Federal Maritime Commission

Fiscal Year 2020
Budget Justification

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Chairman

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Competition and Integrity for America's Ocean Supply Chain

Mission

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.

Fulfilling this mission involves achieving two primary goals:

1. **Maintain a competitive and reliable international ocean transportation supply system.**
2. **Protect the public from unlawful, unfair, and deceptive practices.**

Overview of the FMC

First constituted over 100 years ago as the United States Shipping Board in the Shipping Act of 1916, the Federal Maritime Commission (FMC or Commission) was authorized in its current form as an independent Executive Branch agency in 1961. International ocean shipping is vital to the Nation's commerce, moving more than $1 trillion in U.S. exports and imports each year.

From its beginning, the Commission has worked to further competition and integrity for America's ocean supply chain. While the specifics of U.S. maritime policy and legislation have evolved over time, the FMC's mission of ensuring a competitive and reliable international ocean transportation supply system and protecting the public from unlawful, unfair, and deceptive ocean transportation practices remain the cornerstone of today's regulatory efforts.

Statutory Authority

The FMC oversees the international ocean transportation supply system to maintain competitiveness and reliability for the shipping public. The FMC also protects the public from unlawful, unfair, and deceptive practices.

The principal statutes administered by the Commission, codified at 46 U.S.C. §§ 40101-44106, are:

- The Shipping Act of 1984, as amended by the Ocean Shipping Reform Act of 1998 (Shipping Act);
- The Foreign Shipping Practices Act of 1988 (FSPA);
- Section 19 of the Merchant Marine Act, 1920 (1920 Act); and
- Sections 2 and 3 of Pub. L. No. 89-777, 80 Stat. 1350.

On December 4, 2018, the Federal Maritime Commission Authorization Act of 2017 was enacted. This authorization included certain amendments to the Shipping Act. The statutory changes provide new FMC authorities for:

- Competition regulatory oversight and remedies for violations of the Shipping Act's antitrust provisions;
- Ocean transportation intermediary (OTI) licensing requirements; and
- Requiring reports and other information filing by marine terminal operators (MTOs) and ocean transportation intermediaries (OTIs).

Regulatory Functions

The FMC maintains a competitive and reliable ocean transportation supply system by:

- Reviewing and monitoring agreements among and between vessel-operating common carriers (VOCCs or Carriers) and among and between MTOs serving the U.S. foreign oceanborne trades to ensure that they do not cause unreasonable increases in transportation costs or decreases in transportation services;
- Maintaining and reviewing confidentially filed service contracts which provides a critical source of data and information on trends in carrier pricing and services;
- Providing a forum for exporters, importers, and other members of the shipping public to obtain relief from ocean shipping practices or disputes that impede the flow of commerce;
- Ensuring common carriers' tariff rates and charges are published in private, automated tariff systems and publicly available;
- Monitoring rates, charges, and rules of government-owned or -controlled carriers to ensure they are just and reasonable; and
- Acting to address unfavorable conditions caused by foreign government or foreign business practices in U.S. foreign shipping trades.

The FMC protects the public from financial harm and contributes to the integrity and security of the Nation's import and export supply chains and ocean transportation system. FMC activities include:

- Licensing and registering non-vessel-operating common carriers (NVOCCs), and licensing U.S.-based freight forwarders, collectively OTIs;
- Administering and enforcing a surety bond program to ensure payment of judgments for damages by OTIs;
- Investigating and prosecuting violations of the Shipping Act and related statutes;
- Helping resolve disputes involving the shipment of goods or the carriage of passengers;
- Adjudicating private party complaints alleging Shipping Act violations;
- Ensuring that passenger vessel operators maintain proper financial coverage to reimburse cruise passengers in the event their cruise is cancelled or to cover liability in the event of death or injury at sea; and
- Registering and annually verifying VOCC status of ocean common carriers operating in U.S. trades and the status of U.S.-based MTOs.

Our Organization

The FMC is directed by five Commissioners nominated by the President and confirmed by the Senate, each serving a staggered five-year term. No more than three members of the Commission may be from the same political party. One Commissioner, designated by the President, serves as Chairman, Chief Executive, and Chief Administrative Officer of the Commission. Michael A. Khouri, a Commissioner since 2010, was designated Acting Chairman on January 23, 2017, and designated Chairman on March 7, 2019.

The FMC's staff is comprised of economists, attorneys, and experts in ocean transportation. While most of the workforce is located at its Washington, D.C. headquarters, the Commission maintains a presence in six major port locations nationwide. In FY 2018, the FMC realigned its Office of Consumer Affairs and Dispute Resolution Services under the Office of the Managing Director, recognizing management efficiencies and improving information sharing among program offices.

In addition to the Commissioners' offices, the staff of the FMC is organized into 10 bureaus and offices:

The Bureau of Certification and Licensing (BCL) protects the public from financial harm through its OTI licensing, registration, and surety bonding programs. BCL also protects the public by requiring Passenger Vessel Operators (PVOs) to maintain adequate financial coverage to reimburse cruise cancellations or to cover liability in the event of death or injury at sea.

The Bureau of Enforcement (BOE) is the prosecutorial arm of the Commission. Bureau attorneys serve as trial counsel in formal proceedings, and protect the shipping public by working closely with the Commission's Area Representatives in investigations of potential violations of the Shipping Act and Commission regulations. BOE negotiates settlements and informal compromises of civil penalties, and may act as investigative officers in formal fact-finding investigations.

The Bureau of Trade Analysis (BTA) analyzes and monitors the concerted activities of VOCCs and marine terminal operators to detect and guard against possible anticompetitive abuse of authority contained in filed agreements under the Shipping Act that could result in substantial increases in transportation costs or decreases in transportation services; and to identify and address other prohibited activities. BTA also reviews and analyzes service contracts, monitors rates of foreign, government-owned controlled carriers; and reviews carrier-published tariff systems under the accessibility and accuracy standards of the Shipping Act.

The Office of the Administrative Law Judges (OALJ) resolves cases of alleged violations of the Shipping Act and other laws within the Commission's jurisdiction. Through trial hearings and the issuance of an initial decision, the OALJ ensures that the rights of all parties are preserved.

The Office of Consumer Affairs and Dispute Resolution Services (CADRS) provides assistance to shippers, OTIs, cruise operators and passengers, truckers, MTOs, and VOCCs by providing alternative dispute resolution (ADR) services, ombuds assistance, mediation, facilitation, and arbitration to resolve disputes involving cargo shipments, household goods shipments, and cruises.

The Office of Equal Employment Opportunity (OEEO) advises and assists the Commission in carrying out its responsibilities relative to Titles VI and VII of the Civil Rights Act of 1964 (as amended), other laws, executive orders, and regulatory guidelines implementing affirmative employment, and the processing of EEO complaints.

The Office of the Inspector General (OIG) is an independent and objective oversight office created within the FMC by the Inspector General Act of 1978 (as amended) to conduct and supervise audits, inspections, and investigations relating to FMC programs; detect and prevent waste, fraud, and abuse; promote economy, efficiency, and effectiveness; review existing and proposed legislation and regulations; keep the Chairman, Commissioners, and Congress fully informed of serious problems and deficiencies and recommend corrective actions; and, as appropriate, report violations of law to the U.S. Attorney General.

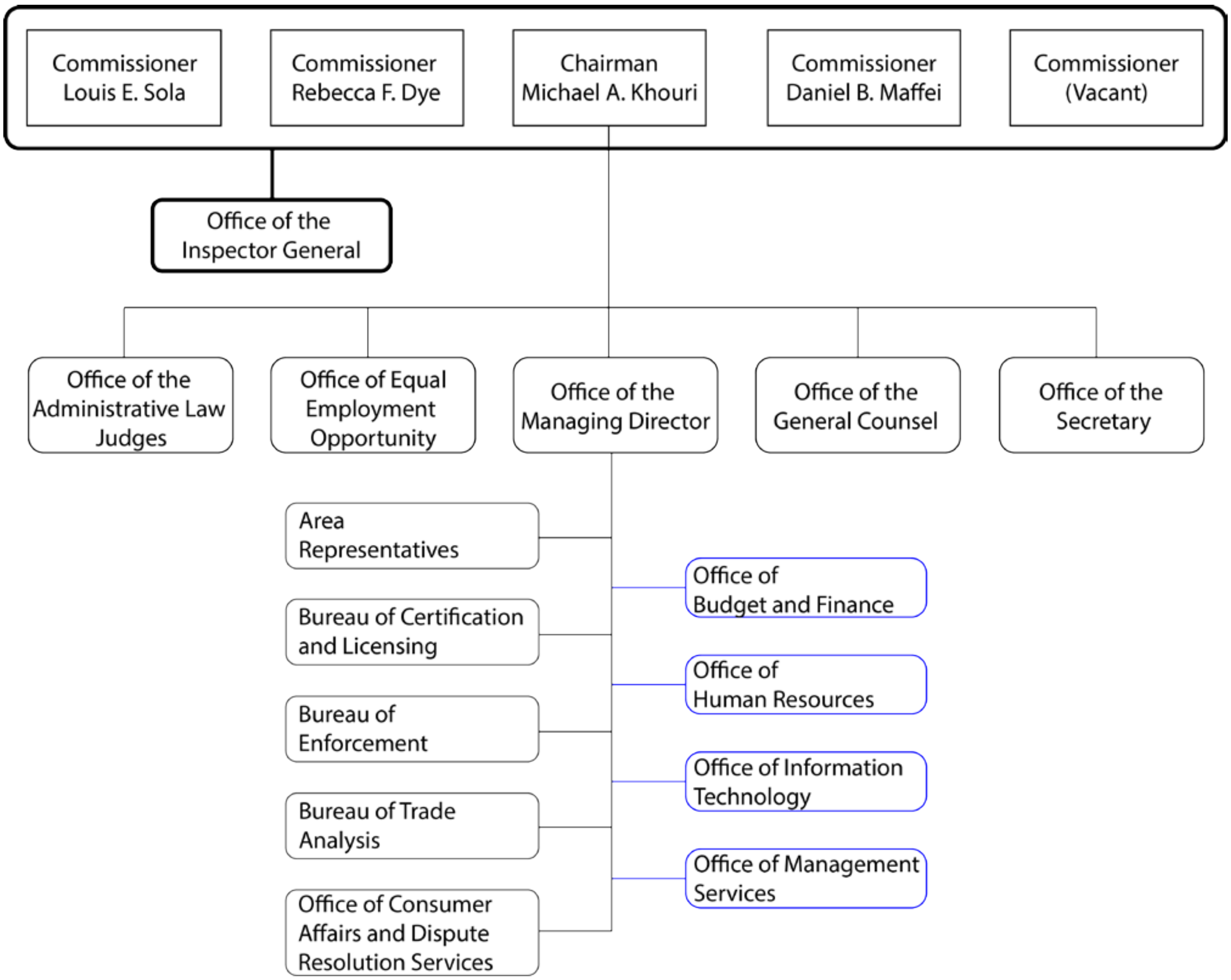
The Office of the General Counsel (OGC) provides sound and timely legal services to the Commission and staff as it fulfills responsibilities that include: preparing final decisions, orders, and regulations for Commission approval and issuance; representing the Commission in litigation before the courts; providing technical and policy assistance to other government agencies engaged in international negotiations or discussions on shipping matters; and providing legal opinions to the Commission, its staff, and the general public in appropriate instances. OGC also oversees the Commission's international affairs activities. The General Counsel is the Commission's Chief Legal Officer.

