



Federal Maritime Commission FY 2027 Budget Justification

April 2026

Table of Contents

Introduction	1
FY 2027 Budget Overview	2
FY 2027 Budget Request Detail	2
Appropriation Language	4
Budgeting for Results: FY 2027 Mission Priorities	5
Ensuring a Competitive Ocean Transportation System	5
Prosecuting Violations of Shipping Laws	6
Enforcement Priorities	7
Consumer Assistance	8
Informal Dispute Resolution Assistance: Keeping Cargo Moving	8
Ensuring Industry Compliance	9
Licensing and Financial Responsibility for Ocean Transportation Intermediaries and Passenger Vessel Operators	9
Tariffs and Service Contracts: Improving Compliance Through Technology	10
FMC Compliance Program	11
Ocean Shipping Reform Act of 2022	11
Administrative Adjudications	12
Information Technology	13
Agency Systems Operations and Maintenance Support	13
IT Operations	14
E-Filing Management System	14
Hosting of External Facing Website	14
Automating FOIA Management Processes	14
Advancing Data Management Practices and AI Integration	15
Strengthening the Commission’s Cybersecurity Posture	15
Administrative Support	16
Strategic Workforce Management	17
Lease and Office Space	17
Leveraging the Buying Power of the Federal Government; Buying American	18
Continuity of Operations/Mission Resilience	19
Equal Employment Opportunity at the FMC	19
The Office of the Inspector General	20
Organizational Information	22
Organization Chart	22

Statutes Administered.....22
Strategic Goals and Stewardship Objective24

Introduction

The Federal Maritime Commission (FMC or Commission) has jurisdiction over competition, practices and service in the ocean shipping industry. Our mission is to ensure a competitive and reliable international ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices. The FMC's vital oversight of antitrust-exempt agreements by ocean common carriers and marine terminal operators (MTO), enforcement of the Shipping Act and related laws, rigorous licensing of ocean transportation intermediaries, administration of financial responsibility requirements for cruise lines, economic monitoring, and dispute resolution services are essential functions to maintaining a level playing field for U.S. businesses and consumers.

The Commission requests a budget of \$40 million in Fiscal Year (FY) 2027. This budget provides for resources to carry out its responsibilities to ensure consistent industry oversight, enhanced enforcement, and improved service to the public and industry stakeholders.

The Fiscal Year 2027 Congressional Budget Justification aligns with the FMC's proposed [Fiscal Years 2022-2026 Strategic Plan](#), which establishes the goals, objectives, and accountability performance measures guiding the Commission's efforts to fulfill its statutory mission and address current and anticipated challenges in the ocean transportation industry. The strategic plan serves as the blueprint for ensuring the agency remains responsive, forward-looking, and effective while adapting to the evolving needs of the ocean transportation supply system.






FY 2027 Budget Overview

The FMC’s total budget request for FY 2027 is \$40,000,000 and reflects no change from the FY 2026 requested budget of \$40,000,000.

Of the \$40,000,000 requested, \$27,064,121 is allocated for Salaries and Expenses to support 125 Full-Time Equivalents (FTEs), enabling the Commission to carry out its core statutory objectives. The budget also supports essential mission-driven investments. Information technology (IT) application maintenance, totaling \$1,601,654, is critical to ensuring secure public access to Commission services, implementing Artificial Intelligence (AI) capabilities in compliance with Executive Order 14179, *Removing Barriers to American Leadership in Artificial Intelligence* and Office of Management and Budget (OMB) Memorandum M-25-21, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust*, and promoting operational efficiency. Additionally, \$11,334,225 is designated for other operating expenses, including rent, building security, ongoing IT operations, and administrative services.

FY 2027 Budget Request Detail

Budget Request Detail					
(Amounts in \$000)					
Budget Object Class (BOC)	FY2025 Enacted	FY2026 Request	FY2027 Request	FY2026-FY2027 Change	% Change
Full Time Equivalents	127	120	125	5	4%
(11.1) Full-Time Permanent	\$ 18,983	\$ 17,632	\$ 18,927	\$ 1,295	7%
(11.5) Other Personnel Compensation	\$ 904	\$ 510	\$ 400	\$ (110)	-22%
(12.1) Civilian Personnel Benefits	\$ 8,041	\$ 7,727	\$ 7,737	\$ 10	0%
Sub-Total Personnel Compensation & Benefits	\$ 27,928	\$ 25,869	\$ 27,064	\$ 1,195	5%
(21.0) Travel and Transportation of Persons	\$ 138	\$ 255	\$ 200	\$ (55)	-22%
(22.0) Transportation of Things	\$ 28	\$ 8	\$ 7	\$ (1)	-13%
(23.1) Rental Payments to GSA	\$ 3,215	\$ 3,245	\$ 3,373	\$ 128	4%
(23.3) Communications, Utilities, and Miscellaneous Charges	\$ 503	\$ 569	\$ 422	\$ (147)	-26%
(24.0) Printing and Reproduction	\$ 70	\$ 70	\$ 75	\$ 5	7%
(25.1) Advisory and Assistance Services	\$ 2,410	\$ 2,459	\$ 1,775	\$ (684)	-28%
(25.2) Other Services from Non-Federal Sources	\$ 1,317	\$ 3,244	\$ 2,897	\$ (347)	-11%
(25.3) Other Goods and Services from Federal Sources	\$ 2,104	\$ 2,325	\$ 2,120	\$ (205)	-9%
(25.7) Operation and Maintenance of Equipment	\$ 11	\$ 13	\$ 26	\$ 13	100%
(26.0) Supplies and Materials	\$ 100	\$ 101	\$ 101	\$ -	0%
(31.0) Equipment	\$ 107	\$ 273	\$ 338	\$ 65	24%
IT Application	\$ 2,069	\$ 1,569	\$ 1,602	\$ 33	2%
Sub-Total Administrative Expenses	\$ 12,072	\$ 14,131	\$ 12,936	\$ (1,195)	-8%
Total	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ -	0%
Operations & Administrative (O&A) Program (\$/FTE)	Amount	\$ 37,403	\$ 37,289	\$ 37,389	
	FTE	115.5	117.5	123	5.5
Operations & Administrative (O&A) Program (\$/FTE) (Multi-year)	Amount	\$ 2,000	\$ 2,000	\$ 2,000	
	FTE	9	0	0	0
Office of Inspector General Program (\$/FTE)	Amount	\$ 597	\$ 711	\$ 611	
	FTE	2.5	2.5	2	-0.5

