

111TH CONGRESS  
1ST SESSION

# H. R. 2651

To amend title 46, United States Code, to direct the Secretary of Transportation to establish a maritime career training loan program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 2009

Mr. CUMMINGS (for himself, Mr. OBERSTAR, Mr. MICA, and Mr. LOBONDO) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend title 46, United States Code, to direct the Secretary of Transportation to establish a maritime career training loan program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Maritime Workforce  
5 Development Act”.

6 **SEC. 2. MARITIME EDUCATION LOAN PROGRAM.**

7 (a) IN GENERAL.—Chapter 517 of title 46, United  
8 States Code, is amended by adding at the end the fol-  
9 lowing:

1 **“§ 51705. Maritime career training loan program**

2       “(a) ESTABLISHMENT.—The Secretary of Transpor-  
3 tation shall establish a maritime career training loan pro-  
4 gram (in this section referred to as the ‘program’) in ac-  
5 cordance with the requirements of this section.

6       “(b) PURPOSE.—The purpose of the program shall  
7 be to make maritime career training loans available to eli-  
8 gible students to provide for the training of United States  
9 mariners.

10       “(c) ADMINISTRATION.—The program shall be car-  
11 ried out by the Secretary, acting through the Adminis-  
12 trator of the Maritime Administration.

13       “(d) DUTIES.—The Secretary shall—

14               “(1) allocate, on an annual basis, the award of  
15 loans under the program based on the needs of stu-  
16 dents;

17               “(2) develop an application process and eligi-  
18 bility criteria for the award of loans under the pro-  
19 gram;

20               “(3) approve applications for loans under the  
21 program based on the eligibility criteria and alloca-  
22 tions made under paragraph (1); and

23               “(4) designate maritime training institutions at  
24 which loans made under the program may be used.

25       “(e) DESIGNATION OF MARITIME TRAINING INSTITU-  
26 TIONS.—

1           “(1) IN GENERAL.—In designating maritime  
2 training institutions under subsection (d)(4), the  
3 Secretary—

4           “(A) may include Federal, State, and com-  
5 mercial training institutions and nonprofit  
6 training organizations, except that under-  
7 graduate students at the United States Mer-  
8 chant Marine Academy shall not be eligible for  
9 loans under the program;

10           “(B) shall designate institutions based on  
11 geographic diversity and scope of classes of-  
12 fered;

13           “(C) shall ensure that designated institu-  
14 tions have the ability to administer the pro-  
15 gram; and

16           “(D) shall ensure that designated institu-  
17 tions meet requirements to provide training in-  
18 struction for appropriate Coast Guard-approved  
19 training instruction.

20           “(2) EXCLUSIONS.—The Secretary—

21           “(A) may exclude from participation in the  
22 program a maritime training institution that  
23 has had severe performance deficiencies, includ-  
24 ing deficiencies demonstrated by audits or pro-

1           gram reviews conducted during the 5 calendar  
2           years immediately preceding the present year;

3           “(B) shall exclude from participation in  
4           the program a maritime training institution  
5           that has delinquent or outstanding debts to the  
6           United States, unless such debts are being re-  
7           paid under or in accordance with a repayment  
8           arrangement satisfactory to the United States,  
9           or the Secretary in the Secretary’s discretion  
10          determines that the existence or amount of any  
11          such debts has not been finally determined by  
12          the appropriate Federal agency;

13          “(C) may exclude from participation in the  
14          program a maritime training institution that  
15          has failed to comply with quality standards es-  
16          tablished by the Department of Labor, the  
17          Coast Guard, or a State; and

18          “(D) may establish such other criteria as  
19          the Secretary determines will protect the finan-  
20          cial interest of the United States and promote  
21          the purposes of this section.

22          “(f) STATE MARITIME ACADEMIES.—

23                 “(1) USE OF FUNDS FOR LOANS TO STUDENTS  
24          ATTENDING STATE MARITIME ACADEMIES.—The  
25          Secretary may obligate not more than 50 percent of

1 the amounts appropriated to carry out this section  
2 for a fiscal year for loans to undergraduate students  
3 attending State maritime academies receiving assist-  
4 ance under chapter 515 of this title.

5 “(2) ACADEMIC STANDARDS FOR STUDENTS.—  
6 Students at State maritime academies receiving  
7 loans under the program shall maintain satisfactory  
8 progress toward the completion of their course of  
9 study as evidenced by the maintenance of a cumu-  
10 lative C average, or its equivalent, or academic  
11 standing consistent with the requirements for grad-  
12 uation, as determined by the institution.

