	0	0	0	0
2011	8	7,589,456	3,794,728	1,897,364	948,682	948,682
2012	16	18,916,706	9,458,353	4,729,177	2,364,588	2,364,588
2013	19	24,604,830	12,302,415	6,151,208	3,075,604	3,075,604
2014	8	9,783,845	4,891,923	2,445,961	1,222,981	1,222,981
2015	5	6,171,903	3,085,952	1,542,976	1,610,584 <sup>d</sup>	(67,608) <sup>d</sup>
<b>Total</b>	<b>90</b>	<b>\$75,857,257</b>	<b>\$37,928,629</b>	<b>\$18,964,314</b>	<b>\$10,321,253</b>	<b>\$8,643,061</b>

Source: GAO analysis of Maritime Administration data. | GAO-17-280

Note: Numbers may not add to totals because of rounding.

<sup>a</sup>Proceeds shown in the table are net of any adjustments made to the sales contract amount. Adjustments may be made, for example, to reimburse the buyer for any repairs needed before the vessel can be safely towed or to penalize the buyer if the vessel is not disassembled within the agreed-upon time frame noted in the sales contract.

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<sup>b</sup>During our review period, 54 U.S.C. § 308704 did not require any specific allocation other than that 25 percent should be available either for carrying out the National Park Service's Maritime Heritage Grant Program, or for the preservation of and presentation to the public of maritime heritage property of the Maritime Administration. The portion of this 25 percent allocated to each of these purposes was at the Maritime Administration's discretion.

<sup>c</sup>According to the Maritime Administration, the lack of obsolete vessels sales in fiscal year 2010 is directly attributable to the decline of scrap steel prices and diminished demand for scrap metals in fiscal year 2009 that depressed the domestic ship recycling industry.

<sup>d</sup>In fiscal year 2015, at the request of the National Park Service, the Maritime Administrator transferred \$839,096 in unobligated funds that had been allocated in prior years to the Maritime Administration's preservation of heritage property to the National Park Service's Maritime Heritage Grant Program allocation, consistent with applicable law. The 2015 allocation shown for the Maritime Administration's preservation of heritage property reflects this transfer netted against its 2015 allocation of \$771,488.

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## MARAD's Disbursements of Obsolete Vessel Sale Proceeds Were Consistent with Applicable Law

We found that MARAD's disbursements from the VORF were consistent with applicable law. Specifically, we verified that MARAD's disbursements for fiscal years 2005 through 2015 to the six state maritime academies and NPS, and MARAD's payments for fiscal years 2011 through 2015 to vendors on behalf of the USMMA, were properly supported and consistent with applicable law.<sup>19</sup> We also verified, based on a statistical sample, that MARAD's disbursements from the VORF for goods and services for the NDRF and MARAD's preservation and presentation of heritage property for fiscal years 2011 through 2015 were supported and used for purposes authorized by applicable law.<sup>20</sup> Of the nearly \$75.9 million MARAD received from the sale of obsolete vessels, MARAD recorded disbursements to the designated recipients during fiscal years 2005 through 2015 of approximately \$52.6 million, which we determined to be adequately supported. Tables 2, 3, and 4 present additional detail regarding the amount of MARAD's disbursements from the VORF during fiscal years 2005 through 2015, as well as changes in the VORF account balances for the designated recipients over that same period.

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<sup>19</sup>We tested all disbursements made by MARAD to the six state maritime academies and NPS and vendors on behalf of the USMMA.

<sup>20</sup>We selected a statistical sample of 127 items from the universe of 1,650 such disbursements and unpaid obligations (planned disbursements) made by MARAD during fiscal years 2011 to 2015 and reviewed supporting documentation to verify that these items were supported and used for purposes authorized by applicable law. Based on this sample, we are 95 percent confident that not more than \$1.7 million of the total absolute value of the population could be in error.

