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(Original Signature of Member)

111TH CONGRESS  
1ST SESSION

**H. R.**

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

Mr. CUMMINGS (for himself and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on

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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”.

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

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

5 **“§ 51705. Maritime career training loan program**

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

10 “(b) PURPOSE.—The purpose of the program shall  
11 be to make maritime career training loans available to eli-  
12 gible students to provide for the training of United States  
13 mariners.

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

17 “(d) DUTIES.—The Secretary shall—

18 “(1) allocate, on an annual basis, the award of  
19 loans under the program based on the needs of stu-  
20 dents;

21 “(2) develop an application process and eligi-  
22 bility criteria for the award of loans under the pro-  
23 gram;

24 “(3) approve applications for loans under the  
25 program based on the eligibility criteria and alloca-  
26 tions made under paragraph (1); and

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

3           “(e) DESIGNATION OF MARITIME TRAINING INSTITU-  
4           TIONS.—

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

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

14                  “(B) shall designate institutions based on  
15                  geographic diversity and scope of classes of-  
16                  fered;

17                  “(C) shall ensure that designated institu-  
18                  tions have the ability to administer the pro-  
19                  gram; and

20                  “(D) shall ensure that designated institu-  
21                  tions meet requirements to provide training in-  
22                  struction for appropriate Coast Guard-approved  
23                  training instruction.

24           “(2) EXCLUSIONS.—The Secretary—

1           “(A) may exclude from participation in the  
2 program a maritime training institution that  
3 has had severe performance deficiencies, includ-  
4 ing deficiencies demonstrated by audits or pro-  
5 gram reviews conducted during the 5 calendar  
6 years immediately preceding the present year;

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

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

22           “(D) may establish such other criteria as  
23 the Secretary determines will protect the finan-  
24 cial interest of the United States and promote  
25 the purposes of this section.

1 “(f) STATE MARITIME ACADEMIES.—

2 “(1) USE OF FUNDS FOR LOANS TO STUDENTS  
3 ATTENDING STATE MARITIME ACADEMIES.—The  
4 Secretary may obligate not more than 50 percent of  
5 the amounts appropriated to carry out this section  
6 for a fiscal year for loans to undergraduate students  
7 attending State maritime academies receiving assist-  
8 ance under chapter 515 of this title.

9 “(2) ACADEMIC STANDARDS FOR STUDENTS.—

10 Students at State maritime academies receiving  
11 loans under the program shall maintain satisfactory  
12 progress toward the completion of their course of  
13 study as evidenced by the maintenance of a cumu-  
14 lative C average, or its equivalent, or academic  
15 standing consistent with the requirements for grad-  
16 uation, as determined by the institution.

17 “(g) LOAN AMOUNTS AND USE.—

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

22 “(2) USE OF LOAN PROCEEDS.—A student who  
23 receives a loan under the program may use the pro-  
24 ceeds of the loan only for postsecondary expenses in-  
25 curred at an institution designated by the Secretary

1 under subsection (d)(4) for books, tuition, required  
2 fees, travel to and from training facilities, and room  
3 and board.

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

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

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

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

17 “(4) sign an agreement to—

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

20 “(B)(i) maintain a license and serve as an  
21 officer in the merchant marine on a docu-  
22 mented vessel or a vessel owned and operated  
23 by the United States for at least 18 months of  
24 service at sea following the date of graduation

1 from the maritime program for which the loan  
2 proceeds will be used; or

3 “(ii) serve as an unlicensed merchant mar-  
4 iner on a documented vessel or a vessel owned  
5 and operated by the United States for at least  
6 18 months of service at sea following the date  
7 of graduation from the maritime program for  
8 which the loan proceeds will be used.

9 “(i) ADMINISTRATION OF LOANS.—

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

13 “(A) be evidenced by a note or other writ-  
14 ten instrument that provides for the repayment  
15 of the principal amount of the loan and any  
16 origination fee, together with interest thereon,  
17 in equal installments (or, if the student bor-  
18 rower so requests, in graduated periodic install-  
19 ments determined in accordance with such  
20 schedules as may be approved by the Secretary)  
21 payable quarterly, bimonthly, or monthly, at the  
22 option of the student borrower, over a period  
23 beginning 9 months from the date on which the  
24 student borrower completes study or discon-  
25 tinues attendance at the maritime program for

1           which the loans are used at the institution ap-  
2           proved by the Secretary and not exceeding 10  
3           years;

4           “(B) include provision for acceleration of  
5           repayment of the whole, or any part, of such  
6           loan, at the option of the student borrower;

7           “(C) provide the loan without security and  
8           without endorsement;

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

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

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

20          “(2) RATE OF INTEREST.—A student borrower  
21          who receives a loan under the program on or after  
22          January 1, 2010, and before October 1, 2015, shall  
23          be obligated to repay the loan amount to the Sec-  
24          retary, together with interest beginning in the period

1 referred to in paragraph (1)(A), at a rate to be de-  
2 termined as follows:

3 “(A) For a loan for which the first dis-  
4 bursement is made on or after January 1,  
5 2010, and before October 1, 2011, 5.6 percent  
6 on the unpaid principal balance of the loan.