<p align="center">Summary of FY 2027 Spending Compared to the FY 2026 Congressionally Requested Budget (\$40,000,000) By Spending Type</p>	<p align="center"><i>Proposed FY 2027 Budget \$40,000,000</i></p>
<p>Employee Salary and Benefits Request: \$27,064,121</p> <p>Advancing the Commission’s mission requires sustained operational capacity. The FY 2027 budget request includes funding for 125 FTEs.</p>	<p align="center">  +\$1,195,121 </p>
<p>Rent & Building Security Request: \$4,447,190</p> <p>The total cost for leasing the Washington, D.C. headquarters office space in FY 2027 will be \$3,373,190. The lease agreement is a negotiated contract through the U.S. General Services Administration (GSA) and is scheduled to increase by \$127,749 in FY 2027. The building security is estimated to cost \$1,074,000.</p>	<p align="center">  +\$206,820 </p>
<p>Information Technology Request: \$5,801,059</p> <p>The Commission continues to implement cloud-based IT enhancements, as well as tools to improve productivity, collaboration, and data analysis. The cost reflects an emphasis on cybersecurity, privacy, records management, application maintenance, communications, and a refresh of equipment initiatives. These funds would also enable progress in managing internal data and infrastructure, making certain data is more accessible, and improving the digital experience for stakeholders.</p>	<p align="center">  -\$621,707 </p>
<p>Travel & Training Request: \$350,000</p> <p>The Commission operates within a specialized regulatory field and relies on subject matter experts with the knowledge, skills, and abilities essential to fulfilling its mission. Investment in job-specific training and leadership development is critical to advancing workforce capability and preparing future leaders. The Commission’s request also includes funding for travel to support its enforcement efforts, consumer assistance, and outreach to U.S. exporters.</p>	<p align="center">  -\$103,000 </p>
<p>All Other Budget Requirements Request: \$2,337,630</p> <p>The Commission requests \$2,338,000 to support essential operational needs, including assistance and advisory services, contracted support from non-federal sources (such as accounting and payroll services), and the procurement of the equipment necessary to maintain a modern, efficient, and mission-ready work environment. These resources are vital to ensuring financial integrity, operational effectiveness, and the continued support of the Commission’s responsibilities.</p>	<p align="center">  -\$223,576 </p>

Appropriation Language

Salaries and Expenses

For necessary expenses of the Federal Maritime Commission as authorized by section 46107 of Title 46, United States Code, including services as authorized by section 3109 of Title 5, United States Code; hire of passenger motor vehicles as authorized by section 1343(b) of Title 31, United States Code; and uniforms or allowances therefore, as authorized by sections 5901 and 5902 of Title 5, United States Code, \$40,000,000 of which \$2,000,000 shall remain available until September 30, 2028: provided, that not to exceed \$3,500 shall be for official reception and representation expenses. (Note - This account is operating under the Continuing Appropriations Act, 2026 (Division A of Public Law 119–37)).

Budgeting for Results: FY 2027 Mission Priorities

The FMC ensures fair treatment and unimpeded access to international ocean shipping for U.S. importers and exporters and U.S.-flag carriers. To this end, in FY 2027, the Commission will continue expanding its competition program to increase oversight of antitrust-exempt operational agreements and enhance its ability to monitor multiple or overlapping agreement activities across trade lanes and carrier groupings.

Moreover, the Commission will investigate and prosecute substantive ocean shipping law violations and provide informal dispute resolution services to keep cargo moving, allowing ocean transportation consumers to avoid costly litigation. The Commission will leverage its expert compliance staff to bring ocean transportation intermediaries and passenger vessel operators into compliance with licensing and financial responsibility requirements, protecting American shippers and cruise passengers from unscrupulous or financially unstable operators.

Underpinning these priorities are enhanced information technology systems initiated in FY 2025 and FY 2026 under a comprehensive plan, with full implementation scheduled for FY 2027. In addition, deployment, system maintenance, and further enhancements will be conducted in FY 2027 to ensure continued efficiency, reliability, and alignment with evolving operational needs. These efforts will streamline the FMC's workflows and reduce unnecessary regulatory burdens on industry stakeholders.

Ensuring a Competitive Ocean Transportation System

The Commission's competition program ensures oversight of antitrust-exempt agreements filed by ocean common carriers and marine terminal operators. These agreements help maintain stability and reliability in the ocean shipping supply chain, benefitting American importers and exporters. They are closely monitored by the Commission to ensure that they do not cause unreasonable increases in transportation costs or unreasonable reductions in transportation services. Monitoring is conducted by reviewing meeting minutes filed by agreement parties, holding semi-annual discussions with certain agreement parties at the FMC's headquarters, and tracking global trade data to detect and address effects on the supply and price of shipping services. The Commission also monitors the level of concentration within the shipping industry, and the impacts of ocean common carrier collaboration on concentration levels. There are 380 antitrust-exempt agreements on file with the Commission. In FY 2025, the Commission consolidated the competition program, which had been spread across two agency offices, into the Office of the General Counsel. With this realignment, the economists, trade analysts, and lawyers in the program are unified in a single team, enabling improved oversight.

The Commission's controlled carrier program monitors the rates of ocean common carriers that are owned or controlled by foreign governments, to ensure that they do not abuse their subsidized position and distort the shipping market by engaging in unreasonable below-cost pricing. There are currently seven controlled carriers operating in U.S. foreign commerce; six are from the People's Republic of China, and one is from the Republic of Korea.

The Commission's international affairs program identifies and recommends actions to address laws or regulations by foreign governments, or practices by foreign-flag carriers, that create unfavorable conditions in U.S. shipping, or discriminate against U.S.-flag carriers. This oversight ensures that U.S. carriers and shippers benefit from full and fair access to the global shipping market. In FY 2025, the Commission concluded one proceeding concerning ballast water regulations of the Government of Canada, after Canada agreed to exempt U.S.-flag carriers from the applicability of these regulations. The Commission initiated three new proceedings in FY 2025 that will continue into FY 2026 and FY 2027. The first is directed towards allegations that the Government of Spain has discriminated against U.S.-flag carriers by denying entry to its ports, including denying entry to U.S.-flag vessels in the Maritime Security Program. The second is a nonadjudicatory investigation of possible unfavorable shipping conditions caused by transit constraints at certain key maritime chokepoints, including the Panama Canal, Suez Canal, Strait of Gibraltar, and the Straits of Malacca and Singapore. The third is a nonadjudicatory investigation of possible unfavorable shipping conditions created by low-quality flags of convenience in global shipping.

