



Federal Maritime Commission

Fiscal Year 2017 Budget Request

February 9, 2016

Submitted to the Appropriations Committees
(Subcommittees on Transportation, Housing and Urban
Development, and Related Agencies)



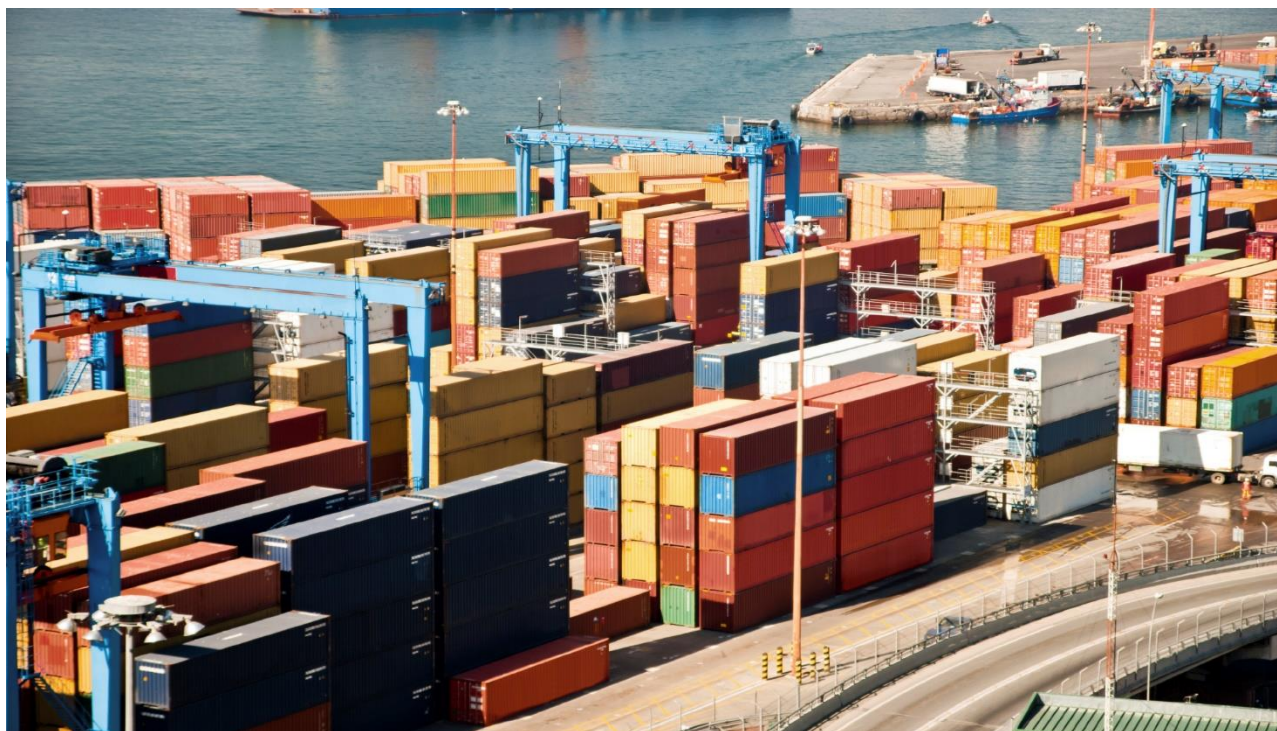
Chairman Mario Cordero

Table of Contents

The FMC's Mission	ii
Regulatory Overview	1
Proposed Appropriation Language, Salaries and Expenses	3
Fiscal Year 2017 Budget Request	4
FMC Strategic Plan and the FY 2017 Budget Request	5
Strategic Goal 1: Maintain an efficient and competitive international ocean transportation system.....	8
Strategic Goal 2: Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes	9
Commission-wide Action Items - Supporting the President's Management Agenda and Government-wide Priorities	11
FY 2015 Accomplishments	17
Strategic Goal 1: Maintain an efficient and competitive international ocean transportation system.....	17
Strategic Goal 2: Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes	21
Additional 2015 Accomplishments	25
Information Technology	25
Representative Rulemakings, Adjudications, and Litigation	26
Appendices.....	31

The FMC's Mission

To foster a fair, efficient, and reliable international ocean transportation system, and to protect the public from unfair and deceptive practices.



Achieving this mission involves fulfilling two primary strategic goals:

1. Maintain an efficient and competitive international ocean transportation system.
2. Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes.

Regulatory Overview

The Federal Maritime Commission (FMC or Commission) is an independent agency which regulates oceanborne transportation in the foreign commerce of the United States. The bipartisan Commission is directed by five Commissioners appointed for staggered five-year terms. The President designates one Commissioner to serve as Chairman, the Chief Executive, and Administrative Officer of the agency. In 2014, the Howard Coble Coast Guard and Maritime Transportation Act, Public Law (P.L.) 113-281, amended the organization of the Commission to add term and vacancy limitations.

The FMC administers the Shipping Act of 1984 (1984 Act, Shipping Act) as amended by the Ocean Shipping Reform Act of 1998 (OSRA); section 19 of the Merchant Marine Act, 1920 (1920 Act); the Foreign Shipping Practices Act of 1988 (FSPA); and sections 2 and 3 of P.L. 89-777 (46 U.S.C. §§ 44102 and 44103).

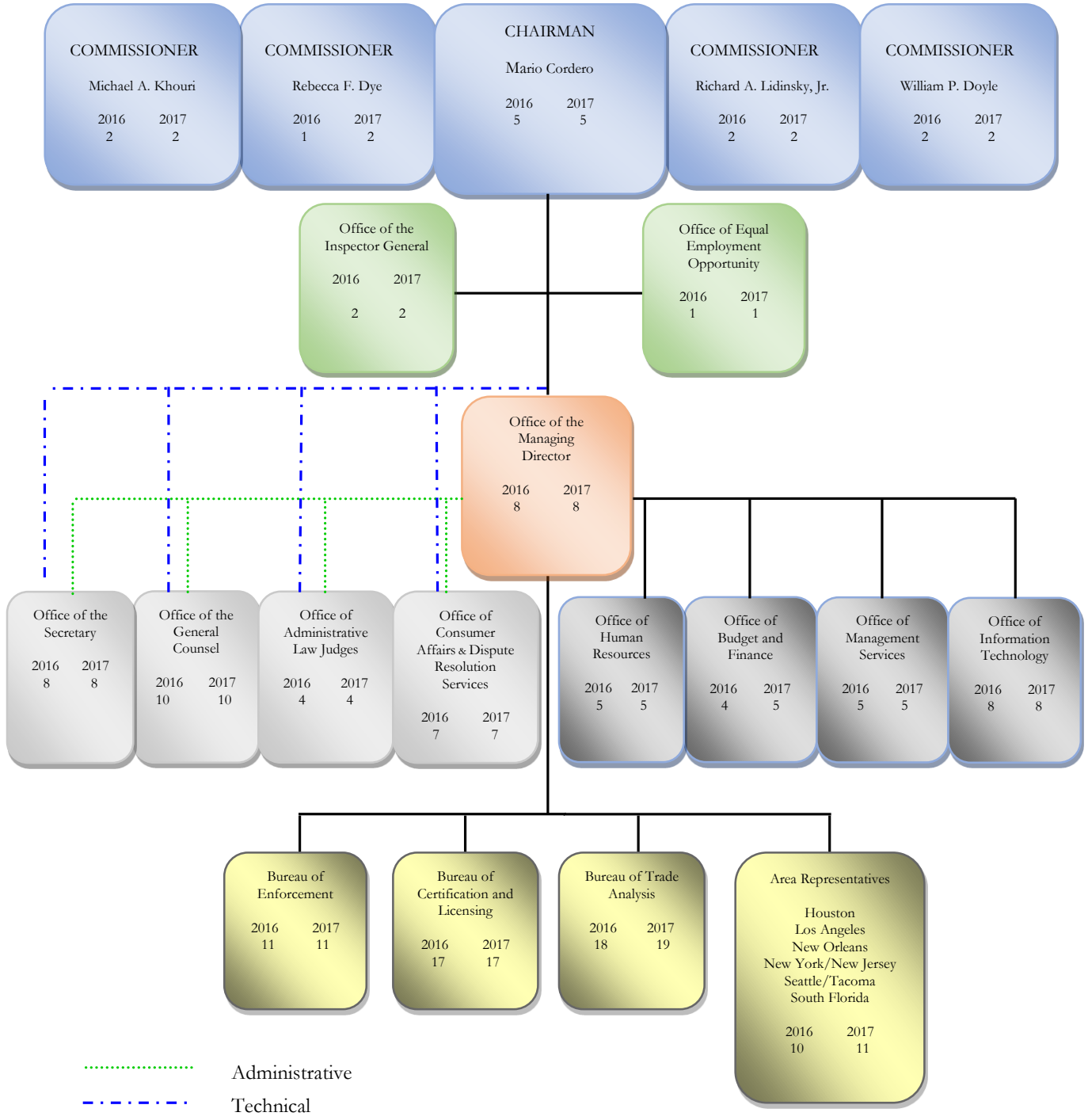
The FMC is charged by Congress with many responsibilities, including: (1) monitoring the activities of ocean common carriers, marine terminal operators (MTOs), ports, and ocean transportation intermediaries (OTIs) that operate in the U.S. foreign commerce to ensure just and reasonable practices; (2) reviewing competitive activities, such as rate discussion agreements, carrier alliances, and other agreements among common carriers and/or MTOs; (3) licensing qualified OTIs in the U.S., and ensuring that all OTIs (including foreign OTIs) operating in the U.S. trades are bonded or maintain other evidence of financial responsibility; (4) maintaining trade monitoring, enforcement and dispute resolution programs to assist regulated entities in achieving compliance, and to detect and remedy malpractices and violations of the prohibited acts set forth in section 10 of the 1984 Act; (5) providing dispute resolution services to the industry and consumers; (6) monitoring the laws and practices of foreign governments for discriminatory or otherwise adverse actions impacting shipping conditions in U.S. trades, and imposing appropriate remedial action pursuant to section 19 of the 1920 Act or FSPA; (7) enforcing special regulatory requirements applicable to carriers owned or controlled by foreign governments; (8) ensuring that passenger vessel operators (PVO) demonstrate adequate financial responsibility to indemnify passengers in the event of non-performance of voyages or passenger injury or death pursuant to 46 U.S.C. §§ 44102 and 44103; (9) processing and reviewing agreements, service contracts, and service arrangements pursuant to the 1984 Act for compliance with statutory requirements; and (10) reviewing common carriers' commercially-published tariff systems for accessibility, accuracy, and reasonable terms.

The FMC is a small agency tasked with a large mandate, which provides for challenges in balancing workloads and required functions. The Commission maintains a specialized workforce of highly experienced economists, attorneys and experts in ocean transportation and government administration. In addition to the Commissioners' offices, the FMC is organized into 15 offices and bureaus. The specific roles and responsibilities of each office of the Commission can be found at <http://www.fmc.gov/about/orgchart.aspx>.

In Fiscal Year 2015, the Commission sought Congressional approval to reorganize the reporting structure of its field offices. After further review, the Commission does not plan to move forward with a reorganization at this time.

**FEDERAL MARITIME COMMISSION
ORGANIZATION CHART**

Total FY 2016 Enacted: 130 FTEs
Total FY 2017 Request: 134 FTEs



Proposed Appropriation Language, Salaries and Expenses

“For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 307), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefore, as authorized by 5 U.S.C. 5901 - 5902, ~~\$25,660,000~~ **\$27,490,000**: Provided, That not to exceed \$2,000 shall be available for official reception and representation expenses.” (*Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016*).



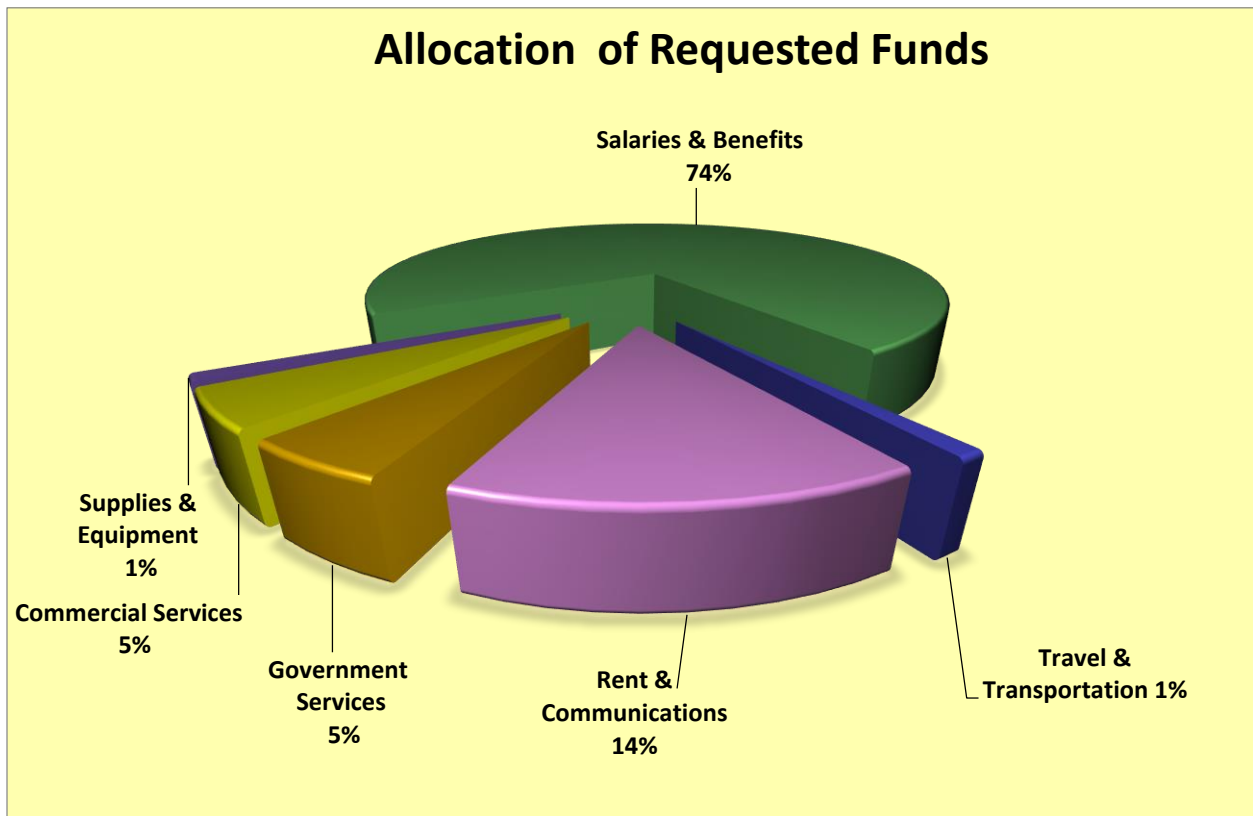
Fiscal Year 2017 Budget Request

The FMC's Fiscal Year (FY) 2017 Budget Request is \$27,490,000, to support 134 full time equivalent (FTE) positions. This is a net increase of \$103,000 over the Commission's 2016 President's Budget level and \$1,830,000 over the FY 2016 enacted appropriation level. As the regulatory agency responsible for maintaining fair and reliable practices in the \$980 billion international ocean transportation industry, the Commission fulfills a large mandate. This request has, whenever possible, considered possible budgetary cutbacks to its spending while maintaining the performance and quality of the FMC's mission and programs.

