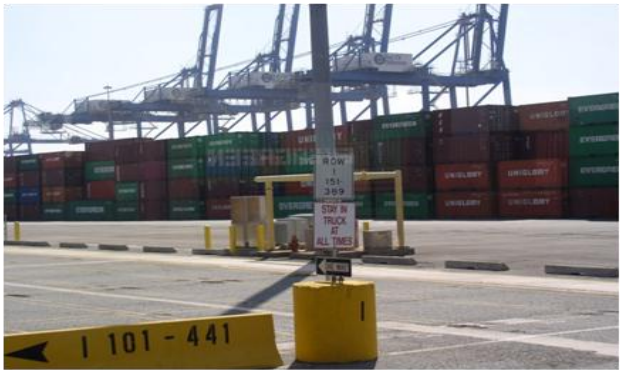
Budget Request for Fiscal Year 2015

Federal Maritime Commission



March 10, 2014

Submitted to the Appropriations Committees

(Subcommittees on Transportation, Housing and Urban Development and Related Agencies)

Mario Cordero
Chairman

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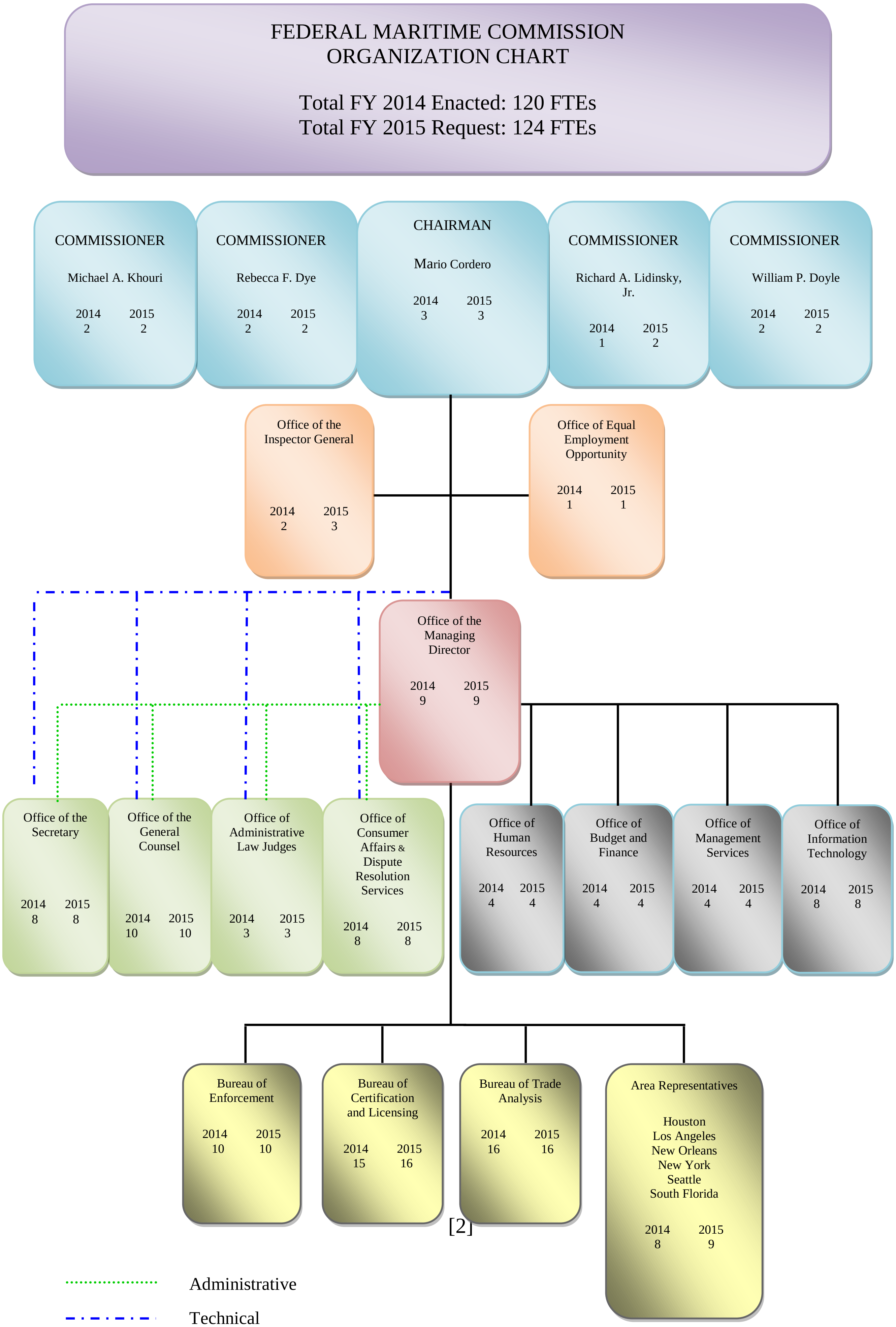
INTRODUCTION

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 composed of 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.

The FMC's mission is to foster a fair, efficient, and reliable international ocean transportation system, and to protect the public from unfair and deceptive practices. It 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 Public Law (P.L.) 89-777 (46 U.S.C. §§ 44102 and 44103).

The FMC's major responsibilities include:

- monitoring the activities of ocean common carriers, marine terminal operators (MTOs), ports, and ocean transportation intermediaries (OTIs) who operate in the U.S. foreign commerce to ensure just and reasonable practices;
- reviewing competitive activities, such as rate discussion agreements, carrier alliances, and other agreements among common carriers and/or MTOs;
- licensing qualified OTIs in the U.S. and ensuring that all OTIs (including foreign OTIs) are bonded or maintain other evidence of financial responsibility;
- 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;
- providing dispute resolution services to the industry and consumers;
- monitoring the laws and practices of foreign governments for discriminatory or otherwise adverse impact on shipping conditions in U.S. trades, and impose appropriate remedial action pursuant to section 19 of the 1920 Act or FSPA;
- enforcing special regulatory requirements applicable to carriers owned or controlled by foreign governments;
- ensuring that passenger vessel operators (PVO) demonstrate adequate financial responsibility to indemnify passengers in the event of nonperformance of voyages or passenger injury or death pursuant to 46 U.S.C. §§ 44102 and 44103;
- processing and reviewing agreements, service contracts, and service arrangements pursuant to the 1984 Act for compliance with statutory requirements; and
- reviewing common carriers' privately published tariff systems for accessibility, accuracy, and reasonable terms.


FEDERAL MARITIME COMMISSION
ORGANIZATION CHART
Total FY 2014 Enacted: 120 FTEs
Total FY 2015 Request: 124 FTEs
COMMISSIONER Michael A. Khouri 2014 2 2015 2
COMMISSIONER Rebecca F. Dye 2014 2 2015 2
CHAIRMAN Mario Cordero 2014 3 2015 3
COMMISSIONER Richard A. Lidinsky, Jr. 2014 1 2015 2
COMMISSIONER William P. Doyle 2014 2 2015 2
Office of the Inspector General 2014 2 2015 3
Office of Equal Employment Opportunity 2014 1 2015 1
Office of the Managing Director 2014 9 2015 9
Office of the Secretary 2014 8 2015 8
Office of the General Counsel 2014 10 2015 10
Office of Administrative Law Judges 2014 3 2015 3
Office of Consumer Affairs & Dispute Resolution Services 2014 8 2015 8
Office of Human Resources 2014 4 2015 4
Office of Budget and Finance 2014 4 2015 4
Office of Management Services 2014 4 2015 4
Office of Information Technology 2014 8 2015 8
Bureau of Enforcement 2014 10 2015 10
Bureau of Certification and Licensing 2014 15 2015 16
Bureau of Trade Analysis 2014 16 2015 16
Area Representatives Houston Los Angeles New Orleans New York Seattle South Florida 2014 8 2015 9
Administrative
Technical

FY 2015 BUDGET REQUEST

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, ~~$24,669,000~~ $25,660,000: *Provided*, That not to exceed $2,000 shall be available for official reception and representation expenses: *Provided further*, That, notwithstanding any other provision of law, the Federal Maritime Commission is authorized to collect user fees in this fiscal year and each fiscal year thereafter and may retain up to $300,000 per fiscal year of such fees for necessary and authorized expenses under this heading.
(Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2014.)