In FY 2027, the Commission will continue to advance these proceedings while monitoring emerging foreign practices that may affect U.S. maritime interests. The program remains vital to safeguarding fair treatment of U.S. carriers and preserving competitive conditions in international shipping.

Prosecuting Violations of Shipping Laws

The Commission's enforcement program investigates and prosecutes civil violations of U.S. shipping laws, as well as Commission regulations. The FMC's enforcement work stops ongoing unlawful practices and activities and serves as a significant deterrent to other regulated entities that may consider similar unlawful actions within the industry. In FY 2025, the enforcement program successfully resolved multiple cases through the Commission's compromise procedures, resulting in the collection of \$1,350,000 in civil penalties. Through consistent and targeted enforcement, the Commission upholds compliance, safeguards the integrity of the maritime regulatory framework, and promotes just treatment across the industry.

In FY 2025, the Commission centralized its investigative workforce by reassigning remote investigators to its Washington, D.C. headquarters. This action aligned with government-wide directives to return to in-person work, strengthened integration of investigative

functions with the Commission's enforcement strategy, and enhanced collaboration among enforcement staff.

Enforcement Priorities

The FMC's investigative and enforcement priorities focus on unlawful common carrier and marine terminal operators (MTO) practices that negatively impact U.S. shippers or appear to cause market distortion.

Priorities for FY 2027 include, but are not limited to, cases showing:

- A failure by carriers or MTOs to establish, observe, and enforce just and reasonable regulations and practices relating to or connected with receiving, handling, storing, or delivering property;
- Unlawful detention and demurrage practices by carriers or MTOs, and improper use of merchant clauses to impose liability on non-contract parties;
- Unreasonable refusals to deal or negotiate by carriers or MTOs;
- Unreasonable refusals of cargo space accommodations or other unfair or unjust discriminatory conduct by carriers; and
- Unlawful retaliation by carriers or MTOs against shippers, ocean transportation intermediaries (OTIs) or motor carriers.

In FY 2027, the total number of substantive enforcement matters is anticipated to grow. Efficiencies resulting from our realigned enforcement staffing model, coupled with investments in technology, will increase the Commission's ability to prosecute more enforcement matters. The Commission will have a fully operational case management system that will enhance the Bureau of Enforcement, Investigations, and Compliance's (BEIC) ability to track all aspects of an ongoing investigation, proceeding, or compliance review. Building on progress made in FY 2026, the Commission plans to expand its capabilities in FY 2027 through the continued execution of an Interagency Agency Agreement (IAA) with a partner government agency and the full implementation of e-Discovery tools. The tools will streamline the review and organization of the large volume of submitted evidence, which is currently processed manually. This technology will increase efficiency and speed of litigation efforts, bringing the agency current with case management best practices.

By adopting current best practices in digital case management, the Commission will increase the speed and efficiency of litigation efforts, improve the identification of emerging patterns of noncompliance, and enhance its ability to take timely and effective enforcement actions. These advancements will support cost-effective operations, accelerate case resolution, and reduce legal and operational risk—strengthening the Commission's ability to uphold the Shipping Act and ensure regulatory compliance across the industry.

Consumer Assistance

The FMC provides vital ocean shipping consumer assistance to support the public and maritime industry. Several ongoing programs directly help U.S. importers, exporters, and other stakeholders resolve shipping disputes, including informational assistance services, informal dispute resolution, and the adjudication of formal complaints before the Commission. The Commission also engages the National Shipper Advisory Committee to better understand the evolving needs and concerns of our Nation’s importers and exporters.

As demand for consumer assistance is expected to increase in FY 2027, the Commission plans to strengthen its capabilities by investing in advanced technologies—specifically AI tools and services—to enhance data analysis. Leveraging these technologies will enable the agency to identify trends, respond to emerging challenges, and deliver more adaptive, data-driven support. The funding level requested for FY 2027 will support these enhancements and ensure the Commission continues to meet stakeholder needs in an increasingly complex global trade environment.

Informal Dispute Resolution Assistance: Keeping Cargo Moving

The Office of Consumer Affairs and Dispute Resolution Services (CADRS) has experienced analysts and attorneys on staff who assist the public in finding solutions to their commercial disputes without having to bring formal legal action. When assistance is requested, CADRS staff work with parties to identify solutions to move cargo whenever possible, avoiding further delays and costs. CADRS also offers mediation services provided by trained mediators with industry experience. All CADRS’ assistance is provided without charge, and all communications are confidential.

In FY 2025, the number of informal disputes handled by CADRS continued to grow, and this trend is expected to persist in FY 2026 and FY 2027. In FY 2025, CADRS staff facilitated 372 informal disputes, an increase from 272 cases in FY 2024. Through this work, the CADRS team has successfully helped recover approximately \$1.7 million for cruise passengers, shippers, and other supply chain participants. CADRS staff also conducted 39 mediations and preliminary conferences, resulting in settlements totaling approximately \$11.4 million. CADRS staff will continue to provide informational assistance and education to regulated entities when potential compliance issues arise. These efforts help promote voluntary compliance and reduce the likelihood of future disputes.

The case management system initiated in FY 2025 is driving internal workflow improvements in FY 2026 and will continue to enhance CADRS’ operations in FY 2027. These advancements are increasing operational efficiency, improving service delivery, and contributing to better outcomes for the public. In FY 2027, CADRS will expand its outreach to the maritime industry, particularly in support of U.S. exporters. As part of this strategy, CADRS will

continue to strengthen relationships with stakeholders across the supply chain to raise awareness of its services and advance the Commission's broader export-focused mission.

Ensuring Industry Compliance

The Commission's statutory and regulatory authorities apply to international waterborne commerce as well as passenger vessel operations calling at U.S. ports. Strong oversight of industry activity ensures compliance with U.S. shipping laws.

Licensing and Financial Responsibility for Ocean Transportation Intermediaries and Passenger Vessel Operators

The Commission administers 46 C.F.R. Parts 515 (Licensing, Registration, Financial Responsibility Requirements, and General Duties for Ocean Transportation Intermediaries) and 540 (Passenger Vessel Responsibility). There are over 9,600 ocean transportation intermediaries (OTIs) regulated by the Commission, and the Commission is responsible for ensuring that applicants for OTI licenses employ a Qualifying Individual with the necessary character and a minimum of three years of shipping experience in the United States. Additionally, OTI applicants must demonstrate financial responsibility by means of a bond, insurance, or other Commission-approved financial instrument. The Commission maintains a triennial renewal program to ensure that OTIs are regularly required to review and update their information on file with the Commission.