The Office of the Managing Director (OMD) is responsible for implementing the administrative directives of the Chairman, the management and coordination of Commission program offices and bureaus, and overseeing the agency's Area Representatives located in six major port areas nationwide. It has direct oversight of the administrative offices of the Commission, which include the offices of Budget and Finance, Human Resources, Information Technology (OIT), and Management Services. The Managing Director is the Commission's Chief Financial and Operating Officer.

The Office of the Secretary (OS) serves as the office through which all filings are made in Commission proceedings, notices of proceedings are given, and from which all official actions are issued by the Commission. The OS prepares and maintains agenda matters and actions taken by the Commission; maintains official files and records of formal proceedings; ensures compliance with the Freedom of Information, Government in the Sunshine, and Privacy Acts; responds to information requests from the public; issues publications and authenticates instruments and documents of the Commission; maintains a public reference/law library and a docket library; and oversees the organization and content of the Commission's website.

Federal Maritime Commission
Organization Chart*

March 2019



*This is the current organization chart for the Commission, depicting a Congressionally-authorized realignment of the Office of Consumer Affairs and Dispute Resolution Services under the Managing Director, approved April 27, 2018. Counterpart changes in 46 C.F.R. Part 501 are currently pending publication.

Proposed Appropriation Language: Salaries and Expenses

For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. § 307), including services as authorized by 5 U.S.C. § 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. § 1343(b); and uniforms or allowances therefore, as authorized by 5 U.S.C. §§ 5901 - 5902, ~~$27,490,000~~ $28,000,000: Provided, That not to exceed $2,000 shall be available for official reception and representation expenses. (Proposed text derived from: *Consolidated Appropriations Act, 2018,* P.L. 115-141)

Fiscal Year 2020 Budget Request

The FMC's Fiscal Year (FY) 2020 Budget Request is $28,000,000 to support 128 full-time equivalents (FTEs). This funding level builds on the Commission's FY 2019 budget request of $27,490,000 and reflects necessary increases in operating costs and information technology modernization.

International ocean shipping is vital to the Nation's commerce, moving more than $1 trillion in U.S. exports and imports each year. The FMC's significant statutory mandate – 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 – belies its relatively small budget and workforce complement. Continuing a trend that has spanned the past decade, the international ocean transportation industry continues to adjust and react to challenging market conditions. Carriers and MTOs have been forced to find ways to cut costs and realize greater efficiencies, whether individually or through consolidation, mergers, or operational cooperation with their competitors under agreements filed with the FMC. These changes in carrier and MTO-concerted activity and market structure require the FMC to continue to quickly respond by timely and efficiently analyzing the competitive impact of proposed agreements in the VOCC and MTO industries to guard against possible anticompetitive abuse of the filed agreement authority. These reviews focus on avoiding unreasonable increases in transportation costs or decreases in transportation services, and address other activities prohibited by the Shipping Act.

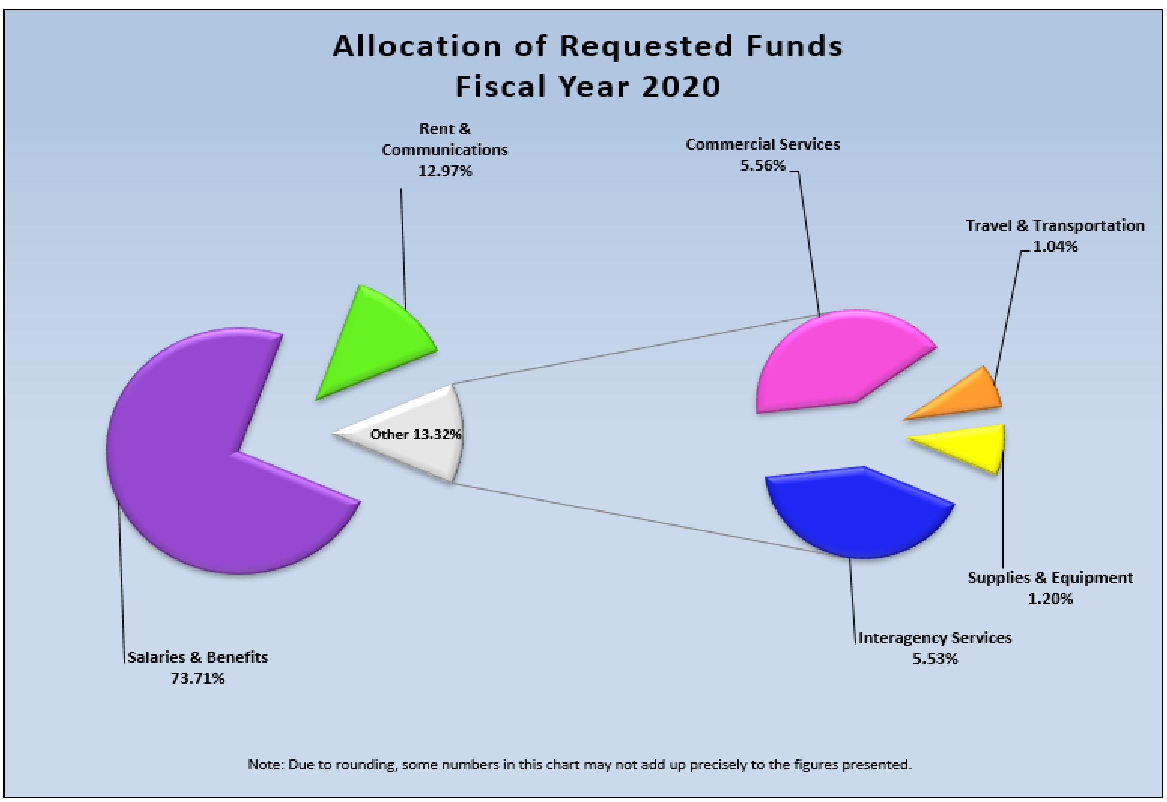
The FMC ensures a competitive and reliable international ocean transportation supply system in part by balancing the cost-containment strategies and cooperative working arrangements among carriers or MTOs with the legitimate business needs of the Nation's many exporters/ importers to ensure that their goods reach international markets efficiently and reliably. As the industry continues to evolve and change, the FMC will continue to focus on competition and integrity for America's ocean supply chain by:

- Analyzing and monitoring key U.S. trade lanes;
- Assessing the competitive effects of agreement parties' activities, particularly focusing on issues of costs (freight rates), vessel capacity (supply) and equipment availability upon the business community; and

- Monitoring changes taking place in the provision of chassis for the inland movement of containerized goods, and the competitive effects of changing carrier alliance structures, particularly as they may affect concerted procurement of carrier services in U.S. ports.

For many years, the appointed Commissioners and professional staff of the FMC have trimmed and refined the agency's operating budget with a focus on supporting its statutorily mandated mission and the Administration's needs and objectives. The Commission's past budgets were targeted and fiscally responsible. Workload and staffing needs (stated in FTEs) were balanced and reconciled annually against supplemental contract support and information systems development designed to manage FTE growth and improve the quality and timeliness of FMC decision-making. Consistent with its past budgets, the FMC's FY 2020 Budget Request remains fiscally responsible, carefully balancing workforce requirements to meet strategic performance goals, while developing and deploying necessary IT security capabilities and modernizing its IT services delivered to the American tax payer.

At the Presidential budget amount of $28,000,000, this budget request covers estimated costs for mandatory operational needs. As depicted in the following chart, 86.68 percent of the FMC's FY 2020 Budget Request provides for salaries and benefits, mandatory rent and communications, mandatory building security, telephones, and interagency services. The remaining 13.32 percent must cover mission-critical commercial services, supplies and equipment, training, and official travel.



This FY 2020 Budget Request includes several graphs and tables which explain the funding and FTE resources needed to meet the Commission's mission and statutory mandates.

- Appendices A and B provide detailed funding and FTE requirements at the program level;
- Appendix C categorizes the funding resources needed for FY 2018 through FY 2020 by object class;
- Appendix D provides funding by program areas and the relationship of the Commission's obligations to outlays by fiscal year. Each of these tables is predicated upon the President's FY 2018 and FY 2019 budget levels;
- Appendix E provides an overview of the FMC's Strategic Goals, Objectives and Performance Measures covering FY 2018-2022;
- Appendix F provides the Commission's Workload Summary statistics;
- Appendix G sets forth the IT Resources Statements for the Commission; and
- Appendix H is the Certification of the Office of the Inspector General's FY 2020 Budget Request.

FMC Strategic Plan and the FY 2020 Budget Request

International ocean transportation continues to evolve rapidly. Container ships revolutionized ocean shipping fifty years ago. Globalized international trade has significantly increased over the past several decades. The FMC has adapted to and evolved with the industry. From its creation over a hundred years ago, and in its current form since 1961, the FMC's mission remains vital. While the specifics of U.S. maritime policy and legislation have changed markedly during the last few decades, the FMC's goal of protecting American exporters, importers, and consumers remains the cornerstone of today's regulatory efforts. Consequently, the Commission focuses on maintaining a competitive international ocean transportation system for U.S. exporters and importers and protecting the shipping public from financial harm.

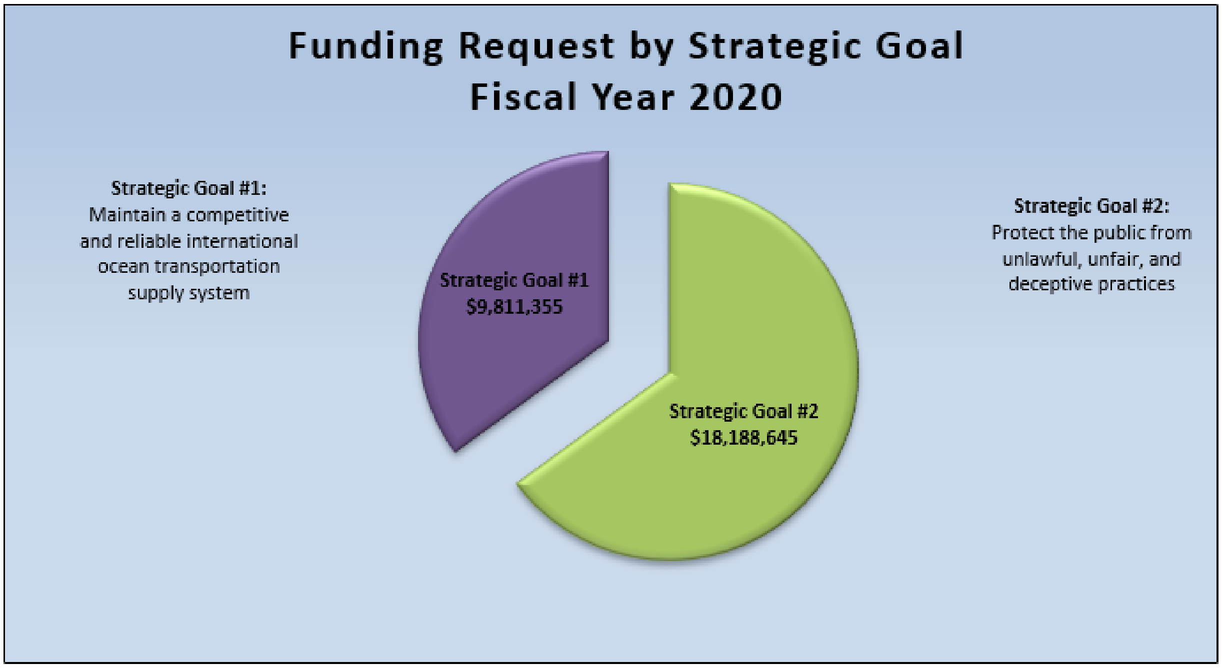
In FY 2018, the Commission published its FY 2018-2022 Strategic Plan, providing the framework to address current and anticipated challenges in the ocean transportation industry over the next five years. The Strategic Plan calibrates performance measures to ensure the Commission is meeting its statutory mission and the needs of a rapidly-changing ocean shipping industry. The FMC's Strategic Plan is a living document, flexible and adaptable, as the shipping industry and the challenges facing the industry continue to evolve, while providing clear and measurable targets that will drive continuous improvement in the FMC's performance.