Federal Maritime Commission				
Executive Summary				
		FY 2013 Actual	FY 2014 Enacted	FY 2015 Request
FTE:	**Headquarters & Field**	**119**	**120**	**124**
Cost:	**Salaries & Benefits**	$17,254,028.67	$17,717,000.00	$18,387,000.00
	Non-Personnel Expenses	$5,575,145.33	$6,952,000.00	$7,273,000.00
	Total Cost	**$22,829,174.00**	**$24,669,000.00**	**$25,660,000.00**

FY 2015 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	**92**

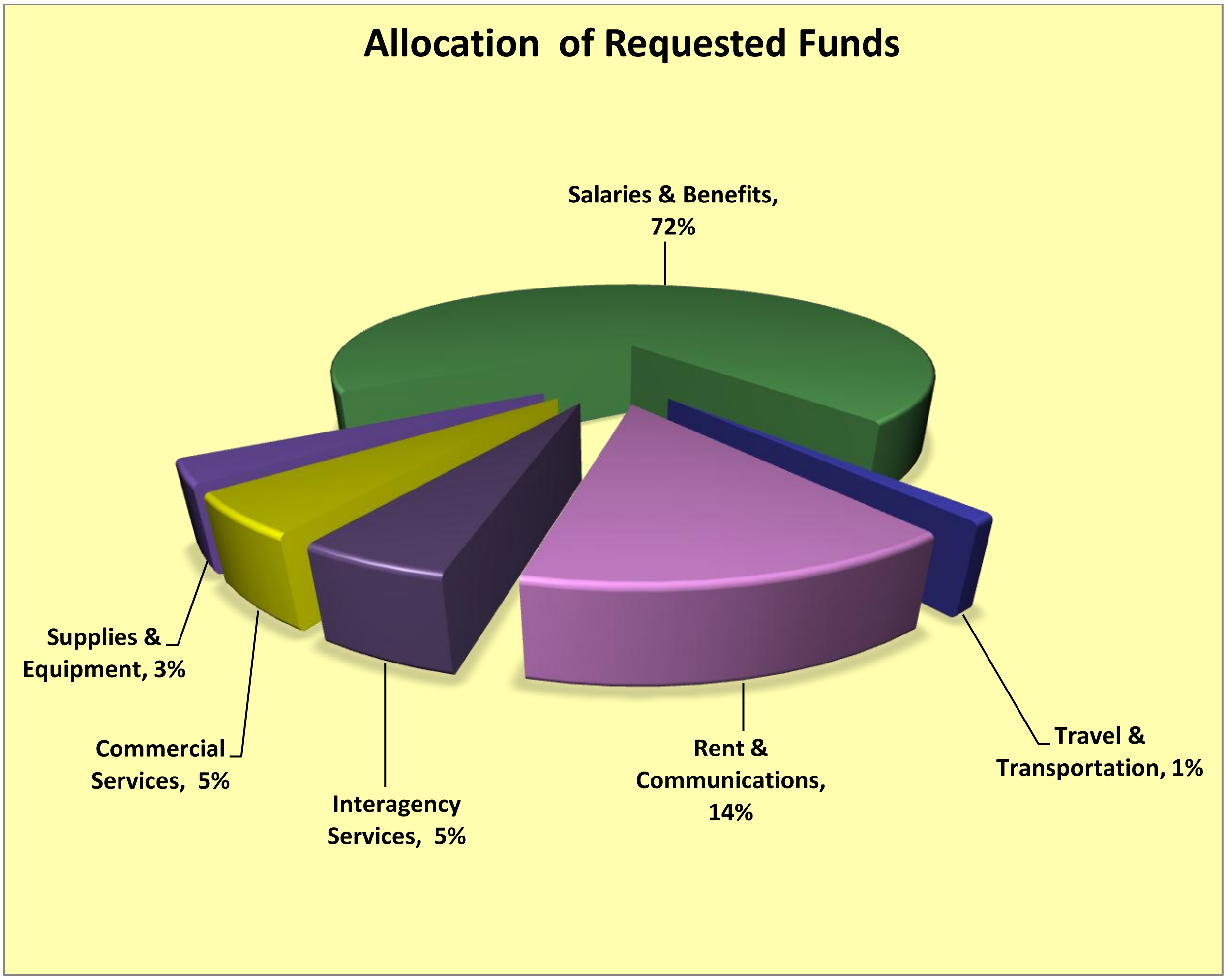
FY 2015 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$6,722,272.86	**$18,937,727.14**

The FMC's budget is focused on achieving the two strategic goals identified in its 2014-2018 Strategic Plan. Summary information regarding the Strategic Goals, Objectives and Performance Measures can be found on Appendix E.

The FMC's Fiscal Year (FY) 2015 Budget Request is $25,660,000 to support 124 fulltime equivalents (FTEs). This is an increase of $991,000 over the Commission's 2014 appropriation level. A new provision would allow user fee collections up to $300,000 to be used for necessary and authorized agency expenses.

Approximately 70% of the increase is comprised of non-discretionary items such as automatic salary and benefit increases, rent, building security, and contracted services for accounting and payroll and 1% is needed for supplies and legal publications. The remaining 29% of the increase is to implement mission-critical technology improvements and maintain critical maintenance and security of key databases. The Commission is in the midst of a delayed multiyear enhancement of its Information Technology (IT) systems which would dramatically streamline internal business processes, expand research and analysis capabilities, and make FMC information more accessible to the public. This transition to Enterprise Content Management (ECM) technology will drastically improve turnaround times and reduce 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.

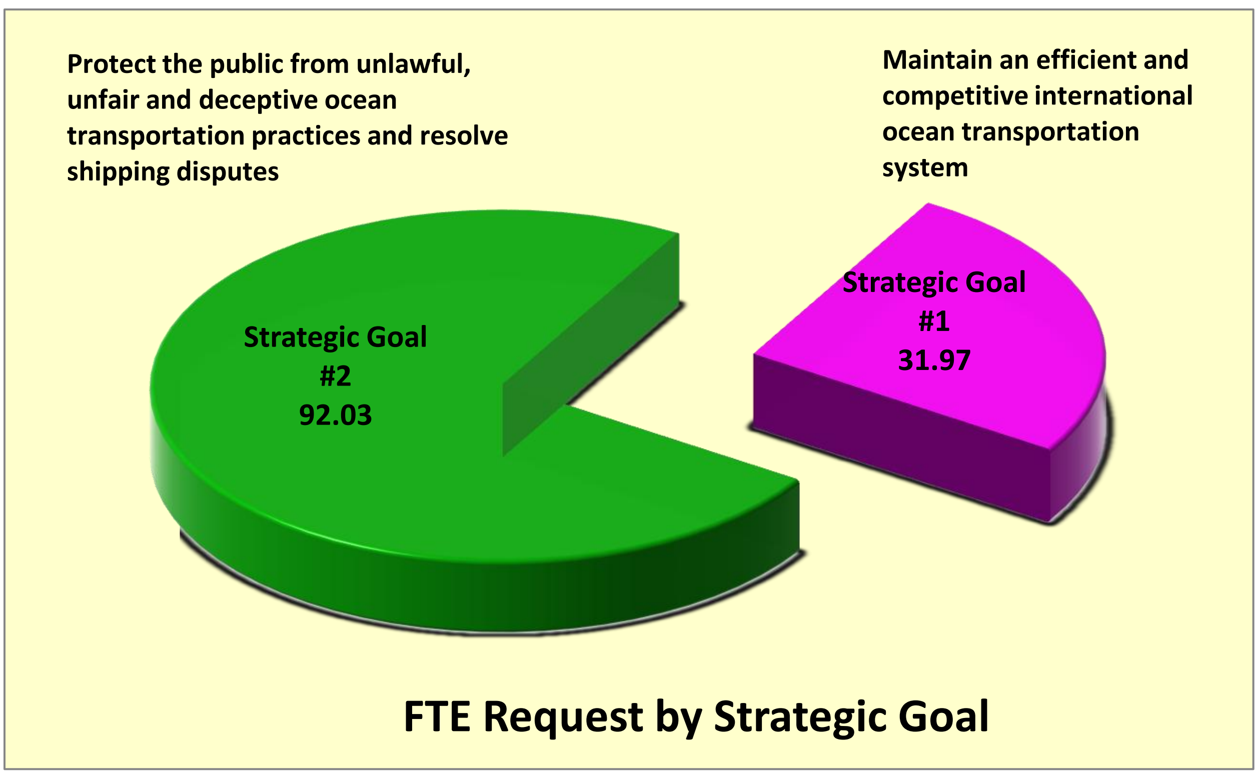
As reflected in the chart on page 6, 96% of the Commission's FY 2015 Budget Request is needed to meet payroll expenses, mandatory rent, telephones, interagency services, and critical commercial services. The remaining 4% is comprised of supplies and equipment (including IT hardware and software) and official travel. Funding resources needed for fiscal years 2013 through 2015 by object class are provided on Appendix C. To the extent possible, costs have been straight-lined. However, additional funding is needed for investments in mission-critical, technologies (both software and hardware) for the Commission to effectively and efficiently carry out its statutory duties.