13 “(g) LOAN AMOUNTS AND USE.—

14 “(1) MAXIMUM AMOUNTS.—The Secretary may  
15 not make loans to a student under the program in  
16 an amount that exceeds \$15,000 in a calendar year  
17 or \$60,000 in the aggregate.

18 “(2) USE OF LOAN PROCEEDS.—A student who  
19 receives a loan under the program may use the pro-  
20 ceeds of the loan only for postsecondary expenses in-  
21 curred at an institution designated by the Secretary  
22 under subsection (d)(4) for books, tuition, required  
23 fees, travel to and from training facilities, and room  
24 and board.

1       “(h) STUDENT ELIGIBILITY.—To be eligible to re-  
2 ceive a loan under the program, a student shall—

3               “(1) be eligible to hold a license or merchant  
4 mariner document issued by the Coast Guard;

5               “(2) provide to the Secretary such information  
6 as the Secretary may require, including all current  
7 Coast Guard documents, certifications, proof of  
8 United States citizenship or permanent legal status,  
9 and a statement of intent to enter a maritime ca-  
10 reer;

11               “(3) meet the enrollment requirements of a  
12 maritime training institution designated by the Sec-  
13 retary under subsection (d)(4); and

14               “(4) sign an agreement to—

15                       “(A) complete a course of instruction at  
16 such a maritime training institution; and

17                       “(B)(i) maintain a license and serve as an  
18 officer in the merchant marine on a docu-  
19 mented vessel or a vessel owned and operated  
20 by the United States for at least 18 months of  
21 service at sea following the date of graduation  
22 from the maritime program for which the loan  
23 proceeds will be used; or

24                       “(ii) serve as an unlicensed merchant mar-  
25 iner on a documented vessel or a vessel owned

1 and operated by the United States for at least  
2 18 months of service at sea following the date  
3 of graduation from the maritime program for  
4 which the loan proceeds will be used.

5 “(i) ADMINISTRATION OF LOANS.—

6 “(1) CONTENTS OF LOAN AGREEMENTS.—Any  
7 agreement between the Secretary and a student bor-  
8 rower for a loan under the program shall—

9 “(A) be evidenced by a note or other writ-  
10 ten instrument that provides for the repayment  
11 of the principal amount of the loan and any  
12 origination fee, together with interest thereon,  
13 in equal installments (or, if the student bor-  
14 rower so requests, in graduated periodic install-  
15 ments determined in accordance with such  
16 schedules as may be approved by the Secretary)  
17 payable quarterly, bimonthly, or monthly, at the  
18 option of the student borrower, over a period  
19 beginning 9 months from the date on which the  
20 student borrower completes study or discon-  
21 tinues attendance at the maritime program for  
22 which the loans are used at the institution ap-  
23 proved by the Secretary and not exceeding 10  
24 years;

1           “(B) include provision for acceleration of  
2           repayment of the whole, or any part, of such  
3           loan, at the option of the student borrower;

4           “(C) provide the loan without security and  
5           without endorsement;

6           “(D) provide that the liability to repay the  
7           loan shall be canceled upon the death of the  
8           student borrower, or if the student borrower be-  
9           comes permanently and totally disabled, as de-  
10          termined in accordance with regulations to be  
11          issued by the Secretary;

12          “(E) contain a notice of the system of dis-  
13          closure of information concerning default on  
14          such loan to credit bureau organizations; and

15          “(F) include provisions for deferral of re-  
16          payment, as determined by the Secretary.

17          “(2) RATE OF INTEREST.—A student borrower  
18          who receives a loan under the program on or after  
19          January 1, 2010, and before October 1, 2015, shall  
20          be obligated to repay the loan amount to the Sec-  
21          retary, together with interest beginning in the period  
22          referred to in paragraph (1)(A), at a rate to be de-  
23          termined as follows:

24                  “(A) For a loan for which the first dis-  
25                  bursement is made on or after January 1,



1           2010, and before October 1, 2011, 5.6 percent  
2           on the unpaid principal balance of the loan.

3           “(B) For a loan for which the first dis-  
4           bursement is made on or after October 1, 2011,  
5           and before October 1, 2012, 4.5 percent on the  
6           unpaid principal balance of the loan.

7           “(C) For a loan for which the first dis-  
8           bursement is made on or after October 1, 2012,  
9           3.4 percent on the unpaid principal balance of  
10          the loan.