The Commission also oversees a program to ensure financial responsibility for passenger vessel operators (PVOs), commonly referred to as cruise lines, that have berth or stateroom accommodations for 50 or more passengers and embark passengers at U.S. ports and territories. The FMC ensures PVOs demonstrate adequate financial responsibility in case of nonperformance of voyages or death or injury occurring to passengers and prevents unscrupulous or financially unstable operators from serving U.S. ports. There are 48 PVOs and 303 cruise vessels currently enrolled in the program.

Current rules and regulations of the PVO program mandate that passengers be compensated for damages, within 180 days, of all fees, including ancillary fees, paid to the PVO. The rules and regulations have increased the scope and complexity of cases involving PVO nonperformance. The Commission has expanded technology systems resources for this program to conduct ongoing monitoring and compliance work, and to perform outreach. Additionally, the Commission has dedicated resources to facilitate communication between PVOs that may be facing possible bankruptcy proceedings or have filed for bankruptcy, their financial providers, and passengers to ensure that adequate refund processes are established for timely distribution to passengers. The Commission continues to strengthen processes for monitoring and maintaining compliance to ensure cruise passengers are protected from nonperformance of cruise lines.

In FY 2025, the Commission enhanced its licensing and certification systems to improve data accuracy, streamline processing, and strengthen oversight. These improvements will continue to support more efficient application reviews, renewals, and compliance monitoring in FY 2026 and FY 2027. Building on this foundation, the Commission will further refine its internal coordination processes in FY 2027 to escalate and resolve compliance issues more effectively. Additionally, the Commission will explore the use of AI tools to enhance data analysis and trend identification, enabling more proactive compliance, and collaborative informed decision-making across its regulatory programs.

Tariffs and Service Contracts: Improving Compliance Through Technology

The Commission oversees compliance through its regulations at 46 C.F.R. Parts 520 (Carrier Automated Tariffs), 525 (Marine Terminal Operator Schedules), 530 (Service Contracts), 531 (Non-Vessel-Operating Common Carrier (NVOCC) Service Arrangements), and 532 (NVOCC Negotiated Rate Arrangements). Changes in the industry were outpacing the Commission’s legacy systems, creating blind spots in our compliance oversight. The FMC’s IT efforts will close these gaps, through modern, integrated tools that can pull together carrier filings, complaint trends, and tariff data in real time—turning disparate datasets into actionable insight that supports smarter, faster compliance decisions.

In FY 2027, the Commission will continue to work from its enhanced integrated IT system to better automate current processes, thus reducing manual approaches in assessment of NVOCC compliance, and enhancing analytics for NVOCC compliance activities.

The Commission will target compliance activities where they have the highest impact, leveraging automation and advanced risk management techniques. By integrating data tools and automating core oversight functions, we are improving our ability to identify noncompliant behavior earlier and more efficiently. These enhancements enable proactive monitoring of service contract filings, verification that ocean common carriers are properly vetting NVOCCs, and confirmation that carriers and their tariff publishers maintain accurate, current tariffs. We are also intensifying engagement with designated compliance officers to reinforce industry accountability and ensure adherence to key requirements—such as the 30-day publication notice for rate increases—through more frequent and strategic outreach. The Commission will identify entities that fall out of compliance with tariff or financial requirements with better automation, data integration, and analytics. To protect the shipping public and ensure regulatory integrity, the Commission will continue to promptly revoke licenses, coordinate with tariff publishers to cancel postings, and remove non-compliant entities from the FMC web site.

In FY 2027, the Commission will expand on the use of AI and large language models to systematically review regulatory data, identify emerging risks, and align compliance efforts with the FMC’s strategic priorities. The Commission is currently piloting several projects

related to tariff and surcharge compliance, ensuring that carriers are announcing surcharges within regulated timeframes, and are following regulatory guidelines for the posting of tariffs. The use of advanced techniques will flag potential violations for review and possible referral for enforcement. This will considerably reduce manual processes, allowing compliance experts to focus solely on areas of noncompliance to protect the U.S. domestic shipping industry. These processes will also likely increase the number of actionable enforcement referrals on areas of the highest risk—penalizing bad actors from exploiting the domestic shipping public.

FMC Compliance Program

The FMC Compliance program includes the collection of qualitative and quantitative data related to carrier detention and demurrage and includes regular meetings with ocean common carrier representatives. The program helps address data gaps by capturing key supply chain indicators not currently collected by the FMC, other federal agencies, or available publicly. Without this information, the agency may face delays in assessments and decision-making, potentially impacting U.S. importers and exporters in making key shipping decisions.

In addition to data collection, the program provides a forum for focused conversations between senior Commission staff and representatives from ocean common carriers concerning the global supply chain, latest industry trends, and compliance with shipping laws and regulations. Meeting agendas are driven by industry issues. Topics have included congestion and movement of empty containers, fees and billing practices, export strategies, and challenges faced by the industry such as the Francis Scott Key Bridge collapse in the Port of Baltimore, Panama Canal drought disruptions, and the Red Sea crisis.

Under this program, the Commission has tracked trends, policies, and procedures related to detention and demurrage billing and identified best practices for carriers related to communicating their practices to the shipping public. The Compliance Program strengthens the work of the Commission and its ability to monitor maritime conditions and issues, and will continue in FY 2027. More information can be found at <https://www.fmc.gov/detention-and-demurrage/vessel-operating-common-carrier-vocc-audit-program/>.

Ocean Shipping Reform Act of 2022

At the end of FY 2025, the majority of the Ocean Shipping Reform Act of 2022's (OSRA 2022) enhanced authority and provisions for revised regulations were implemented and fully integrated in support of our mission. Key rulemakings completed in FY 2023 and FY 2024 included: (1) the Final Rule on Demurrage and Detention Billing Requirements; (2) the Final Rule on the Definition of Unreasonable Refusal To Deal or Negotiate With Respect to Vessel Space Accommodations Provided by an Ocean Common Carrier; and (3) the Final Rule on

Civil Penalty Amendments to Rules of Practice and Procedure. Work to complete additional rulemakings required under OSRA 2022 will continue in FY 2026 and FY 2027.