The Commission's FY 2018-2022 Strategic Plan contains two strategic goals. The first goal – *maintain a competitive and reliable international ocean transportation supply system* – encompasses the critical tasks of reviewing and monitoring carrier and MTO agreements, and monitoring foreign shipping practices. The second goal – *protect the public from unlawful, unfair, and deceptive practices* – encompasses a broader mandate to protect the shipping public. As reflected in the table below, of the total FY 2020 request, $9,811,355 and 41.88 FTEs are needed to support Strategic Goal 1. Strategic Goal 2 support requires $18,188,645 and 86.12 FTEs.

Federal Maritime Commission				
Executive Summary				
		FY 2018 Actual	FY 2019 Estimate	FY 2020 Request
FTE:	**Headquarters & Field**	**115.92**	**123.10**	**128.00**
Cost:	**Salaries & Benefits**	$18,317,424.89	$20,082,000.00	$20,638,000.00
	Non-Personnel Expenses	$8,503,747.24	$7,408,000.00	$7,362,000.00
	Total Cost	**$26,821,172.13**	**$27,490,000.00**	**$28,000,000.00**

FY 2020 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
41.88	**86.12**

FY 2020 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$9,811,355.37	**$18,188,644.63**



In addition to the FMC's Strategic Goals, the Commission's budget request supports the President's Management Agenda and vision of reform through accountability, excellent customer service, and fiscal stewardship. By contributing to government-wide initiatives that increase efficiencies, improve customer service, and support transparency, the FMC will make a positive difference in the lives of the American people and the economy. The FMC's mission supports the President's commitment to economic growth and job creation.

FMC action items to support the President's Management Agenda, addressed on pages 24-35, identify the FMC's ongoing commitment to fiscal stewardship by continually looking to improve its operational infrastructure, as well as the availability of informational resources for the benefit of the public and industry stakeholders.

FMC Activities and Performance Highlights

This section provides an overview of the programs and work of the FMC that this budget request supports. The FMC's two strategic goals guide the Commission's planning and performance. By measuring performance and meeting its strategic goals, the Commission remains an efficient and effective steward of taxpayer funds.

Additional information on the work of the Commission and its accomplishments can be found in the FMC's Annual Reports, published at www.fmc.gov. Further, the FMC submits its Performance and Accountability Report (PAR) to Congress annually in November and publishes the PAR on its website. The PAR outlines the efficacy of the FMC's programs and ensures that strategic goals are tied to objectives and performance measures that capture actions and results.

Strategic Goal 1: Maintain a competitive and reliable international ocean transportation supply system

Objective: Ensure that actions under filed agreements do not result in unreasonable increases in transportation costs and/or unreasonable decreases in transportation services

The Commission ensures that America's international ocean transportation supply system provides the public with competitive and reliable movements of goods. To maintain the integrity of the international ocean transportation supply system, the FMC monitors, analyzes, and evaluates the competitive impact of the shipping industries' practices, to detect and address as necessary, unreasonable increases in transportation costs and/or unreasonable decreases in transportation services.

The Commission has statutory authorities and regulations to accomplish this goal, including the authority to require the filing of written agreements with the Commission that memorialize agreements or cooperation among carriers and/or MTOs. The Commission analyzes these agreements when they are initially filed and on an ongoing basis thereafter to determine the competitive impact on the industry. The Commission's regulations also require VOCCs to file their service contracts with the Commission, which provides a critical source of data and information on existing or emerging trends in carrier pricing and service behavior. The Commission also classifies and monitors controlled carriers subject to section 9 of the Shipping Act. Common carriers owned or controlled by foreign governments are required to adhere to certain requirements under the Shipping Act, and their rates are subject to Commission review.

VOCC and marine terminal operators file agreements with the Commission, which ensures that the parties' activities comply with U.S. shipping statutes and regulations. In carrying out this responsibility, the FMC reviews agreement monitoring reports, including commercially-sensitive data; prepares economic analyses; and researches and produces studies and profiles on agreements, carrier organizations, marine terminal operators, and market conditions in key U.S. liner trades. The Commission also identifies and researches economic or commercial issues that may distort competition in, or impair access to, U.S. liner markets and remains informed about developments in international trade and the global economy.

The FMC also monitors international ocean shipping rates. Historically, tariffs that specify the rate charged for a commodity and the destination were filed – first in paper tariffs then in a fixed electronic format – with the Commission to memorialize the applicable rate and combat unjust discrimination among shippers. Through a series of deregulatory efforts, and with the growth of technology, tariffs are no longer filed with the Commission, and instead are published electronically and available to the shipping public through the Internet. The Commission has authorized additional flexibilities for the industry to memorialize applicable rates in formats more commonly used in the industry. A regularly utilized format is the service contract, in which a shipper makes a commitment to provide a certain volume or portion of cargo over a fixed period, and an ocean common carrier commits to a specified rate and a defined service level. These confidential contracts are filed with the Commission in the automated SERVCON system. Commission rules also permit NVOCCs to enter into NVOCC service arrangements (NSAs) with their shipper customers, which are like service contracts between VOCCs and shippers. In addition, the FMC is responsible for maintaining an up-to-date electronic listing of ocean carrier tariff locations on the Commission's website for the public's use in identifying ocean carriers' publicly-available rules and rates for transportation of cargo.

FY 2018 Accomplishments

Ocean Carrier Agreements

The VOCC business continued to evolve in FY 2018, as did the Commission's monitoring and review processes. As a result of downward pressure on ocean freight rates and the resulting financial pressures for carriers, consolidation in the ocean carrier industry continued in 2018. Three Japanese carriers, K Line, MOL, and NYK, completed the merger of their container shipping businesses to form the new company Ocean Network Express, which launched operations in April 2018. Nonetheless, the vast majority of agreement filings annually are space charter agreements and associated amendments to existing agreements that are not likely to raise competitive concerns under the standards of the Shipping Act.

As the basis for its analytic work, the FMC receives, reviews, and monitors minutes of agreement meetings and regular informational reports, confidentially filed by parties, to potentially anticompetitive agreements, such as those that discuss freight rates, service contract guidelines, cargo or revenue pooling, and/or the rationalization of vessel capacity. In FY 2018, the Commission received 193 agreement filings, including 149 new carrier agreements, amendments to existing agreements, and terminations of existing agreements. The FMC reviewed, evaluated, and processed 180 filings during the fiscal year, including those pending at the end of the prior fiscal year. (See Appendix F for these and other workload statistics.)

By way of example, carrier agreement-related activities in FY 2018 include:

- Completing a review and economic analysis of an amendment to THE Alliance Agreement, FMC No. 012439-002, to expand the geographic scope of the agreement and provide for the transition of the three merged Japanese carriers into the Ocean Network Express Pte. Ltd.
- Completing a review and competition analysis of an agreement authorizing U.S.-flag carriers to rationalize capacity, pool vessels and revenue, and charter vessel space to each other, Schuyler/U.S. Ocean Space Charter and Cooperative Working Agreement, FMC No. 012482.
- Preparing an economic analysis on a petition from ocean carriers for an exemption under 46 CFR 535.307 from the agreement filing requirements of the Shipping Act, FMC Docket No. P2-17, Petition of COSCO Shipping Lines Co. Ltd. *et al* for an Exemption from Agreement Filing for certain agreements between COSCO and its VOCC affiliate, OOCL.

Marine Terminal Operator Agreements

The Commission oversees 99 marine terminal agreements across the U.S East, Gulf, and Pacific coasts. To facilitate operations, some U.S. marine terminals enter into agreements on rates and/or terminal charges, or to cooperate in their daily terminal operations and related practices. In the landside operations sector during FY 2018, the Commission reviewed MTO and assessment agreements that include:

- Reviewing changes proposed by the West Coast MTO Agreement (WCMTOA), FMC Agreement No. 201143, by which MTOs in Los Angeles and Long Beach would modify their off-peak program to include a truck appointment system intended to reduce idle truck time during peak hours, balance the flow of traffic during day and night shifts, and to provide for a flat fee applicable across all shifts.
- Issuing a Request for Additional Information (RFAI) to WCMTOA to elicit data and information needed to assess the economic and competitive impact of the proposed changes. Based upon the MTOs' responses, the Commission allowed the WCMTOA amendment to take effect.
- Completing reviews and competitive impact analyses of three marine terminal agreements to establish a conference and cooperative working arrangements at the Port of Tacoma, namely, the Husky-Ports America Washington Marine Terminal Cooperative Working Agreement, FMC No. 201240, Tacoma Marine Terminal Operator Conference Agreement, FMC No. 201241, and Tacoma Marine Terminal Operator Cooperative Working Agreement, FMC No. 201242. The Commission issued an RFAI to two of the three Tacoma Agreements, 201241 and 201242, and reviewed staff's updated competitive impact analysis based upon the MTO's responses before allowing the agreements to be implemented.
- Reviewing an agreement between the Georgia Ports Authority and the South Carolina Ports Authority to establish a new chassis pool to serve the South Atlantic region of the U.S. This Agreement, the Southern States Chassis Pool Agreement, FMC Agreement No. 201262, was filed in an effort to reduce the cargo delays the Ports have experienced due to the lack of sufficient high-quality chassis in the region. Upon review, the Commission concluded that any cost increases resulting from the proposed equipment upgrades under the new chassis pool model would likely be offset by the benefits of the agreement.

Fiscal year 2018 saw the substantial completion of a comprehensive audit of all MTO agreements on file with the Commission. This endeavor eliminated obsolete or inactive agreements from the FMC's agreement library, allowed for a more accurate representation of the antitrust immunity afforded by statute to U.S.-based MTOs, and conveyed to the public a clearer understanding of what activities are taking place under those agreements. Additionally, the initiative significantly reduced the administrative burden associated with MTO agreement filings, as almost all MTO agreements can now be filed and amended using the Commission's online eAgreements system. Plans are in place to complete the migration of the few remaining MTO agreements to the online system.

As part of the Commission's MTO agreements audit, entities no longer providing MTO services to ocean common carriers were removed from the Commission's website and are deemed to operate outside the FMC's substantive jurisdiction. In addition, for those MTOs that elect to make their MTO schedules publicly available, staff verified the internet location where those schedules are published and updated the FMC website accordingly to provide more current information to the public.