**Table 2: Disbursements from the Vessel Operations Revolving Fund, Fiscal Years 2005 through 2015**

<b>Fiscal year</b>	<b>National Defense Reserve Fleet</b>	<b>Maritime academies</b>	<b>National Park Service's National Maritime Heritage Grant Program</b>	<b>Maritime Administration's preservation of heritage property</b>	<b>Total</b>
2005	\$0	\$0	\$0	\$0	<b>\$0</b>
2006	0	0	0	0	<b>\$0</b>
2007	524,460	269,010	0	0	<b>\$793,470</b>
2008	0	0	0	0	<b>\$0</b>
2009	1,485,958	1,617,450	0	0	<b>\$3,103,408</b>
2010	1,684,655	225,394	0	0	<b>\$1,910,049</b>
2011	1,043,852	531,390	0	176,250	<b>\$1,751,493</b>
2012	2,245,620	5,640,333	0	199,941	<b>\$8,085,893</b>
2013	5,349,947	0	0	409,898	<b>\$5,759,845</b>
2014	7,576,303	6,000,000	2,000,000	242,808	<b>\$15,819,111</b>
2015	10,458,521	1,540,891	2,839,096	495,357	<b>\$15,333,866</b>
<b>Total</b>	<b>\$30,369,317</b>	<b>\$15,824,468</b>	<b>\$4,839,096</b>	<b>\$1,524,253</b>	<b>\$52,557,135</b>

Source: GAO analysis of Maritime Administration data. | GAO-17-280

Note: Numbers may not add to totals because of rounding.

**Table 3: Disbursements from the Vessel Operations Revolving Fund to Individual Maritime Academies, Fiscal Years 2005 through 2015**

Dollars in thousands

Fiscal year	Maritime academies							Total
	U.S. Merchant Marine Academy	Maine Maritime Academy	Massachusetts Maritime Academy	Great Lakes Maritime Academy	Texas Maritime College of the Texas A&M University at Galveston	California Maritime Academy	State University of New York Maritime Academy	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006	0	0	0	0	0	0	0	\$0
2007	209	10	10	10	10	10	10	\$269
2008	0	0	0	0	0	0	0	\$0
2009	217	300	300	50	0	450	300	\$1,617
2010	225	0	0	0	0	0	0	\$225
2011	148	61	20	20	20	131	131	\$531
2012	0	940	940	940	940	940	940	\$5,640
2013	0	0	0	0	0	0	0	\$0
2014	0	1,000	1,000	1,000	1,000	1,000	1,000	\$6,000
2015	1,541	0	0	0	0	0	0	\$1,541
<b>Total</b>	<b>\$2,341</b>	<b>\$2,311</b>	<b>\$2,270</b>	<b>\$2,020</b>	<b>\$1,970</b>	<b>\$2,531</b>	<b>\$2,381</b>	<b>\$15,824</b>

Source: GAO analysis of Maritime Administration data. | GAO-17-280

Notes: There were no disbursements made to the maritime academies in fiscal years 2005, 2006, 2008, and 2013. According to the Maritime Administration, disbursements are not made in certain years in order to allow funds to accumulate to a level where they can be used to fund larger projects. Numbers may not add to totals because of rounding.

**Table 4: Changes in Vessel Operations Revolving Fund Balances from Fiscal Years 2005 through 2015**

	National Defense Reserve Fleet	Maritime academies	National Park Service's National Maritime Heritage Grant Program	Maritime Administration's preservation of heritage property	Total
Balance as of October 1, 2005 <sup>a</sup>	\$475	\$238	\$119	\$119	\$950
Allocations, fiscal years 2005 through 2015	37,928,629	18,964,314	10,321,253	8,643,061	\$75,857,257
Disbursements, fiscal years 2005 through 2015	-30,369,317	-15,824,468	-4,839,096	-1,524,253	-\$52,557,135
<b>Balance as of September 30, 2015</b>	<b>\$7,559,787</b>	<b>\$3,140,083</b>	<b>\$5,482,276</b>	<b>\$7,118,927</b>	<b>\$23,301,072</b>

Source: GAO analysis of Maritime Administration data. | GAO-17-280

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Note: Numbers may not add to totals because of rounding.

<sup>a</sup>GAO did not test beginning balances, which reflect proceeds from sales prior to fiscal year 2005, as this was not in the scope of our audit.

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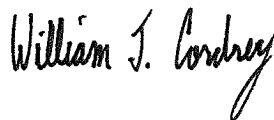
## Agency Comments

We provided a draft of this report to the Department of Transportation for comment. In its written comments, reprinted in appendix II, the department stated that MARAD, as steward of taxpayer dollars, exercises management, oversight, and control over the VORF to ensure that proceeds are used to maintain and repair vessels in the NDRF and support the USMMA and six state maritime academies. The Department of Transportation stated that proceeds also support and promote public awareness and education of maritime history.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Transportation, the Maritime Administrator, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (404) 679-1873 or [cordreyw@gao.gov](mailto:cordreyw@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



William J. Cordrey  
Acting Director  
Financial Management and Assurance

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*List of Committees*

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Chairman

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Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable John Thune  
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# Appendix I: National Maritime Heritage Grants and Subgrants Awarded