The Commission requests \$1,082,000 for necessary salary and benefit increases for its existing workforce. Additionally, an increase of \$748,000 is requested for administrative expenses, primarily to maintain the FMC's IT systems. The FMC has expended significant resources to improve its IT systems, improving reliability and cybersecurity readiness throughout. The FMC is committed to continuing this progress through an ongoing multiyear IT systems enhancement plan. In addition to improving the security and reliability of its networks, these improvements will advance the Commission's internal business processes, expanding research and analysis capabilities, and will provide better public accessibility to FMC information. The FMC's continuing transition to Enterprise Content Management (ECM) technology is on target to drastically improve turnaround times and reduce stakeholder application processing/registration errors due to current business processes which are labor and paperwork intensive. The new technology will enable instant access to documents, data, and the real-time status of applications, licenses, and registrations. It will also provide a modern and efficient business process for applicants and staff, saving time and money while also enabling the FMC to keep pace with the electronic business practices of the industries it regulates. Upon development of the new business processes, FMC senior leaders will revise the Commission's FY 2014-2018 Strategic Plan to reflect new performance goals. In FY 2016-2017, the Commission will complete and publish a revised Strategic Plan and IRM Plan based on a review of the data collected and the metrics utilized. The Commission's senior leaders will look at whether alternate or additional data will best match the agency's strategic goals and objectives.

The FY 2017 budget request reflects a projected workforce of 134, an increase of 4 FTEs over the FY 2016 FTE level. The FMC strives to accomplish its strategic goals by improving efficiencies and utilizing its existing resources. The FMC is proud of its workforce; its dedicated staff plays a major part in its success in maintaining an efficient and competitive international ocean transportation system and protecting the public from unlawful, unfair and deceptive practices. The FMC has developed internal agency teams to improve workplace satisfaction while increasing productivity.

The Commission's budget request primarily covers estimated costs for mandatory operational needs. As reflected in the following chart, 98 percent of the FMC's FY 2017 Budget Request provides for payroll expenses, mandatory rent, telephones, interagency services, and important commercial contracts. The remaining 2 percent is comprised of supplies and equipment (including IT hardware and software) and official travel. Funding resources needed for Fiscal Years 2015 through 2017 by object class are provided in Appendix C. To the extent possible, costs have been straight-lined or reduced. Continued investments are needed in mission-critical technologies for the Commission to effectively and efficiently carry out its statutory duties.



The FY 2017 Budget Request includes a number of charts to explain the funding and FTE resources needed to meet the Commission’s mission and statutory mandate. Specifically, Appendices A and B provide detailed funding and FTE requirements at the program level. Appendix C categorizes the funding resources needed for Fiscal Years 2015 through 2017 by object class. Appendix D provides funding by program areas and the relationship of the Commission’s Obligations to Outlays by Fiscal Year. Appendix E details the FMC’s Strategic Goals, Objectives and Performance Measures. Appendix F provides the Commission’s Workload Summary statistics, Appendix G is an Evidence Template for agency decision making, and Appendix H is the Certification of the Office of the Inspector General’s FY 2017 Budget Request.

FMC Strategic Plan and the FY 2017 Budget Request

The FMC serves a vital role in the U.S. ocean shipping industry and will continue to positively impact the nation’s oceanborne transportation system in the coming years. The FMC’s Strategic Plan, the blueprint for all Commission activities, focuses on maintaining a competitive ocean transportation system, facilitating America’s international commerce, and encouraging reliable liner service for U.S. exporters and importers. The FMC’s mission directly supports the President’s commitment to economic growth and job creation. Commission programs related to monitoring international oceanborne trade conditions advance the President’s National Export Initiative by promoting access to foreign markets for American exports and efficient supply chains for the importation of goods for domestic production and consumption. The Commission also supports the President’s Management Agenda and government-wide initiatives by increasing efficiencies, customer service initiatives, and

availability of information to the public to make a positive difference in the lives of American people and the economy.

The Commission regularly provides education to the shipping industry and other government entities to inform these groups on the statutes it implements, as well as to address any issues that may arise. Commissioners and staff address various industry groups as speakers and panelists to provide information on the latest trends and issues related to Commission activities.

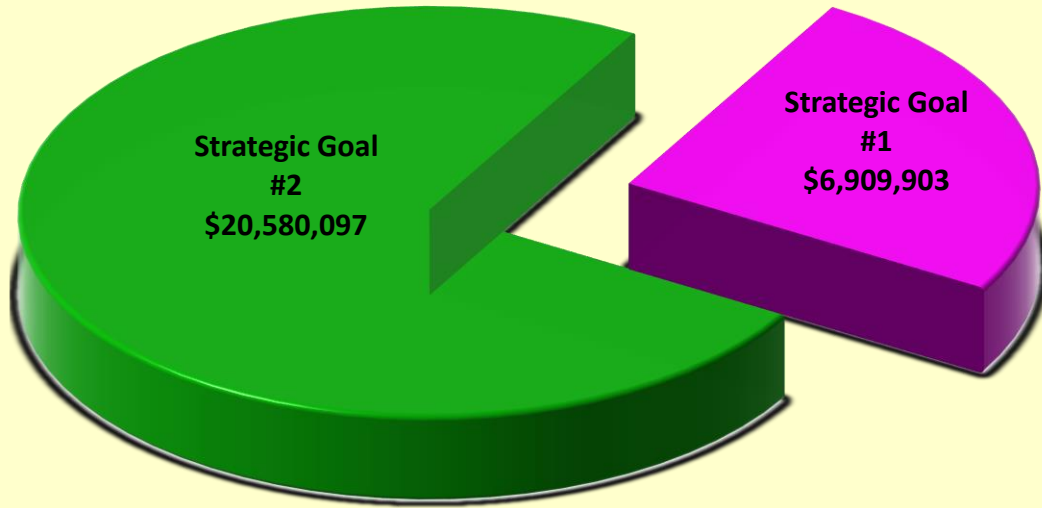
Federal Maritime Commission				
Executive Summary				
		FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
FTE:	Headquarters & Field	116.54	130.00	134.00
Cost:	Salaries & Benefits	\$17,354,671.83	\$19,245,000.00	\$20,327,000.00
	Non-Personnel Expenses	<u>\$8,287,703.12</u>	<u>\$6,415,000.00</u>	<u>\$7,163,000.00</u>
	Total Cost	\$25,642,374.95	\$25,660,000.00	\$27,490,000.00
FY 2017 FTE by FMC Strategic Goal				
Strategic Goal 1		Strategic Goal 2		
Maintain an efficient and competitive international ocean transportation system		Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes		
32.82		101.18		
FY 2017 Cost by FMC Strategic Goal				
Strategic Goal 1		Strategic Goal 2		
\$6,909,902.87		\$20,580,097.13		

The Commission has two strategic goals. The first goal encompasses, among other things, the vital tasks of reviewing and monitoring carrier and MTO agreements, service contracts and negotiated service arrangements (NSAs), and monitoring foreign-shipping practices. During FY 2015, the Commission received 258 new agreements, 51,109 service contracts and 653,315 contract amendments, 901 NSAs and 1,790 amendments to NSAs for review. The second strategic goal has the broader mandate of protecting the shipping public. As reflected in the above table, of the total FY 2017 request, \$6,909,903 and 33 FTEs are needed to support Strategic Goal 1 and \$20,580,097 and 101 FTEs are needed to support Strategic Goal 2. Commission-wide action items, addressed on page 11, identify the FMC's ongoing commitment to improve its infrastructure and open data to the public and stakeholders.

As part of the FMC's FY 2014-2018 Strategic Plan, the Commission is committed to integrating evidence into its strategic decision-making, and tracking its progress through its performance metrics. An *Evidence Template*, demonstrating the FMC's progress and barriers, is included as Appendix G.

Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes

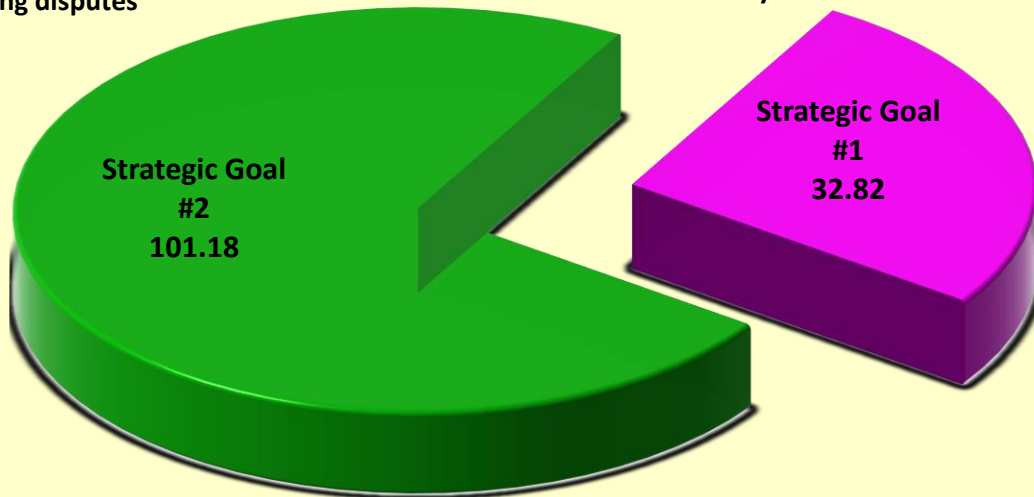
Maintain an efficient and competitive international ocean transportation system



Funding Request by Strategic Goal

Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes

Maintain an efficient and competitive international ocean transportation system



FTE Request by Strategic Goal

Strategic Goal 1:
Maintain an efficient and competitive international ocean transportation system

Objective: Enhance efficiency in the trades through the use of asset sharing authority under the Shipping Act of 1984

Competition and Foreign Practices

The Commission reviews and monitors carrier and MTO agreements to enhance trade efficiency through the use of various types of agreement authority. Agreement filings in 2016 and 2017 are expected to number approximately 250 per year (see Appendix F for these and other workload statistics). Agreement activity during FY 2015 significantly increased. In addition to many others, several important vessel sharing agreements were approved in major east-west trades; a discussion agreement between two ports was initiated to improve their competitiveness with other U.S. and Canadian ports; and several major agreements were approved to address efficiency of operations at U.S. West Coast port facilities to include congestion issues, terminal productivity, chassis availability and usage, and to improve drayage truck turn times.

During FY 2017, the Commission will continue to rapidly handle economic assessments and review filed agreements. Additionally, the Commission will monitor key U.S. trade lanes and the competitive impact of agreements. The Commission will closely oversee the increasing operational cooperation occurring among ocean carriers as the global liner trades continue to rapidly change. With increasing pressure on consolidation in the industry, port congestion, rising energy costs, and environmental concerns, the Commission is particularly attentive to the impact on the nation's exporters and their need for efficient and competitive ocean transportation in reaching foreign markets.

The Commission monitors foreign laws and practices to determine whether there are any unjust non-market barriers to trade, and takes action where appropriate. It also classifies controlled carriers subject to section 9 of the Shipping Act of 1984. Common carriers that are owned or controlled by foreign governments are required to adhere to certain requirements under the 1984 Act, and their rates are subject to Commission review. The Commission is particularly concerned with foreign restrictions that unjustly disadvantage U.S. interests.

Vessel-operating common carrier (VOCC) service contracts and non-vessel-operating common carrier (NVOCC) negotiated service arrangements (NSAs) are required to be filed with the Commission. Under service contracts and NSAs, shippers make a commitment to provide a certain volume or portion of cargo over a fixed period of time, and carriers and NVOCCs commit to a specified rate and a defined service level. These confidential contracts and arrangements are filed into the Commission's automated Service Contract Filing System (SERVCON).

During each of Fiscal Years 2016 and 2017, the Commission expects to receive SERVCON filings of approximately 51,000 service contracts and 600,000 contract amendments, 900 original NSAs, and 1,800 amendments.