While the first strategic goal concerning competition encompasses two key programs, most of the Commission's programs are covered by the second strategic goal which is protecting the shipping public. As reflected on page 7, of the total FY 2015 request, $6,722,273 and 32 FTEs are needed to support Strategic Goal 1, Maintain an efficient and competitive international ocean transportation system, and $18,937,727 and 92 FTEs are needed to support Strategic Goal 2, Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.

This FY 2015 Budget Request includes a number of charts to explain the funding and FTE resources needed to meet our Strategic Goals, specifically Appendices A and B provide detailed funding and FTE requirements at the program level. Appendix D provides funding by program areas and the relationship of the Commission's obligations to outlays by fiscal year. Appendix F provides the Commission's Workload Summary statistics, and Appendix G is the Certification of the Office of the Inspector General's FY 2015 Budget Request.


Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes
Maintain an efficient and competitive international ocean transportation system
Strategic Goal #2 $18,937,727.14
Strategic Goal #1 $6,722,272.86
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
Strategic Goal #2 92.03
Strategic Goal #1 31.97
FTE Request by Strategic Goal

The FMC's activities are driven by the goals and objectives of its Strategic Plan. Accomplishing our strategic goals is essential to ensuring a competitive ocean transportation system, facilitating America's international commerce, and encouraging reliable liner service for U.S. exporters and importers. The implementation of those goals also directly supports the President's commitment to economic growth and job creation. Commission programs related to monitoring international oceanborne trade conditions directly and indirectly 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 consistently reaches out to the shipping industry and other government entities to educate 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.

Competition and Foreign Practices

The focus of the Commission's program of reviewing and monitoring carrier and MTO agreements is part of Strategic Goal 1 (maintaining an efficient and competitive international ocean transportation system and the objective of enhancing trade efficiency through the use of various types of agreement authority). Agreement filings in 2014 and 2015 are expected to reach approximately 150 per year (see Appendix A for these and other workload statistics). During FY 2015, the Commission will continue to monitor key U.S. trade lanes, and review and analyze the competitive impact of agreements. In particular, the Commission will exercise close oversight of the increasing operational cooperation occurring among ocean carriers as the global liner trades continue to rapidly evolve. With increasing pressure on consolidation in the industry, environmental concerns, port congestion, and rising energy costs, the Commission is particularly sensitive 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 fiscal years 2014 and 2015, the Commission expects to receive SERVCON filings of 50,000 service contracts and 565,000 contract amendments, 1,650 original NSAs, and 2,400 amendments.

In fiscal years 2014 and 2015, the FMC will continue to monitor service contracts and tariffs in key trades as barometers of market cycles and shifts in the balance of supply and demand. This information is important in helping the Commission carry out its statutory responsibility of prohibiting unreasonable increases in rates or unreasonable reductions in service by parties to agreements.

Enforcement and Alternative Dispute Resolution

The first objective of Strategic Goal 2 is to identify and take action to end unlawful, unfair and deceptive practices. In fiscal years 2014 and 2015, the FMC will continue enforcement actions against those who pursue market-distorting, fraudulent, and 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 which permit improper entities to compete unlawfully with carriers and OTIs operating in compliance with U.S. laws.

The FMC will continue to promote its compliance-focused program to monitor and audit ocean common carrier, NVOCC, and ocean freight forwarder (OFF) operations. This program conducts up to 130 OTI audits each year, and is well received by the regulated industry. It emphasizes correction of routine tariff matters and prompt compliance with reporting, licensing, and bonding requirements. The FMC annually audits for compliance approximately 2.5% of the nearly 6,000 licensed and bonded OTIs currently registered with the Commission.

The FMC's regional area representatives (ARs) will continue to facilitate the resolution of informal complaints and disputes, and investigate unlawful practices by carriers, MTOs, and OTIs. In their outreach role, the ARs will continue, together with the Office of Consumer Affairs Dispute Resolution Services (CADRS), to 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.

The Commission entered into a memorandum of understanding (MOU) with the Federal Motor Carrier Safety Administration (FMCSA) in March 2012 to address fraud in the movement of household goods. Pursuant to the MOU, complaints received by FMCSA involving international ocean shipments are referred to the FMC. The MOU also provides mechanisms for joint educational initiatives such as placement of information on the FMCSA's *protectyourmove.gov* website regarding international moving.

The FMC will continue to expand its participation in security initiatives as they relate to U.S. ocean commerce. Specifically, 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, an MOU between Customs and Border Protection (CBP) and the FMC was recently updated and expanded to provide more efficient utilization of existing systems and services. During FY 2013, the FMC also completed its first full year under a formal MOU with the Census Bureau, U.S. Department of Commerce, providing the FMC with access to the Census' Automated Export System (AES) database. The MOU accommodates and respects Census' ongoing concerns for data security in any subsequent handling and use of otherwise confidential U.S. export shipment data.

The FMC anticipates that requests for facilitation and commercial arbitration will increase in fiscal years 2014 and 2015 due to outreach efforts, as well as to revisions to the Commission's procedural rules, which may encourage parties to seek the assistance of CADRS to reach settlement of a dispute.

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.

Further, the Commission is working to launch an educational webinar series to educate consumers and regulated entities regarding regulations, shipping trends, best practices, and the effective use of FMC services to resolve shipping disputes.

Licensing and Certification

The second objective of Strategic Goal 2 is to prevent public harm through licensing and financial responsibility requirements. The two major programs under this objective are licensing of OTIs as mandated by the Shipping Act, and certification of passenger vessel operators (PVOs). OTIs are transportation middlemen for oceanborne cargo moving in the U.S.-foreign trades. To become licensed by the Commission, an OTI must establish that it has the necessary character to render OTI services as well as 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 U.S.

Presently, there are approximately 6,000 domestic and foreign OTIs regulated by the Commission. Nearly 700 licensing transactions were processed in 2013. This number is projected to increase at an average rate of approximately 5% through 2015. In FY 2013, the Commission required foreign-based unlicensed NVOCCs to register every three years. Currently, there are over 1,200 of these foreign-based registered entities. The FMC is currently working with contracted IT developers to create a more robust and efficient electronic OTI licensing system. Current databases will be assimilated into the new system, which will not only be more technologically efficient, but also will remove the stovepipes between all existing systems, thus eliminating the current need for duplicate data entry. The enterprise platform solution's foundation, the enterprise store, was completed in FY 2013, which will be the repository for the Commission's critical data. Future development initiatives can then be added on to the existing foundation. Once established the system will virtually eliminate the need to generate thousands of paper copies of applications, and associated documents, as well as mailings associated with them. The application process itself will be both less burdensome and speedier for the regulated public.

With regard to PVOs, evidence of financial responsibility is required for vessels which 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 nonperformance of transportation. This requirement also helps prevent unscrupulous or financially weak operators from serving U.S. ports. The current PVO program encompasses 204 vessels and 40 operators with aggregate evidence of financial responsibility coverage in excess of $326 million for nonperformance and over $712 million for casualty. The FMC offers information and guidance to the cruising public throughout the year on passenger rights and obligations regarding monies paid to cruise lines that fail to perform voyages.

The number of PVOs in the program is expected to remain constant in fiscal years 2014 and 2015. The Commission recently changed its PVO rules by adjusting the coverage amounts and implementing five-year expiration on PVO performance certificates. The Commission will continue to seek ways to enhance PVO monitoring procedures during 2014 and 2015.

Coincident with the accomplishment of these objectives, the Commission will focus on reducing direct and indirect regulatory burdens, and introducing innovative information technologies for greater operational efficiency and transparency.

Reducing Regulatory Burden

The FMC's regulatory processes are under constant review. 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 will review, evaluate and make recommendations 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 commenced in FY 2013. A review of Marine Terminal Operator Schedule regulations is planned to begin in FY 2015.