In addition to its provision that GAO audit the amount in the Vessel Operations Revolving Fund allocated to the National Park Service's (NPS) National Maritime Heritage Grant Program (Grant Program), the Coast Guard Authorization Act of 2015 included a provision for GAO to provide a list of all annual NPS Grant Program grants and subgrants awarded that identifies the respective recipients and amounts.<sup>1</sup> According to NPS Grant Program management, there were only two rounds of grants awarded (for 2014 and 2015) during fiscal years 2005 through 2015.<sup>2</sup> Tables 5 and 6 provide this information. The subgrant amounts (not including administrative reimbursements) listed in table 5 are detailed by project in table 6.

**Table 5: Summary of National Maritime Heritage Grants Awarded by the National Park Service for the 2014 and 2015 Grant Cycles (Unaudited)**

Grant cycle <sup>a</sup>	State	Subgrant(s)	Administrative reimbursement <sup>b</sup>	Grant total
2014	Alaska	\$39,496	\$1,974	<b>\$41,470</b>
	California	458,984	22,949	<b>\$481,933</b>
	Connecticut	199,806	9,990	<b>\$209,796</b>
	Delaware	25,119	0	<b>\$25,119</b>
	Florida	72,496	3,624	<b>\$76,120</b>
	Georgia	41,837	2,091	<b>\$43,928</b>
	Hawaii	45,899	2,294	<b>\$48,193</b>
	Maine	240,784	12,039	<b>\$252,823</b>
	Maryland	89,597	4,480	<b>\$94,076</b>
	Massachusetts	185,175	9,259	<b>\$194,434</b>
	New York	280,303	14,015	<b>\$294,318</b>
	North Carolina	246,037	12,302	<b>\$258,338</b>
	Oklahoma	25,000	1,250	<b>\$26,250</b>
	Oregon	70,425	3,521	<b>\$73,946</b>
	Pennsylvania	169,850	8,493	<b>\$178,343</b>
	South Carolina	26,228	1,311	<b>\$27,539</b>
	Texas	49,455	2,473	<b>\$51,928</b>

<sup>1</sup>Pub. L. No. 114-120, § 603(a)(2)(A), 130 Stat. 80 (Feb. 8, 2016).

<sup>2</sup>The timing and amount of Maritime Administration disbursements to NPS does not align directly with the grant cycle.



**Appendix I: National Maritime Heritage Grants and Subgrants Awarded**

Grant cycle <sup>a</sup>	State	Subgrant(s)	Administrative reimbursement <sup>b</sup>	Grant total
	Vermont	26,954	1,348	<b>\$28,301</b>
	Virginia	99,900	4,995	<b>\$104,895</b>
	Washington	115,000	5,750	<b>\$120,750</b>
	Wisconsin	98,682	4,909	<b>\$103,591</b>
<b>Total</b>		<b>\$2,607,026</b>	<b>\$129,066</b>	<b>\$2,736,092</b>
2015	Alaska	\$50,000	\$2,500	<b>\$52,500</b>
	California	186,669	9,333	<b>\$196,002</b>
	Connecticut	247,323	12,366	<b>\$259,689</b>
	Delaware	31,800	1,590	<b>\$33,390</b>
	Florida	50,000	2,500	<b>\$52,500</b>
	Maine	50,000	2,500	<b>\$52,500</b>
	Maryland	278,545	13,927	<b>\$292,472</b>
	Massachusetts	206,738	10,337	<b>\$217,075</b>
	Michigan	175,335	2,617	<b>\$177,952</b>
	Minnesota	68,000	0	<b>\$68,000</b>
	New Jersey	50,000	2,500	<b>\$52,500</b>
	New York	449,000	22,450	<b>\$471,450</b>
	North Carolina	144,569	0	<b>\$144,569</b>
	Ohio	100,000	5,000	<b>\$105,000</b>
	Oregon	45,035	2,252	<b>\$47,287</b>
	Pennsylvania	150,088	7,504	<b>\$157,592</b>
	Rhode Island	50,000	2,500	<b>\$52,500</b>
	Virginia	47,095	2,355	<b>\$49,450</b>
	Washington	200,000	10,000	<b>\$210,000</b>
<b>Total</b>		<b>\$2,580,197</b>	<b>\$112,232</b>	<b>\$2,692,429</b>

Source: National Park Service. | GAO-17-280

Note: Numbers may not add to totals because of rounding.