In Fiscal Years 2016 and 2017, staff will continue to monitor service contract, tariff, and agreement activities, prepare reports and economic analyses on developments and issues in key U.S. trades, monitor key U.S. trade lanes, review the activities of controlled carriers, and respond to inquiries and informal complaints. Staff will continue to review and analyze the competitive impact of agreements

and monitor the activities of agreement parties, particularly focusing on issues of adequate vessel capacity and equipment availability. The FMC will continue to work with U.S. Customs and Border Protection (CBP) to develop the Automated Commercial Environment/International Trade Data System (ACE/ITDS) to advance the nation's security interest and protect U.S. ports. It will also continue to participate in the Maritime Data Working Group and the Interagency Action Team for the National Committee on the Marine Transportation System, furthering our nation's maritime interests.

Also in Fiscal Years 2016 and 2017, the Commission's Office of Information Technology (OIT) plans to upgrade IT systems, subject to budgetary requirements, with respect to the agreement and trade monitoring programs, in order to improve external users' filing processes as well as continuing to streamline internal business processes and expand research capabilities. The Commission also plans to optimize the internal architecture of the SERVCON system to allow the search functionality to keep pace with the rapid accumulation of records in the system, and seeks to improve automation of internal Form FMC-1 processes to increase efficiency and agency ability to maintain an efficient and competitive international ocean transportation system.

Strategic Goal 2:
Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes

Objective 1: Identify and take action to end unlawful, unfair and deceptive practices

The Commission pursues this goal with both enforcement and compliance programs. In Fiscal Years 2016 and 2017, the FMC will continue enforcement actions against those who pursue market-distorting, fraudulent, or anti-competitive practices harmful to the industry and the public. The Commission will advance initiatives aimed at VOCCs and NVOCCs engaged in unfair service contracting practices, particularly those practices which permit improper entities, such as unlicensed OTIs, to compete unlawfully with carriers and OTIs operating in compliance with U.S. laws.

The program to monitor and audit ocean common carrier, NVOCC, and ocean freight forwarder (OFF) operations continues to be a Commission focus. This program conducts approximately 140 OTI audits each year to review the operations of licensed and bonded OTIs to assist them in complying with statutory requirements and the Commission's regulations. It emphasizes correction of routine tariff matters and prompt compliance with reporting, licensing, and bonding requirements.

The FMC remains active in security initiatives as they relate to U.S. ocean commerce. The Commission is working to coordinate the use of available database systems with other agencies engaged in homeland security to improve identification of entities providing and utilizing maritime transportation services. To facilitate these activities, the FMC has executed a Memorandum of Understanding (MOU) with U.S. Customs and Border Protection providing for more efficient utilization of existing systems and services. The FMC also has an active MOU with the Census Bureau, U.S. Department of Commerce, providing the FMC with access to the Census' Automated Export System (AES) database. These MOUs allow the FMC to handle and use confidential U.S. export shipment data to accomplish its mission and to protect the nation's security interests. The FMC also supports the Nation's economic and security interests by partnering with the National Intellectual

Property Rights Coordination Center (IPR Center), a Department of Homeland Security-led partnership of 21 Federal and international agencies targeting intellectual property- and trade-related crimes.

Objective 2: Prevent public harm through licensing and financial responsibility requirements

The FMC licenses OTIs as mandated by the Shipping Act, and provides financial certification of PVOs. OTIs are transportation middlemen for oceanborne cargo moving in the U.S.-foreign trades. An OTI applicant must establish to the FMC that it has the necessary character to render OTI services as well as to establish its financial responsibility by means of a bond, insurance, or other instrument, and demonstrate a minimum of three years of experience in ocean transportation intermediary activities in the United States.

There are approximately 6,100 domestic and foreign OTIs regulated by the Commission. In FY 2015, the FMC processed about 650 licensing transactions. Currently 968 ocean freight forwarders (OFFs); 1,724 U.S.-based NVOCCs; 1,998 joint NVOCCs/OFFs; and 74 foreign-based NVOCCs hold active OTI licenses. An additional 1,315 foreign-based NVOCCs are registered and maintain proof of financial responsibility with the Commission.

The FMC also oversees the PVO financial responsibility program. Evidence of financial responsibility is required for vessels that have berth or stateroom accommodations for 50 or more passengers, and embark passengers at U.S. ports and territories. Certificates of performance cover financial responsibility for the indemnification of passengers for non-performance of transportation. This requirement also helps prevent unscrupulous or financially weak operators from serving U.S. ports. The current PVO program encompasses 213 vessels and 48 passenger vessel operators with aggregate evidence of financial responsibility coverage in excess of \$544 million for non-performance and over \$743 million for casualty. The FMC protects the cruising public by offering information and guidance throughout the year on passenger rights and obligations regarding monies paid to cruise lines that fail to perform voyages.

The FMC anticipates that the number of PVOs in the program is likely to remain constant in Fiscal Years 2016 and 2017. PVO performance certificates are valid for up to five years. In Fiscal Years 2016 and 2017, the Commission will: (1) review the impact of recent rule changes affecting the passenger vessel program and explore alternatives to enhance PVO monitoring procedures; (2) review procedures regarding OTI licensing applications; and (3) continue efforts to develop, enhance, and implement an improved electronic application process for both OTIs and PVOs.

Objective 3: Enhance public awareness of agency resources, remedies and regulatory requirements

The Commission offers periodic seminars and instructional opportunities to educate consumers and regulated entities regarding regulations, shipping trends, best practices, and the effective use of its services to resolve shipping disputes. The FMC also publishes, in print and on its website, information designed to educate the industry and the shipping public. In FY 2015, the Commission put forward reports on congestion and demurrage and detention issues facing U.S. shippers and the industry. Brochures and advice on topics such as household goods moves and cruise service issues are also available.

Efforts to further expand awareness of the Commission's Alternative Dispute Resolution (ADR) services will continue through internal and external education programs, training, and other appropriate methods. Use of mediation will be promoted to assist in resolving formal proceedings, service contract matters, and other significant disputes.

In FY 2017, the FMC intends to develop a plan to improve the design, usability and platform of the website docket library and historical document repository. This plan will lay the groundwork for increased availability of public documents, including Sunshine Act meeting materials, on the Commission's website.

Objective 4: Impartially resolve international shipping disputes through alternative dispute resolution and adjudication

Informal dispute resolution is ongoing at the FMC, and valued by both the industry and consumers. The Commission will continue to facilitate the resolution of informal complaints and disputes, and investigate unlawful practices by carriers, MTOs, and OTIs. In their outreach roles, the Office of Consumer Affairs and Dispute Resolution Services (CADRS) and the FMC's Area Representatives (ARs) will educate maritime transportation users and providers on FMC statutes and regulations, assist shippers with access to transportation services, and help address any transportation disputes that may arise, such as shipper concerns regarding demurrage charges, which are charges related to the storage of containers at marine terminals beyond the allotted free time.

The FMC offers both facilitation and arbitration services to the industry and shipping public to resolve disputes. The Commission's alternative dispute resolution offerings save the public time and resources, often resolving a dispute without costly legal proceedings. Annually, the Commission handles nearly 700 disputes, and supports the trend for mediation and collaborative dispute resolution when feasible. The Commission requires parties involved in formal Commission docketed proceedings to attend mandatory mediation conferences.

The Commission's Administrative Law Judges (ALJs) are independent decision makers whose independence is protected by the Administrative Procedure Act, 5 U.S.C. Subchapter II. FMC ALJs resolve cases involving alleged violations of the Shipping Act and other laws within the Commission's jurisdiction. Cases are initiated by private parties or by the Commission (represented by the Bureau of Enforcement to seek civil penalties for law violations).

Effective November 5, 2014, the Commission amended 46 C.F.R. Part 502, Subpart S, to transfer authority to the Chief Administrative Law Judge to assign small claims officers to resolve small claims complaints informally. The claims, valued up to \$50,000, are resolved by a Small Claims Officer.

Commission-wide Action Items - Supporting the President's Management Agenda and Government-wide Priorities

The Commission operates responsively and transparently to serve the public. The FMC is committed to smart investments and management strategies that deliver an effective and efficient government that reacts to the rapidly changing needs of its citizens and supports economic growth. The Commission is implementing methods supporting the four key pillars of the President's Management Agenda: Effectiveness, Efficiency, Economic Growth, and People and Culture (in the Federal workforce).

Effectiveness through Enhanced Customer Service

The FMC provides direct services to the public through a number of offices and programs. The Commission's Office of Consumer Affairs and Dispute Resolution Services receives time-sensitive requests for assistance (through e-mail and calls to its toll-free number) from shippers and carriers. The FY 2017 budget submission provides for maintaining 7 full-time CADRS employees. Similarly, the Commission's Area Representatives, strategically located at key maritime ports (Southern California, Seattle, New York, Houston, New Orleans, and South Florida) commonly operate as the front line for questions and issues facing the industry. The Commission's Office of the Secretary updates the FMC's website and social media, providing time sensitive and important information to the public. The FMC also responds to requests for information from the press and the public, delivering key information directly to potentially affected shippers through on-camera interviews and print media.

The FMC plays an important role in improving international commerce and assisting with industry-driven solutions to ocean shipping issues. In FY 2015, the Commission released several reports analyzing the problem of port-related congestion and demurrage and detention, and continues to develop strategies to create solutions to industry-related problems. The FMC will continue its important work to facilitate solutions to ocean shipping challenges, and continue to foster economic growth through improved shipping and infrastructure practices.

Efficient Government - Reducing Regulatory Burden and Improving Necessary Information Collection

The FMC systematically reviews its processes and regulatory requirements for efficiency and effectiveness. As economic conditions alter the state of our trades, regulations are revised to respond to new conditions. As part of an ongoing Plan for Retrospective Review of Existing Rules (initiated in FY 2012), the FMC is reviewing, evaluating, and making recommendations for improvements to its regulatory requirements concerning the filing and processing of agreements, quarterly monitoring reports, and agreement meeting minutes. A review of the regulations governing service contracts and NVOCC service arrangements continued in FY 2015. Recommendations were developed and presented at a meeting for the Commission's consideration in October 2016. It is anticipated that an Advance Notice of Proposed Rulemaking will be sent to the Commission in February 2016. A review of the Marine Terminal Operator Schedule regulations is underway and, in FY 2016, a review of the Carrier Automated Tariff regulations is scheduled.

In Fiscal Years 2016 and 2017, the Commission will: (1) review the initial impact of recent rule changes affecting the passenger vessel program and explore alternatives to enhance PVO monitoring procedures; (2) review suggested amendments to the regulations regarding OTI licensing and financial responsibility requirements in light of changed industry circumstances; (3) continue efforts to develop, enhance, and implement an improved electronic application process for both OTIs and PVOs; (4) review the Marine Terminal Operator Schedule regulations; and (5) review the Carrier Automated Tariff regulations.

The Commission relies on evidence-supported policy and program decision-making in designing and implementing its current FY 2014-2018 Strategic Plan. Appendices E, *Performance Measures by Strategic Goal*, F, *Workload Summary*, and G, *Evidence Template*, demonstrate the FMC's commitment to smart government with measurable goals. These goals help the FMC to properly allocate its resources to effectively drive its mission.

Effectiveness and Efficiency through Open Data / Applying Innovative Technologies

The FMC is committed to the multiyear enhancement of its IT systems, which will ultimately make it faster and easier for individuals and businesses to complete transactions and have positive experiences with the government. As indicated previously, much of this work involves a transition to the use of Enterprise Content Management technology. In connection with increasing the accessibility to FMC information, the Commission began implementing a plan to upgrade the website and document repository in Fiscal Year 2015.

Planned FMC actions that open up government data for FY 2016 and 2017 include efforts to replace the aging Regulated Persons Index (RPI), with a modernized enterprise system; creating a critical database that will contain up-to-date records of licensed OTIs (OFFs and NVOCCs), ocean common carriers, MTOs and other entities, which is used by FMC staff, the shipping public, and other governmental security and trade entities. The modernization of this system, along with continued investments in public information and education, will give the public access to useful information to make critical decisions on the movement of goods by sea.

The Commission will also upgrade the FMC's current internet hosting, maintenance, and public document repository solution to include launching a newly designed website that will implement technology to make Commission information more easily accessible via mobile devices; update the public on current issues in the trade via consumer alerts and public service announcements published on the FMC website and other social media; provide continuous updates to key public information including website publication of the docketing activity and documents for cases filed before the Commission; provide public access to filed agreements through the FMC's online agreement library; and provide the public with key FMC studies and economic analysis of shipping industry trends.

Plans that will advance the Commission's Information Resources Management Strategic Plan in FY 2016 and 2017 include:

- continuation of the plan to develop and deploy ECM technology, which will consolidate the OTI license application and registration renewal processes, enhancing the ability of applicants to file electronically, reducing errors and enabling staff to significantly increase efficiency in processing applications. This improvement will support the ability of American entrepreneurs to enter the industry and offer needed services to the public. This system will also provide benefits to the public seeking information about regulated entities;
- continuation of agency progress to build and deploy a new Service Contract Filing System for ease of filing, and optimize the internal architecture of SERVCON, particularly the search functionality needed to keep pace with the rapid accumulation of records. This improvement will facilitate U.S. trade and allow shippers and carriers to more rapidly respond to real-time business needs;
- development of a plan to automate the filing of applications for certificates by PVOs for more efficient processing, and to permit applicants to use available technology to easily interact with the Commission to complete their Congressionally-mandated requirements; and
- migration of the current Internet site from the third party vendor that currently hosts the website to Microsoft Azure tenant.

People and Culture – Empowering Employees

The FMC's employees achieve its mission. The FY 2017 budget request allocates 74 percent to directly compensate its workforce. The FMC's employees comprise a small, highly educated, and capable group consisting of ocean shipping experts and administrative professionals. To ensure that FMC continues to attract and maintain the skillsets necessary to provide exceptional service to the public, the FMC has made commitments to improve employee satisfaction, provide relevant training for job skills and employee professional growth, and improve workplace flexibilities.