Service Contracts and Tariffs

During FY 2018, VOCCs filed thousands of service contracts and contract amendments into the SERVCON system. (See Appendix F for these and other workload statistics.) The FMC also processed both original NSAs and amendments filed by NVOCCs until the filing requirement was discontinued effective August 22, 2018 by rulemaking in FMC Docket No. 17-10. The Commission received, processed, and reviewed Form FMC-1 filings, which the Commission uses to provide the location of carrier rate tariffs to the public through its website. The Commission continued to reach out to various service contract filers to encourage the use of web services when filing service contracts to increase efficiency, reduce costs, and eliminate frequent filing errors.

It is anticipated that the service contract and tariff-related workload will remain relatively steady through 2019 and 2020, as several major VOCCs have been slow to implement new regulatory relief under a final rule which allows ocean carriers to file service contract amendments up to 30 days after they become effective. VOCCs do not appear to have adopted this flexibility, advising that internal business processes require that they still process amendments in their respective auto-rating systems, in order for bills of lading to accurately reflect the freight rates and other terms agreed to with shippers, as of the effective date of the change.

A final rule, recently adopted in FMC Docket No. 17-10, eliminated SERVCON and essential terms filings of NSAs for those NVOCCs currently using these tariff alternatives, prospectively reducing their regulatory filing burdens. For those NVOCCs using NVOCC Rate arrangements (NRAs), the Commission allowed NRAs to be amended at any time; allowed inclusion of non-rate economic terms; and permitted NVOCCs to provide for shipper's acceptance of the NRA, by booking a shipment. Since the final rule became effective in July 2018, the Commission has provided guidance to NVOCCs seeking to expand NRA offerings to their shippers or introduce NRAs as a pricing option to their customers.

The continual entry and exit of OTIs to and from the market requires ongoing follow-up on the part of Commission staff to ensure that an accurate listing of tariff publication locations on the Commission's website is maintained, and to ensure that published tariffs meet the Commission's tariff publication requirements. Staff also monitor VOCC tariffs for compliance and to verify that VOCCs continue to operate as common carriers in the U.S. waterborne foreign commerce.

International Affairs

In FY 2018, the FMC informally pursued several matters that involved potentially restrictive foreign practices including new legislation, new interpretations of existing legislation, and new regulations of international carriers' terminal handling charges. The FMC continued to monitor and participate, both formally and informally, in international agreement negotiations that could affect foreign-borne cargo shipments to the United States. In addition, the FMC tracked consumer inquiries regarding possible foreign restrictive shipping practices.

The FMC continued its international outreach efforts by attending and coordinating events with foreign embassies and counterparts. In FY 2018, the Commission, in conjunction with other

Federal agencies, participated in bilateral international negotiations and discussions on shipping matters. In March 2018, the FMC participated in the 4th U.S.-Japan Bilateral Dialogue in Tokyo, Japan. The FMC joined representatives from the Maritime Administration (MARAD), the Coast Guard, and the Department of State to discuss matters pertaining to the state of the industry at large with representatives from the Japanese Ministry of Transport. FMC representatives also met separately with representatives from the Japan Fair Trade Commission. In April 2018, the FMC participated in the 10th U.S.-China Maritime Consultations in Beijing, People's Republic of China. In addition to participating in this bilateral discussion with the Chinese Ministry of Transport, FMC representatives, along with MARAD and Department of State representatives, were also able to participate in the 9th U.S.-China Transportation Forum, which included broader discussions of the maritime industry and other transportation modes. In May 2018, FMC representatives, as well as representatives from MARAD and the Department of State, attended the U.S.-Panama Maritime Bilateral Discussions in Washington, DC. The discussions touched on the economic significance of an expanded Panama Canal, port infrastructure development, mariner training, autonomous vessels, and maritime security.

Supply Chain Innovation Initiative

In December 2017, the 18-month work of the Commission's Supply Chain Innovation Initiative culminated in the issuance of a final report on challenges and commercial solutions to supply chain challenges and related port congestion concerns. Led by Commissioner Rebecca F. Dye, Supply Chain Innovation Teams composed of industry leaders from across the international ocean transportation supply chain discussed challenges and collaborated on solutions to help reduce port congestion and remove related obstacles to efficient U.S. supply chain operations. The teams looked beyond the dock and the terminal gate to identify commercial solutions to existing challenges and increase American international supply chain performance, both for import and export cargoes. The report identified several major systemic challenges, such as the lack of direct customer relationships between actors in the system, such as shippers and marine terminals.

One "Value Proposition" resulting from the initiative is to establish a National Seaport Information Portal to provide visibility of critical, timely information so that self-correction and harmonization can occur in the supply chain. The Port of Los Angeles and GE Transportation are now working with MTOs, shipping lines, cargo interests and railroads to develop, as a pilot project, a single electronic window funneling much-needed data on arrivals, terminal handling, container location and release times in order to optimize use of assets and reduce supply chain costs.

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

Objective 1: Identify and take action to end Unlawful, Unfair, and Deceptive Practices

The Commission effectively uses both its enforcement and compliance programs to identify and act to end unlawful, unfair, and deceptive practices. Major investigations undertaken or completed during FY 2018 continued to address ongoing practices of certain OTIs operating in the volatile China-U.S. inbound trades, as well as VOCCs seeking to operate pursuant to agreements that were not filed with the Commission. Enforcement-based initiatives will continue to address VOCCs and NVOCCs that engage in unfair service contracting practices, particularly those practices which permit unlicensed OTIs to compete unlawfully with carriers and OTIs operating in compliance with U.S. laws. The FMC will pursue enforcement actions against those who pursue market-distorting, fraudulent, or anticompetitive practices harmful to the industry and the public.

FY 2018 Accomplishments

Fact Finding Investigation

In March 2018, the FMC initiated Fact Finding 28 to investigate port demurrage, detention, and free time practices. Specifically, reports about uncertainty stemming from differing practices between MTOs and VOCCs on the collection of charges from shippers, consignees, drayage providers, or carriers have led to questions about whether current practices allow for a competitive and reliable American freight delivery system. A Final Report was issued in December 2018. The conclusions and recommendations of the Fact-Finding Officer will be used by the Commission to determine its policies with respect to detention, demurrage, and free time practices of regulated entities.

Interpretive Rule

Commenced Docket 18-06, *Interpretive Rule: Shipping Act of 1984*, Notice of Proposed Rulemaking issued September 6, 2018, seeking to clarify for the industry and shippers the FMC's jurisdictional and evidentiary requirements when alleging conduct that would violate the Shipping Act's prohibition on unjust or unreasonable practices under 46 U.S.C. § 41102(c). This clarification returns the Commission's interpretation that an entity must engage in a practice or regulation in a normal, customary, and continuous basis and such practice or regulation must be found to be unjust or unreasonable in order to constitute a violation of that section of the Shipping Act.

Enforcement Actions

In Docket No. 15-10, the Commission affirmed the order of the Chief ALJ revoking the license of Washington Movers, Inc., an NVOCC, and ordering it to cease and desist operating as an ocean transportation intermediary. The decision was based on the federal convictions of the licensee's former owner/President/Qualifying Individual for attempting to smuggle weapons to a foreign country through the company's NVOCC operations.

In OTI Hearing Docket No. 18-01, Triton Alive, LLC, the Commission declined to review the initial decision of a Hearing Officer affirming the Bureau of Certification and Licensing's intent to deny an OTI application based on the applicant's lack of financial responsibility and character to operate as an OTI.

During the fiscal year, 28 investigative matters were referred for enforcement action or informal compromise; 16 were compromised and settled, administratively closed, or referred for formal proceedings. The Commission completed notable compromise agreements with several major NVOCCs serving the inbound Far East-U.S. trades, addressing a variety of service contracting malpractices. The Commission continued ongoing investigations relating to unfiled VOCC agreements in the U.S.-foreign trades, both inbound and outbound. (See Appendix F for these and other workload statistics.)

Compliance Program

In FY 2018, the compliance and audit program continued as a major focus in reviewing the operations of licensed OTIs to assist them in complying with statutory and regulatory requirements, as well as reviewing entities holding out as VOCCs to determine existence of actual vessel operations. During the fiscal year, 146 audits were commenced and 130 were completed. (See Appendix F for these and other workload statistics.)

Cross-Agency Cooperation

The FMC is active in security initiatives as they relate to U.S. ocean commerce, and works to coordinate the use of available database systems with other agencies engaged in homeland security to improve identification of entities providing and utilizing maritime transportation services. To facilitate these activities, the FMC executed a Memorandum of Understanding (MOU) with the U.S. Customs and Border Protection to provide a more efficient utilization of existing systems and services, such as CBP's Automated Commercial Environment (ACE). The FMC also has an active Inter-Agency Agreement (IAA) with the Census Bureau, U.S. Department of Commerce for access to the Census' Automated Export System (AES) database. These relationships allow the FMC to access confidential U.S. export shipment data to accomplish its mission and to protect the Nation's security interests. The Commission also supports the Nation's economic and security interests by partnering with the National Intellectual Property Rights Coordination Center (IPR Center), a U.S. Department of Homeland Security-led partnership of 23 federal and international agencies targeting intellectual property- and trade-related crimes. This partnership has resulted in coordinated enforcement efforts to address international criminal activity.

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

Ocean transportation intermediaries are transportation middlemen for oceanborne cargo moving in the U.S.-foreign trades. Before the FMC grants licenses to OTIs, each OTI applicant must establish that it has the necessary character and a minimum of three years of experience in the U.S., as well as establish its financial responsibility by means of a bond, insurance, or other instrument, as mandated by the Shipping Act.

FY 2018 Accomplishments

Licensing

Over 6,400 OTIs are regulated by the Commission, consisting of over 4,800 licensed entities and more than 1,550 foreign-based registered NVOCCs. (See Appendix F for these and other workload statistics.) During FY 2018, the Commission continued to streamline its OTI licensing process, resulting in a reduction in the time to process applications and render a decision, supporting the Commission's goal of completing 75 percent of all OTI license applications within 60 days. The

Commission exceeded its 75 percent target, completing 90 percent of all OTI license applications within 60 days. More than 750 new and amended OTI applications were received during FY 2018, and of those, approximately 70 percent were accepted and processed for formal determination of approval. The remaining 30 percent were returned to the applicant due to lack of completeness or lack of appropriate qualifications. All licensed and registered OTIs must maintain proof of financial responsibility with the Commission. At present, this amounts to over $680 million in surety bonds to protect the shipping public.

A triennial renewal program for OTIs licensed with the FMC was successfully launched in March 2017. The user-friendly, online renewal process enables OTIs to review and update their essential information on file with the Commission within minutes. Over 2,000 OTI licenses have been renewed annually since the program began, with most reviewed and processed within 48 hours of submission. Industry feedback has been very positive. In addition, in FY 2018, the Commission processed 176 new and amended foreign NVOCC registrations and 112 registration renewals.

Passenger Vessels

The FMC also oversees a program to ensure financial responsibility for passenger vessels that have berth or stateroom accommodations for 50 or more passengers and embark passengers at U.S. ports and territories. The requirement for Certificates of Performance, which provide financial responsibility for the indemnification of passengers for non-performance of transportation, prevents unscrupulous or financially vulnerable operators from serving U.S. ports. The Passenger Vessel Operator (PVO) program includes 231 vessels and 50 passenger vessel operators, with aggregate evidence of financial responsibility coverage of $631.8 million for non-performance and $721 million for casualty. Commencing in April 2018, PVO Performance Certificates for passenger vessels will be reissued every five years, with 137 reissued during FY 2018. Through its website and the CADRS office, the FMC offers information and guidance to the cruising public on passenger rights and obligations regarding monies paid to cruise lines that fail to perform voyages.