<sup>a</sup>The grant cycle is the calendar year in which grant proposals are solicited from prospective award recipients. Awards for the 2014 cycle were made in April 2015. Awards for the 2015 cycle were made in April 2016.

<sup>b</sup>54 U.S.C. § 308704 provides that not more than 15 percent or \$500,000, whichever is less, of the amount available for the National Maritime Heritage Grant Program may be used for administrative expenses. Administrative reimbursements are made to the State Historic Preservation Offices except in cases where the office itself is the grant applicant.

**Appendix I: National Maritime Heritage Grants  
and Subgrants Awarded**

**Table 6: National Maritime Heritage Subgrants Awarded by the National Park Service for the 2014 and 2015 Grant Cycles (Unaudited)**

<b>Grant cycle</b>	<b>State</b>	<b>Project title</b>	<b>Recipient(s)</b>	<b>Subgrant amount (dollars)</b>	<b>State total (dollars)<sup>a</sup></b>
2014	Alaska	The Traditional Tlingit and Haida Halibut Hook Project	Sealaska Heritage Institute	\$39,496	<b>\$39,496</b>
	California	Pigeon Point Lighthouse Rehabilitation Project	California State Parks Foundation	73,436	<b>\$458,984</b>
		Replacement of the Sailing Ship Star of India's Weather Decks	Maritime Museum Association of San Diego	192,794	
		USS <i>Pampanito</i> World War II Submarine Preservation Project	San Francisco Maritime National Historical Park	192,754	
	Connecticut	Restoration of the 1908 Steamboat <i>Sabino</i>	Mystic Seaport Museum	199,806	<b>\$199,806</b>
	Delaware	Indian River Life-Saving Station's Guardians of the Sea	Delaware Division of Parks and Recreation	25,119	<b>\$25,119</b>
	Florida	Maritime Archaeology Educational Field Program	Diving With a Purpose	46,536	<b>\$72,496</b>
		Pensacola Maritime Heritage Trail	University of West Florida Historic Trust	25,960	
	Georgia	Georgia's Rich Maritime Cultural Heritage: Generational Commercial Fishing Families	University of Georgia Marine Extension Service	41,837	<b>\$41,837</b>
	Hawaii	Papahana Hooloona Public Outreach Project	Kānehūnāmoku Voyaging Academy	45,899	<b>\$45,899</b>
	Maine	National Fisherman: Documenting a Sea Change	Penobscot Marine Museum	40,784	<b>\$240,784</b>
		Wood Island Life Saving Station, Kittery Point, Maine: Rehabilitation	Wood Island Life Saving Station Association	200,000	
	Maryland	USS <i>Constellation Spar</i> , Fighting Top, and Rigging Rehabilitation	Living Classrooms Foundation	89,597	<b>\$89,597</b>
	Massachusetts	Lowell's Boat Shop Educational Outreach: Innovative Learning on the River	Lowell's Boat Shop	35,330	<b>\$185,175</b>
		An Educational Platform for America's Oldest Marine Railway	Maritime Gloucester	50,000	
		Conservation of the Purrington-Russell Panorama for Exhibition and Educational Programming	Old Dartmouth Historical Society/New Bedford Whaling Museum	49,845	
		USS <i>Constitution</i> : From Forest to Frigate	USS Constitution Museum	50,000	
	New York	Fireboat Fire Fighter Preservation Project	Fireboat Fire Fighter Museum	80,875	<b>\$280,303</b>
		USS <i>Growler</i> Submarine Preservation Project	Intrepid Museum Foundation	117,278	