Workplace Satisfaction

The Commission recognizes that performance is enhanced when employees are satisfied with their employer and the work that they do. The FMC participates in the Federal Employees Viewpoint Survey (FEVS) to gather information on employee satisfaction. The FEVS, administered by the Office of Personnel Management (OPM), measures employee satisfaction and changes in employee engagement and workplace environment. In recent years, the FMC has made improving workplace satisfaction and employee morale a priority objective. The FMC is committed to positively improving workplace satisfaction in terms of leadership, transparency, matching skills to its mission, and work/life balance. Agency-wide employee teams to address employee suggestions, telework, and other workplace initiatives have been launched. Senior leadership continues to encourage involvement and provide opportunities for participation in agency-sponsored programs.



Left to right: Mary Thien Hoang, Chairman Mario Cordero, Commissioner Rebecca F. Dye, Todd Cole. Photo credit: Aaron Clamage.

The Commission received an award for being the *2015 Most Improved Small Agency* when the Partnership for Public Service and Deloitte released their 2015 [Best Places to Work in the Federal Government](#) report in December 2015.

The 2015 Best Places to Work report analyzes data from FEVS and provides rankings in 14 categories. The Commission achieved positive gains in all 14 categories measured. More than half of those categories saw double digit improvement while Effective Leadership (Empowerment) saw the greatest gain with a 19.7 point increase over 2014. Scores for Strategic Leadership, Training and Development, and Support for Diversity were among those measures receiving significant increases.

Training

The FMC remains committed to offering its employees job and professional training opportunities. Training funds were cut significantly during sequestration, but during FY 2015, the FMC was able to offer a large number of employees training in work-related areas. The FMC offers

online training through a commercial provider as a cost-effective way to ensure that all staff have access to appropriate training year round. Training classes include areas such as IT technical skills, project management, communication, leadership, management, and writing. Commission offices, such as the Office of Human Resources and the Office of Information Technology, regularly offer staff training on topics such as performance management, telework readiness, and new technologies. In collaboration with the Small Agency Council, training on subjects such as business writing, emotional intelligence, and effective briefing skills are made available to employees. The Commission also provided diversity training to all staff in FY 2015. The Commission's supervisors and managers completed whistleblower protection training and crucial conversations training as part of their leadership development.

Work Flexibilities: Alternate/Flexible Schedules and Telework

The FMC offers a number of workplace flexibilities which increase employee productivity, such as working a compressed schedule or working a flexible schedule (with varying start times during the Commission's "core" business hours). Approximately 55 percent of the staff participate in alternate/flexible work schedules.

The FMC supports telework. Through a staff project team, extensive work and research was completed, feedback was collected from staff at all levels, and a new, modernized telework policy and employee telework agreement were created. The draft plan was distributed for employee feedback, and staff completed training on the new plan in FY 2015. The finalized plan became effective early in FY 2016. The plan removes restrictions on the number of days an employee may request telework, removes restrictions on a manager's ability to telework on a regular basis, empowers managers to decide whether and how much telework to allow, and, consistent with OPM guidance, requires telework-ready employees to telework when OPM announces that Federal offices will be closed.

Managing Real Property Needs – "Freezing the Footprint"

The FMC is committed to working in partnership with the General Services Administration (GSA) to act as steward to government resources and better align the size of Federal real property assets with actual program needs. In FY 2015, the FMC decreased its physical storage needs, returning to GSA 910 square feet at its headquarters location. The FMC is in the planning stages of reconfiguring its headquarters space, and has identified a further reduction of approximately 400 square feet of space that it plans to return to GSA in FY 2016. The FMC will continue to evaluate its space needs.

Enhancing Shared Services

The FMC uses shared services to handle several of its fiscal and personnel-related administrative functions to achieve efficiencies and cost-savings when feasible, and reviews each service regularly to guarantee the best value is provided to the public. The Commission currently uses the following shared services:

National Finance Center

FMC utilizes the National Finance Center (NFC) for human resources processing services (including payroll and time and attendance (T&A) transaction processing, managing employee debt, and separation payments). FMC is in coordination with NFC to transition to a new more fully automated time and attendance system, PayCheck8, in FY 2016-2017. PayCheck8 is a system that gathers time and attendance data from the user, validates it with respect to the business rules, presents it for user

verification, and forms it into files which are transferred to the NFC for processing in the production of payroll reports.

Office of Personnel Management (OPM)

The FMC utilizes OPM's services for staffing, recordkeeping, and management of personnel files, and to provide recruitment services including the recruitment, assessment, referral, and onboarding of candidates. This has supplemented the FMC's in-house capabilities during a period of increased hiring, which occurred as a result of backfilling several years' worth of positions lost due to attrition and retirements, including that of several of its Human Resource (HR) staff. These positions were not timely filled due to sequestration. The FMC will reduce its use of OPM's recruitment services in FY 2016 and FY 2017, as demand will be met by internal staffing capabilities. This use of internal resources will allow for improved hiring timelines and result in a cost savings for the Commission.

In the first quarter of FY 2016, the FMC transitioned from its hard-copy personnel filing system to OPM's electronic Official Personnel File (eOPF) services. The eOPF is an electronic version of the paper OPF, and is a system for accessing the electronic folder online. The eOPF system combines document management with workflow capabilities, and allows each employee to have an electronic personnel folder instead of a paper folder. Benefits of eOPF include immediate access to personnel forms and information for a geographically dispersed workforce, e-mail notifications to employees when documents are added to their eOPF, a multi-level secure environment with security rules for sensitive information, no loss of official personnel documents due to filing or routing errors, reduced costs associated with storage, maintenance, and retrieval of records, electronic transfer of HR data, integration with the agency's human resources information systems (HRIS), and compliance with OPM and Federally-mandated HR employee record management regulations.

Bureau of Fiscal Services (BFS)

It is cost prohibitive for the FMC to purchase and maintain an integrated Federal financial reporting system, as it lacks the necessary funding and personnel resources. Since 2001, the FMC has been utilizing the Bureau of Fiscal Services, Department of Treasury, for a wide range of services.

To operate under a fully integrated Federal financial reporting system, the FMC utilizes Oracle platform services provided by the Administrative Resource Center (ARC) of BFS. ARC's superior business model, impeccable performance record and progressive technological accomplishments have earned it the distinction of "Center of Excellence" in financial management by the Office of Management and Budget. Through this cross service provider, the FMC obtains a full range of financial management and accounting services, including a financial management system platform, vendor and employee record maintenance and reporting services, budget processing, budget reporting (MAX), payroll accounting services, and accounts payable (AP) and accounts receivable (AR) services, and procurement system platform services, including purchase and fleet card services. Additionally, the FMC contracts for ARC Travel services, including E-Gov Travel Service, Travel Card Administration and Travel Payments.

Access to ARC's electronic systems is controlled by user IDs and passwords in accordance with relevant laws, regulations, security requirements, privacy acts and policies. Internet access is limited to the specific FMC-recognized IP address, and the connections utilize Secure Socket Layer to protect the sensitivity of the data being accessed.

Financial Reporting services provided by ARC will be expanded in 2017 to include required DATA Act reporting services.



FY 2015 Accomplishments

Strategic Goal 1: Maintain an efficient and competitive international ocean transportation system

Objective: Enhance efficiency in the trades through the use of asset sharing authority under the Shipping Act of 1984

Competition and Foreign Practices

The Commission monitors, analyzes and evaluates the competitive impact of carrier and marine terminal agreements filed to ensure that the parties' activities are in compliance with U.S. shipping statutes and regulations. In this regard, the Bureau of Trade Analysis reviews agreement monitoring reports, prepares economic analyses, researches and produces studies and profiles on agreements, carrier organizations and market conditions in a variety of trades, undertakes special projects to identify and research economic issues that may affect U.S. liner trades, and advises the Commission on international economic issues. The Commission reviews minutes of agreement meetings and informational reports filed by parties to potentially anti-competitive agreements such as those that discuss freight rates, service contract guidelines, cargo or revenue pooling, and the rationalization of vessel capacity. During FY 2015, the Commission received 785 sets of minutes, 612 monitoring reports and related reports, 115 voluntary service contract guidelines, and 2 applications for waivers to the minutes and/or monitoring report filing requirements.

Significant filings during FY 2015 included the agreements comprising the Ocean 3 Alliance, more specifically, the CSCL/UASC/CMA CGM Vessel Sharing and Slot Exchange Agreement and an amendment to the CSCL/UASC/YMUK/CMA CGM/PIL Vessel Sharing and Slot Exchange Agreement. The Ocean 3 Alliance is an interconnected network of agreements in which China Shipping Container Lines (CSCL), United Arab Shipping Co. (UASC), and CMA CGM will implement vessel sharing arrangements in the major east-west trades. As was the case with other ocean carrier alliances, the Commission imposed reporting requirements on the Agreement parties to assist the Commission in its ongoing, close monitoring of the Agreements.

The Commission also facilitated the Ports of Seattle and Tacoma's discussion of the formation and terms of a joint marine cargo operating enterprise called the "Seaport Alliance" under an amendment to the Port of Seattle/Port of Tacoma Discussion Agreement. The second phase of this initiative, a final Seaport Alliance Agreement, was filed with the Commission in 2015. This initiative's objective was aimed at improving the competitiveness of Seattle and Tacoma in the face of increasing competition from other U.S. West Coast ports, ports on the U.S. East Coast, and Canada.

Two significant agreement filings reviewed by the Commission were related to addressing severe congestion at ports and terminals along the U.S. Pacific Coast. In early February 2015, the Ports of Los Angeles and Long Beach proposed an amendment to the Los Angeles and Long Beach Port Infrastructure and Environmental Programs Cooperative Working Agreement to include the discussion of congestion issues, and to allow for the discussion of projects and programs with multiple stakeholders in and around the port complex. Under the amended agreement, the ports planned to address port congestion as a particular focus, including establishing initiatives to increase terminal productivity, facilitate chassis availability and usage, and improve drayage truck turn times. The Commission voted to allow the Agreement to go into effect early under procedures granting expedited review. In addition, the West Coast Marine Terminal Operators Agreement (WCMTOA) and the Ocean Carrier Equipment Management Association (OCEMA) filed the Pacific Ports Operational Improvements Agreement citing a similar goal as its objective. The Agreement authorizes the parties to discuss and exchange information, and reach agreement on measures to address and improve efficiency of operations at U.S. West Coast port facilities to reduce congestion. While the Commission believes that the agreement has the potential to achieve its goal, the activities of the agreement will be closely monitored for any emerging competitive impacts.

Trade Oversight and Industry Research

In Fiscal Year 2015, the Commission administered its agreement oversight responsibilities and produced various reports and analyses. Activities included:

- researching information and preparing data tables in support of the FMC's Public Port Forums at four regional ports on terminal congestion and supply chain logistics;
- preparing an in-depth summary of the port forum discussions, and researching and writing a synthesis of issues underlying terminal congestion at U.S. ports;
- preparing a comprehensive regulatory review of 46 C.F.R. part 535 (Ocean Common Carrier and Marine Terminal Agreements) and related regulations in 46 C.F.R. §501.27 in accordance with the Commission's Plan for the Retrospective Review of Existing Rules, and drafting proposed modifications to parts 501 and 535;
- reviewing the amendment to the Los Angeles and Long Beach Port Infrastructure and Environmental Programs Cooperative Working Agreement that permits the ports to work together on port congestion problems;
- analyzing United Arab Shipping Corporation's responses to FMC questions regarding the economic impact of UASC's proposed exemption from 46 U.S.C. §40703 (effectiveness of the tariff rates of controlled carriers);
- drafting reporting requirements for the Ocean 3 Alliance Agreement, the CSCL/UASC/CMA CGM Vessel Sharing and Slot Exchange Agreement, and the Hanjin/UASC/CMA CGM/CSCL Vessel Sharing and Slot Charter Agreement;
- reviewing the Commission on the West Coast South America Discussion Agreement (amendment) that added Hapag-Lloyd and Norasia, and on the Hapag-Lloyd/CSAV Agreement that added a non-compete arrangement;

- analyzing the potential competitive impact of the COSCO/KL/YMUK/HANJIN/ELJSA Slot Allocation and Sailing Agreement (CKYHE Alliance) and drafting reporting requirements;
- updating the threshold analysis for the final rule in Notice of Proposed Rulemaking in Docket 13-05: Amendments to Regulations Governing Ocean Transportation Intermediary Licensing and Financial Responsibility Requirements and General Duties;
- preparing a competitive impact analysis and reporting requirements for the discussion agreement among MTOs formed under the Seattle Marine Terminal Operators/Port of Seattle Discussion Agreement;
- preparing request for additional information questions for the Pacific Ports Operational Improvement Agreement, FMC No. 201227;
- conducting teleconference discussions with parties to the G6 Alliance Agreement to review current and anticipated operational activities;
- developing reporting requirements for the Maersk/MSC Vessel Sharing Agreement (2M Alliance);
- monitoring developments under the Consolidated Chassis Management Pool Agreement and the availability of chassis for U.S. shippers, as carriers continue divesting their chassis fleets;
- monitoring the PierPass program conducted under the West Coast MTO Agreement to ensure its continued conformity with the U.S. shipping statutes;
- conducting biannual meetings with representatives of the Transpacific Stabilization Agreement to review developments in the U.S./Asia trade;
- presenting a briefing of U.S. liner trades with Central and South America and the Commission's monitoring of rate discussion agreements operating in those trades; and
- monitoring data and economic information on liner trade conditions and agreement matters.