In fiscal years 2014 and 2015, the Commission will: (1) implement the recent rule changes to the passenger vessel program and seek alternative ways 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 and implement an improved electronic application process for both OTIs and PVOs; (4) review industry suggestions regarding service contract and NVOCC service arrangement regulations intended to make the rules more efficient and less burdensome; and (5) launch an initiative to evaluate potential changes to the agreement processing, review and monitoring regulations, and develop recommendations for improvement, including possible electronic filing of agreements.

Applying Innovative Technologies

In fiscal years 2014 and 2015, the FMC must continue the multiyear enhancement of its IT systems. As indicated previously, much of this work will involve a transition to the use of ECM technology. In connection with increasing the public's accessibility to FMC information, the Commission will begin implementing a plan to upgrade the website and document repository in fiscal year 2015.

Planned FMC IT actions for FY 2014 and 2015 include efforts to:

- continue to develop and deploy the Enterprise Content Management or ECM technology, which will consolidate all OTI applications and renewal processes, enhancing the ability of applicants to file electronically, reducing errors and enabling staff to significantly increase efficiency in processing applications and renewals for approximately 6,000 licensed/registered OTIs;
- 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;
- modernize and expand the Regulated Persons Index (RPI), a critical database that contains up-to-date records of licensed OTIs (ocean freight forwarders and NVOCCs), ocean common carriers, MTOs and other entities, which is used by both FMC staff and the shipping public;
- develop and implement an updated CADRS case tracking system for responsive handling of consumer complaints;
- design and deploy an updated Automated Tariff Registration System (Form-1) for VOCCs, NVOCCs, conferences, and MTOs;
- migrate IT security standards from the Certification and Accreditation (C&A) process to the FedRAMP process for all applicable systems;
- modernize the FMC IT infrastructure to enhance the user experience and availability of mission-critical software applications;
- enhance IT systems with respect to agreement filing and trade monitoring programs in order to streamline internal business processes;
- develop a partnership to establish shared services with other Federal agencies to provide disaster recovery and continuity of operations support; and
- develop and implement a plan to upgrade the FMC’s current internet hosting, maintenance, and public document repository solution.

FY 2013 ACCOMPLISHMENTS

Competition and Foreign Practices

Under Strategic Goal 1, the Commission is committed to maintaining an efficient and competitive international ocean transportation system and enhancing trade efficiency through the use of various types of agreement authority. Competitive ocean transportation facilitates commerce, economic growth, and job creation. Competition among participants in U.S. liner trades fosters competitive rates and encourages a variety of service offerings for the benefit of U.S. exporters and importers, and ultimately, consumers. The 1984 Act grants ocean carriers and MTOs' limited antitrust immunity for activities pursuant to agreements they file with the Commission. Carrier and MTO agreements are subject to competition analyses and subsequent monitoring of their activities to guard against possible abuse of that limited immunity, to avoid unreasonable increases in transportation costs or decreases in transportation services, and to guard against other activities prohibited by the 1984 Act.

Trade Oversight and Industry Research

In fiscal year 2013, FMC major agreement oversight activities included:

- conducting a competition impact analysis of an agreement relating to the Port of Lake Charles, Louisiana's changes to local stevedoring services;
- researching and drafting a competition analysis of the G6 Alliance Agreement involving operational cooperation among the members of two major global alliances serving the Asia/U.S. East Coast trade;
- preparing a formal Request for Additional Information (RFAI) to facilitate an economic analysis of a proposed Transpacific Stabilization Agreement (TSA) amendment to incorporate the transpacific westbound trade into the existing eastbound TSA agreement;
- reviewing monthly vessel data in the U.S. – Australia/New Zealand trade submitted under a previous Commission Order and revised related capacity charts for data through 2012 to ensure that the activities of carrier agreements in the trade did not create anti-competitive conditions;
- conducting a review of data and meeting minutes provided by three global alliances under the Commission's January 2011 Order, and evaluating the extent of the Order's reporting requirements to ensure adequate data is obtained for competition analyses;
- conducting semi-annual information meetings with representatives of the TSA and Westbound Transpacific Stabilization Agreement (WTSA) to closely monitor the activities of these major agreements in the largest U.S. trade;
- preparing an impact analysis of the *Los Angeles and Long Beach Port Infrastructure and Environmental Programs Cooperative Working Agreement* and establishing reporting requirements to monitor activities under the agreement;
- preparing an RFAI on an amendment to the *Consolidated Chassis Management Pool Agreement* (CCM), which was subsequently withdrawn by the agreement members; and

- conducting annual meetings with representatives of the *West Coast MTO Agreement* to monitor and review the *PierPass* program and other relevant matters relating to the agreement.

The CCM filed an amendment in 2013 to change its model for governance of its regional chassis pools which elicited comments from maritime labor, motor carrier associations, and others. Given potential concerns regarding the impact of the CCM amendment, the Commission issued a formal RFAI to CCM. In addition, the Commission is continuing to monitor the availability of chassis, as carriers move away from providing them to their shippers.

Related research and reports included:

- preparing internal quarterly economic and trade reports, as well as non-restricted versions for use by the interagency Committee on the Marine Transportation System; and
- researching agricultural export data for use in Docket No. 12-07 regarding Container Freight Rate Indices and participating in the Container Freight Derivatives Association's annual forum.

Following up on its FY 2012 *Study of the 2008 Repeal of the Liner Conference Exemption from European Union Competition Law,* the FMC has continued to update data useful for evaluating the impacts, if any, of the European Union's repeal of its block competition law exemption for liner conferences. In connection with this, the validity of difference-in-differences methodology for expanding the study was evaluated. In 2014 and 2015, the Commission will assess the concerted activities of carriers, particularly in the transpacific trades, to ensure that agreements are not likely to lead to unreasonable increases in rates or unreasonable reductions in service. In particular, the Commission will exercise close oversight of the increasing operational cooperation occurring among ocean carriers as the global liner trades continue to rapidly evolve. In addition, the Commission will continue to monitor developments under the CCM and the availability of chassis and equipment as more carriers discontinue providing chassis service to shippers.

Further, potentially restrictive activities of foreign governments may create conditions unfavorable to U.S. oceanborne trade and are monitored by the Commission to determine whether any action is necessary to remedy such activities. In fiscal year 2013, the Commission 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 U.S. In addition, the Commission tracked consumer inquiries regarding possible foreign restrictive shipping practices.

The FMC continues its international outreach efforts by attending and coordinating events with foreign embassies and counterparts, and monitoring foreign laws and practices to determine whether there are any unjust non-market barriers to trade.

Agreements, Contracts, and Tariffs

During fiscal year 2013, the FMC received 127 agreement filings, including amendments to existing agreements. One hundred thirty-one filings were reviewed, evaluated, and processed during the year, including those pending at the end of the prior fiscal year. (See Appendix A for these and other workload statistics.)

In addition, 48,802 service contracts and 556,285 contract amendments were filed into SERVCON. The Commission processed 1,635 original NVOCC Service Arrangements, and 2,019 NSA amendments filed by 95 NVOCCs.

The Commission received, processed, and reviewed 2,279 Form FMC-1 filings, making the locations of those tariffs available to the public through the website. By the end of the fiscal year, 5,356 active/current tariff locations were posted to the website.

Compliance audits of NVOCC tariffs were conducted and NVOCC tariff rules were monitored in connection with the Commission's regulations 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 the fiscal year, 525 NVOCCs had filed prominent notices or a rule in their respective tariffs indicating that they have invoked the NRA exemption, which reduced the regulatory burden on these OTIs.

Enforcement and Alternative Dispute Resolution

Pursuant to Strategic Goal 2, the FMC engages in a variety of activities that protect the public from financial harm, including assisting in the resolution of disputes related to the shipment of goods or the carriage of passengers; investigating and prosecuting unreasonable or unjust practices, and ruling on formal complaints alleging violation of the 1984 Act. This contributes to the integrity and security of the nation's import and export supply chains and the ocean transportation system by identifying unlicensed operations. In addition, the FMC ensures financial coverage of passenger vessels to indemnify passengers in the event of nonperformance. Pursuant to these regulatory responsibilities, the Commission undertook a number of significant actions during fiscal year 2013 to address issues affecting American consumers who ship their personal goods overseas or take cruises.

Investigations and Enforcement Proceedings

During fiscal year 2013, Area Representatives handled hundreds of informal complaints typically alleging unlawful activity. When possible, compliance with statutory and regulatory requirements was achieved informally. In other instances, investigative cases were opened and the Area Representatives conducted investigations to determine any unlawful activity. Most of these investigations were resolved informally, some with compromise settlements and civil penalties.