For example, the Commission assisted in obtaining reimbursement of passengers for cancelled French America Line (FAL) voyages through FAL's escrow or refunds obtained by other means.

Modernization of Licensing Processes

In FY 2019 and FY 2020, the Commission will pursue further opportunities to streamline its business processes and consider additional regulatory reforms, as appropriate, including:

- Exploring alternatives to enhance PVO monitoring procedures;
- Reviewing procedures regarding OTI licensing applications; and
- Continuing efforts to automate and integrate the OTI licensing, registration, and renewal processes by eliminating redundancy and decreasing external stakeholder and staff time.

Further, the Commission will continue to leverage its existing data collection of surety bond usage to measure how effectively bonds are protecting the industry and the public.

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

The Commission provides information in many forms to educate regulated entities, stakeholders, and the public about its resources, remedies, and regulatory requirements. The Commission's website offers brochures, how-to guides, forms and applications, reference libraries, news releases, information on investigations, and advice on topics such as FMC regulations, OTI licensing, household goods moves, and use of ADR services to assist parties with resolving cruise- and cargo-related disputes. Commission staff from the various operating bureaus and offices participate in presentations and instructional opportunities to educate consumers, regulated entities, various shipper and industry trade associations, as well as academic institutions regarding regulations, shipping trends, and the effective use of available FMC resources to resolve formal proceedings, cruise and cargo-related disputes, service contract matters, and other commercial shipping disputes.

FY 2018 Accomplishments

In FY 2018, the Commission made significant progress on the project to redesign its public-facing website, www.fmc.gov. When launched in FY 2019, the newly designed website will significantly improve public access to Commission resources by revising key content, and migrating all content to a mobile responsive platform to meet new government-wide website requirements and make materials easier to locate. The Commission's IT plan will increase availability of public documents, including the docket library, historical document repository, and minutes of Commission actions under the Sunshine Act, on the FMC's website. In addition, the Commission continues to enhance its technological capabilities to caption and live stream the agency's public meetings under the Sunshine Act over the world wide web.

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

The FMC offers informal dispute resolution, and adjudicates claims of unlawful practices by carriers, MTOs, and OTIs. The Commission's Area Representatives and CADRS educate industry members and the public on the Shipping Act and shipping regulations, and help to address international ocean transportation disputes.

Alternative Dispute Resolution

The FMC, through CADRS, offers both facilitation and arbitration services to the industry and shipping public to resolve disputes. An online mediation tutorial and tool was created for parties to use to prepare for mediation. The Commission supports mediation and collaborative dispute resolution when feasible, and requires parties involved in formal Commission docketed proceedings to attend mandatory mediation conferences.

FY 2018 Accomplishments

During the fiscal year, the Commission helped consumers in various disputes with transportation companies relating to household goods, including:

- Providing assistance to a licensed OTI to rescue export household goods shipments valued at $128,828.
- Resolving a dispute without litigation between a commercial beneficial cargo owner involving an NVOCC's attempts to collect approximately $11,330 in past due charges on earlier shipments.
- Aiding customers of a licensed freight forwarder that collected payment for the ocean freight, but failed to remit payment to the ocean carrier.
- Helping 3 warehouse operators and more than 26 shippers to locate and retrieve their cargo from an unlicensed OTI. The Commission issued an alert to the public warning against doing business with this OTI and several alter ego companies.
- Facilitating negotiations between a trucker and a container management company for a big box shipper in a dispute regarding chassis fees.
- Assisting passengers in seeking an informal resolution of 17 complaints seeking compensation for a sailing that encountered rough seas as the result of winter storm Grayson, where passengers complained of unsafe conditions and the loss of many onboard activities.

Proceedings before the FMC

The ALJs, whose independence is protected by the Administrative Procedure Act, 5 U.S.C. Subchapter II, resolve cases involving alleged violations of the Shipping Act and other laws within the Commission's jurisdiction. Cases may be initiated either by private parties or by the Commission (represented by the Bureau of Enforcement) to seek civil penalties for statutory violations. The Chief ALJ also has the authority to assign small claims complaints, valued at up to $50,000, to a Small Claims Officer for resolution.

FY 2018 Accomplishments

Representative Adjudications and Litigation

In FY 2018, the Commission resolved international shipping disputes filed by complainants and enforced the Shipping Act and its regulations through adjudication before the Commission. The Commission, including its ALJs and legal staff, issued numerous legal opinions, recommendations, case summaries, decisions, and final orders.

Commission Decisions

The following is representative of cases heard before the Commission:

- Revocation of License No. 017843 Washington Movers, Inc. [Docket No. 15-10]

On October 8, 2015, the Commission ordered Washington Movers, Inc. to show cause why the Commission should not revoke its OTI license due to the felony weapons smuggling convictions of its qualifying individual and various alleged regulatory violations. The Commission subsequently assigned this matter to the Office of Administrative Law Judges for further proceedings. After briefing and a hearing, the ALJ issued an Initial Decision revoking Washington Movers' license on June 29, 2017. Washington Movers filed exceptions to the ALJ's decision, and, on March 16, 2018, the Commission affirmed the revocation of Washington Movers' license and ordered it to cease and desist all OTI activities.

Litigation before Courts

The following is representative of cases in federal courts.

- Santa Fe Discount Cruise Parking v. The Board of Trustees of the Galveston Wharves and the Galveston Port Facilities Corporation [FMC Docket No. 14-06; D.C. Cir. Case No. 17-1089].

Complainants are businesses that operate parking lots for cruise passengers departing from the Port of Galveston. Complainants filed a complaint with the Commission alleging, among other things, that Respondents violated 46 U.S.C. § 41106(2) by unreasonably subjecting cruise passenger parking lot operators to a less favorable regime for charging port access fees to pick up and drop off cruise passengers, than the fee regime for other businesses (e.g., hotels). The ALJ denied Complainants' claims and dismissed them with prejudice on December 4, 2015. On April 4, 2017, the Commission affirmed the ALJ's decision, and two of the Complainants subsequently petitioned the D.C. Circuit for review. Oral argument was held on March 12, 2018, and on May 11, 2018, the Court vacated the Commission's decision and remanded the case to the Commission for further proceedings. The Commission in turn remanded the case to the ALJ. On remand, the ALJ found that the Complainants had not proved that Respondents violated § 41106(2) and again dismissed the Complaint. Complainants filed exceptions to this decision on December 7, 2018, and this matter remains before the Commission upon review.

Supporting the President's Management Agenda

The FMC is committed to provide excellent service and to effectively steward taxpayer dollars by making smart investments and using management strategies to deliver effective and efficient government that rapidly reacts to the changing needs of its citizens and supports economic growth.

IT Modernization

The FMC remains committed to continuous enhancement of its IT systems, which will make it faster and easier for individuals and businesses to find information and complete required filings with the FMC. The FMC's *Information Technology Strategic Plan FY 2018-2022* (IT Strategic Plan), identifies several overarching challenges and plans for efforts including: consolidation and upgrade of legacy applications and infrastructure with newer technologies; implementation of IT automation to streamline workflow processes and improve efficiency; and integrating security standards and frameworks to protect from cybersecurity risks, agency-owned/issued assets and commercially sensitive data collected from the shipping public. FY 2020 IT-related spending, excluding personnel costs, is $1,375,262. This amount includes funding for ongoing major IT application development; IT network device and security upgrades; maintenance of IT infrastructure, A/V equipment, applications and IT software; cloud computing services and hosting; and telecommunications. This number is a decrease of $217,510 from FY 2019 IT spending due to greater initial IT application development costs in FY 2019.

One of the Commission's highest investment priorities remains the ongoing development and deployment of its internal and public-facing information systems. The FMC's IT Strategic Plan outlines the core objectives and timelines for:

- Managing and delivering quality IT systems and services critical for the FMC to fulfill its mission and support related administrative, business, and operational functions;
- Maintaining IT policies, procedures, and practices that support efficient and effective FMC business, administrative, and mission processes;
- Expanding on current progress to strengthen cybersecurity of the FMC's networks and systems; and
- Ensuring reliability and accuracy of federal information technology as required by statutes, government-wide requirements, directives, or guidance.

When fully implemented, these investments will automate, streamline, and improve the Commission's internal business processes; expand research and analysis capabilities; provide better transparency and public access to information; and eliminate paper-based systems in favor of web-based, automated systems. The shipping public uses these web-based systems to file license applications, carrier and MTO agreements, and commercially-sensitive operational data which is analyzed and reported on by the Commission's expert economist staff in their competition analyses.

The Commission continues to automate workflow documents for both Commission staff and the public to reduce dependency on paper filings. Further, the Commission will increase transparency and availability of documents through its website, including Sunshine Act meeting materials. Work has begun on development of an online docket filing tool. Also important are FMC initiatives to improve visibility of critical information, archiving, and streamlining of content to improve information delivery and accuracy.

The Commission uses IT contractor support to upgrade and modernize its IT systems and web-based applications. Given the Commission's overall FTE level and relatively small number of IT staff, the Commission relies on IT contractor skills and specialized knowledge to supplement the Commission's IT staff, rather than incur the costs to maintain all necessary resources and specialized skills in-house. This approach has proven effective in meeting its IT automation needs while containing FTE levels.

Contractor-provided software engineer services are used to assist the Commission's IT staff modernize its infrastructure, server platforms, and develop mission-critical, web-based applications; while providing on-site, hands-on training and knowledge transfer. This lays the groundwork for shifting the responsibility of maintenance and troubleshooting of in-house built applications from contractors to FMC IT staff. By leveraging outside contractor support for the most specialized development tasks, this approach has decreased our overall IT staffing needs for all previously identified and upcoming application development efforts. As the Commission's needs mature, contractor services and future funding requirements can be reduced accordingly.

Successful automation of workflow allows staff to handle ever-increasing case, filing, and application volumes, or to permit staff to be allocated to other critical program areas. Subject to funding availability, the FMC will continue with its systematic application modernization in FY 2020 and beyond, updating and deploying the applications needed by program staff in the various operating bureaus, and used by the regulated shipping community to comply with FMC-administered shipping statues and regulations.

Prior years' IT expenditures have set the stage for implementing the next phase of the FMC's application modernization plan, and for building or updating the IT systems and web applications. Under the previous Information Resources Management Strategic Plan, the Commission engineered and implemented critical hardware and software upgrades to its network infrastructure to support a more resilient and secure cloud-based environment, and also pursued proof-of-concept testing to validate applications identified for development in the Microsoft Azure environment.

The first application upgraded and migrated to the Azure platform was the Commission's existing Service Contract Filing System (SERVCON) application. SERVCON is a statutorily required, web-facing filing system for ocean common carrier service contracts and NVOCC service arrangements. The FMC uses SERVCON to review service contracts and NVOCC arrangements to ensure that these commercial pricing agreements and the parties to them, comport with the requirements of the Shipping Act.