The Commission's international affairs program monitors foreign shipping laws and practices that may have an adverse effect on the industry, and makes recommendations to the Commission for investigating and addressing such practices. The Commission has the authority to address restrictive foreign shipping practices under section 19 of the 1920 Act and the FSPA. Section 19 empowers the Commission to make rules and regulations governing shipping in the foreign trade to adjust or meet conditions unfavorable to shipping. The FSPA directs the Commission to address adverse conditions that affect U.S. carriers in foreign trade and that do not exist for foreign carriers in the United States.

In Fiscal Year 2015, the FMC informally pursued several matters that involved potentially restrictive foreign practices including new legislation, new interpretations of existing legislation, and new regulations of non-domestic carriers' terminal handling charges. The FMC continued to monitor and participate, both formally and informally, in international agreement negotiations that could affect foreign-borne cargo shipments to the United States. In addition, the FMC tracked consumer inquiries regarding possible foreign restrictive shipping practices.

The FMC continued its international outreach efforts by attending and coordinating events with foreign embassies and counterparts. In FY 2015, the Commission, in conjunction with other Federal agencies, participated in bilateral and multilateral international negotiations and discussions on shipping matters. In June 2015, the FMC participated in multilateral discussions with China and the European Union, and discussions at the Organisation for Economic Co-operation and Development (OECD). In September 2015, the Commission attended a bilateral discussion with Japan.

The Commission also classifies controlled carriers subject to section 9 of the Shipping Act. Common carriers owned or controlled by foreign governments are required to adhere to certain requirements under the Shipping Act, and their rates are subject to Commission review. The Commission monitored the activities of controlled carriers in FY 2015.

Agreements, Contracts, and Tariffs

During Fiscal Year 2015, 51,109 service contracts and 653,315 contract amendments were filed into the SERVCON system by 91 VOCCs. The Commission processed 901 original NSAs and 1,790 amendments filed by 93 NVOCCs, and 1,219 Form FMC-1 filings, making the locations of those tariffs available to the public through its website. At the end of the Fiscal Year, 5,342 active/current tariff locations were posted to the agency's website. All of these documents were received, and properly reviewed and processed by our limited staff resources.

Also during Fiscal Year 2015, staff conducted service contract and tariff research in support of the Commission's agreement monitoring program and ad hoc research to meet the agency's internal needs for information. Statistical research was also conducted, and the Commission was updated regarding service contracts on file that reference container freight indices. Research was also conducted on various surcharges, such as congestion surcharges, and low sulfur fuel surcharges, as well as General Rate Increases published by ocean carriers.

The Commission conducted further compliance audits of NVOCC tariffs during the Fiscal Year, monitoring NVOCC tariff rules in connection with the regulations governing NVOCC negotiated rate arrangements allowing NVOCCs to "opt out" of publicly posting rate tariffs on the internet so long as they use NRAs exclusively, maintain their rules tariffs free of charge, and comply with other requirements. At the end of Fiscal Year 2015, approximately 2,000 NVOCCs had filed prominent notices or a rule in their respective tariffs allowing them to utilize NRAs, if they opted to use the exemption instead of publishing a tariff rate item. The Commission continues to educate NVOCCs regarding NRA compliance and will continue to inform the shipping public to facilitate full compliance with NRA requirements.

The Commission does not anticipate a decrease in its workload through 2016 and 2017. NVOCCs will be required to publish, and the Commission will need to verify, the rules tariffs that will continue to be required under FMC regulations. Further, the continued entry and exit of various OTIs to and from the market will require follow-up to ensure that the FMC's website has an accurate listing of tariff publication locations and to ensure that published tariffs meet the Commission's tariff publication requirements. In addition, the FMC does substantial work associated with monitoring VOCC tariffs for compliance.

**Strategic Goal 2:
Protect the public from unlawful, unfair and deceptive practices and
resolve shipping disputes**

The Commission achieved a number of significant actions during Fiscal Year 2015 that advanced its mission and contributed to the integrity and security of the nation's import and export supply chains and protected the public from financial harm.

Objective 1: Identify and take action to end unlawful, unfair and deceptive practices.

Major investigations undertaken or completed during Fiscal Year 2015 addressed ongoing practices of certain OTIs operating in the volatile China-U.S. inbound trades, as well as VOCCs seeking to operate pursuant to agreements that were not filed with the Commission. In Docket No. 14-14, the Commission's Bureau of Enforcement (BOE) filed a petition to intervene on behalf of complainant-shipper Mark Barr, seeking substantive changes in the objectionable commercial practices of the respondent, Ocean Trade Lines, Inc. (OTL), an NVOCC. OTL agreed to provisions obligating it to provide refunds within 15 days, rather than 60 days; to require OTL to commence transport within 120 days of requested cargo pick up; and to remove language in OTL's shipping contract inconsistent with its obligations as a common carrier. OTL also made a refund to the complainant, Mark Barr, in the amount of \$15,000. Administrative Law Judge Erin Wirth approved the settlement.

In FMC Docket No. 14-13, Metro Freight Services, Inc. (Metro Freight), a New Jersey-based freight forwarder and NVOCC, paid a \$100,000 civil penalty, had its OTI license suspended for 90 days, and dissolved a corporate affiliate which had served as putative shipper for many of the respondent's forwarding transactions. The settlement resolved BOE's allegations that Metro Freight failed to timely seek and obtain approval of a replacement Qualifying Individual (QI) for its OTI operations, and unlawfully received freight forwarder compensation for shipments in which it had a direct or indirect beneficial interest. Administrative Law Judge Clay Guthridge approved the settlement.

In Docket No. 14-05, the Commission let stand the settlement of an investigation involving an ocean freight forwarder and an affiliated shipper regarding improper receipt of freight forwarder compensation upon the affiliate's shipments, and the apparent return of such funds to the shipper. Respondents paid a penalty of \$300,000. In Docket No. 14-02, Administrative Law Judge Guthridge issued an Initial Decision on October 21, 2014, finding violations of section 10(a)(1) of the Shipping Act for using the unfair device or means of accessing service contracts to which Oceanic Bridge, an NVOCC, was neither a contract signatory nor corporate affiliate thereof, and assessing a civil penalty of \$392,000.00 against Respondent Oceanic Bridge International, Inc. On November 21, 2014, the Commission issued a Notice Not to Review the Initial Decision.

The Commission also continued its investigations of the car carrier trades between Japan and the U.S., and in other U.S. trades inbound and outbound, culminating in an additional settlement relating to unfiled carrier agreements. Penalties against the two commonly-owned carriers involved netted penalties in excess of \$1,100,000. In addition, the Commission collected penalties against two smaller carriers for operating under unfiled space charter agreements affecting their respective roll-on/roll-off operations.

In Fiscal Year 2015, the enforcement compliance audit program continued as a major focus. This program, conducted from headquarters primarily by mail, e-mail and telephone, reviews the operations of licensed OTIs to assist them in complying with the statutory requirements and the Commission's rules and regulations. The audit program also reviews entities holding themselves out as VOCCs, where there is no indication of actual vessel operations. At the beginning of Fiscal Year 2015, 14 audits were pending. During the Fiscal Year, 183 audits were commenced, 163 audits were completed (including audits carried over from Fiscal Year 2013), and 34 remained pending on September 30, 2015.

At the beginning of Fiscal Year 2015, 10 enforcement cases were pending final resolution by Commission staff, and BOE was party to 4 formal proceedings. During the fiscal year, 18 investigative matters were referred for enforcement action or informal compromise; 17 were compromised and settled, administratively closed, or referred for formal proceedings; and 11 enforcement cases were pending resolution at Fiscal Year's end. Also, 3 formal proceedings were initiated; 4 formal proceedings were completed; and 3 were pending at the end of the fiscal year.

Objective 2: Prevent public harm through licensing and financial responsibility requirements.

In FY 2015, the Commission received 376 new OTI applications and 314 amended applications, issued 250 new OTI licenses and 100 amended licenses, revoked 293 licenses, and 72 licenses were voluntarily surrendered. Currently, 973 ocean freight forwarders (OFFs); 1,727 U.S. NVOCCs; 2,013 joint NVOCC/OFFs; and 77 foreign NVOCCs hold active OTI licenses and 1,344 foreign NVOCCs are "registered." In FY 2015, 50 bond riders were received, providing optional proof of financial responsibility for NVOCCs serving the U.S.-China trade, and 23 riders were terminated, leaving 440 U.S. NVOCCs holding these riders.

The OTI licensing process was streamlined and the time needed to reach a licensing decision was reduced. The goal is to complete 75 percent of all OTI license applications within 60 days. In FY 2015, the Commission was able to complete 72 percent of applications within 60 days. Additionally, staff began testing of the electronic OTI licensing and registration system. When implemented, this system should further streamline applications and licensing processes.

The licensing compliance audit program reviews the operations of licensed OTIs to assist them in complying with statutory requirements and the Commission's rules and regulations. The audit program also reviews entities holding themselves out as VOCCs where there is no indication of actual vessel operation. During the Fiscal Year, 50 OTI audits were commenced and 45 were completed.

For the Commission's passenger vessel program, the Commission monitored 223 vessels and 48 passenger vessel operators, with a total of \$590 million for non-performance financial responsibility and \$750 million for casualty financial responsibility. The Commission conducted one on-site audit of a PVO in the program. In 2015, the Commission processed changes to PVOs' financial instruments due to the maximum UPR coverage (cap) requirement rising from \$22 million to \$30 million.

Objective 3: Enhance public awareness of agency resources, remedies and regulatory requirements

The Commission continued extensive efforts to educate stakeholders and the public. In response to cruise passenger requests for assistance, the FMC released a cruise brochure to assist passengers in planning for a cruise vacation and to address potential challenges. In addition, presentations,

meetings, and educational sessions were held with various shipper and industry trade associations, as well as media interviews, to educate the public and regulated entities regarding the availability of the Commission's ADR services to assist parties with resolving cruise and cargo related disputes. The FMC also published an article in a trade association magazine to promote best practices among yacht brokers that assist clients with shipping yachts to and from the United States. The Commission issued several consumer alerts and initiated an informational twitter campaign.

The FMC continued to monitor the increasing issue of congestion at U.S. ports, holding Port Forums with stakeholders. Based on the demurrage and detention issues being specifically highlighted in those forums, the Commission released a report, *Rules, Rates, and Practices Relating to Detention, Demurrage, and Free Time for Containerized Imports and Exports Moving Through Selected United States Ports*, comprised of a significant analytical study of the free time, demurrage, and detention practices among the major carriers and ports. The report identified and discussed demurrage trends as related to problems reported to CADRS and other Commission offices, and enumerated prospective options available to private parties and to the Commission to address congestion-related challenges. In addition, the Commission released a synopsis of the Port Forums, *U.S. Container Port Congestion & Related International Supply Chain Issues: Causes, Consequences & Challenges*, and continues to be a leader in providing the industry with needed collaboration to solve port congestion issues.

The Commission explored collaboration and worked with other Federal agencies to address port congestion and related concerns. Such agencies include, but are not limited to: the Surface Transportation Board, Federal Motor Carrier Safety Administration, National Highway Safety Administration, U.S. Customs and Border Patrol, Consumer Product Safety Commission, U.S. Census Bureau, Food and Drug Administration, Maritime Administration, U.S. Coast Guard, and the Small Business Administration.

The FMC continued to collaborate with FMCSA in FY 2015 under the auspices of the FMC - FMCSA MOU. In addition to participating in quarterly working group meetings and moving fraud task force meetings, the Commission initiated quarterly meetings between the FMCSA and the Surface Transportation Board to address household goods and related shipping concerns. In addition, the FMC participated with FMCSA in a moving season kickoff panel in May 2015.

The Commission continues to monitor public usage trends and leverage user feedback to implement improvements to www.fmc.gov. Improvements for FY 2015 included improving global navigation based on user search terms, improving visibility of important information, and archiving and streamlining content to improve delivery and accuracy of information. FY 2015 also saw the initiation and planning for a major platform migration and extensive improvements to the information architecture of www.fmc.gov.

Objective 4: Impartially resolve international shipping disputes through alternative dispute resolution and adjudication

The Commission, through its CADRS office, opened 683 ombuds cases during FY 2015. The alternate dispute resolution and adjudication services that the Commission provides to the industry and the public has proved to be a valuable alternative to lengthy and costly litigation in the courts. Of the cases opened by CADRS, over half involved commercial cargo-related disputes. The remainder involved household goods shipment disputes, cruise line concerns, and miscellaneous Shipping Act related matters. The Commission opened 13 mediation cases during the fiscal year.

The FMC responded to 5 Congressional requests for assistance on behalf of constituents. The Commission staff addressed 2 inquiries related to challenges encountered by U.S. importers involving port congestion and also addressed 3 cruise-related Congressional requests for assistance. Two of the 3 inquiries involved requests for compensation for passengers that disembarked from cruises due to illness. The third inquiry involved a complaint that a consumer had been banned from a cruise line after posting negative reviews about the carrier on social media.

The FMC continued to collaborate with state and local authorities to assist the shipping public. For example, the FMC successfully assisted with the disposition of 43 shipments in Miami. Consumers paid an unlicensed entity to ship packages to relatives in Nicaragua. The unlicensed company tendered the shipments to a licensed NVOCC, but then failed to pay the NVOCC to ship the packages. The FMC negotiated with the NVOCC to ship the cargo to Nicaragua at no further charge to these consumers, and to ensure that the cargo was sent to the appropriate recipients. The matter received significant attention in local bilingual media outlets.

In FY 2015, the Office of the Administrative Law Judges issued 12 initial decisions or orders subject to review by the Commission, in 11 formal proceedings. One formal proceeding was remanded by rule for determination of petitions for award of attorney fees. At the end of Fiscal Year 2015, 10 formal proceedings and 2 informal proceedings were pending before the OALJ.