11          “(3) DISCLOSURE REQUIRED PRIOR TO DIS-  
12          BURSEMENT.—

13                 “(A) IN GENERAL.—The Secretary shall at  
14                 or prior to the time the Secretary makes a loan  
15                 to a student borrower under the program, pro-  
16                 vide thorough and adequate loan information on  
17                 such loan to the student borrower. The disclo-  
18                 sures required by this paragraph may be made  
19                 as part of the written application material pro-  
20                 vided to the student borrower, as part of the  
21                 promissory note evidencing the loan, or on a  
22                 separate written form provided to the student  
23                 borrower.

24                 “(B) CONTENTS.—The disclosures shall  
25                 include—

1           “(i) the address to which communica-  
2           tions and payments should be sent;

3           “(ii) the principal amount of the loan;

4           “(iii) the amount of any charges col-  
5           lected at or prior to the disbursement of the  
6           loan and whether such charges are to be  
7           deducted from the proceeds of the loan or  
8           paid separately by the student borrower;

9           “(iv) the stated interest rate on the  
10          loan;

11          “(v) the yearly and cumulative max-  
12          imum amounts that may be borrowed;

13          “(vi) an explanation of when repay-  
14          ment of the loan will be required and when  
15          the student borrower will be obligated to  
16          pay interest that accrues on the loan;

17          “(vii) a statement as to the minimum  
18          and maximum repayment term that the  
19          Secretary may impose, and the minimum  
20          monthly payment required by law and a  
21          description of any penalty imposed as a  
22          consequence of default, such as liability for  
23          expenses reasonably incurred in attempts  
24          by the Secretary to collect on a loan;

1           “(viii) a statement of the total cumu-  
2           lative balance, including the loan applied  
3           for, owed by the student borrower to the  
4           Secretary, and an estimate of the projected  
5           monthly payment, given such cumulative  
6           balance;

7           “(ix) an explanation of any special op-  
8           tions the student borrower may have for  
9           loan consolidation or other refinancing of  
10          the loan;

11          “(x) a statement that the student bor-  
12          rower has the right to prepay all or part  
13          of the loan, at any time, without penalty;

14          “(xi) a statement summarizing cir-  
15          cumstances in which repayment of the loan  
16          or interest that accrues on the loan may be  
17          deferred, and a brief notice of the program  
18          for repayment of loans, on the basis of  
19          military service, pursuant to the Depart-  
20          ment of Defense educational loan repay-  
21          ment program (10 U.S.C. 16302);

22          “(xii) a definition of default and the  
23          consequences to the student borrower if  
24          the student borrower defaults, together  
25          with a statement that the disbursement of,

1 and the default on, a loan under this part  
2 shall be reported to a credit bureau or  
3 credit reporting agency;

4 “(xiii) to the extent practicable, the  
5 effect of accepting the loan on the eligi-  
6 bility of the student borrower for other  
7 forms of student assistance; and

8 “(xiv) an explanation of any cost the  
9 student borrower may incur in the making  
10 or collection of the loan.

11 “(C) INFORMATION TO BE PROVIDED  
12 WITHOUT COST.—The information provided  
13 under this paragraph shall be available to the  
14 Secretary without cost to the student borrower.

15 “(4) REPAYMENT AFTER DEFAULT.—The Sec-  
16 retary may require any student borrower who has  
17 defaulted on a loan made under the program to—

18 “(A) pay all reasonable collection costs as-  
19 sociated with such loan; and

20 “(B) repay the loan pursuant to an income  
21 contingent repayment plan.

22 “(5) AUTHORIZATION TO REDUCE RATES AND  
23 FEES.—Notwithstanding any other provision of this  
24 section, the Secretary may prescribe by regulation  
25 any reductions in the interest rate or origination fee

1       paid by a student borrower of a loan made under the  
2       program as the Secretary determines appropriate to  
3       encourage ontime repayment of the loan. Such re-  
4       ductions may be offered only if the Secretary deter-  
5       mines the reductions are cost neutral and in the best  
6       financial interest of the United States.

7               “(6) COLLECTION OF REPAYMENTS.—The Sec-  
8       retary shall collect repayments made under the pro-  
9       gram and exercise due diligence in such collection,  
10       including maintenance of all necessary records to en-  
11       sure that maximum repayments are made. Collection  
12       and servicing of repayments under the program shall  
13       be pursued to the full extent of the law, including  
14       wage garnishment if necessary. The Secretary of the  
15       Department in which the Coast Guard is operating  
16       shall provide the Secretary of Transportation with  
17       any information regarding a mariner that may aid  
18       in the collection of repayments under this section.