The SERVCON upgrade was successfully launched in July 2018 without service disruptions or operational problems, and resulted in a more robust and resilient system. This application upgrade and migration to the more secure cloud-based environment was executed with FMC IT staff taking the lead on the programing enhancements, supplemented with specialized IT contractor support. The FY 2020 budget request provides for planned initiatives and projects under the FMC's IT Strategic Plan covering FY 2018 - 2022, including IT contractor support needed to continue the work started at the end of FY 2018 to modernize and integrate the Commission's OTI licensing applications. Upgrades and development of new applications included in the FMC's IT Strategic Plan and scheduled through FY 2022 are shown in the following table:

IT Systems to be Updated	Unique Investment Identifier	FY 2018	FY 2019	FY 2020	Notes
SERVCON (Update of service contract filing system)	251001	Deployed	Deployed	Deployed	Completed in FY 2018
Electronic Records Initiative	251001	$100,000	$100,000	Deployed	Projected completion in FY 2019
FMC-18 Application Processing System (APS)					
FMC-18 OTI License & Registration Application (back end)	251001	$1,097,000 includes related applications	$1,123,000 includes related applications	$600,000 includes related applications	Internal workflow processes to be integrated with public-facing front end, and with related applications below
E-bonds (Electronic Bonds) Filing System	251001	In development	In development	Testing and deployment	E-filing system for OTI surety cos. to be developed in conjunction with FMC-18.
FMC-1 Filing System	251001	In development	In development	Testing and deployment	Stand-alone FMC-1 tariff locator will be integrated into updated FMC-18.
Regulated Persons Index (RPI) (Data Store integration)	251001	In development	In development	Testing and deployment	Stand-alone RPI will be integrated into updated FMC-18 system.
FMC-18 License Renewal for OTI Licensees	251001	In development	In development	Testing and deployment	Developed in production system, will migrate to updated FMC-18 system.
FMC-65 Registration Renewal for Foreign-Based OTIs	251001	In development	In development	Testing and deployment	Developed in production system, will migrate to updated FMC-18 system.
FMC-18 OTI Applications & Bonds Fillable/Fileable Forms	251001	In development	In development	Testing and deployment	Will migrate to FMC-18 system when deployed in FY 2020.
OS electronic reading room and dockets filing system	251001	Future	Future	$236,825	Development begins FY 2020 upon deployment of updated FMC-18 system.
Passenger Vessel Operator (BCL system for application filing, processing, reports)	251001	Future	Future	Future	To begin FY 2021 or later; awaiting management decision to develop this application.
PIERS Interactive (BTA internal data store)	251001	Future	Future	Future	To begin in 2021 or later.
Total IT consulting services (in $ per current fiscal year)		$1,197,000	$1,223,000	$836,825	Subsequent OIT deployments contingent on funding.

In both FY 2019 and FY 2020, the Commission's application modernization program covered by its IT Strategic Plan will focus on the back end development for one keystone application, the new FMC-18 Application Processing System (APS) (formally known as Form FMC-18). The application is used by the public to apply for ocean freight forwarder and NVOCC licenses. Currently, the "back office" process is not automated and requires manual entry, review, and manipulation of the data received from applicants. The goal is to automate the entire process to cut redundancy, improve efficiency, and decrease processing time. This project will combine five disparate agency applications currently used to process license applications for OTIs, track the issuance and validity of required surety bonds, collect and publish the location of carrier tariffs, and process renewals of OTI licenses and registrations.

This initiative will also develop and implement enterprise data storage technology to be shared among four offices under two operational Bureaus. The FMC's Bureau of Certification and Licensing has projected that business process collaboration will be significantly improved, duplication of data entry eliminated, and overall OTI application processing time will decrease.

Against the backdrop of continuing year-on-year increases in the number of licensees and registrants (6,309 and growing); nearly 1,800 yearly OTI license and registration renewals under a new user-friendly processing system; and thousands of bonding transactions annually; IT automation offers the most potent, effective and efficient alternative to increase the FMC's licensing workforce. New technology and programming will enable instant access to documents, data, and real-time status of applications, licenses and registrations, improving the quality of staff processing and decreasing the time required for management oversight.

Having successfully modernized the SERVCON system to a more secure and reliable platform, using IT contractor support, the FMC is pursuing the next phase in the automation of our systems - development and implementation of an advanced licensing system.

During FY 2020 and FY 2021, FMC also anticipates commencing programming to replace the Commission's existing (primarily manually maintained) electronic reading room and document repository. This initiative will replace that portion of the FMC's current online electronic reading room containing the activity logs of the public filings and documents issued by the Commission or FMC Administrative Law Judges in FMC formal and informal adjudicatory proceedings, rulemakings, petitions, fact findings, and investigations, with a new web-based information system. The new electronic reading room and dockets filing system will provide public filers the ability to submit documents directly into the system, and automatic posting to the appropriate docket/proceeding log for immediate access through the FMC's public website. The new system will streamline internal processes by eliminating current manual steps for website posting and placement of filings in the current document repository, as well as streamline the internal circulation and review process for filed documents. These improvements will directly support the Commission's aggressive performance metric requiring timely publication, as set forth in its agency-wide Strategic Plan.

To ensure cybersecurity readiness and facilitate document management and online collaboration, the FMC has increasingly moved its mission-critical applications and data to a cloud-based computing infrastructure. This budget request supports: (1) cloud-based services that deliver FMC continuity of operations, disaster recovery, and secure backup routines; (2) agency-wide Voice Over Internet Protocol (VOIP) communications services in-office, on the Web, and through hand-held devices; and (3) multiple enterprise licensed agreements essential to supporting remote and shared access by all employees for their day-to-day execution of the Commission's mission.

Compliance with the Department of Homeland Security (DHS), National Institute of Standards and Technology (NIST), and the United States Computer Emergency Readiness Team (US-CERT) monitoring requirements for network security demand near-continuous data protection. The agency invests in internal security tools to effectively monitor network operations, including integrity of files, password sufficiency, probing for open ports and other externally visible points of attack. Planned software investments will meet a number of government-wide requirements, including mandatory cybersecurity and Federal Information Security Modernization Act (FISMA) requirements; government-wide MTIPS (Managed Trusted Internet Protocol Service) requirements; OMB Memorandum M-17-25, *Reporting Guidance for Executive Order on Strengthening the Cybersecurity of Federal Networks* and E.O. 13800; as well as OMB Memorandum M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information*.

The Commission's planned electronic records modernization initiative will establish an agency-wide policy framework and enterprise architecture for electronic records management and design. Improving operational efficiency and reducing costs by replacing paper-based records processes with automated workflow and document management solutions will be a major outcome of this initiative. The Commission's enterprise architecture for electronic records management will ensure full compliance with the National Archives Records Administration (NARA) Managing Government Records Directive M-12-18.

Directive M-12-18 requires that agencies manage permanent records in an electronic format by December 31, 2019. This initiative will improve the FMC's records storage and management services for Commission-owned paper and electronic records in accordance with OMB Circular A-130, which requires that agencies incorporate records management requirements into their cloud-based storage and service solutions.

Data Accountability and Transparency

The FMC recognizes and supports a robust, integrated approach to using data to deliver on mission, serve customers, and manage resources. In addition to the IT modernizations described above, which will in part enhance public-facing FMC regulatory data, such as the Regulated Parties Index, the Commission's efforts to leverage data include agency performance and accountability. The Commission's published FY 2018 Performance and Accountability Report reflects an unmodified (clean) financial audit. Further, the Commission participates in governmentwide tracking of its spending. The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements on federal spending pursuant to the Federal Funding Accountability and Transparency Act (FFATA) of 2006, which provides free public access to reliable information on federal spending. Reliable data allows the public to trust in the information that the government provides, and allows federal and elected officials to use that data to make informed decisions about government programs and projects. It also provides assurance to the public and those with oversight functions that agencies and programs are accountable for the federal funds spent.

The Commission contracts with the Bureau of the Fiscal Service (BFS) (formerly the Bureau of Public Debt) to meet its federal financial reporting requirements. Through this cross-service provider, the FMC obtains a full range of financial management and accounting services, including DATA Act reporting services.

In November 2017, the Commission's Inspector General issued his *DATA Act Audit, 2017*, wherein he assessed, among other things, the Commission's systems, processes, and internal controls in place over data management under the DATA Act and the completeness, timeliness, quality and accuracy of the financial data sampled. The IG determined that, with few exceptions, the FMC's audited transactions were complete, accurate, timely, and of good quality.

People – Workforce for the 21st Century

The FMC has a small, dedicated workforce to carry out its mission. The FY 2020 budget request allocates 72.69 percent to salaries and benefits for these employees. Additionally, 1.02 percent of the budget request has been allocated to reward performance. The FMC has internally reviewed its organizational structure to cut waste and increase productivity. In FY 2018, the FMC began to implement a flattening of the organization in response to OMB Memorandum, M-17-22, *Reforming the Federal Government and Reducing the Federal Workforce*, removing management tiers and reallocating existing personnel to critical program needs in the future. As part of its 5-year plan, future workforce needs will be tied directly to improving results to the American taxpayer.

To ensure that the FMC attracts and retains qualified candidates with the skillsets necessary to provide exceptional service to the public, the FMC has taken concrete steps to maintain and improve employee satisfaction in the workplace. The FMC provides relevant training for job skills, leadership development, and employee professional growth. The agency also maximizes workplace flexibilities and work/life balance.

A cornerstone to the Commission's efforts to improve the workplace is the Workforce Improvement Plan (WIP). Over the past 5 years, the WIP has identified and communicated the projects or initiatives the Senior Executives, working with the approval and guidance of the Chairman, have already or are considering undertaking to improve and support a positive and effective working environment and engaged employees. The WIP is updated annually to incorporate input from the entire agency, as well as marking the addition, revision, and completion of specific projects and initiatives.

Examples of previous WIP Initiatives include: creation of an Employee Suggestion Program; creation of a Peer Recognition Program; creation of a Fitness Program; creation of an Employee Handbook; Commission-wide deployment of Crucial Conversations training; creation of Writing Effective Performance Narratives and Delivering Meaningful Performance Feedback; and modernization of the Telework Program.

The agency's success in employee engagement is measured in part through the results of the anonymously conducted FEVS. Using the FEVS data, the Partnership for Public Service calculates the annual rankings of the best places to work. The FMC moved into the top *10 Best Places to Work for Small Agencies*, climbing from its position of 17th place in 2017 to 9th place in 2018.

In addition, among small agencies, the FMC was recognized in 2017 by the Partnership as the *Most Improved Small Agency over the Past Five Years,* and jumped up 6 positions in the *2017 Best Places to Work* rankings from 23rd to 17th among small agencies. This award highlighted the FMC's sustained accomplishments over the five-year period, including recognition by the Partnership as the *2015 Most Improved Small Agency*; and recognition by OPM for substantial positive increases in the Commission's 2016 FEVS scores.

The FMC's most recent FEVS results for 2018 show the FMC continuing its positive momentum, and is a strong validation of the ongoing commitment and effort devoted to employee engagement.

- There was an impressive 5 percentage point increase in the category ***Leaders Lead*** which follows upon the FMC's increasing overall Employee Engagement Index score by 1 percent over last year's score to 73 percent;
- The number of items identified as Strengths increased from 47 to 56. (Items rated at 65 percent positive or higher are considered strengths.); and
- No items were identified as Challenges. (Items rated 35 percent or more negative are considered a challenge.).