Section 10 of OSRA 2022 established a new way for shippers to submit complaints to the Commission regarding charges assessed by common carriers and to receive a refund or waiver for non-compliant charges, 46 U.S.C. § 41310. The FMC quickly developed an interim procedure and posted guidance to its website. In the three years since the enactment of OSRA 2022, more than \$6.1 million in fees have been voluntarily waived or refunded under the new charge complaint process, including \$2.89 million in refunded, waived, or cancelled charges during FY 2025. In FY 2025, the FMC received a total of 296 charge complaints, of which 164 met the criteria for the charge complaint process and were assigned for investigation.

While most charge complaints were voluntarily resolved during the investigation phase, the FMC's process also provides for fast resolution of non-compliant charges disputed by the parties through a proceeding before the Commission where the carrier is ordered to demonstrate the lawfulness of a charge. This temporary process has provided valuable insights, which the Commission will incorporate into a forthcoming rulemaking to establish a permanent Charge Complaint procedure. A rulemaking regarding the Charge Complaint process will begin in FY 2026 and will continue into FY 2027, reflecting the Commission's commitment to transparency, due process, and regulatory certainty for industry stakeholders.

The Commission has also made significant progress in meeting legislative requirements to conduct specific data collections and studies. The requirement to collect and publish information from vessel-operating common carriers (VOCCs) on import tonnage and volumes, as well as empty container metrics is ongoing, with collection beginning in the third quarter of FY 2024. The data, which can be found on the Commission's website, is meant to provide valuable insights into shipping trends, support policy decisions, and enhance transparency in the industry. This initiative underscores our commitment to fulfilling legislative mandates while contributing to a more informed and efficient maritime industry.

Administrative Adjudications

The FMC provides a forum for adjudicatory proceedings for violations of the statutes it administers. These proceedings are handled by the Office of Administrative Law Judges (OALJ), which is responsible for adjudicating complaints in a lawful, impartial, and timely manner. The Commission's goal is to issue Final Decisions in formal proceedings within 24 months of the date of filing. However, due process and the increasing complexity of cases may require additional time to ensure thorough and fair resolution.

In response to growing caseload demands, the Commission entered into a memorandum of understanding (MOU) with the U.S. Department of Health and Human Services' Office of Medicare Hearings and Appeals (HHS/OMHA) in FY 2025. This agreement provides for the detail of two Administrative Law Judges (ALJs) on a reimbursable basis. The MOU will remain in effect through FY 2026 and is expected to continue through FY 2027 to support adjudicatory capacity.

The Commission continues to experience a sustained increase in the volume and complexity of adjudicatory proceedings. Many of the current matters involve multiple parties and tens of thousands of shipments, requiring extensive analysis and coordination. In FY 2025, the OALJ issued over 291 orders—a 10 percent increase from the prior record-setting year and a 73 percent increase from 2023.

The upward trajectory began in 2022 and persisted into FY 2025. By the end of the fiscal year, new small claims were more than double the FY 2022 record. FY 2025 began with five pending small claims cases and saw a record 25 new informal proceedings filed. During FY 2025, a record 17 informal cases were closed, including one that transitioned into formal proceeding under Subpart T. Similarly, the volume of Formal Proceedings closed by the OALJ continued to increase. The OALJ closed more formal cases than it has in any year since records began in 2006 and issued dispositive orders closing 27 formal proceedings—a 17 percent increase from the prior year. These ongoing surges in case volume reinforce the need for sustained adjudicatory capacity and underscore the importance of continued funding in FY 2027 to manage this critical workload effectively.

Information Technology

For FY 2027, the Commission requests \$5.8 million to continue strengthening its digital capabilities, maintain mission-critical systems and infrastructure, and advance innovation in areas such as AI, cybersecurity, and customer service. This investment includes \$4.2 million for core IT operations and \$1.6 million for application operations and maintenance support. These targeted investments will enhance system performance, increase operational efficiency, improve public-facing services, and support the Commission's strategic goals and statutory responsibilities.

Agency Systems Operations and Maintenance Support

As part of the Commission's \$5.8 million IT funding request for FY 2027, \$1.6 million is allocated to support the continued operation, user support, and workflow optimization of mission-critical application systems initiated in FY 2025 and FY 2026. These systems are essential to sustaining core operations, improving data collection, strengthening cybersecurity, and enhancing the efficiency of interactions with the ocean shipping industry.

IT Operations

The Commission requests approximately \$4.2 million in FY 2027 to support the continued operation and maintenance of its core information technology (IT) services, which are fundamental to sustaining daily operations across all bureaus and offices. This funding will ensure the ongoing reliability, security, and performance of the Commission's IT infrastructure, enabling mission-critical functions to be carried out without disruption. The requested financial support will cover network infrastructure upkeep, renewal of software licenses and service subscriptions, acquisition of essential hardware, and implementation of cybersecurity and privacy protections. In addition to supporting operational continuity, this investment undergirds several strategic initiatives—including the implementation of an AI-assisted Freedom of Information Act (FOIA) management system, a cloud-based e-filing system, and broader AI integration efforts to improve data analysis, compliance monitoring, and service delivery. Collectively, these enhancements demonstrate the Commission's commitment to strengthening its digital capabilities, aligning with federal technology mandates, and advancing a more efficient, secure, and responsive regulatory environment.

E-Filing Management System

In FY 2026, the Commission will initiate a secure, cloud-based electronic filing (e-filing) management system to replace its outdated manual case filing processes. To support the continued operation and maintenance of this system in FY 2027, the Commission has allocated \$847,000 as part of its \$4.2 million core IT operations budget. This investment will ensure the system remains reliable, efficient, and accessible for the public, the Office of the Secretary, and the Office of Administrative Law Judges. The e-filing platform will streamline case intake, enhance tracking and processing capabilities, and significantly improve the ability to publicly share case information—meeting growing demands for transparency, efficiency, and effective recordkeeping.

Hosting of External Facing Website

Included within the Commission's \$4.2 million allocation for core IT operations in FY 2027 is \$110,000 to support the hosting, security, and maintenance of FMC.gov, the agency's primary public-facing website. FMC.gov serves as a critical digital platform for disseminating regulatory information, compliance guidance, consumer resources, and the Open Data Act. This investment ensures that the site remains reliable, secure, accessible, and fully compliant with federal digital service and open data standards.

Automating FOIA Management Processes

In FY 2027, the Commission plans to implement a comprehensive FOIA management system to enhance transparency and improve response times. Approximately \$200,000 of the \$4.2 million allocated for core IT operations will support this initiative. The system will centralize data storage, automate workflows, and incorporate compliance tools and

security controls to safeguard sensitive information. Automating the FOIA process will reduce administrative burdens, increase accuracy, and ensure timely, compliant responses to public inquiries in alignment with statutory obligations.