**Appendix I: National Maritime Heritage Grants  
and Subgrants Awarded**

<b>Grant cycle</b>	<b>State</b>	<b>Project title</b>	<b>Recipient(s)</b>	<b>Subgrant amount (dollars)</b>	<b>State total (dollars)<sup>a</sup></b>
		Freeport Waters	Long Island Traditions	40,000	
		American Lighthouse History Multimedia Educational Experience	National Lighthouse Museum	42,150	
	North Carolina	Battleship North Carolina Emergency Hull Restoration	Battleship North Carolina Commission	200,000	<b>\$246,037</b>
		Port Light: Tracing Historical Connections/Outer Banks to Mainland	Core Sound Waterfowl Museum and Heritage Center	46,037	
	Oklahoma	Discovery and Excavation of the Steamboat Heroine: Exhibit & Curriculum Unit	Oklahoma Historical Society	25,000	<b>\$25,000</b>
	Oregon	Cradles and Cantilevered Shelving for the Museum's Boat Collection	Columbia River Maritime Museum	33,549	<b>\$70,425</b>
		Grande Ronde Canoe Culture, Waterways, Travel, and Trade	Confederated Tribes of Grande Ronde	36,876	
	Pennsylvania	Critical Projects for the Continued Preservation of USS <i>Olympia</i>	Independence Seaport Museum	169,850	<b>\$169,850</b>
	South Carolina	Giving History Life: The USS <i>Yorktown</i> Interactive Engine Room Experience	USS <i>Yorktown</i> Foundation	26,228	<b>\$26,228</b>
	Texas	Audio Tours to Enhance Visitor Experience on board Battleship Texas	Texas Parks and Wildlife Department	49,455	<b>\$49,455</b>
	Vermont	Lake Champlain Steamboat <i>Winooski</i> Archaeological Investigation	Institute of Nautical Archaeology	26,954	<b>\$26,954</b>
	Virginia	USS <i>Monitor</i> Artifact Conservation and Outreach Project	Mariners' Museum	99,900	<b>\$99,900</b>
	Washington	Free Public Rides on Historic Small Craft	Center for Wooden Boats	28,000	<b>\$115,000</b>
		Preservation of the National Historic Landmark 1889 Tugboat <i>Arthur Foss</i>	Northwest Seaport	87,000	
	Wisconsin	Processing and Conservation of Fraser Shipyards Collection Technical Drawings	University of Wisconsin-Superior	49,984	<b>\$98,682</b>
		Lock and Load: Great Lakes Canallers and the Grain Trade	Wisconsin Historical Society	48,698	
<b>Total subgrants for the 2014 grant cycle</b>					<b>\$2,607,026</b>
2015	Alaska	Thelma C Exhibit Project	Kodiak Maritime Museum and Art Center	\$50,000	<b>\$50,000</b>
	California	A Distance-Learning History Project: Linking to Cabrillo's Ship <i>San Salvador</i>	Maritime Museum Association of San Diego	49,100	<b>\$186,669</b>
		Steam Ferryboat <i>Eureka</i> Structural Survey	San Francisco Maritime National Park Association	52,900	

**Appendix I: National Maritime Heritage Grants  
and Subgrants Awarded**

<b>Grant cycle</b>	<b>State</b>	<b>Project title</b>	<b>Recipient(s)</b>	<b>Subgrant amount (dollars)</b>	<b>State total (dollars)<sup>a</sup></b>
		Spirit of Dana Point Tall Ship Overnight Education Program	Santa Barbara Maritime Museum	35,000	
		Island of the Blue Dolphins and its Maritime History Context	University of South Carolina Foundation <sup>b</sup>	49,669	
	Connecticut	Connecticut River Museum Bulkhead Replacement Project	Connecticut River Museum	197,364	<b>\$247,323</b>
		Restoration of the 1908 Steamboat <i>Sabino</i>	Mystic Seaport Museum	49,959	
	Delaware	"Wilmington Shipbuilding" Interpretive Educational Exhibit in the Kalmar Nyckel Foundation's Copeland Maritime Center	Kalmar Nyckel Foundation's Copeland Maritime Center	31,800	<b>\$31,800</b>
	Florida	Construction of Archaeological Research and Education Center	St. Augustine Lighthouse and Museum	50,000	<b>\$50,000</b>
	Maine	Construction of Building Addition for a Simulated Lighthouse Lantern Room	Maine Maritime Museum	50,000	<b>\$50,000</b>
	Maryland	Maryland Dove Pier Repair	Historic St Mary's City Commission	50,000	<b>\$278,545</b>
		Chesapeake Oysters: From Skipjack to Shucker - A Maritime Heritage Experience	Philips Wharf Environmental Center	49,875	
		Preservation of the Superstructure of Liberty Ship <i>John W. Brown</i>	Project Liberty Ship	178,670	
	Massachusetts	Visualizing Maritime History: A new MIT online resource	Massachusetts Institute of Technology	50,000	<b>\$206,738</b>
		Resilience: The Story of New Bedford's Fishing Industry	New Bedford Fishing Heritage Center	20,000	
		Centennial Celebration of the Lagoda, the world's largest ship model	Old Dartmouth Historical Society	37,000	
		Telltales to Learning: Professional Development/Immersion Programs in Maritime Heritage	PAST Foundation	49,738	
		Renewing <i>Old Ironsides</i>	USS Constitution Museum	50,000	
	Michigan	The Cleaning, Preservation, and Public Display of Fresnel Lighthouse Lenses	Mason County Historical Society	52,335	<b>\$175,335</b>
		Michigan Offshore Lights Historic Structure Report and Public Education Project	Michigan State Historic Preservation Office	123,000	
	Minnesota	Cultural Landscape Report for Split Rock Light Station	Minnesota Historical Society	68,000	<b>\$68,000</b>