Major investigations completed during the fiscal year were directed at household goods movers operating as unlicensed OTIs, including those VOCCs and licensed NVOCCs that unlawfully provided service to unlicensed movers. In Docket No. 12-01, the Commission remanded an Initial Decision for further proceedings to determine whether respondents violated section 10(a)(1) of the 1984 Act by allowing access to service contracts by an unlicensed, unbonded NVOCC. Also in 2013, the Commission issued an Order of Investigation to determine whether respondent violated section 10(a)(1) of the 1984 Act by unlawfully accessing service contracts to which it was neither a signatory nor an affiliate.

Commission investigations regarding the car carrier trades between Japan and the U.S. (and in other U.S. trades inbound as well as outbound) culminated in two separate settlements relating to unfiled carrier agreements, netting $2,325,000 in penalty payments. Cumulatively, the Commission successfully collected more than $3 million in penalties, exceeding the recent high collections of $2,187,500 registered in FY 2011.

At the beginning of fiscal year 2013, nine enforcement cases were pending final resolution by the Bureau of Enforcement (BOE). The Bureau was party to five formal proceedings, and there were 12 matters pending which BOE was monitoring or for which it was providing legal advice. During the fiscal year, 17 new cases were referred for enforcement action or informal compromise; 13 were compromised and settled, administratively closed, or referred for formal proceedings; and 13 enforcement cases were pending resolution at fiscal year's end. Also, one formal proceeding was initiated; three formal proceedings were completed, and three were pending at the end of the fiscal year. Additionally, BOE opened six matters involving monitoring or legal advice during the fiscal year, completed or closed two such matters, and 16 were pending on September 30, 2013.

There were 14 formal proceedings pending before the administrative law judges (ALJs) at the beginning of the fiscal year. During the year, six new formal proceedings were added and two formal proceedings were remanded by the Commission. The ALJs issued 13 initial decisions or orders subject to review by the Commission in 10 proceedings.

The FMC continued to address and implement the recommendations of Fact Finding Investigation No. 27, *Potentially Unlawful, Unfair or Deceptive Ocean Transportation Practices Related to the Movement of Household Goods or Personal Property in U.S.-Foreign Oceanborne Trades*. Pursuant to an MOU, the FMC continued to cooperate with FMCSA to provide enhanced protection and assistance for consumers who move their household goods overseas.

Also in cooperation with other agencies, the Area Representatives participated in various enforcement initiatives sponsored by local law enforcement, the U.S. Department of Justice, the Department of Homeland Security (including CBP and Immigration and Customs Enforcement), the Department of Commerce, and the FMCSA. This participation and sharing of information contributed positively to the investigation of a wide range of unlawful activities.

Ombuds Services and Educational Outreach

During fiscal year 2013, 1,211 requests for ombuds services were received. These included 116 passenger complaints about cruise line issues, 857 complaints with respect to household goods shipments, and 229 complaints involving other cargo shipment matters. Cargo shipment complaints continued to be of increasing complexity. Problems involving OTIs with overextended finances and inability to complete the ocean transportation continued to be a source of complaint. In addition, many household goods complaints pertained to initial charges quoted, vis á vis the actual charges billed, often due to measurement discrepancies. The Commission also convened 13 mediation matters. It is anticipated that the number of mediation matters handled by CADRS will increase due to a revision in the Commission's procedural rules that requires an initial mediation conference at the outset of formal private complaint proceedings. The large increase in household goods matters was related to the failure of a single large ocean transportation intermediary that began in the reporting period.

The Commission published nine on-line consumer alerts regarding complaints against certain household goods movers and what cruise passengers can expect by way of compensation for cruise line service disruptions. These alerts provide useful public information and increase awareness of available FMC assistance services.

The Area Representatives made several educational presentations to industry audiences, explaining OTI licensing requirements and compliance with the new NRA Tariff Rate Exemption. They also worked closely with a number of law enforcement agencies, including local jurisdictions such as the Federal Bureau of Investigation, the Houston Police Department, New Jersey State Police, New York City Police Department, and other Federal agencies. The South Florida Area Representatives continued to provide valuable expertise and assistance to the Export-Import Bank of the United States (Ex-Im Bank) to facilitate the investigation by Ex-Im Bank's IG Office of several cases of fraud against the U.S. government.

The FMC improved the quality, clarity, and accessibility of information provided to the shipping public via its redesigned website. A new website search engine was implemented that significantly improved the site's usability for online searches – this initiative had no associated cost, as an existing GSA contract was leveraged. In addition, a new ZIP code geo-search tool was developed and launched to help the shipping public locate FMC-licensed and bonded ocean transportation intermediaries.

Ocean Transportation Intermediaries

There are approximately 6,000 licensed/registered and bonded OTIs (domestic and foreign) regulated by the Commission. Nearly 700 licensing transactions were processed during the year. As part of its continuing outreach effort, the FMC also responded to over 6,800 inquiries regarding licensing and related OTI issues during this period.

In FY 2013, the Commission received 336 new OTI applications and 259 amended applications, issued 267 new OTI licenses, 129 amended licenses, and revoked 263 licenses. As of September 30, 2013, 994 ocean freight forwarders (OFFs); 1,764 U.S. NVOCCs; 1,918 joint NVOCC/OFFs; and 75 foreign NVOCCs held active OTI licenses. An additional 1,259 foreign-based NVOCCs are registered and maintain proof of financial responsibility on file with the Commission, but choose not to be licensed. Over the last three years, the number of licensed and registered OTIs has increased by nearly 9%.

U.S. NVOCCs may file riders to their existing NVOCC bonds to meet financial responsibility requirements imposed by the Chinese government. By the end of FY 2013, 326 of these riders were received, providing optional proof of financial responsibility for NVOCCs serving the U.S.-China trade; and 35 riders were terminated.

The OTI licensing process was streamlined, and the time needed to reach a licensing decision was reduced. The goal was to complete 75% of all OTI license applications within 60 calendar days during fiscal year 2013. Despite reduced staffing, the Commission completed over 87% of all OTI applications within 60 business days, exceeding that goal.

The compliance audit program continued as a major focus. This 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 operations. During the fiscal year, 82 audits were commenced and 74 audits were completed (including those carried over from fiscal year 2012).

On May 31, 2013, the Commission issued an Advance Notice of Proposed Rulemaking (ANPRM) on OTI licensing and financial responsibility requirements in accordance with the *Plan for Retrospective Review of Existing Rules.*

A Final Rule, imposing registration requirements on foreign-based unlicensed NVOCCs and extending the NRA tariff publication exemption to such NVOCCs, became effective on July 19, 2013.

Passenger Vessel Operators

The Commission approved and issued eight casualty certificates and 11 performance certificates during fiscal year 2013. The program encompassed 204 vessels and 40 operators, which had aggregate evidence of financial responsibility coverage in excess of $326 million for nonperformance and over $712 million for casualty. On February 21, 2013, the Commission issued a final rule increasing the maximum coverage requirement from $15 million to $30 million per cruise line, and required that this cap be adjusted every two years based on the Consumer Price Index for All Urban Consumers (CPI-U). This increase reflects the effects of inflation and the growth of the cruise industry since the current $15 million cap was set in 1990. Further, the Commission initiated a 5-year expiration date for all passenger vessel certificates.

Information Technology

During the fiscal year, the Commission prepared a 2014-2018 Information Resources Management (IRM) Strategic Plan in support of the FMC's Strategic Plan covering the same time period. The IRM plan, per OMB Circular A-11, describes how IRM "activities help accomplish agency missions, and ensure IRM decisions are integrated with organizational planning, budget, procurement, financial management, human resources management, and program decisions." A major element of the plan is to significantly upgrade internal IT systems through the implementation of an ECM solution to improve data support for all Commission programs and research projects, as well as to simplify stakeholder filing processes.

The Commission continued to enhance its information technology capabilities in a number of areas, including undergoing a multiyear transition to use ECM technology for managing its business activities and information needs. Important IT activities included:

- completing a requirements review and planning to determine technology requirements for the adoption of an ECM solution to consolidate the FMC's fractured information applications and technology systems;
- completing the initial components of the FMC-18 Application System enhancements and enterprise data store, which is integral to the Commission's ECM solution;
- migrating/converting staff to a new cloud-based email and collaboration service; and
- completing a business process reengineering assessment to identify requirements for the transition to ECM-based tools for records/document management, workflow and content management, and collaboration.