Advancing Data Management Practices and AI Integration

In alignment with OMB Memorandum M-25-21, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust*, the Commission is committed to advancing data governance, strengthening workforce data capabilities, and expanding the use of AI to support evidence-based decision-making. In FY 2027, the Commission will build upon foundational work performed in FY 2026 by leveraging existing tools and resources to further integrate data governance, analytics, and AI across its operations.

As part of this initiative and referenced earlier in this document, the Commission will assess current activities for opportunities to incorporate AI technologies that enhance public service delivery, streamline compliance monitoring, and optimize costs. These technologies will automate data analysis, detect patterns and anomalies, and accelerate issue detection—reducing reliance on manual processes, improving risk assessment accuracy, and supporting timely enforcement decisions.

To ensure successful adoption, the Commission will establish cross-functional teams to lead AI implementation through strategic planning, readiness and compliance training, and integration into mission workflows. Ongoing evaluation and governance will ensure responsible AI use, transparency, and measurable outcomes. These efforts will strengthen regulatory effectiveness and enable the Commission to more efficiently allocate resources to high-priority matters, in support of its long-term strategic goals.

Strengthening the Commission’s Cybersecurity Posture

In FY 2027, the Commission will continue to optimize its enterprise-wide cybersecurity and privacy posture in alignment with evolving federal mandates and guidance, including OMB Memorandum M-24-14, M-21-31, and M-22-09, Executive Order 14028, *Improving the Nation’s Cybersecurity* and Executive Order 14306, *Sustaining Select Efforts to Strengthen the Nation’s Cybersecurity and Amending Executive Order 13694 and Executive Order 14144*. These efforts also align with standards and priorities issued by the Cybersecurity and Infrastructure Security Agency (CISA), with a particular focus on cloud-based security, universal encryption, Security Operations Center (SOC) enhancements, and multifactor authentication.

To meet these requirements, the Commission is actively improving its cybersecurity infrastructure and programs, deploying advanced technologies and proactive risk mitigation strategies to address system vulnerabilities, protecting sensitive data, and upholding the confidentiality, integrity, and availability of its information systems. The FY 2027 budget

request includes targeted funding to support enterprise-wide cybersecurity services aimed at improving technical capabilities, operational efficiency, and overall IT governance.

A key component of the Commission's cybersecurity strategy is the continued consolidation of tools and services under a single vendor, which streamlines operations, enhances governance, and ensures consistent protection of critical systems and data across all organizational units. This strategic approach allows for more transparent and efficient management of cybersecurity resources while reinforcing the agency's readiness to defend against sophisticated cyber adversaries.

Administrative Support

Achieving the Commission's mission depends on effective and well-aligned administrative support across key functional areas, including budgeting, procurement, financial management, human resources, and IT oversight. The Commission continues to prioritize efficient internal coordination and compliance with government-wide directives by leveraging interagency shared services to the maximum extent possible. Notably, the Commission partners with the U.S. Department of the Treasury's Bureau of the Fiscal Service, which provides financial accounting support to the Office of Budget and Finance. This collaboration introduces a vital layer of financial oversight and independent review, helping to safeguard against errors, fraud, and misuse of taxpayer resources.

In accordance with the President's Management Agenda and Executive Orders 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, and 14240, *Eliminating Waste and Protecting Taxpayer Dollars by Consolidating Procurement*, the Commission's FY 2027 budget request includes only operations and maintenance costs for current administrative systems. No funding is requested for new efforts in these areas unless they are explicitly aligned with these directives. The Commission remains fully committed to the proper stewardship of public funds and to advancing strategic administrative goals consistent with federal priorities.

For FY 2027, the Commission has allocated \$29,000 to transition onto the Office of Personnel Management's (OPM) new, consolidated Core Human Capital Management (Core HCM) system. The FMC will work closely with OMB and OPM to implement Core HCM, ensuring a smooth and successful transition. This system will benefit the FMC by enabling faster, more accurate personnel actions and providing support in hiring, managing, and retaining talent more effectively. Core HCM will also strengthen security and data integrity at the FMC by establishing a unified, government-wide HR system with robust protections.

The FY 2027 request reflects ongoing investments in system continuity, including costs associated with maintaining existing systems, managing system retirement where applicable, supporting change management, and providing essential training for agency

personnel. By aligning administrative operations with government-wide standards and leveraging shared services, the Commission ensures continued operational efficiency, regulatory integrity, and responsible fiscal management in support of its mission.

Strategic Workforce Management

The Commission recognizes that a merit-based, accountable, and strategically aligned workforce is critical to achieving its mission. In alignment with Executive Orders and federal mandates, the Commission advances initiatives that promote operational efficiency, performance accountability, and long-term workforce readiness. In accordance with Executive Order 14158, *Establishing and Implementing the President's Department of Government Efficiency*, the Commission launched the Deferred Resignation Program (DRP) in February 2025 to facilitate workforce reshaping through voluntary attrition. In 2025, 13 employees elected to take the DRP with official separation dates in 2025, with an additional 14 separating for other opportunities—representing a 20% staff reduction since January 2025. These efforts enabled the Commission to realign staffing without executing a reduction in force (RIF), thereby preserving continuity while meeting mission requirements.

Aligned with Executive Order 14170, *Reforming the Federal Hiring Process and Restoring Merit to Government Service*, the Commission has implemented a Merit Hiring Plan that prioritizes subject-matter expertise, constitutional principles, and job-relevant competencies. This plan supports workforce succession planning, particularly in mission-critical roles such as attorneys, economists, and investigators. Senior leadership remains actively engaged to align statutory hiring requirements to ensure the Commission continues to build and sustain a capable workforce that supports both short- and long-term agency priorities.

In accordance with Executive Order 13839, *Promoting Accountability and Streamlining Removal Procedures Consistent with Merit System Principles*, the Commission has enhanced performance management systems and strengthened supervisory oversight. In FY 2027, the Commission will continue to support performance goal-setting, development of clearly defined performance standards, and the consistent application of corrective measures where necessary. These reforms ensure personnel actions are timely, appropriate, and merit-based, reinforcing a culture of accountability, professional conduct, and results-driven performance throughout the agency.

Lease and Office Space

The Commission leases office space in a commercial building through the GSA. In alignment with Executive Order 14101, *Restoring Common Sense to Federal Office Space Management*, the Commission is committed to maximizing operational efficiency through strategic space utilization and a full return to in-person work. This directive emphasizes the

cost-effective use of federally leased facilities and calls for the termination of non-essential remote work arrangements.