19               “(7) REPAYMENT SCHEDULE.—A student bor-  
20       rower who receives a loan under the program shall  
21       repay the loan quarterly, bimonthly, or monthly, at  
22       the option of the student borrower, over a period be-  
23       ginning 9 months from the date the student bor-  
24       rower completes study or discontinues attendance at  
25       the maritime program for which the loan proceeds

1 are used and ending not more than 10 years after  
2 the date repayment begins. Provisions for deferral of  
3 repayment shall be determined by the Secretary.

4 “(8) CONTRACTS FOR SERVICING AND COLLEC-  
5 TION OF LOANS.—The Secretary may—

6 “(A) enter into a contract or other ar-  
7 rangement with State or nonprofit agencies  
8 and, on a competitive basis, with collection  
9 agencies for servicing and collection of loans  
10 under this section; and

11 “(B) conduct litigation necessary to carry  
12 out this section.

13 “(j) REVOLVING LOAN FUND.—

14 “(1) ESTABLISHMENT.—The Secretary shall es-  
15 tablish a revolving loan fund consisting of amounts  
16 deposited in the fund under paragraph (2).

17 “(2) DEPOSITS.—The Secretary shall deposit in  
18 the fund—

19 “(A) receipts from the payment of prin-  
20 cipal and interest on loans made under the pro-  
21 gram; and

22 “(B) any other monies paid to the Sec-  
23 retary by or on behalf of individuals under the  
24 program.

1           “(3) AVAILABILITY OF AMOUNTS.—Amounts in  
2           the fund shall be available to the Secretary, without  
3           further appropriation—

4                   “(A) to cover the administrative costs of  
5           the program, including the maintenance of  
6           records and making collections under this sec-  
7           tion; and

8                   “(B) to the extent that amounts remain  
9           available after paying such administrative costs,  
10          to make loans under the program.

11          “(4) MAINTENANCE OF RECORDS.—The Sec-  
12          retary shall maintain accurate records of the admin-  
13          istrative costs referred to in paragraph (3)(A).

14          “(k) ANNUAL REPORT.—The Secretary, on an an-  
15          nual basis, shall submit to the Committee on Transpor-  
16          tation and Infrastructure of the House of Representatives  
17          and the Committee on Commerce, Science, and Transpor-  
18          tation of the Senate a report on the program, including—

19                   “(1) the total amount of loans made under the  
20          program in the preceding year;

21                   “(2) the number of students receiving loans  
22          under the program in the preceding year; and

23                   “(3) the total amount of loans made under pro-  
24          gram that are in default as of the date of the report.

1       “(1) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated for each of fiscal years  
3 2010 through 2015—

4           “(1) \$10,000,000 for making loans under the  
5 program; and

6           “(2) \$1,000,000 for administrative expenses of  
7 the Secretary in carrying out the program.

8 **“§ 51706. Maritime recruitment, training, and reten-**  
9 **tion grant program**

10       “(a) STRATEGIC PLAN.—

11           “(1) IN GENERAL.—Not later than one year  
12 after the date of enactment of this section, and at  
13 least once every 3 years thereafter, the Secretary of  
14 Transportation, acting through the Administrator of  
15 the Maritime Administration, shall publish in the  
16 Federal Register a plan that describes the dem-  
17 onstration, research, and multistate project priorities  
18 of the Department of Transportation concerning  
19 merchant mariner recruitment, training, and reten-  
20 tion for the 3-year period following the date of publi-  
21 cation of the plan.

22           “(2) CONTENTS.—A plan published under para-  
23 graph (1) shall contain strategies and identify poten-  
24 tial projects to address merchant mariner recruit-



1 ment, training, and retention issues in the United  
2 States.

3 “(3) FACTORS.—In developing a plan under  
4 paragraph (1), the Secretary shall take into account,  
5 at a minimum—

6 “(A) the availability of existing research  
7 (as of the date of publication of the plan);

8 “(B) the need to ensure results that have  
9 broad applicability;

10 “(C) the benefits of economies of scale and  
11 the efficiency of potential projects; and

12 “(D) the likelihood that the results of po-  
13 tential projects will be useful to policymakers  
14 and stakeholders in addressing merchant mar-  
15 iner recruitment, training, and retention issues.

16 “(4) CONSULTATION.—In developing a plan  
17 under paragraph (1), the Secretary shall consult  
18 with representatives of the maritime industry, labor  
19 organizations, and other governmental entities and  
20 parties with an interest in the maritime industry.