Additionally, the MOU with CPB was updated to allow data from CPB's Automated Commercial Environment (ACE) to be accessed directly to the FMC for use in fulfilling its statutory and regulatory duties and responsibilities, including trade data that facilitates the Commission's oversight of carrier agreement filings. This direct transfer of data will conserve resources of both agencies and ensure greater trade compliance with the SAFE Port Act.

Representative Rulemakings, Adjudications, and Litigation

- *PVO Financial Responsibility Requirements for Nonperformance of Transportation* [Docket 11-16]

Effective April 2, 2013, the cap was adjusted for PVO financial coverage requirements to $30 million over a two-year period, thereafter to be subject to adjustment based on the CPI-U every other year.

- *NVOCC Negotiated Rate Arrangements* [Docket 11-22]

On July 18, 2013, the Commission issued a Final Rule revising the Commission's rules with respect to NVOCC negotiated rate arrangements. 78 Fed. Reg. 42886 (Jul 18, 2013). While the Final Rule imposes registration requirements on foreign-based unlicensed NVOCCs, it extends, effective July 19, 2013, the exemption from the Shipping Act's tariff publication requirement to foreign-based unlicensed NVOCCs that agree to negotiated rate arrangements.

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

An ANPRM was issued to evaluate whether certain rules governing the licensing, financial responsibility requirements and duties of OTIs should be amended. A 30-day extension for public comments was granted, and comments were due on or before August 30, 2013. A number of comments were received, and are now being reviewed.

- *EuroUSA Shipping, Inc., Tober Group, Inc., and Container Innovations, Inc. – Possible Violations of Section 10 of the Shipping Act of 1984 and the Commission's Regulations at 46 C.F.R. § 515.27* [Docket No. 06-06]

This proceeding was instituted by Order of Investigation and Hearing served May 11, 2006, to determine whether respondents violated section 10(b)(11) of the 1984 Act and regulations at 46 C.F.R. § 515.27, by knowingly and willfully accepting cargo from or transporting cargo for the account of an OTI that did not have a tariff and bond, as required by sections 8 and 19 of the Act. Commission decisions with respect to respondents EuroUSA and Container Innovations became administratively final in 2009 and 2010, respectively. With regard to respondent Tober, in an Initial Decision on Remand issued December 31, 2012, the ALJ determined (1) that the entities from which respondent Tober accepted shipments did not act as non-vessel-operating common carriers in connection with the involved shipments, and therefore Tober did not violate section 10(b)(11) of the Shipping Act; and (2) Tober violated section 10(b)(2)(A) of the Act in connection with 279 shipments. The ALJ imposed a civil penalty of $433,000 for 279 violations. In an Order Affirming in Part, Reversing in Part, and Vacating in Part Initial Decision on Remand, issued September 10, 2013, a majority of the Commission determined that Tober violated sections 10(b)(11) and 10(b)(2)(A) of the Shipping Act, and imposed a civil penalty of $1,500,000 for 255 violations of section 10(b)(11), and 279 knowing and willful violations of section 10(b)(2)(A).

- *OC International Freight, Inc.; OMJ International Freight, Inc.; and Omar Collado* [Docket No. 12-01]

This proceeding was instituted by an Order of Investigation and Hearing served on April 2, 2012, to determine whether respondents knowingly and willfully obtained ocean transportation at less than the rates and charges that would otherwise be applicable by permitting unrelated entities to unlawfully access OMJ's service contracts; operated as an OTI without a license and bond; and whether to affirm the denial of the application of OC for an OTI license. On March 26, 2013, the ALJ issued an initial decision finding violations of section 19, but finding no violation of section 10(a)(1). On July 22, 2013, an Order Remanding for Further Proceedings was issued. The Commission affirmed the section 19 violations, the issuance of a cease and desist order, and denial of OC's license application. The Commission vacated the determination that Respondents did not violate section 10(a)(1) and the civil penalty. On October 30, 2013, the ALJ issued an initial decision on remand. On November 21, 2013, Respondents filed Exceptions. On December 13, 2013, the Commission's Bureau of Enforcement reply was filed. A decision from the Commission is pending.

- *Parks International Shipping, Inc., Cargo Express International Shipping, Inc. Bronx Barrels & Shipping Supplies Shipping Center Inc., and Ainsley Lewis aka Jim Parks* [Docket No. 06-09]

This proceeding was instituted by Order of Investigation and Hearing served September 19, 2006, to determine whether Respondents provided transportation services as an NVOCC without obtaining an OTI license from the Commission and operated as a common carrier without publishing a tariff showing all of its active rates and charges. On February 26, 2013, the BOE filed exceptions to the Initial Decision on Remand. A final decision was issued September 16, 2013, affirming in part and reversing in part the ALJ's Initial Decision on Remand. The Commission ordered Respondents to pay substantial civil penalties for violations of sections 8 and 19 of the Shipping Act.

- *Mitsui O.S.K. Lines Ltd. v. Global Link Logistics, Inc., Olympus Partners, L.P., Olympus Growth Fund III, L.P., Olympus Executive Fund, L.P., Louis J. Mischianti, David Cardenas, Keith Heffernan, CJR World Enterprises, Inc. and Chad J. Rosenberg* [Docket No. 09-01]

On May 5, 2009, Mitsui filed a complaint alleging that Global Link, a licensed NVOCC, violated sections 10(a)(1) and 10(d)(1) by engaging in a practice it called "split routing" on multimodal shipments by issuing a bill of lading to a land carrier in the U.S., directing shipments to a destination other than the destination on the Mitsui through bill of lading. Mitsui alleged that as a result, Global Link used an unjust or unfair device or means to obtain ocean transportation for property at less than the rates or charges that would otherwise apply. Global Link filed crossclaims against the other respondents. On July 9, 2013, the ALJ issued an initial decision finding that Mitsui knew about the split routing practice. Therefore, Global Link had not used an unfair device or means to obtain the lower rates. The crossclaims were dismissed. On January 30, 2014, the Commission served an Order Adopting Initial Decision, in which it affirmed the ALJ's conclusion that Mitsui knew of the practice of split routing. The Commission, therefore, affirmed the ALJ's dismissal of Mitsui's Amended Complaint.

- *Anderson International Transport and Owen Anderson – Possible Violations of Sections 8(a) and 19 of the Shipping Act* [Docket No. 07-02]

This proceeding was instituted to investigate whether respondents violated sections 8, 19(a), and 19(b) of the 1984 Act and the Commission's regulations at 46 C.F.R. Part 515 and Part 520. The ALJ issued an Initial Decision finding that respondents violated section 19(a) of the 1984 Act by operating as an OTI without obtaining a license, and also violated section 19(b) by operating as an OTI without providing proof of financial responsibility. On December 31, 2012, the ALJ issued an Initial Decision on Remand in which he determined that respondents violated section 19 of the Shipping Act, and imposed a civil penalty of $40,500 for 22 knowing and willful violations. On June 25, 2013, the Commission issued an Order Affirming in Part, Reversing in Part, and Vacating in Part Initial Decision on Remand, in which a majority determined that respondents acted as a non-vessel-operating common carrier on the shipments involved, and violated sections 8 and 19 of the Act. The Commission imposed a civil penalty of $132,000 for 22 knowing and willful violations.

- *City of Oakland* v. *Federal Maritime Commission* [Docket No. 09-08]

On February 9, 2012, the City of Oakland filed a petition for review of the Commission's Order in Docket 09-08, *SSA Terminals, LLC and SSA Terminals (Oakland,) LLC (SSA Terminals) v. the City of Oakland*, upholding the ALJ's denial of its motion to dismiss on the ground of Eleventh Amendment sovereign immunity. The court granted SSA Terminals' Motion to Intervene on March 29, 2012. Oral argument was held on April 9, 2013. On July 26, 2013 the court denied the petition and affirmed the FMC. On July 31, 2013, a Notice of Voluntary Dismissal in Commission Docket 09-08 was signed and stipulated to by both parties pursuant to 46 C.F.R. section 502.72(a)(1). On August 20, 2013, the Commission determined to review the Notice. On September 23, 2013, the Commission's Administrative Law Judge issued an Initial Decision approving the settlement. On November 1, 2013, the Commission issued a Notice not to review the Initial Decision.