Additional 2015 Accomplishments

Information Technology

The Commission is following its 2014-2018 Information Resources Management (IRM) Strategic Plan and IT Capital Plan to prioritize and strategize the agency's needed IT upgrades. The IRM Strategic Plan and IT Capital Plan call for a major upgrade to internal IT systems through the implementation of an Enterprise Content Management (ECM) solution to improve data support for all Commission programs and research projects, as well as to simplify stakeholder interaction and filing processes. Efforts to modernize the FMC's IT systems are ongoing. During FY 2015, the FMC made significant progress towards its IRM goals and objectives, including:

- completing the configuration and installation of the data backup and recovery infrastructure that replicates all backups to the agency's Disaster Recovery site;
- deploying updated workstations and laptops which provide enhanced security features;
- migrating the FMC's email system, personal file storage and office productivity software to a secure, cloud-based system;
- achieving substantial compliance with the agency's HSPD-12 implementation;
- acquiring and deploying, through a multi-year Enterprise Software Agreement, Windows Server 2012 to upgrade the operating systems on all agency servers as well as deploying Microsoft SQL Enterprise to provide capabilities to our disaster recovery location;
- initiating the User Acceptance Testing of the agency's Licensing and Registration Application (LARA) which is a modernized, electronic version of the paper-based ocean transportation intermediary license application (Form FMC-18);
- refreshing the data center by upgrading all legacy servers with modern, secure servers and software; and
- supporting the FMC's implementation of the Memorandum of Understanding with U.S. Customs and Border Protection to allow data from CBP's Automated Commercial Environment (ACE) to be accessed directly by the FMC for use in fulfilling its statutory and regulatory duties and responsibilities, including accessing trade data that facilitates the Commission's oversight of carrier agreement filings.

Representative Rulemakings, Adjudications, and Litigation

In FY 2015, the Commission resolved international shipping disputes filed by complainants and enforced the Shipping Act and its regulations through adjudication before the Commission. In FY 2015, the Commission, including its ALJs and legal staff, issued 174 legal opinions, recommendations, case summaries, decisions and final orders. The Commission also considered revisions to its regulations via rulemaking.

Rulemaking

- **Amendments to OTI Licensing and Financial Responsibility Requirements [Docket 13-05]**

In November 2015, the Commission issued a final rule amending its regulations governing OTI licensing, financial responsibility requirements, and duties. The rule, issued after considering extensive comments from the industry, is designed to adapt to changing industry conditions, improve regulatory effectiveness, improve transparency, streamline FMC business processes, and reduce regulatory burdens.

Commission Decisions

The following are representative of the cases heard before the Commission.

- **Maher Terminals, LLC v. Port Authority of New York and New Jersey [Docket No. 08-03; D.C. Cir. Case No. 15-1035]**

Maher alleged, among other things, that the disparity between the terms of a 2000 lease between PANYNJ and Maersk Container Service Company, Inc. (now known as APM) and a 2000 lease between PANYNJ and Maher violated the Shipping Act. The ALJ determined that PANYNJ did not unreasonably discriminate against Maher or otherwise violate the Shipping Act. Maher filed exceptions to the ALJ's initial decision, and on December 17, 2014, the Commission issued a Memorandum Opinion and Order affirming the ALJ's initial decision. On February 13, 2015, Maher filed a petition for review of agency action and PANYNJ intervened. Oral argument occurred on February 8, 2016.

- **K-Line v. Port Authority of New York and New Jersey [FMC Docket No. 11-12; D.C. Cir. Case No. 15-1006]**

Kawasaki Kisen Kaisha, Ltd. (K-Line), among other ocean common carriers, filed a complaint against the Port Authority of New York and New Jersey alleging Shipping Act violations relating to a fee imposed by the Port. On February 5, 2014, the ALJ issued orders denying Complainants' motion for partial summary judgment; granting three Complainants' motions to withdraw; and dismissing the proceeding. On February 12, 2014, the remaining parties filed a consent motion seeking to enlarge the amount of time by which to file exceptions and reply briefs. On February 20, 2014, the Commission granted the consent motion, setting deadlines of March 31, 2014 for the filing of Complainant's exceptions and May 22, 2014 for the filing of replies. On March 31, 2014, Complainant K-Line filed exceptions. The Commission issued an order affirming the ALJ, and dismissing the complaint, on November 20, 2014. On January 14, 2015, K-Line filed a petition for review of the Commission's Order Affirming Dismissal

of Complaint. With the briefing deadline set, K-Line requested to instead dismiss the case, thus rendering the Commission's November 20, 2014, Order final.

- **Edaf Antillas, Inc. v. Crowley Caribbean Logistics, LLC; IFS International Forwarding, S.L.; and IFS Neutral Maritime Services [Docket No. 14-04]**

Complainant Edaf Antillas was the consignee on an LCL shipment of books from Spain to Puerto Rico. Customs and Border Patrol denied permission for the container to enter United States commerce because the cargo of another shipper in the container did not comply with import regulations regarding pest control. On April 28, 2014, Edaf Antillas filed a complaint with the Commission alleging that Respondents violated three sections of the Shipping Act by permitting non-compliant cargo to be placed in a container with compliant cargo causing delay of Edaf Antillas's shipment and by failing to correct the problem in a timely manner after the container arrived in Puerto Rico. On November 6, 2014, the ALJ granted a motion to dismiss in part, finding that the complaint failed to state a claim under two sections of the Act, dismissing claims against IFS Forwarding because it only acted as an agent, not a common carrier or ocean transportation intermediary, and dismissing claims against Crowley for activities that occurred in Spain. The Judge found that the Complaint stated a claim that Respondents failed to establish, observe, and enforce just and reasonable regulations and practices relating to or connected with receiving, handling, storing, or delivering property in violation of 46 U.S.C. § 41102(c). On December 8, 2014, the Commission issued a Notice Not to Review the dismissals.

After Edaf Antillas failed to file its brief on the merits, the Judge issued an order to show cause to which Edaf Antillas did not respond. On April 15, 2015, the Judge issued an initial decision dismissing the proceeding for failure to prosecute. The initial decision also addressed the applicability of a new provision in the Shipping Act permitting an award of attorney fees to a prevailing party. On May 18, 2015, the Commission issued a Notice Not to Review the dismissals. Prevailing Respondents filed petitions for attorney fees to be decided by the Judge pursuant to 46 C.F.R. § 502.254.

- **Santa Fe Discount Cruise Parking, Inc., d/b/a EZ Cruise Parking, Lighthouse Parking, Inc., and Sylvia Robledo d/b/a 81st Dolphin Parking v. The Board of Trustees of the Galveston Wharves and the Galveston Port Facilities Corporation [Docket No. 14-06]**

Respondents operate the cruise terminal at the Port of Galveston. Complainants operate parking facilities near the Port where they provide parking for passengers embarking on cruises from the cruise terminal. As part of their service, Complainants provide transportation to the Port. On June 16, 2014, Complainants filed a complaint alleging that Respondents' tariff imposing charges on Complainants' shuttles transporting passengers to and from the terminal violated three sections of the Shipping Act. On November 21, 2014, the ALJ granted Respondents' motion to dismiss claims under two sections of the Act, but denied dismissal of claims under 46 U.S.C. § 41106(2), finding that the Complaint stated a claim that Respondents gave an undue or unreasonable preference or advantage or imposed an undue or unreasonable prejudice or disadvantage with respect to Complainants. On December 23, 2014, the Commission issued a Notice Not to Review the dismissals.

- **Okoye Christian Ogochukwu v. Emeka Onyechi d/b/a Donem International, LLC [Docket No. 1945(F)]**

Complainant wanted to ship nine pieces of medical equipment to Nigeria. Respondent is certified by the Transportation Security Administration to operate as an indirect air carrier with functions analogous to an NVOCC, but is not a licensed NVOCC. When shipment by air proved to be too expensive, and after Respondent stored the equipment for five months, a licensed NVOCC transported the equipment. Respondent received the equipment in Africa, but would not release it to Complainant's consignee until storage fees were paid. The parties filed a Settlement Notice with the Secretary, and on April 8, 2015, the ALJ issued an initial decision approving the settlement. On May 11, 2015, the Commission issued a Notice Not to Review the dismissal.

- **Econocaribe Consolidators, Inc. v. Amoy International, LLC [Docket No. 14-10]**

Complainant Econocaribe Consolidators, Inc. filed a complaint alleging that Respondent Amoy International, LLC violated numerous sections of the Shipping Act of 1984 and Federal Maritime Commission regulations. A notice of filing of complaint and assignment was issued on August 14, 2014. On September 9, 2014, Amoy filed its answer denying the allegations. The parties engaged in discovery, filed numerous motions, and briefed the merits of the proceeding. The parties eventually reached a settlement agreement which they submitted for approval. On September 2, 2015, the Administrative Law Judge issued an initial decision approving joint settlement and granting motion to dismiss. The time to file exceptions or for the Commission to review the decision has not expired.

- **Metro Freight Services, Inc. d/b/a Maritime Express Lines – Possible Violations of Section 19(e)(3) of the Shipping Act of 1984 and 46 C.F.R. Part 515, LLC [Docket No. 14-13]**

On September 29, 2014, the Commission issued an Order of Investigation and Hearing to determine whether respondent Metro Freight Services, Inc. d/b/a Maritime Express Lines (Metro Freight), a licensed OTI, violated the Shipping Act by failing to notify the Commission promptly after the death of its qualifying individual (QI) and failing to seek and obtain approval of a replacement QI and whether it violated the Act by receiving freight forwarder compensation from a common carrier for shipments in which Metro Freight had a direct or indirect beneficial interest. On February 19, 2015, the Administrative Law Judge issued an initial decision approving the settlement agreement between the Bureau of Enforcement and Metro Freight. On March 23, 2015, the Commission issued a Notice Not to Review.

- **Mark Barr v. Ocean Trade Lines, Inc. [Docket No. 14-14]**

On November 13, 2014, Mark Barr filed a complaint alleging that Ocean Trade Lines violated the Shipping Act of 1984, 46 U.S.C. 41102(c), 41104(2), 41104(3), and 41104(4), by failing to publish a tariff and to adhere to tariff publishing requirements and by failing to adhere to just, reasonable, and non-discriminatory practices regarding its cancellation and refund policies with respect to international ocean transport of Complainant's yacht. On November 19, 2014, the Commission's Bureau of Enforcement filed a motion seeking leave to intervene. On February 19, 2015, the Administrative Law Judge issued an initial decision approving the settlement agreement. On March 23, 2015, the Commission issued a Notice Not to Review.

- **ShemiTrans, LLC v. Rose Containerline, Inc. [Docket No. 1950(F)]**

On May 18, 2015, ShemiTrans filed an informal complaint pursuant to 46 C.F.R. Subpart S and the proceeding was assigned to the Chief Administrative Law Judge for designation of a Small Claims Officer. Rose Containerline filed an objection to adjudication under Subpart S. ShemiTrans then filed a request to dismiss the proceeding voluntarily. Because Rose objected to Subpart S, the Chief Judge assigned the proceeding to an Administrative Law Judge for adjudication pursuant to Subpart T. On July 9, 2015, the Judge granted the request for voluntary dismissal. On August 11, 2015, the Commission issued a Notice Not to Review.

Informal Proceedings

- **Salomon and Jasmin Gruenberg-Reisner v. Overseas Moving Specialists d/b/a International Sea & Air Shipping [Informal Docket No. 1947(I)]**

The Gruenberg-Reisners, who were relocating to Switzerland, hired Overseas Moving, an NVOCC, to ship household goods from the United States to their new residence in Switzerland. Overseas Moving quoted a rate of \$17,575 for the transportation but charged the Gruenberg-Reisners \$40,262 in total for the transportation. The Gruenberg-Reisners filed a complaint alleging that Overseas Moving violated 46 U.S.C. § 41102(c). The Gruenberg-Reisners asked for reparations of at least \$42,434.43, plus incidental fees and attorney's fees. On June 30, 2015, the small claims officer issued a decision finding that Overseas Moving violated § 41102(c) and awarding \$17,847.21 to the Gruenberg-Reisners. On July 6, 2015, the Commission issued a Notice of Commission Determination to Review the small claim officer's decision.

- **American Cargo Shipping Lines, Inc. v. Gulf Express International Inc. [Informal Docket No. 1948(I)]**

Gulf Express, which is not licensed by the FMC as a transportation intermediary, hired American Cargo, an NVOCC, to transport irrigation equipment for Gulf Express from the United States to Turkey on one occasion, and a shipment from the United States to the United Arab Emirates on another occasion. American Cargo alleged that although Gulf Express was paid by the shipper-owners of the goods, Gulf Express failed to forward the payment to American Cargo, then misled American Cargo by falsely stating that it had sent payment for the transportation causing American Cargo to release its lien on the first shipment. American Cargo filed a complaint alleging that by these actions, Gulf Express violated 46 U.S.C. § 41102(a). On August 5, 2015, the small claims officer issued a decision finding that Gulf Express violated section 41102(a) and awarding \$11,827.50 to American Cargo.

Litigation before Courts

- **The Auction Block Co. v. City of Homer [Docket No. 12-03], United States Court of Appeals for Ninth Circuit**

On April 2, 2012, Complainants, the Auction Block Company (Auction Block) and Harbor Leasing, LLC (Harbor Leasing) filed a complaint with the Commission against Respondents, The City of Homer (City) and the Port of Homer (Port), alleging violations of the Shipping Act, 46 U.S.C. § 40101 et seq. Complainants alleged that the City and Port were Marine

Terminal Operators (MTOs) that violated the Shipping Act through unreasonable prejudice or preference, refusal to deal, and unfair practices. 46 U.S.C. §§ 41106(2)-(3), 41102(c). The dispute involves a lease between the City and Harbor Leasing, dated March 26, 2008, for terminal facilities utilized by Auction Block. Complainants alleged that the dispute centers around the lower rates charged to Icicle Seafood, Inc. under its lease with the City, and those charged to Auction Block under the terms of the tariff.