In July 2025, the Commission completed the consolidation of all personnel at its headquarters, a strategic move that has enhanced inter-office collaboration, increased managerial accountability, and improved the efficiency of space utilization. The current facility fully supports the Commission’s operational requirements and mission delivery and aligns with federal expectations for an in-person, results-oriented workforce.

For FY 2027, the estimated rental cost for the Commission’s headquarters is \$3,373,190.24, which includes real estate taxes but excludes building security costs which is estimated at \$1,074,000.00. Real estate tax obligations may fluctuate based on assessed property values, as stipulated in the GSA Occupancy Agreement. The Commission remains focused on reducing underutilized space and maintaining alignment with federal space planning and workforce management priorities.

Leveraging the Buying Power of the Federal Government; Buying American

The Commission is committed to fully supporting the implementation of the President’s Made in America agenda and complying with all applicable domestic sourcing laws. While the Commission’s procurement needs are relatively limited and do not include large-scale infrastructure or capital investments, it consistently prioritizes the acquisition of American-made goods, materials, and services—particularly in areas such as office supplies, IT equipment, and facility support.

The Commission maintains adequate staffing to ensure acquisition and compliance responsibilities are met, including adherence to Made in America requirements. These designated FTEs coordinate with GSA contracting officers, review procurement actions, track contract activity through internal systems, and conduct procurement file reviews to confirm compliance with the Buy American Act and related policies. Staff also leverage federal tools such as the Made in America Office portal and GSA schedules to assess sourcing options and minimize the need for waivers.

In FY 2027, the Commission will continue to clearly communicate procurement specifications that reflect demand for domestic products and will ensure vendors are aware of relevant Made in America provisions. At this time, no waivers are anticipated. However, should exceptions arise, the Commission will consult with the Office of Management and Budget (OMB) and the Made in America Office and request technical assistance if needed to strengthen sourcing strategies or expand access to domestic suppliers.

These ongoing efforts support the broader federal goal of reducing waiver reliance, improving sourcing transparency, and reinforcing the integrity of the U.S. industrial base. The

Commission remains committed to ensuring taxpayer dollars are used in ways that promote American manufacturing and labor whenever practicable.

Continuity of Operations/Mission Resilience

The FMC practices Federal Mission Resilience. The FMC's established continuity of operations program (COOP) follows the Commission COOP Plan, which is revised and tested annually. Quarterly notification tests ensure that communications can be maintained in an emergency. Additional investments are needed to acquire an emergency alert system, which are planned for late FY 2026. Estimated operating costs for the emergency alert system are built into the FY 2027 budget and for future fiscal years. As noted earlier, IT investments will further the FMC's ability to continue to provide its mission-critical services to the public, including in a COOP situation.

Equal Employment Opportunity at the FMC

The Office of Equal Employment Opportunity (OEEO) ensures that the FMC complies with federal equal employment opportunity laws, executive orders, and regulatory requirements. OEEO upholds key statutes, including Title VII of the Civil Rights Act, the Rehabilitation Act, the Age Discrimination in Employment Act, the Equal Pay Act, the Genetic Information Nondiscrimination Act, and the Pregnant Workers Fairness Act.

OEEO manages all phases of the complaint process—informal counseling, formal investigations, and final agency decisions—with support from contract investigators and alternative dispute resolution (ADR) services. The office ensures compliance with settlement agreements and proactively identifies systemic issues through trend analysis.

In accordance with EEOC Management Directives 110 and 715, and the No FEAR Act, OEEO provides mandatory training for employees, supervisors, and EEO counselors. Training content is aligned with executive mandates.



FEDERAL MARITIME COMMISSION
Washington, DC 20573

January 15, 2026

Office of Inspector General

The Inspector General Reform Act (Pub. L. 110-149) was signed by President George W. Bush 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 (F M C) Inspector General submits the following information relating to the OIG's requested budget for FY 2027:

- the aggregate budget request for the operations of the OIG: \$611,972
- the portion of this amount needed for OIG training: \$4,500
- the portion of this amount needed to support the CIGIE: \$2,438

I certify as the Inspector General of the FMC that the amount requested satisfies the needs of the OIG for FY 2027, including all FMC OIG training requirements, and resources to support CIGIE.

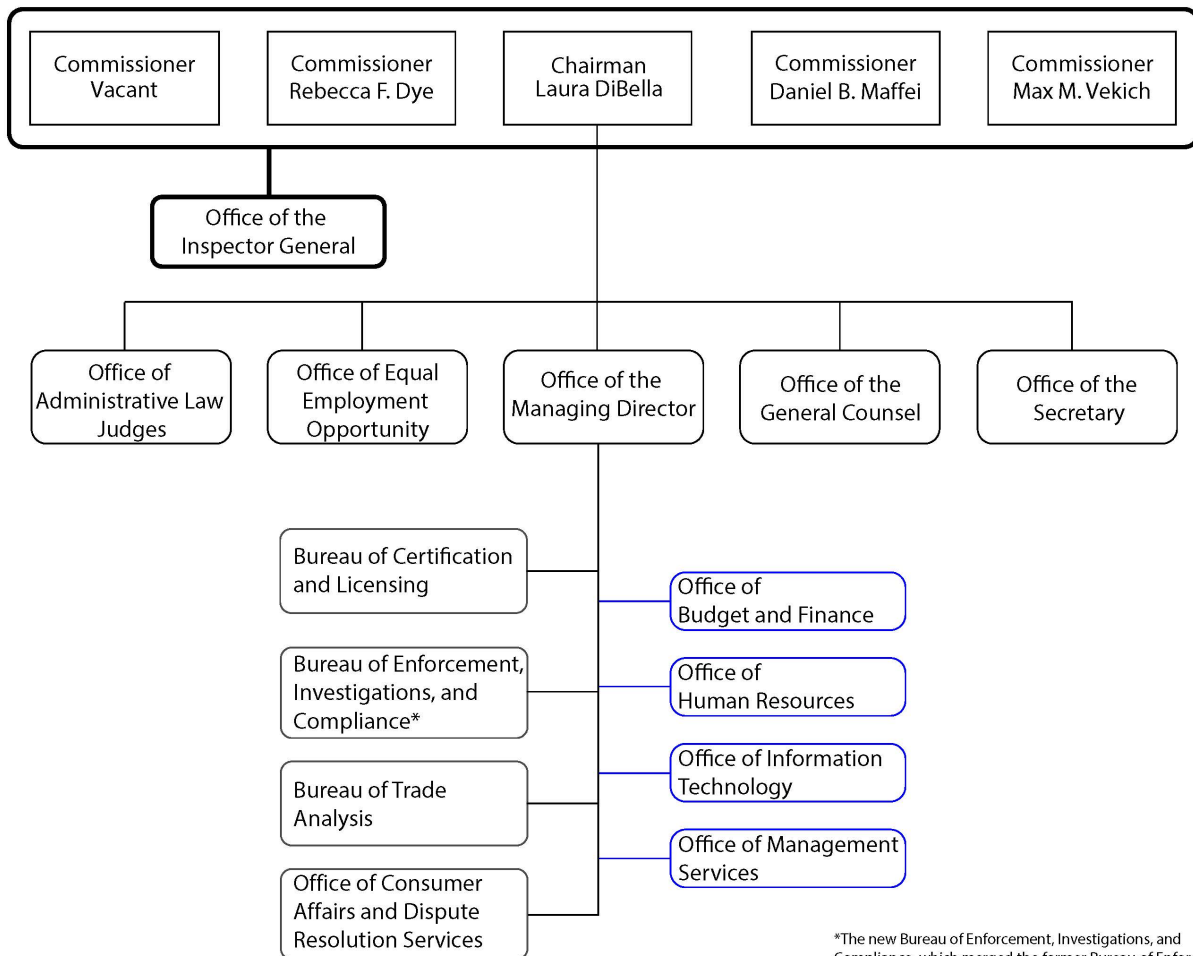
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Jon Hatfield, Inspector General
Federal Maritime Commission