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

11 “(C) For a loan for which the first dis-  
12 bursement is made on or after October 1, 2012,  
13 3.4 percent on the unpaid principal balance of  
14 the loan.

15 “(3) DISCLOSURE REQUIRED PRIOR TO DIS-  
16 BURSEMENT.—

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

1 separate written form provided to the student  
2 borrower.

3 “(B) CONTENTS.—The disclosures shall  
4 include—

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

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

8 “(iii) the amount of any charges col-  
9 lected at or prior to the disbursal of the  
10 loan and whether such charges are to be  
11 deducted from the proceeds of the loan or  
12 paid separately by the student borrower;

13 “(iv) the stated interest rate on the  
14 loan;

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

17 “(vi) an explanation of when repay-  
18 ment of the loan will be required and when  
19 the student borrower will be obligated to  
20 pay interest that accrues on the loan;

21 “(vii) a statement as to the minimum  
22 and maximum repayment term that the  
23 Secretary may impose, and the minimum  
24 monthly payment required by law and a  
25 description of any penalty imposed as a

1 consequence of default, such as liability for  
2 expenses reasonably incurred in attempts  
3 by the Secretary to collect on a loan;

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

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

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

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

1           “(xii) a definition of default and the  
2           consequences to the student borrower if  
3           the student borrower defaults, together  
4           with a statement that the disbursement of,  
5           and the default on, a loan under this part  
6           shall be reported to a credit bureau or  
7           credit reporting agency;

8           “(xiii) to the extent practicable, the  
9           effect of accepting the loan on the eligi-  
10          bility of the student borrower for other  
11          forms of student assistance; and

12          “(xiv) an explanation of any cost the  
13          student borrower may incur in the making  
14          or collection of the loan.

15          “(C) INFORMATION TO BE PROVIDED  
16          WITHOUT COST.—The information provided  
17          under this paragraph shall be available to the  
18          Secretary without cost to the student borrower.

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

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

24                 “(B) repay the loan pursuant to an income  
25                 contingent repayment plan.

1           “(5) AUTHORIZATION TO REDUCE RATES AND  
2 FEES.—Notwithstanding any other provision of this  
3 section, the Secretary may prescribe by regulation  
4 any reductions in the interest rate or origination fee  
5 paid by a student borrower of a loan made under the  
6 program as the Secretary determines appropriate to  
7 encourage ontime repayment of the loan. Such re-  
8 ductions may be offered only if the Secretary deter-  
9 mines the reductions are cost neutral and in the best  
10 financial interest of the United States.

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

23           “(7) REPAYMENT SCHEDULE.—A student bor-  
24 rower who receives a loan under the program shall  
25 repay the loan quarterly, bimonthly, or monthly, at

1 the option of the student borrower, over a period be-  
2 ginning 9 months from the date the student bor-  
3 rower completes study or discontinues attendance at  
4 the maritime program for which the loan proceeds  
5 are used and ending not more than 10 years after  
6 the date repayment begins. Provisions for deferral of  
7 repayment shall be determined by the Secretary.

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

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

15 “(B) conduct litigation necessary to carry  
16 out this section.

17 “(j) REVOLVING LOAN FUND.—

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

21 “(2) DEPOSITS.—The Secretary shall deposit in  
22 the fund—

23 “(A) receipts from the payment of prin-  
24 cipal and interest on loans made under the pro-  
25 gram; and

1           “(B) any other monies paid to the Sec-  
2           retary by or on behalf of individuals under the  
3           program.

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

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

11          “(B) to the extent that amounts remain  
12          available after paying such administrative costs,  
13          to make loans under the program.

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

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

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

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

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

3           “(1) AUTHORIZATION OF APPROPRIATIONS.—There  
4           are authorized to be appropriated for each of fiscal years  
5           2010 through 2015—

6           “(1) \$10,000,000 for making loans under the  
7           program; and

8           “(2) \$1,000,000 for administrative expenses of  
9           the Secretary in carrying out the program.

10   **“§ 51706. Maritime recruitment, training, and reten-**  
11                           **tion grant program**

12           “(a) STRATEGIC PLAN.—

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

24           “(2) CONTENTS.—A plan published under para-  
25           graph (1) shall contain strategies and identify poten-

1        tial projects to address merchant mariner recruit-  
2        ment, training, and retention issues in the United  
3        States.

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

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

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

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

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

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

22           “(5) TRANSMITTAL TO CONGRESS.—The Sec-  
23        retary shall transmit copies of a plan published  
24        under paragraph (1) to the Committee on Transpor-  
25        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.”.