In the May 20, 2013 Initial Decision, the ALJ dismissed all of Complainants' claims against Respondents with prejudice, finding that the Commission lacked jurisdiction. On June 21, 2013, Complainants filed Exceptions to the ALJ's conclusions of law and certain findings of fact and requested oral argument before the Commission on the Exceptions. On April 3, 2014, Oral Argument was held before the Commission and was limited to whether the Port is an MTO in connection with all dock/terminal areas including Fish Dock (the facility at issue), despite the fact that the terminal services in dispute do not involve common carriers.

On August 12, 2014, the Commission upheld the Initial Decision of the Administrative Law Judge dismissing Auction Block's complaint for lack of jurisdiction. On August 22, 2014, the Action Block Company filed a Petition for Review of the Commission Order with the United States Court of Appeals for the Ninth Circuit. The Commission and the Department of Justice entered appearances in the case. The Court of Appeals granted leave for the City of Homer and the Port to intervene in the appeal. On May 14, 2015, the Court heard oral argument, and on May 28, 2015, the court entered an order denying the petition, and affirming the Commission in all respects.

- **Chief Cargo Services, Inc. v. Federal Maritime Commission [Docket No. 10-08], United States Court of Appeals for the Second Circuit**

On November 1, 2013, Chief Cargo Services, Inc., filed a petition for review of the Commission's Order in FMC Docket 10-08, *Bimsha International v. Chief Cargo Services, Inc. & Kaiser Apparel, Inc.*, upholding the ALJ's initial decision holding that by the release of three shipping containers, without requiring presentation of the original bills of lading, Chief Cargo failed to fulfill its obligations as a non-vessel-operating common carrier, thereby violating 46 U.S.C. § 41102(c) of the Shipping Act. The ALJ also ordered Chief Cargo to "cease and desist releasing cargo without requiring presentation of an original bill of lading." On April 24, 2014, Chief Cargo filed its Joint Appendix, Brief, and Special Appendix. Chief Cargo questioned the jurisdiction of the Commission to hear and adjudicate *Bimsha's* claim of violations of the Shipping Act; argued that the Commission improperly found violations of the Shipping Act; and argued that the Commission improperly issued a cease and desist order. On June 20, 2014, the Commission and the United States filed a joint brief. Oral Argument was held on September 30, 2014. On October 2, 2014, the Court of Appeals entered an Opinion and Judgment in favor of the Commission, helping to clarify the scope of the Commission's jurisdiction, breadth of § 41102(c) of the Shipping Act, and the Commission's authority to issue cease and desist orders.

Appendices

- Appendix A: Resource Allocation by Program
- Appendix B: FTEs and Positions Allocation by Program
- Appendix C: Obligations by Object Class
- Appendix D: Relationship of Obligations to Outlays
- Appendix E: Performance Measures by Strategic Goals
- Appendix F: Workload Summary
- Appendix G: Evidence Template
- Appendix H: OIG Certification

Fiscal Year 2017 Budget Request Submitted to the Appropriations Subcommittees

Appendix A: Resource Allocation by Program

Resource Allocation by Program						
Program/Office	FY 2017		FY 2017 Request			Difference From FY 2016
	FY 2015 Actual	FY 2016 Enacted	Strategic Goal # 1	Strategic Goal # 2	FY 2017 Request	
			Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes		
Formal Proceedings						
Office of the Chairman	\$478,129.89	\$1,017,880.67	\$209,641.29	\$838,565.15	\$1,048,206.44	\$30,325.77
Office of the Commissioners	\$1,888,341.16	\$1,781,769.28	\$384,501.58	\$1,538,006.31	\$1,922,507.89	\$140,738.61
Office of the Secretary	\$1,379,910.18	\$1,372,489.14	\$298,955.24	\$1,150,524.72	\$1,449,479.96	\$76,990.82
Library	\$60,394.41	\$96,488.43	\$23,101.64	\$69,304.92	\$92,406.56	(\$4,081.87)
Office of Consumer Affairs and Dispute Resolution Services	\$1,176,519.45	\$1,242,195.49	\$0.00	\$1,287,840.47	\$1,287,840.47	\$45,644.98
Office of the General Counsel	\$2,092,965.04	\$1,971,539.55	\$1,033,859.81	\$1,033,859.81	\$2,067,719.62	\$96,180.07
Ethics	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Office of Administrative Law Judges	\$822,089.61	\$885,941.61	\$458,189.19	\$458,189.19	\$916,378.37	\$30,436.76
Formal Proceedings Total	\$7,898,349.74	\$8,368,304.17	\$2,408,248.74	\$6,376,290.56	\$8,784,539.31	\$416,235.14
Office of Equal Employment Opportunity	\$144,961.80	\$175,642.69	\$38,390.28	\$153,561.13	\$191,951.41	\$16,308.72
Office of the Inspector General	\$425,909.91	\$501,711.27	\$55,202.43	\$496,821.84	\$552,024.27	\$50,313.00
Operational and Administrative						
Office of the Managing Director	\$1,840,295.96	\$2,034,320.96	\$487,547.07	\$1,565,282.68	\$2,052,829.75	\$18,508.79
Bureau of Trade Analysis	\$3,010,427.17	\$3,344,151.93	\$2,128,256.57	\$1,426,263.94	\$3,554,520.51	\$210,368.58
Bureau of Certification and Licensing	\$2,337,137.88	\$2,346,971.83	\$0.00	\$2,437,396.69	\$2,437,396.69	\$90,424.86
Bureau of Enforcement	\$1,858,573.00	\$2,122,966.57	\$0.00	\$2,191,510.22	\$2,191,510.22	\$68,543.65
Area Representatives	\$1,908,412.54	\$2,076,675.28	\$449,076.13	\$1,796,304.51	\$2,245,380.64	\$168,705.36
Office of Information Technology	\$4,300,312.91	\$2,296,355.94	\$569,408.99	\$2,277,635.97	\$2,847,044.96	\$550,689.02
Office of Human Resources	\$576,745.52	\$778,961.64	\$172,447.14	\$689,788.57	\$862,235.71	\$83,274.07
Office of Budget and Finance	\$682,948.66	\$819,822.15	\$189,305.17	\$757,220.67	\$946,525.84	\$126,703.69
Office of Management Services	\$658,299.86	\$794,115.57	\$412,020.35	\$412,020.35	\$824,040.70	\$29,925.13
Operational and Administrative Total	\$17,173,153.50	\$16,614,341.87	\$4,408,061.41	\$13,553,423.60	\$17,961,485.02	\$1,347,143.15
Totals	\$25,642,374.95	\$25,660,000.00	\$6,909,902.87	\$20,580,097.13	\$27,490,000.00	\$1,830,000.00

The Resource Allocation by Program chart identifies the funding level requested for FY17 broken out by program office and strategic goal. The chart identifies FY17 changes over the FY16 enacted funding requirements.

Appendix B: FTEs and Positions Allocation by Program

FTEs and Positions by Program								
FY 2015 - FY 2017								
Program/Office	FY 2015 Actual		FY 2016 Enacted		FY 2017 Request		Difference From FY 16	
	FTEs	Positions*	FTEs	Positions*	FTEs	Positions*	FTEs	Positions*
Headquarters	107.54	113.00	120.28	123.00	123.00	123.00	2.72	0.00
Area Representatives	9.00	9.00	9.72	11.00	11.00	11.00	1.28	0.00
Agency Total	116.54	122.00	130.00	134.00	134.00	134.00	4.00	0.00
Formal Proceedings								
Office of the Chairman	2.31	4.00	4.94	5.00	5.00	5.00	0.06	0.00
Office of the Commissioners	8.00	8.00	7.56	8.00	8.00	8.00	0.44	0.00
Office of the Secretary	7.92	8.00	7.72	8.00	8.00	8.00	0.28	0.00
Office of Consumer Affairs and Dispute Resolution Services	6.27	7.00	7.00	7.00	7.00	7.00	0.00	0.00
Office of the General Counsel	10.55	10.00	9.79	10.00	10.00	10.00	0.21	0.00
Office of Administrative Law Judges	3.96	4.00	4.00	4.00	4.00	4.00	0.00	0.00
Formal Proceedings Total	39.01	41.00	41.01	42.00	42.00	42.00	0.99	0.00
Office of Equal Employment Opportunity	0.75	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Office of the Inspector General	1.00	1.00	1.70	2.00	2.00	2.00	0.30	0.00
Operational and Administrative								
Office of the Managing Director	7.97	8.00	8.00	8.00	8.00	8.00	0.00	0.00
<i>Bureau of Trade Analysis</i>								
Office of the Director	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00
Office of Service Contracts and Tariffs	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00
Office of Economics and Competition Analysis	6.52	7.00	8.35	9.00	9.00	9.00	0.65	0.00
Office of Agreements	2.69	3.00	3.00	3.00	3.00	3.00	0.00	0.00
<i>Bureau of Certification and Licensing</i>								
Office of the Director	2.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00
Office of Passenger Vessels and Information Processing	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00
Office of Transportation Intermediaries	7.42	8.00	10.00	10.00	10.00	10.00	0.00	0.00
<i>Bureau of Enforcement</i>	10.35	11.00	11.00	11.00	11.00	11.00	0.00	0.00
Area Representatives	9.00	9.00	9.72	11.00	11.00	11.00	1.28	0.00
Office of Information Technology	7.15	7.00	7.75	8.00	8.00	8.00	0.25	0.00
Office of Human Resources	3.72	3.00	4.83	5.00	5.00	5.00	0.17	0.00
Office of Budget and Finance	4.00	4.00	4.64	5.00	5.00	5.00	0.36	0.00
Office of Management Services	3.96	5.00	5.00	5.00	5.00	5.00	0.00	0.00
Operational and Administrative Total	75.78	79.00	86.29	89.00	89.00	89.00	2.71	0.00
Total FTEs and Positions	116.54	122.00	130.00	134.00	134.00	134.00	4.00	0.00

* Denotes positions on September 30.

Appendix C: Obligations by Object Class

Obligations by Object Class				
FY 2015 - FY 2017				
Category	FY 2015 Actual	FY2016 Enacted	FY2017 Request	Difference From FY 2016
Personnel Compensation and Benefits				
(11.1) Full-time Permanent Employees	\$ 13,333,459.37	\$ 14,787,000.00	\$ 15,563,000.00	\$ 776,000.00
(11.3) Part-time and Temporary Employees	\$ 77,000.00	\$ 91,000.00	\$ 110,000.00	\$ 19,000.00
(11.7) Performance Awards	\$ 103,300.00	\$ 0.00	\$ 0.00	\$ 0.00
(12.1) Personnel Benefits	\$ 3,840,912.46	\$ 4,367,000.00	\$ 4,654,000.00	\$ 287,000.00
Total Personnel Compensation & Benefits	\$ 17,354,671.83	\$ 19,245,000.00	\$ 20,327,000.00	\$ 1,082,000.00
Travel and Administrative Expenses				
(21.0) Travel and Transportation of Personnel	\$ 185,240.27	\$ 200,000.00	\$ 200,000.00	\$ 0.00
(22.0) Transportation of Things (Express Mail)	\$ 24,649.00	\$ 22,000.00	\$ 22,000.00	\$ 0.00
Rent, Communications and Utilities				
(23.1) Rental Payments to GSA	\$ 3,296,792.87	\$ 3,334,000.00	\$ 3,517,000.00	\$ 183,000.00
(23.5) Telephones (Local, Long Distance and Cellular)	\$ 223,800.00	\$ 235,900.00	\$ 239,300.00	\$ 3,400.00
(23.8) Postage	\$ 5,061.04	\$ 5,100.00	\$ 5,700.00	\$ 600.00
(24.0) Printing	\$ 61,956.00	\$ 89,000.00	\$ 139,000.00	\$ 50,000.00
(25.1) Consulting (Auditing and IT Services)	\$ 1,394,263.39	\$ 436,000.00	\$ 775,000.00	\$ 339,000.00
(25.2) Purchase of Goods and Services from Commercial Accounts	\$ 819,512.17	\$ 567,600.00	\$ 616,000.00	\$ 48,400.00
(25.3) Purchase of Goods and Services from Government Accounts	\$ 1,261,690.08	\$ 1,212,000.00	\$ 1,374,000.00	\$ 162,000.00
(25.7) Equipment Maintenance	\$ 18,507.83	\$ 22,000.00	\$ 22,000.00	\$ 0.00
(26.0) Supplies and Materials	\$ 129,768.33	\$ 135,000.00	\$ 135,000.00	\$ 0.00
(31.0) Equipment (IT hardware and software)	\$ 866,462.14	\$ 156,400.00	\$ 118,000.00	\$ (38,400.00)
Travel and Administrative Expenses	\$ 8,287,703.12	\$ 6,415,000.00	\$ 7,163,000.00	\$ 748,000.00
Total Budget Authority	\$ 25,642,374.95	\$ 25,660,000.00	\$ 27,490,000.00	\$ 1,830,000.00
<p>The Obligations by Object Class chart identifies the Commission's actual funding expenses of 2015 and the estimated funding requirements for the FMC to complete its mission in FY16 and FY17. Costs are reported by object codes.</p>				