APPENDICES

Appendix A: *Resource Allocation by Program*

Resource Allocation by Program
FY 2015

Program/Office	FY 2013 Actual	FY 2014 Enacted	FY 2015 Request: Strategic Goal # 1 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	FY 2015 Request	Difference From FY 2014
Formal Proceedings						
Office of the Chairman	$381,455.69	$470,426.09	$116,152.54	$464,610.16	$580,762.70	$110,336.61
Office of the Commissioners	$1,583,214.53	$1,818,371.86	$392,452.49	$1,569,809.96	$1,962,262.45	$143,890.59
Office of the Secretary	$1,119,800.74	$1,254,774.75	$258,524.48	$1,075,795.44	$1,334,319.92	$79,545.17
Library	$244,808.88	$213,903.76	$39,258.10	$58,887.14	$98,145.24	($115,758.52)
Office of Consumer Affairs and Dispute Resolution Services	$1,237,340.16	$1,386,869.06	$0.00	$1,462,011.37	$1,462,011.37	$75,142.31
Office of the General Counsel	$2,103,480.09	$2,050,263.61	$2,067,922.21	$0.00	$2,067,922.21	$17,658.60
Ethics	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Office of Administrative Law Judges	$646,685.61	$637,773.32	$129,135.30	$516,541.20	$645,676.50	$7,903.18
Formal Proceedings Total	**$7,316,785.70**	**$7,832,382.45**	**$3,003,445.12**	**$5,147,655.27**	**$8,151,100.39**	**$318,717.94**
Office of Equal Employment Opportunity	**$187,487.91**	**$190,159.93**	**$38,308.89**	**$153,235.56**	**$191,544.45**	**$1,384.52**
Office of the Inspector General	**$571,981.27**	**$673,398.78**	**$75,133.74**	**$676,203.63**	**$751,337.37**	**$77,938.59**
Operational and Administrative						
Office of the Managing Director	$2,248,456.41	$2,304,979.23	$503,404.50	$1,654,043.34	$2,157,447.84	($147,531.39)
Bureau of Trade Analysis	$2,776,979.11	$2,729,397.04	$1,648,636.76	$1,155,875.25	$2,804,512.01	$75,114.97
Bureau of Certification and Licensing	$2,139,673.83	$2,297,270.09	$0.00	$2,416,160.06	$2,416,160.06	$118,889.97
Bureau of Enforcement	$1,841,068.51	$1,880,073.28	$0.00	$1,921,178.62	$1,921,178.62	$41,105.34
Area Representatives	$1,807,257.78	$1,763,039.06	$374,308.31	$1,497,233.24	$1,871,541.55	$108,502.49
Office of Information Technology	$1,859,579.42	$2,971,986.64	$670,571.63	$2,682,286.53	$3,352,858.16	$380,871.52
Office of Human Resources	$627,042.06	$648,305.34	$132,182.26	$528,729.03	$660,911.29	$12,605.95
Office of Budget and Finance	$696,686.13	$689,393.58	$132,835.47	$531,341.86	$664,177.33	($25,216.25)
Office of Management Services	$756,175.87	$688,614.58	$143,446.19	$573,784.74	$717,230.93	$28,616.35
Operational and Administrative Total	**$14,752,919.12**	**$15,973,058.84**	**$3,605,385.11**	**$12,960,632.68**	**$16,566,017.79**	**$592,958.95**
Total Cost	**$22,829,174.00**	**$24,669,000.00**	**$6,722,272.86**	**$18,937,727.14**	**$25,660,000.00**	**$991,000.00**

The Request by Strategic Goal and Program chart identifies the funding level requested for FY15 broken out by program office and strategic goal. The chart identifies FY15 changes over both the FY2013 actual and FY2014 estimated funding requirements.

The FMC's FY 2015 budget request includes a proposed provision allowing user fee collections of up to $300,000 to be used for necessary and authorized agency expenses.

Appendix B: *FTE Allocation by Program*

FTE Allocation by Program

FY 2013 - FY 2015

Program/Office	FY 2013 Actual		FY 2014 Enacted		FY 2015 Request		Difference From FY 2014	
	FTEs*	Positions**	FTEs	Positions**	FTEs	Positions*	FTEs	Positions**
Headquarters	**110.50**	**111.00**	**111.26**	**115.00**	**115.00**	**115.00**	**3.74**	**0.00**
Area Representatives	**8.44**	**8.00**	**8.25**	**9.00**	**9.00**	**9.00**	**0.75**	**0.00**
Agency Total	**118.94**	**119.00**	**119.51**	**124.00**	**124.00**	**124.00**	**4.49**	**0.00**
Formal Proceedings								
Office of the Chairman	1.98	2.00	2.50	3.00	3.00	3.00	0.50	0.00
Office of the Commissioners	6.45	7.00	7.42	8.00	8.00	8.00	0.58	0.00
Office of the Secretary	6.82	7.00	7.50	8.00	8.00	8.00	0.50	0.00
Library	0.98	1.00	0.98	0.00	0.00	0.00	-0.98	0.00
Office of Consumer Affairs and Dispute Resolution Services	7.72	7.00	7.88	8.00	8.00	8.00	0.12	0.00
Office of the General Counsel	10.77	10.00	10.13	10.00	10.00	10.00	-0.13	0.00
Office of Administrative Law Judges	3.16	3.00	3.00	3.00	3.00	3.00	0.00	0.00
Formal Proceedings Total	**37.88**	**37.00**	**39.41**	**40.00**	**40.00**	**40.00**	**0.59**	**0.00**
Office of Equal Employment Opportunity	**0.98**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**0.00**	**0.00**
Office of the Inspector General	**2.35**	**2.00**	**1.81**	**3.00**	**3.00**	**3.00**	**1.19**	**0.00**
Operational and Administrative								
Office of the Managing Director	9.56	9.00	8.80	9.00	9.00	9.00	0.20	0.00
Bureau of Trade Analysis								
Office of the Director	2.91	3.00	3.00	3.00	3.00	3.00	0.00	0.00
Office of Service Contracts and Tariffs	3.80	3.00	3.50	4.00	4.00	4.00	0.50	0.00
Office of Economics and Competition Analysis	6.84	7.00	6.35	6.00	6.00	6.00	-0.35	0.00
Office of Agreements	2.26	3.00	2.58	3.00	3.00	3.00	0.42	0.00
Bureau of Certification and Licensing								
Office of the Director	2.61	2.00	2.87	3.00	3.00	3.00	0.13	0.00
Office of Passenger Vessels and Information Processing	4.89	6.00	5.50	6.00	6.00	6.00	0.50	0.00
Office of Transportation Intermediaries	6.84	7.00	7.00	7.00	7.00	7.00	0.00	0.00
Bureau of Enforcement	9.77	10.00	9.75	10.00	10.00	10.00	0.25	0.00
Area Representatives	8.44	8.00	8.25	9.00	9.00	9.00	0.75	0.00
Office of Information Technology	6.62	7.00	7.65	8.00	8.00	8.00	0.35	0.00
Office of Human Resources	3.83	4.00	4.00	4.00	4.00	4.00	0.00	0.00
Office of Budget and Finance	4.49	5.00	4.25	4.00	4.00	4.00	-0.25	0.00
Office of Management Services	4.89	5.00	3.79	4.00	4.00	4.00	0.21	0.00
Operational and Administrative Total	**77.74**	**79.00**	**77.29**	**80.00**	**80.00**	**80.00**	**2.71**	**0.00**
Total FTEs and Positions	**118.94**	**119.00**	**119.51**	**124.00**	**124.00**	**124.00**	**4.49**	**0.00**

* Reflects reduced FTE levels due to agency-wide furlough necessitated by 2013 funding level.

** Denotes positions on September 30.

The FTE and Positions by Program chart denotes the Commission's actual on board strength for FY2013 and estimates the FTEs and positions required for FY2014 and FY2015.

The FMC's FY 2015 budget request includes a proposed provision allowing user fee collections of up to $300,000 to be used for necessary and authorized agency expenses.

The FY 2015 request does not include any future legislative changes that could vest the FMC with additional statutory responsibilities.