Organizational Information

Organization Chart

The FMC is comprised of five Commissioners nominated by the President and confirmed by the U.S. Senate, each serving a staggered five-year term. The Commission is a bipartisan body; no more than three members of the Commission may be of the same political party. One Commissioner, designated by the President, serves as Chairman. The Chairman is the Chief Executive and Chief Administrative Officer of the Commission.



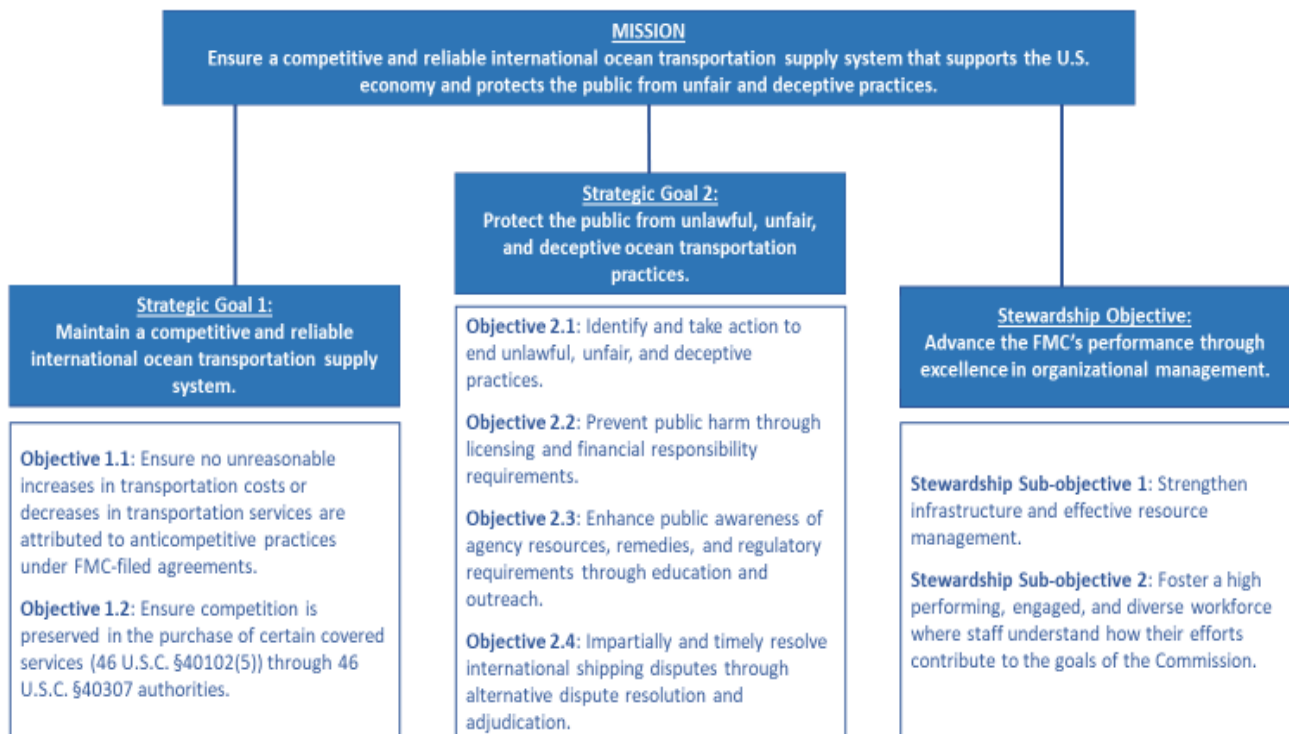
*The new Bureau of Enforcement, Investigations, and Compliance, which merged the former Bureau of Enforcement and Area Representatives into a new bureau, will be reflected in an upcoming rulemaking.

Statutes Administered

The Federal Maritime Commission administers Subtitle IV (Parts A through D) of Title 46, United States Code, including the various amendments to Title 46 implemented by the Ocean Shipping Reform Act of 2022 and section 834 of the Frank LoBiondo Coast Guard Authorization Act of 2018.

Parts A and B of Subtitle IV govern the regulation of ocean shipping and were formerly known as the Shipping Act of 1984, as amended, the Foreign Shipping Practices Act of 1988 and Section 19 of the Merchant Marine Act, 1920. The Commission also administers Part C of Subtitle IV, formerly sections 2 and 3 of P.L. 89-777, and section 3503(b)(1)(C) of Title 46, United States Code. Part C and section 3503 mandate financial responsibility requirements of cruise line operators towards passengers of such vessels. Part D of Subtitle IV addresses the Commission generally, including its organization and authority to prescribe regulations. Part D also contains various provisions or amendments that were in the Shipping Act, the Foreign Shipping Practices Act, and the LoBiondo Act.

Strategic Goals and Stewardship Objective



Detailed performance information can also be found in the FMC's annual Performance and Accountability Reports at <https://www.fmc.gov/about/strategies-budgets-and-performance/performance-and-accountability-reports/>



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