Appendix D: Relationship of Obligations to Outlays

Relationship of Obligations to Outlays			
FY 2015 - FY 2017			
Program	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Formal Proceedings	\$7,898,350.00	\$8,368,000.00	\$8,784,000.00
Equal Employment Opportunity	\$144,962.00	\$176,000.00	\$192,000.00
Inspector General	\$425,910.00	\$502,000.00	\$552,000.00
Operational and Administrative	\$17,173,153.00	\$16,614,000.00	\$17,962,000.00
Unobligated	\$17,625.00	\$0.00	\$0.00
Budget Authority	\$25,660,000.00	\$25,660,000.00	\$27,490,000.00
Obligations	\$25,642,375.00	\$25,660,000.00	\$27,490,000.00
Outlays*	\$22,241,851.84	\$22,257,139.53	\$23,844,456.96
Outlay Rate (Obligation to Outlay)**	86.74%	86.74%	86.74%
Obligation Rate	99.93%	100.00%	100.00%
Gross Outlays for FY 2015			
Total outlays for fiscal year 2010 disbursed in fiscal year 2015	\$0.00		
Total outlays for fiscal year 2011 disbursed in fiscal year 2015	\$0.00		
Total outlays for fiscal year 2012 disbursed in fiscal year 2015	\$9,733.54		
Total outlays for fiscal year 2013 disbursed in fiscal year 2015	\$105,976.38		
Total outlays for fiscal year 2014 disbursed in fiscal year 2015	\$2,852,278.24		
Total outlays for fiscal year 2015	\$22,241,851.84		
Outlays	\$25,209,840.00		
<p>* Represents Outlays for FY 2015.</p> <p>** Represents the percentage of FY 2015 obligations that were disbursed during FY 2015.</p> <p>The Relationship of Obligations to Outlays identifies the actual outlay percentage for FY15. The chart also depicts the estimated outlay expenses for FY16 and FY17.</p>			

Appendix E: Performance Measures by Strategic Goals

Strategic Goals	Objective	Performance Measures	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target	2018 Target
STRATEGIC GOAL 1: Maintain an efficient and competitive international ocean transportation system.	OBJECTIVE 1: Enhance efficiency in the trades through the use of asset sharing authority under the Shipping Act of 1984.	Percentage share of U.S. containerized cargo moving on other agreement parties' vessels in major U.S. trades.	N/A ¹	N/A ²	45.6%	49.0%	40.5%	41.0%	41.5%
STRATEGIC GOAL 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.	OBJECTIVE 1: Identify and take action to end unlawful, unfair, and deceptive practices.	Percentage of enforcement actions taken under the Shipping Act of 1984 successfully resolved through favorable judgment, settlement, issuance of default judgment, or compliance letter or notice.	88.0%	78.9%	83.8%	83.4%	77.5%	77.5%	77.5%
	OBJECTIVE 2: Prevent public harm through licensing and financial responsibility requirements.	Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with the appropriate character and experience.	90.2%	87.6%	71.3%	72.0%	75.0%	75.0%	75.0%
		Percentage of cruise line operators examined during the year that have the full financial coverage required by regulation to protect against loss from non-performance or casualty.	100%	100%	96.7%	96.0%	95.0%	95.0%	95.0%
	OBJECTIVE 3: Enhance public awareness of agency resources, remedies and regulatory requirements through education and outreach.	Percentage of key Commission issuances, orders and reports available through the Commission's website within 5 working days of receipt.	79.0%	86.0%	93.0%	92.0%	80.0%	82.0%	84.0%
	OBJECTIVE 4: Impartially resolve international shipping disputes through alternative dispute resolution and adjudication.	Number of cases opened and closed each Fiscal Year using ombuds and ADR services assisting consumers to recover goods or funds.	893	800	994	696	825	850	850
		Percentage of formal complaints or Commission initiated orders of investigation completed within two years of filing or Commission initiation.	73.0%	91.0%	88.0%	90.0%	60.0%	62.0%	64.0%

¹ This new measure was developed for FY 2014 and there is no actual 2012-2013 performance data.

Fiscal Year 2017 Budget Request Submitted to the Appropriations Subcommittees

Appendix F: Workload Summary

Workload Summary							
Workload Category	On Hand 9/30/2014	FY 2015 Actual		FY 2016 Estimate		FY 2017 Estimate	
		Received	Output	Received	Output	Received	Output
Formal Proceedings (OALJ)	7	11	12	10	10	10	10
Informal Proceedings (OALJ)	0*	6	4**	10	7	9	8
Decisions and Reports in Docketed Proceedings Before the Commission	15	27	27	25	25	25	25
Federal Register Notices	0	98	98	100	100	100	100
FOIA Requests	16	35	39	28	35	28	30
OMBUDS	149	683	576	600	576	600	576
ADR Matters	8	13	5	13	5	12	5
Legislation	0	110	110	125	125	130	130
Legal Opinions, Recommendations, Case Summaries, Decisions and Final Orders	5	174	174	185	185	190	190
Audits and Monitoring Activities	14	183	163	165	170	170	175
OTI Applicant and License Checks	0	768	768	850	850	860	860
Formal Proceedings (BOE)	4	4	3	5	4	6	6
Civil Penalty Cases	10	18	17	21	23	25	25
Agreements Filed	9	258	255	250	260	245	255
Agreement Reports	115	1,512	1,507	1,495	1,495	1,495	1,495
Service Contracts	0	51,109	51,109	51,000	51,000	52,000	52,000
Service Contract Amendments	0	653,315	653,315	600,000	600,000	610,000	610,000
NVOCC Service Arrangements	0	901	901	900	900	925	925
Arrangement Amendments	0	1,790	1,790	1,800	1,800	1,850	1,850
FMC-1 Form	0	1,219	1,219	1,350	1,350	1,400	1,400
OTI Applications – NEW	112	376	315	385	325	395	330
OTI Business Change Applications	37	314	234	268	240	278	245
OTI License Terminations	0	293	293	370	370	375	375
Passenger Vessel Applications (Performance)	0	20	18	17	17	18	18
Passenger Vessel Applications (Casualty)	1	18	19	17	17	18	18

*Responsibility for Informal Proceedings was transferred from CADRS to OALJ in November 2014.

**Two Informal Proceedings became Formal Proceedings. The Small Claims Officer issued decisions in two cases.

Appendix G: Evidence Template

FEDERAL MARITIME COMMISSION – FY 2017 EVIDENCE SUBMISSION

Section 1. FMC Context.

Strategy to Advance the Use of Evidence in Decision-Making

The FMC's 2014-2018 Strategic Plan (Strategic Plan) and FMC 2014-2018 Information Resources Management Strategic Plan (IRM Plan) capture the Commission's methodology in improving the Commission's program performance and increasing its impact through the use of evidence. The Strategic Plan has created performance measures, shown in Appendix E, setting goals and objectives for its program areas in each Fiscal Year.

The Commission's senior leadership meets regularly to discuss challenges and to ensure that the agency is collecting and reviewing data on its objectives and goals. In FY 2016-2017, the Commission will revise and publish both its Strategic Plan and its IRM Plan, based on a review of the data collected and the metrics utilized. The Commission's senior leaders will look at whether alternate or additional data will best match the agency's strategic goals and objectives.

Recent Progress

The FMC is a small agency tasked with a large mandate, which provides for challenges in balancing workloads and required functions. As part of its program evaluation, the Commission has undertaken a retrospective review plan to systematically examine and seek public input on its key regulations. For example, in FY 2015, the Commission, through a working group staffed by members of its bureaus and offices, substantially completed its review of Service Contract regulations. The Commission solicited views from relevant stakeholders and groups to gather a broad range of perspectives, and stakeholders appreciated the opportunity to provide input. Discussions were held on a confidential basis to promote open dialogue, and stakeholders discussed how existing regulations impacted their businesses, what regulatory changes they recommended, and quantified the cost of their regulatory burdens. Additionally, written comments were sought from interested parties. The working group analyzed all comments, and carefully looked at industry and FMC practices. The proposal will be provided to the Commission for their consideration in FY 2016.

In addition to its own internal metrics, the FMC has a Memorandum of Understanding (MOU) with the U.S. Customs and Border Protection providing for access to their existing systems and services. The FMC also has an active MOU with the Census Bureau, U.S. Department of Commerce, providing the FMC with access to the Census' Automated Export System (AES) database. The confidential export shipment data assists the FMC in its review of the trade, unlicensed entities, and potential Shipping Act violations. The Commission will continue to review how to best utilize the data collected by other agencies to improve its internal statistical and program analysis.

The Commission remains in the process of recovery from sequestration and recent fiscal austerity. The Commission's full-time equivalent (FTE) level dropped from 127-128 FTEs in FY 2010 and FY 2011, respectively, to 113 FTEs in FY 2014, due primarily to attrition and budgetary circumstances such as sequestration. The FY 2014 FTE number was the lowest level since the late 1970s.

The FMC’s staff has worked diligently to maintain its mission-critical functions with stretched resources. Maintaining an adequate FTE level is critical to succession planning, as currently 25 percent of the FMC’s employees are eligible for retirement. In FY 2017, the number of employees eligible to retire jumps to 28 percent, and in five years, 38 percent of the FMC’s staff will be eligible to retire.

In FY 2015, the Commission’s senior leaders led an effort to increase hiring so that the agency would have the ability to continue to serve the public’s interest. This hiring push included every level of the agency. The Commission recruited for both senior leaders and entry level employees. Staff responsible for functions from acquisitions and ocean transportation intermediary licensing were subsequently hired and trained.

Current Barriers

The Commission is dedicated to meeting the challenges for smart, effective government. The Commission’s fundamental barriers are primarily lack of funding and lack of staff resources. The FMC’s discretionary funding requests in recent Fiscal Years have focused on modernizing the Commission’s outdated IT systems, and in creating automated applications for its external users. Funding remains challenging, and creating a separate office or position to lead a high level coordination of evidence-based evaluation is not feasible at this time. The FMC’s senior leaders and staff work on evidence-based evaluation as a collateral duty.

Section 2. Top-priority requests.

Proposal 1

Budget Authority Summary			
Activity	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Public availability of Commission OTI resources.	This proposal will result from the FMC’s current and planned IT investment to upgrade its applications and Enterprise offerings.	No change – efforts of involved staff are a collateral duty.	No change – efforts of involved staff are a collateral duty.

The FMC collects OTI information in order to license and register regulated entities. The Commission currently provides the public with access to basic licensed OTI information. Using the online OTI list, shippers can search by various criteria, including by searching by distance from a specific location. In FY 2016 and FY 2017, the Enterprise solution that updates the processing of the collected OTI information will be substantially complete. In FY 2017, the Commission will begin plans for a redesign to better capture and display information for public view. The Commission will review its ability to collect raw data on site access and information that is searched for by the public to determine what, if any, additional information may be collected and provided for the public. For example, current IT

restrictions do not allow financial surety information to be displayed in the same location as the company information. The new platform will facilitate redesigning the OTI list so that information can be linked and viewed as a click-through. If possible, the FMC will make efforts to analyze the number of click-throughs so we can determine if these sorts of improvements assist the public.

Providing the public with more robust information and easier access may result in a decreased number of Commission-received general questions by telephone, which may allow staff resources to be used more effectively. At this time, the targeted population is the U.S. shipping population, especially household goods shippers that do not have experience or established relationships with licensed ocean transportation intermediaries. Additional analysis will be completed to address the impact of this effort.

Proposal 2

Budget Authority Summary			
Activity	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Website docket library and historical document repository redevelopment.	This effort will begin in FY 2017.	This effort will begin in FY 2017.	This proposal will result from the FMC's current and planned IT investment to upgrade its applications and Enterprise offerings. Efforts of involved staff are a collateral duty.

The FMC is currently in the process of improving its website. In FY 2017, the FMC also intends to develop a plan to improve the design, usability and platform of the website docket library and historical document repository. The goal of the plan is ultimately to provide for increased availability of public documents, including Sunshine Act meeting materials, on the Commission's website. The Commission will consider evidence based evaluation and data gathering when creating the plan.

Appendix H: OIG Certification



FEDERAL MARITIME COMMISSION
Washington, DC 20573

February 1, 2016

Office of Inspector General

The Inspector General Reform Act (Pub. L. 110-149) was signed by the President on October 14, 2008. Section 6(f)(1) of the Inspector General Act of 1978, 5 U.S.C. app. 3, was amended to require certain specifications concerning Office of Inspector General (OIG) budget submissions each fiscal year (FY).

Each inspector general (IG) is required to transmit a budget request to the head of the establishment or designated Federal entity to which the IG reports specifying:

- the aggregate amount of funds requested for the operations of the OIG,
- the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for the fiscal year, and
- the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

The head of each establishment or designated Federal entity, in transmitting a proposed budget to the President for approval, shall include:

- an aggregate request for the OIG,
- the portion of this aggregate request for OIG training,
- the portion of this aggregate request for support of the CIGIE, and
- any comments of the affected IG with respect to the proposal.

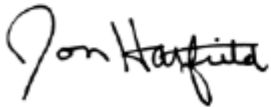
The President shall include in each budget of the U.S. Government submitted to Congress:

- a separate statement of the budget estimate submitted by each IG,
- the amount requested by the President for each OIG,
- the amount requested by the President for training of OIGs,
- the amount requested by the President for support of the CIGIE, and
- any comments of the affected IG with respect to the proposal if the IG concludes that the budget submitted by the President would substantially inhibit the IG from performing duties of the OIG.

Following the requirements as specified above, the Federal Maritime Commission Inspector General submits the following information relating to the OIG's requested budget for FY 2017:

- the aggregate budget request for the operations of the OIG, to include overhead, is \$552,024,
- the portion of this amount needed for OIG training is \$5,000, and
- the portion of this amount needed to support the CIGIE is \$2,000.

I certify as the Inspector General of the Federal Maritime Commission that the amount I have requested for training satisfies all OIG training needs for FY 2017.



Jon Hatfield, Inspector General
Federal Maritime Commission