For the 2018 FEVS, the FMC included Agency-Specific Questions to further define and refine the Commission's employee engagement strategy. Noteworthy employee feedback showed that:

- 67 percent believe that the Commission is headed in the right direction in its efforts to create a more positive working environment; and
- 67 percent feel FMC policies and practices are applied in a fair and equitable manner to all employees.

Moving forward, the FMC will continue to build on these successes, guided by its Workplace Improvement Plan, to increase employee engagement and make the FMC the best small agency to work for in the Federal government.

Training

The FMC offers job and professional training opportunities to all employees. In FY 2018, the Commission launched a Leadership Development Program, offering leadership development to all grade level employees via a competitive process. The inaugural class of attendees began training in September 2018.

The FMC also provides online training to all employees through a commercial vendor. Online training is a cost-effective way to ensure that appropriate training is available year-round. The online offerings include classes in IT technical skills, project management, communication, leadership, management, and writing.

Required training is provided on an as-needed or periodic basis, covering topics such as EEO, IT security, fraud risk, performance management, records management, whistleblower protections, and telework. The FMC also announces opportunities for employees to participate in ad hoc classes offered by the Small Agency Council.

Work Flexibilities: Alternate/Flexible Schedules and Telework

The FMC offers employees alternative, flexible work schedules and telework opportunities, which increase employee productivity and improve work/life balance. In FY 2018, the FMC revised its policies to offer even greater flexibilities available under the government's alternative work schedules program. Currently, 79 percent of FMC employees participate in an alternate work schedule. Approximately 67 percent of employees have a telework agreement, with 42 percent of staff teleworking episodically, and 24 percent of staff teleworking regularly.

Initiatives and Efforts to Increase Efficiencies, Create Awareness, and Benefit the Taxpayer

Efficient Government — Reducing Regulatory Burden and Improving Necessary Information Collection

As economic conditions alter the state of our trades, FMC regulations are revised to respond to new circumstances. Toward the goal of eliminating or reforming outdated regulations, the Commission designated its Managing Director as the Regulatory Reform Officer, who now leads an internal team to identify regulations that have become less relevant or are unduly burdensome. On January 12, 2018, the Commission published a Plan for Regulatory Reform of Existing FMC Rules (Regulatory Reform Plan), outlining the FMC's plan to identify regulations that may be suitable for reform or elimination, and establishing a schedule to consider further review and action on each identified regulation. The Regulatory Reform Plan's list of administrative and regulatory provisions, that when amended or eliminated, will make it easier and less costly for companies to do business, while permitting the FMC to maintain competition and integrity for America's ocean supply chain.

As part of the effort to reduce regulatory burden, the FMC issued a final rule effective August 22, 2018, in Docket No. 17-10, *Amendments to Regulations Governing NVOCC Negotiated Rate Arrangements and NVOCC Service Arrangements*. The final rule reduced the regulatory burden associated with NVOCC Service Arrangements (NSAs) by eliminating the filing and publication requirement, and allowed NVOCCs more flexibility in creating and amending NVOCC Negotiated Rate Arrangements (NRAs). The flexibility granted by the Commission permits NVOCCs to include non-rate economic terms in an NRA. The regulatory relief granted by the Commission's final rule will result in making it easier to do business and less costly for the 5,000+ small businesses serving the shipping public as OTIs, and ensure that the FMC continues to meet its mission to protect the shipping public.

Regulatory reforms to the filing and processing of agreements, quarterly monitoring reports and agreement meeting minutes are currently before the Commission for decision. In making its recommendations, staff considered industry comments received in response to its Notice of Proposed Rulemaking in Docket No. 16-04, *Ocean Common Carrier and Marine Terminal Operator Agreements Subject to the Shipping Act of 1984*. The Commission anticipates that the agreements rulemaking initiative will be addressed during FY 2019.

Regulatory reform has budget implications beyond the rulemaking stage. The FMC's deregulatory efforts may require adopting process changes and technical solutions that need to be developed and deployed after the Commission votes on a rulemaking. For example, in offering relief to service contract filers and providing greater flexibilities in filing service contracts and expanding the time for technical corrections to be entered, as was done in Docket No. 16-05, *Amendments to Regulations Governing Service Contract and NVOCC Service Arrangements,* Final Rule, 82 FR 16288, at 16291-292 (April 4, 2017), the FMC staff needed to change procedures and update the Commission's SERVCON filing system. In other instances, deregulation may permit the FMC to re-deploy its workforce sooner to enhance performance in other critical program areas.

Guidance Documents

The Commission is committed to providing clear guidance to its regulated entities. The Commission acts through the formal rulemaking process rather than issuing statements of general applicability and future effect that are not regulatory actions. The formal rulemaking process includes issuing notices of proposed rulemaking in the Federal Register and seeking public comments. Through the formal rulemaking process, the FMC relies on robust public participation.

The FMC is not in the practice of issuing guidance documents in lieu of rulemakings. The Commission provides information related to the Commission's regulations in guidance documents solely to assist the public with understanding the Shipping Act and the Commission's regulations, not to expand the Commission's rules through non-binding policy guidance. None of the guidance documents issued by the Commission are deemed significant under OMB Bulletin 07-02, *Final Bulletin for Agency Good Guidance Practices (GGP Bulletin).*

Improving Customer Experience with Federal Services

The FMC provides direct services to the public. Commissioners regularly interact with the industry and shippers. CADRS receives time-sensitive requests for assistance from shippers, carriers, and cruise line passengers. The Commission's Area Representatives are located near key maritime ports (Los Angeles/Long Beach, Seattle, New York, Houston, New Orleans, and Miami) and operate as the front line for questions and issues facing the industry. The Office of the Secretary updates the FMC's website and social media frequently, providing timely and important information to the public. The FMC responds to requests for information from the media and the public. Other offices interact with the industry and the public by providing information and assistance with tariffs, licensing, and competition-related issues. The FMC works diligently to provide the public with exceptional customer service.

By providing a hands-on experience, the public can speak with FMC staff on the telephone, but can also receive a plethora of information that the FMC makes available online 24/7. The FMC has made numerous investments to enhance filing documents and accessing information to date. The continuation of the FMC's IT modernization efforts will allow carriers and OTIs to even more easily file documents and information with the FMC in the future.

Sharing Quality Services

The FMC uses shared services to efficiently accomplish some of its fiscal and personnel-related administrative functions. Each service is regularly reviewed to ensure that the best value is provided to the public.

In FY 2018, the FMC and another similarly-sized agency, the Surface Transportation Board, created a job-sharing arrangement for the EEO Director position. This arrangement ensures that the FMC's limited resources are used efficiently while maintaining solid support of our EEO principles to ensure that the FMC fully meets its responsibilities in affirmative employment and the appropriate handling of EEO complaints.

In addition to the shared EEO position, the Commission currently uses shared service providers for several financial and personnel-related functions as follows:

National Finance Center

The National Finance Center (NFC) currently provides the Commission with several human resources services, including payroll and time and web-based attendance (T&A) transaction processing, managing employee debt, and employee separation payments.

Office of Personnel Management

The Commission maintains an MOU with the OPM for hiring functions. The Commission's Office of Human Resources provides the agency with full service hiring functions, including the recruitment, assessment, referral, and onboarding of candidates. Under the MOU, OPM assists with necessary services in cases where demand may exceed internal staffing capabilities.

Bureau of the Fiscal Service

Due to its size, it is cost prohibitive for the FMC to internally maintain an integrated federal financial reporting system. The Commission contracts with the Bureau of the Fiscal Service (BFS) to meet its federal financial reporting requirements.

The FMC utilizes the Oracle platform services provided by the Administrative Resource Center (ARC) of BFS. Through this cross-service provider, the FMC obtains a full range of financial management and accounting services, including a financial management system platform, vendor and employee record maintenance and reporting services, budget processing, budget reporting, payroll accounting services, accounts payable and accounts receivable services, and procurement system platform services, including purchase and fleet card services. Additionally, the FMC contracts for ARC Travel services, including E-Gov Travel Service, Travel Card Administration, Travel Payments, and Relocation Services, as well as Digital Accountability and Transparency Act of 2014 (DATA Act) reporting services.

Managing Real Property

The FMC strives to be a good steward of government resources. In looking to better align the size of federal real property assets with actual program needs, the FMC continues to evaluate its space needs going forward. The FMC is headquartered in Washington, D.C. It also maintains a small field presence in six port locations. All FMC office space is leased through the General Services Administration (GSA). The FMC's annual FY 2020 rent estimate for physical space is $3,239,000 and an additional $180,000 for estimated escalation of taxes for a total of $3,419,000. The FMC's current headquarters lease, which comprises the greatest portion of the FMC's rental cost, expires in October 2022.

The FMC expects the federal office space leasing process will be fully underway in FY 2020 for the FMC's headquarters. GSA has recommended that the FMC complete a Program of Requirements (POR) as part of its planning process. The POR would include an organizational study, program and headcount data, special site building or facility requirements, special space requirements, and additional information to ensure the government is getting the correct space to meet agency needs.

Although the Commission agrees as to the usefulness of expert help in this process, appropriate FMC staff will be fully engaged in this function and will complete an internally generated POR. Moving forward, the FMC will balance additional costs for change management support with the likely benefits required, should the FMC's space needs determination substantially impact its current footprint or necessitate relocating the FMC's headquarters.

User Fees

The FMC charges user fees for services as required by Section 8 of OMB Circular A-25. The FMC overhauled its fee system effective on October 1, 2016. At that time, the Commission accurately aligned fees with the costs associated with each provided service. This resulted in increased fees for certain services, such as filing agreements. It lowered fees for items such as Freedom of Information Act (FOIA) requests and clerical error corrections on service contracts and NSAs, and repealed 4 fees that were no longer required.

Under Docket No. 18-08, *Update of Existing User Fees*, the Commission completed its biennial review of user fees, with new user fees effective January 2019.

Appendices

Appendix A: Resource Allocation by Program

Appendix B: FTEs and Positions Allocation by Program

Appendix C: Obligations by Object Class

Appendix D: Relationship of Obligations to Outlays

Appendix E: Performance Measures by Strategic Goals

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Appendix A: Resource Allocation by Program

The chart below details the Commission's current two programs, Operational and Administrative, and Office of the Inspector General. Previously, the FMC's budget was organized by four programs. While no program areas were removed, the current program allocation fully describes the funding structure within the Commission.