21 “(5) TRANSMITTAL TO CONGRESS.—The Sec-  
22 retary shall transmit copies of a plan published  
23 under paragraph (1) to the Committee on Transpor-  
24 tation and Infrastructure of the House of Represent-

1 atives and the Committee on Commerce, Science,  
2 and Transportation of the Senate.

3 “(b) DEMONSTRATION PROJECTS.—

4 “(1) IN GENERAL.—The Secretary may award  
5 grants to a maritime training institution to carry  
6 out demonstration projects that implement the prior-  
7 ities identified in the plan prepared under subsection  
8 (a)(1), for the purpose of developing and imple-  
9 menting methods to address merchant mariner re-  
10 cruitment, training, and retention issues.

11 “(2) GRANT AWARDS.—Grants shall be awarded  
12 under this subsection on a competitive basis under  
13 guidelines and requirements to be established by the  
14 Secretary.

15 “(3) APPLICATIONS.—To be eligible to receive a  
16 grant for a project under this subsection, a maritime  
17 training institution shall submit to the Secretary a  
18 grant proposal that includes, at a minimum—

19 “(A) information demonstrating the esti-  
20 mated effectiveness of the project; and

21 “(B) a method for evaluating the effective-  
22 ness of the project.

23 “(4) ELIGIBLE PROJECTS.—Projects eligible for  
24 grants under this subsection may include—

1           “(A) the establishment of maritime tech-  
2 nology skill centers developed through local  
3 partnerships of industry, labor, education, com-  
4 munity-based organizations, economic develop-  
5 ment organizations, or Federal, State, and local  
6 government agencies to meet unmet skills needs  
7 of the maritime industry;

8           “(B) projects that provide training to up-  
9 grade the skills of workers who are employed in  
10 the maritime industry;

11           “(C) projects that promote the use of dis-  
12 tance learning, enabling students to take  
13 courses through the use of media technology,  
14 such as videos, teleconferencing, and the Inter-  
15 net;

16           “(D) projects that assist in providing serv-  
17 ices to address maritime recruitment and train-  
18 ing of youth residing in targeted high poverty  
19 areas within empowerment zones and enterprise  
20 communities;

21           “(E) the establishment of partnerships  
22 with national and regional organizations with  
23 special expertise in developing, organizing, and  
24 administering merchant mariner recruitment  
25 and training services; and

1           “(F) the establishment of maritime train-  
2           ing programs that foster technical skills and  
3           operational productivity in communities in  
4           which economies are related to or dependent  
5           upon the maritime industry.

6           “(c) PROJECTS AUTHORIZED.—

7           “(1) PROJECTS.—The Secretary may award  
8           grants to carry out projects identified in a plan pub-  
9           lished under subsection (a)(1) under which the  
10          project sponsor will—

11           “(A) design, develop, and test an array of  
12          approaches to providing recruitment, training,  
13          or retention services to one or more targeted  
14          populations;

15           “(B) in conjunction with employers, orga-  
16          nized labor, other groups (such as community  
17          coalitions), and Federal, State, or local agen-  
18          cies, design, develop, and test various training  
19          approaches in order to determine effective prac-  
20          tices; or

21           “(C) assist in the development and replica-  
22          tion of effective service delivery strategies for  
23          the national maritime industry as a whole.

24           “(2) RESEARCH PROJECTS.—The Secretary  
25          may award grants to carry out research projects

1 identified in a plan published under subsection  
2 (a)(1) that will contribute to the solution of mari-  
3 time industry recruitment, training, and retention  
4 issues in the United States.

5 “(3) MULTISTATE OR REGIONAL PROJECTS.—  
6 The Secretary may award grants to carry out  
7 multistate or regional projects identified in a plan  
8 published under subsection (a)(1) to effectively dis-  
9 seminate best practices and models for implementing  
10 maritime recruitment, training, and retention serv-  
11 ices designed to address industry-wide skill short-  
12 ages.

13 “(4) GRANT AWARDS.—Grants shall be awarded  
14 under this subsection on a competitive basis under  
15 guidelines and requirements to be established by the  
16 Secretary.

17 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
18 are authorized to be appropriated for each of fiscal years  
19 2010 through 2015—

20 “(1) \$10,000,000 for making grants under this  
21 section; and

22 “(2) \$1,000,000 for administrative expenses of  
23 the Secretary in carrying out this section.”.

1           (b) CONFORMING AMENDMENT.—The analysis for  
2 such chapter is amended by adding at the end the fol-  
3 lowing:

“51705. Maritime career training loan program.

“51706. Maritime recruitment, training, and retention grant program.”.