**Appendix I: National Maritime Heritage Grants  
and Subgrants Awarded**

<b>Grant cycle</b>	<b>State</b>	<b>Project title</b>	<b>Recipient(s)</b>	<b>Subgrant amount (dollars)</b>	<b>State total (dollars)<sup>a</sup></b>
	New Jersey	Exterior Painting at the Cape May Lighthouse	Mid-Atlantic Center for the Arts and Humanities	50,000	<b>\$50,000</b>
	New York	Phase II of the Restoration of the Erie Canal Flight of Five: Miter Gates	Greater Lockport Development Association	200,000	<b>\$449,000</b>
		Indexing, Digitizing, and Online Expansion of Sea History Magazine	National Maritime Historical Society	50,000	
		Mapping New York City's Sailortown: Networked Digital Maritime History Consortium	Seamen's Church Institute	34,000	
		The Stepping Stones Lighthouse: First Steps to Rehabilitation	Town of North Hempstead	165,000	
	North Carolina	Queen Anne's Revenge: Development of Large Artifact Conservation Wet Lab	North Carolina Department of Cultural Resources	144,569	<b>\$144,569</b>
	Ohio	Interior Restoration of the Historic Steam Towboat <i>W. P. Snyder, Jr.</i>	Ohio Historical Society	100,000	<b>\$100,000</b>
	Oregon	Introducing Public Audiences to the USS <i>Blueback</i>	Oregon Museum of Science and Industry	45,035	<b>\$45,035</b>
	Pennsylvania	Submarine Becuna Multimedia App Development	Independence Seaport Museum	50,000	<b>\$150,088</b>
		Restoration of Boat Deck and Hull, 1902 Tug <i>Jupiter</i>	Philadelphia Ship Preservation Guild	100,088	
	Rhode Island	Steaming into the Future	Steamship Historical Society of America	50,000	<b>\$50,000</b>
	Virginia	Documenting, Interpreting, and Disseminating Historical Collections from the Mariners' Museum Library	Christopher Newport University	47,095	<b>\$47,095</b>
	Washington	Schooner Adventuress Deck Renewal Project	Sound Experience	200,000	<b>\$200,000</b>
<b>Total subgrants for the 2015 grant cycle</b>					<b>\$2,580,197</b>

Source: National Park Service. | GAO-17-280

Note: Numbers may not add to totals because of rounding.

<sup>a</sup>Amounts represent total subgrants for the grant cycle.

<sup>b</sup>Although the University of South Carolina Foundation is the recipient, the project is located in California.

# Appendix II: Comments from the Department of Transportation



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

Assistant Secretary  
for Administration

1200 New Jersey Avenue, SE  
Washington, DC 20590

FEB 02 2017

Mr. William J. Cordrey  
Acting Director, Financial Management and Assurance  
U.S. Government Accountability Office  
441 G Street, NW.  
Washington, DC 20548

Dear Mr. Cordrey:

We appreciate the U.S. Government Accountability Office's (GAO) recognition that the Maritime Administration (MARAD) proceeds from the sale of obsolete vessels were accounted for, allocated, and disbursed consistent with applicable laws. MARAD, as stewards of taxpayer dollars, exercises rigorous management, oversight, and control over its Vessel Operations Revolving Fund. Through its oversight, MARAD has ensured that proceeds are used to maintain and repair vessels in the National Defense Reserve Fleet and support the U.S. Merchant Marine Academy and the six State Maritime Academies. Further, with the National Park Service Maritime Heritage Grant Program and MARAD's preservation of heritage property, these proceeds also support and promote public awareness and education of maritime history.

We appreciate the opportunity to respond to the GAO draft report. Please contact Madeline M. Chulumovich, Director, Audit Relations and Program Improvement, at (202) 366-6512 with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Keith Washington".

Keith Washington  
Deputy Assistant Secretary for Administration

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

William J. Cordrey, (404) 679-1873 or [cordreyw@gao.gov](mailto:cordreyw@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Christopher Spain (Assistant Director), Russell Brown, Sharon Byrd, Candace Halim, Jason Kelly, Sharon Kittrell, Jared Minsk, and Matthew Ward made significant contributions to this report.

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