Statement of the Small Shipyard Grant Coalition Founder Dave Matsuda
Submitted for the Record
"Sea Change: Reviving Commercial Shipbuilding"
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U.S. Senate Committee on Commerce, Science, & Transportation
Subcommittee on Coast Guard, Maritime, and Fisheries

The Small Shipyard Grant Coalition, representing U.S. vessel construction and repair facilities as well as U.S. shipyard equipment manufacturers, strongly supports the SHIPS for America Act. This visionary legislation strengthens America's maritime industrial base by investing in our country's small shipyards, helping ensure the U.S. remains competitive in shipbuilding and repair.

By proposing increased funding for the Small Shipyard Grant Program to $1 billion over the next ten years, the SHIPS for America Act builds on the success of a proven, efficient public-private partnership model. The model uses federal grants to incentivize investments in U.S.-manufactured shipyard equipment as well as worker training programs. Since 2008, the program has worked to modernize U.S. shipyards, support good paying jobs and promote the success of America's workboat operators, including operators of government and commercial boats.

The SHIPS Act recognizes the efficiency of the Small Shipyard Grant Program addresses the one major challenge the program has faced: lack of funding. We are grateful to Senators Kelly and Young, and Congressmen Garamendi and Kelly, for their leadership in championing this critical initiative.

Proven Success and High Demand

The Small Shipyard Grant Program is among the most efficient federal programs supporting industrial modernization. Since its inception, developed by legislation proposed by the U.S. Senate Committee on Commerce, Science and Transportation, MARAD has successfully administered 17 rounds of grants, awarding more than 380 grants across 34 U.S. states and territories and in every maritime region of the country. Agency staff have fine-tuned the program to quickly get funding on projects, while making fair allocation decisions and ensuring that funding directly supports shipyard productivity improvements.

The program's success relies upon:

- **Discretionary, shipyard-driven projects:** Every shipyard is different, and the program allows each to propose projects that reflect their own efficiency and modernization priorities.

- **Simplified application process:** Only essential technical and statutory information is requested, minimizing administrative burden.
- **Rapid evaluation:** The program's short, 60-day evaluation period minimizes cost uncertainty and allows applicants to be able to make timely capital decisions whether they receive a grant award or not.
- **Proactive environmental review:** Agency staff are available to provide pre-application consultations to assist applicants in identifying potential environmental risks before application submission; this helps prevent delays and budget overruns.
- **Targeted project types:** MARAD encourages projects with high likelihood of rapid completion and measurable operational benefits, including acquisition of proven U.S.-built equipment and worker training programs, while discouraging high-risk, long-duration projects.
- **Minimized reporting burden:** Project updates are only required during the grant period, and closeout reporting is typically completed within one year.

The program's track record demonstrates tangible benefits: funded projects are completed quickly, grant funds are spent efficiently, and shipyards achieve measurable operational improvements that support both commercial and national security needs.

Importance of Increased Funding

As documented in a recent study by the Government Accountability Office (p. 28, GAO-25-107304), the Small Shipyard Grant Program is consistently over-subscribed, with many meritorious projects unable to receive funding under current levels, which have historically maxed out at $20 million per year. The SHIPS for America Act, consistent with the President's FY2026 budget proposal, would provide $100 million—five times the recently appropriated maximum—and provide dedicated funding through a multi-year trust fund. This reliable source of increased funding is essential to growing America's maritime industrial base.

Operating a commercial shipyard requires costly investment in waterfront infrastructure that inland industrial facilities do not have to face. But, unlike larger shipyards, small shipyards often do not have access to capital to continuously modernize the facility and equipment. This hurts their competitiveness. Further, these small shipyards face the challenge of competing in the same labor market with larger shipyards and inland industrial facilities, putting pressure on their competitiveness through higher labor costs, as well.

Small shipyards rely on targeted investments from the Small Shipyard Grant Program to produce significant results, some of which can be transformative. Accomplishing transformative changes at larger shipyard facilities often involve complex projects requiring significantly higher investments. The proposed increase in funding will allow the program to fully leverage its proven efficiency and deliver transformative impact in many parts of the U.S. maritime industrial base that do not have access to other federal programs.

Conclusion

The Small Shipyard Grant Program is a model of success for the rapid modernization of a key part of the U.S. maritime industrial base. The SHIPS for America Act proposal ensures that small shipyards can continue to modernize efficiently, remain competitive globally, and support national security interests through job creation, supply chain resilience, and enhanced efficiency and capabilities. Increased funding is not just desirable—it is urgently needed to meet the proven demand for these critical investments.

Dave Matsuda

Founder, Small Shipyard Grant Coalition

www.smallshipyards.com

Disclaimer: the view expressed in this statement are those of Mr. Dave Matsuda—founder of the Small Shipyard Grant Coalition and 17th U.S. Maritime Administrator—and do not necessarily reflect those of each individual Coalition member or participant. The Small Shipyard Grant Coalition is an informal coalition sponsored by Matsuda & Associates, LLC.