Appendix C: *Obligations by Object Class*

Obligations by Object Class
FY 2013 - FY 2015

Category	FY 2013 Actual	FY2014 Enacted	FY2015 Request	Difference From FY2014
Personnel Compensation and Benefits				
(11.9) Full-time Permanent Employees	$13,611,933.00	$14,002,000.00	$14,449,000.00	$447,000.00
(11.3) Part-time and Temporary Employees	$37,585.00	$0.00	$0.00	$0.00
(11.7) Performance Awards	$0.00	$0.00	$0.00	$0.00
(12.1) Civilian Personnel Benefits	$3,604,510.00	$3,715,000.00	$3,938,000.00	$223,000.00
Employees Total Personnel Compensation & Benefits	**$17,254,028.00**	**$17,717,000.00**	**$18,387,000.00**	**$670,000.00**
Travel and Administrative Expenses				
(21.0) Travel and Transportation of Personnel	$103,511.00	$200,000.00	$200,000.00	$0.00
(22.0) Transportation of Things (Express Mail)	$11,500.00	$22,000.00	$22,000.00	$0.00
Rent, Communications and Utilities				
(23.1) Rental Payments to GSA	$3,189,345.00	$3,270,000.00	$3,323,000.00	$53,000.00
(23.2) Rental Payments to Others	$2,357.00	$0.00	$0.00	$0.00
(23.5) Telephones (Local, Long Distance and Cellular)	$221,760.00	$229,000.00	$232,500.00	$3,500.00
(28.3) Postage	$5,020.00	$5,000.00	$5,500.00	$500.00
(24.0) Printing	$106,047.00	$139,000.00	$139,000.00	$0.00
(25.1) Consulting	$157,763.00	$716,000.00	$808,000.00	$92,000.00
(25.2) Purchase of Goods and Services from Commercial Accounts	$437,820.00	$536,000.00	$565,000.00	$29,000.00
(25.3) Purchase of Goods and Services from Government Accounts	$1,069,175.00	$1,119,000.00	$1,181,000.00	$62,000.00
(25.7) Equipment Maintenance	$72,790.00	$55,000.00	$60,000.00	$5,000.00
(26.0) Supplies and Materials	$86,660.00	$112,000.00	$124,000.00	$12,000.00
(31.0) IT Hardware and Software	$111,398.00	$549,000.00	$613,000.00	$64,000.00
Travel and Administrative Expenses	**$5,575,146.00**	**$6,952,000.00**	**$7,273,000.00**	**$321,000.00**
Total Expenses	**$22,829,174.00**	**$24,669,000.00**	**$25,660,000.00**	**$991,000.00**

The Obligations by Object Class chart identifies the Commission's actual funding expenses for FY 2013, the estimated funding requirements for the FMC to complete its mission for FY2014 and FY2015. Costs are reported by object codes.

The FMC's FY 2015 budget request includes a proposed provision allowing user fee collections of up to $300,000 to be used for necessary and authorized agency expenses.

The FY 2015 request does not include any future legislative changes that could vest the FMC with additional statutory responsibilities.

Appendix D: *Relationship of Obligations to Outlays*

Relationship of Obligations to Outlays
FY 2013 - FY 2015

Program	FY 2013 Actual	FY 2014 Enacted	FY 2015 Request
Formal Proceedings	$7,316,786.00	$7,832,382.00	$8,151,100.00
Equal Employment Opportunity	$187,488.00	$190,160.00	$191,545.00
Inspector General	$571,981.00	$673,399.00	$751,337.00
Operational and Administrative	$14,752,919.00	$15,973,059.00	$16,566,018.00
Unobligated	$10,251.00	$0.00	$0.00
Budget Authority	**$22,839,425.00**	**$24,669,000.00**	**$25,660,000.00**
Obligations	**$22,829,174.00**	**$24,669,000.00**	**$25,660,000.00**
Outlays*	**$21,392,875.52**	**$23,116,948.79**	**$24,045,599.98**
Outlay Rate (Obligation to Outlay)**	**93.71%**	**93.71%**	**93.71%**
Obligation Rate	**99.96%**	**100.00%**	**100.00%**

Grosss Outlays for FY 2013

Total outlays for fiscal year 2008 disbursed in fiscal year 2013	$349.10
Total outlays for fiscal year 2009 disbursed in fiscal year 2013	$0.00
Total outlays for fiscal year 2010 disbursed in fiscal year 2013	$4,547.41
Total outlays for fiscal year 2011 disbursed in fiscal year 2013	$70,580.63
Total outlays for fiscal year 2012 disbursed in fiscal year 2013	$2,245,554.81
Total outlays for fiscal year 2013 (actual)	$21,392,875.52
Outlays	**$23,713,907.47**

* Represents Outlays for FY 2013 only
** Represents the percentage of FY 2013 obligations that were disbursed during FY 2013

The Relationship of Obligations to Outlays identifies the actual outlay percentage for FY2013. The chart also depicts the estimated outlay in expenses for FY2014 and FY2015.

The FMC's FY 2015 budget request includes a proposed provision allowing user fee collections of up to $300,000 to be used for necessary and authorized agency expenses.

The FY 2015 request does not include any future legislative changes that could vest the FMC with additional statutory responsibilities.

Appendix E: *Performance Measures by Strategic Goals*

Strategic Goal	Objective	Performance Measures	2012 Actual	2013 Actual	2014 Target	2015 Target	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]	39%	39.5%	40%	40.5%	41%	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%	78.9%	76.5%	77%	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%	75%	75%	75%	75%	75%

[1] This is a new Objective and Measure for 2013 so there is no actual 2012 performance data.

Strategic Goal	Objective	Performance Measures	2012 Actual	2013 Actual	2014 Target	2015 Target	2016 Target	2017 Target	2018 Target
		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%	94%	95%	95%	95%	95%
	OBJECTIVE 3: Enhance public awareness of agency resources, remedies and regulatory requirements through education and outreach.	Percentage of key Commission issuances, orders and reports are available through the Commission's website within 5 working days of receipt.	79%	86%	76%	78%	80%	82%	84%
	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	825	825	825	850	850
		Percentage of formal complaints or Commission initiated orders of investigation completed within two years of filing or Commission initiation.	73%	91%	58%	58%	60%	62%	64%

Appendix F: *Workload Summary*

Workload Summary							
Workload Category	**On Hand 9/30/2012**	**FY 2013 Actual**		**FY 2014 Estimate**		**FY 2015 Estimate**	
		Received	**Output**	**Received**	**Output**	**Received**	**Output**
Formal Proceedings (ALJ)	14	9	14	10	11	10	11
Decisions, Reports, in Docketed Proceedings Before the Commission	18	24	27	35	35	35	35
Federal Register Notices	0	160	160	140	140	140	140
FOIA Requests	16	28	16	25	20	25	25
OMBUDS	45	1,211	588*	930	1,090	930	1,090
ADR Matters	3	10	13	18	18	18	18
Legislation	0	105	105	115	115	125	125
Legal Opinions, Recommendations, Case Summaries, Decisions and Final Orders	5	150	150	155	155	160	160
Audits and Monitoring Activities	2	82	74	120	122	130	130
OTI Applicant and License Checks	0	638	638	645	645	650	650
Formal Proceedings (BOE)	5	1	3	4	5	6	6
Civil Penalty Cases	9	17	13	20	22	22	22
Agreements Filed	15	127	131	150	150	150	150
Agreement Reports	167	1,364	1,283	1,485	1,485	1,485	1,485
Service Contracts	0	48,802	48,802	50,000	50,000	50,000	50,000
Service Contract Amendments	0	556,285	556,285	565,000	565,000	565,000	565,000
NVOCC Service Arrangements	0	1,635	1,635	1,650	1,650	1,650	1,650
Arrangement Amendments	0	2,019	2,019	2,400	2,400	2,400	2,400
FMC-1 Form	0	2,279	2,279	2,300	2,300	2,300	2,300
OTI Applications – NEW	117	336	267	400	393	410	395
OTI Business Change Applications	33	259	129	260	244	275	250
OTI License Terminations	0	263	263	270	270	285	285
Passenger Vessel Applications (Performance)	2	9	11	15	15	17	17
Passenger Vessel Applications (Casualty)	2	7	8	16	16	16	16

*Several hundred complaints regarding one OTI were received near the fiscal year's end, and are currently being addressed.

Appendix G: *OIG Certification*

FEDERAL MARITIME COMMISSION
Washington, DC 20573

Office of Inspector General

March 6, 2014

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 2015:

- The aggregate budget request for the operations of the OIG is $751,337.
- The portion of this amount needed for OIG training is $5,000, and
- The portion of this amount needed to support the CIGIE is $1,941.

I certify as the Interim IG of the Federal Maritime Commission that the amount I have requested for training satisfies all OIG training needs for FY 2015.

Jon Hatfield, Interim Inspector General
Federal Maritime Commission