Resource Allocation by Program
FY 2020

Program/Office	FY 2018 Actual	FY 2019 Estimate	FY 2020 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 2020 Request	Changes From FY 2018 Actual	Difference From FY 2019 Estimate
Operational and Administrative							
Office of the Chairman	$1,236,650.21	$1,303,195.38	$778,034.73	$778,034.73	$1,556,069.45	$319,419.24	$252,874.07
Office of the Commissioners	$787,392.02	$1,856,365.43	$921,230.10	$921,230.10	$1,842,460.19	$1,055,068.17	($13,905.24)
Office of the Secretary	$1,153,988.14	$1,233,490.49	$244,023.52	$934,021.07	$1,178,044.59	$24,056.45	($55,445.90)
Library	$89,157.92	$96,604.57	$52,248.02	$52,248.02	$104,496.04	$15,338.12	$7,891.47
Office of the General Counsel	$2,038,747.24	$2,200,042.35	$1,133,570.57	$1,133,570.57	$2,267,141.13	$228,393.89	$67,098.78
Ethics	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Office of Administrative Law Judges	$855,359.22	$940,950.82	$478,074.55	$478,074.55	$956,149.09	$100,789.87	$15,198.27
Office of Equal Employment Opportunity	$86,449.42	$111,539.64	$74,793.38	$74,793.38	$149,586.75	$63,137.33	$38,047.11
Office of the Managing Director	$2,079,304.54	$2,473,957.75	$551,432.27	$1,606,346.18	$2,157,778.45	$78,473.91	($316,179.30)
Office of Consumer Affairs & Dispute Resolution Svcs	$1,434,386.07	$1,221,150.35	$0.00	$991,831.57	$991,831.57	($442,554.50)	($229,318.78)
Bureau of Trade Analysis	$3,642,620.04	$3,869,142.90	$2,420,711.14	$1,610,239.73	$4,030,950.87	$388,330.83	$161,807.97
Bureau of Certification and Licensing	$2,613,905.64	$2,710,838.01	$0.00	$2,703,721.13	$2,703,721.13	$89,815.49	($7,116.88)
Bureau of Enforcement	$1,804,242.51	$1,473,548.42	$0.00	$1,692,288.15	$1,692,288.15	($111,954.36)	$218,739.73
Area Representatives	$1,606,535.67	$1,568,944.91	$368,778.74	$1,475,114.94	$1,843,893.68	$237,358.01	$274,948.77
Office of Information Technology	$4,306,713.25	$3,381,688.69	$1,641,298.04	$1,641,298.04	$3,282,596.08	($1,024,117.17)	($99,092.61)
Office of Human Resources	$857,356.17	$876,146.76	$186,314.86	$745,259.43	$931,574.29	$74,218.12	$55,427.53
Office of Budget and Finance	$1,025,640.41	$915,933.68	$457,680.93	$457,681.31	$915,362.23	($110,278.18)	($571.45)
Office of Management Services	$820,847.70	$815,001.05	$454,448.66	$454,448.66	$908,897.31	$88,049.61	$93,896.26
Operational and Administrative	**$26,439,296.17**	**$27,048,541.20**	**$9,762,639.47**	**$17,750,201.53**	**$27,512,841.00**	**$1,073,544.83**	**$464,299.80**
Office of the Inspector General	**$381,875.96**	**$441,458.80**	**$48,715.90**	**$438,443.10**	**$487,159.00**	**$105,283.04**	**$45,700.20**
Totals	**$26,821,172.13**	**$27,490,000.00**	**$9,811,355.37**	**$18,188,644.63**	**$28,000,000.00**	**$1,178,827.87**	**$510,000.00**

The Request by Strategic Goal and Program chart identifies the funding level requested for FY20 broken out by program / office and strategic goal. The chart identifies FY20 changes over the FY19 estimated funding requirements.

Appendix B: FTEs and Positions Allocation by Program

FTEs and Positions by Program FY 2018 - FY 2020								
	FY 2018 Actual		FY 2019 Estimate**		FY 2020 Request		Difference From FY 2019	
Program/Office	FTEs	Positions*	FTEs	Positions	FTEs	Positions	FTEs	Positions
Headquarters	**107.74**	**119.00**	**115.52**	**120.00**	**119.00**	**119.00**	**3.48**	**(1.00)**
Area Representatives	**8.18**	**10.00**	**7.58**	**10.00**	**9.00**	**10.00**	**1.42**	**0.00**
Agency Total	**115.92**	**129.00**	**123.10**	**130.00**	**128.00**	**129.00**	**4.90**	**(1.00)**
Operatioinal and Adminstrative								
Office of the Chairman	5.00	5.00	4.92	5.00	5.00	5.00	0.08	0.00
Office of the Commissioners	3.04	8.00	7.50	8.00	8.00	8.00	0.50	0.00
Office of the Secretary	6.90	7.00	7.00	7.00	7.00	7.00	0.00	0.00
Library	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office of the General Counsel	9.08	9.00	9.46	10.00	10.00	10.00	0.54	0.00
Ethics	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office of Administrative Law Judges	3.74	4.00	4.00	4.00	4.00	4.00	0.00	0.00
Office of Equal Employment Opportunity	0.73	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Office of the Managing Director	8.56	8.00	8.25	9.00	9.00	9.00	0.75	0.00
Office of Consumer Affairs and Dispute Resolution Svcs	6.98	8.00	5.17	6.00	5.00	5.00	(0.17)	(1.00)
Bureau of Trade Analysis	17.43	19.00	19.71	20.00	20.00	20.00	0.29	0.00
Bureau of Certification and Licensing	16.15	17.00	16.17	17.00	16.00	16.00	(0.17)	(1.00)
Bureau of Enforcement	8.71	8.00	7.83	8.00	9.00	9.00	1.17	1.00
Area Representatives	8.18	10.00	7.58	10.00	9.00	10.00	1.42	0.00
Office of Information Technology	7.00	8.00	8.00	8.00	8.00	8.00	0.00	0.00
Office of Human Resources	4.53	5.00	4.75	5.00	5.00	5.00	0.25	0.00
Office of Budget and Finance	5.00	5.00	4.88	5.00	5.00	5.00	0.12	0.00
Office of Management Services	3.64	5.00	4.88	5.00	5.00	5.00	0.12	0.00
Operational and Administrative	**114.65**	**127.00**	**121.10**	**128.00**	**126.00**	**127.00**	**4.90**	**(1.00)**
Office of the Inspector General	**1.27**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**0.00**	**0.00**
Total FTEs	**115.92**	**129.00**	**123.10**	**130.00**	**128.00**	**129.00**	**4.90**	**(1.00)**

* Denotes estimated positions on September 30 @ 9/30/2018.

Appendix C: Obligations by Object Class

Category	FY 2018 Actual	FY2019 Estimate	FY2020 Request	Difference From FY 2019
Obligations by Object Class **FY 2018 - FY 2020**				
Personnel Compensation and Benefits				
(11.1) Full-time Permanent Employees	$13,879,725.15	$15,352,000.00	$15,563,000.00	$211,000.00
(11.3) Part-time and Temporary Employees	$0.00	$0.00	$0.00	$0.00
(11.7) Performance Awards	$265,269.00	$0.00	$265,000.00	$265,000.00
(12.1) Personnel Benefits	$4,172,430.74	$4,730,000.00	$4,810,000.00	$80,000.00
Total Personnel Compensation & Benefits	**$18,317,424.89**	**$20,082,000.00**	**$20,638,000.00**	**$556,000.00**
Travel and Administrative Expenses				
(21.0) Travel and Transportation of Personnel	$153,702.99	$250,000.00	$274,000.00	$24,000.00
(22.0) Transportation of Things (Express Mail)	$13,000.00	$17,000.00	$17,000.00	$0.00
Rent, Communications and Utilities				
(23.1) Rental Payments to GSA	$3,427,460.70	$3,367,000.00	$3,419,000.00	$52,000.00
(23.5) Telephones (Local, Long Distance and Cellular)	$249,528.77	$211,000.00	$211,000.00	$0.00
(23.8) Postage	$4,962.29	$5,000.00	$2,000.00	($3,000.00)
(24.0) Printing	$83,063.41	$120,000.00	$63,000.00	($57,000.00)
(25.1) Consulting	$1,262,238.80	$821,000.00	$897,825.00	$76,825.00
(25.2) Purchase of Goods and Services from Commercial Accounts	$749,550.37	$578,462.00	$575,720.00	($2,742.00)
(25.3) Purchase of Goods and Services from Government Accounts	$1,596,180.91	$1,320,538.00	$1,547,455.00	$226,917.00
(25.7) Equipment Maintenance	$11,746.90	$201,000.00	$20,000.00	($181,000.00)
(26.0) Supplies and Materials	$72,992.17	$155,000.00	$125,000.00	($30,000.00)
(31.0) Hardware and Software	$879,319.93	$362,000.00	$210,000.00	($152,000.00)
Travel and Administrative Expenses	**$8,503,747.24**	**$7,408,000.00**	**$7,362,000.00**	**($46,000.00)**
Total Budget Authority	**$26,821,172.13**	**$27,490,000.00**	**$28,000,000.00**	**$510,000.00**

The Obligations by Object Class chart identifies the Commission's actual funding expenses of 2018 and the estimated funding requirements for the FMC to complete its mission in FY19 and FY20. Costs are reported by object codes.

Appendix D: Relationship of Obligations to Outlays

Relationship of Obligations to Outlays

FY 2018 - FY 2020

Program*	FY 2018 Actual	FY 2019 Estimate	FY 2020 Request
Operational and Administrative	$26,439,296.17	$27,048,541.20	$27,512,841.00
Inspector General	$381,875.96	$441,458.80	$487,159.00
Unobligated	$668,827.87	$0.00	$0.00
Budget Authority	$27,490,000.00	$27,490,000.00	$28,000,000.00
Obligations	$26,821,172.13	$27,490,000.00	$28,000,000.00
Outlays**	$22,729,549.91	$23,296,346.78	$23,728,545.28
Outlay Rate (Obligation to Outlay)***	84.74%	84.74%	84.74%
Obligation Rate	97.57%	100.00%	100.00%

Gross Outlays for FY 2018

Total outlays for fiscal year 2013 disbursed in fiscal year 2018	$0.00
Total outlays for fiscal year 2014 disbursed in fiscal year 2018	$0.00
Total outlays for fiscal year 2015 disbursed in fiscal year 2018	$501.90
Total outlays for fiscal year 2016 disbursed in fiscal year 2018	$247,036.97
Total outlays for fiscal year 2017 disbursed in fiscal year 2018	$3,912,229.49
Total outlays for fiscal year 2018	$22,729,549.91
Outlays	$26,889,318.27

* The FMC is reducing the number of reportable programs, projects and activities (PPAs) to two: Operational and Administrative, and Inspector General. This is a reduction from four (4) PPAs reported in prior years' budget documents. The Inspector General's budget is retained as a separate reportable program in accordance with the Inspector General Act of 1978, as amended.

** Represents Outlays for FY 2018 as of 09/30/18.
*** Represents the percentage of FY 2018 obligations that were disbursed during FY 2018.

The Relationship of Obligations to Outlays identifies the actual outlay percentage for FY18. The chart also depicts the estimated outlay expenses for FY19 and FY20.

Appendix E: Performance Measures by Strategic Goals

Summary of Strategic Goals, Objectives, and Performance Measures

STRATEGIC GOAL 1: Maintain a competitive and reliable international ocean transportation supply system

OBJECTIVE 1: Ensure that actions under filed agreements do not result in unreasonable increases in transportation costs and/or unreasonable decreases in transportation services.

Performance Measure	2018 Target	2019 Target	2020 Target	2021 Target	2022 Target	2018 Actual
Performance Measure: Percentage of FMC-filed agreements reviewed at Commission level which are modified through negotiation to mitigate anticompetitive effects.	50%	51%	52%	53%	54%	100%
Performance Measure: Percentage of agreement monitoring reports reviewed within 30 days of receipt to detect actionable information, including market-distorting behavior.	65%	66%	67%	68%	69%	89%

STRATEGIC GOAL 2: Protect the public from unlawful, unfair, and deceptive ocean transportation practices

OBJECTIVE 2.1: Identify and take action to end unlawful, unfair, and deceptive practices.

Performance Measure	2018 Target	2019 Target	2020 Target	2021 Target	2022 Target	2018 Actual
Performance Measure: Percentage of enforcement actions taken under the Shipping Act successfully resolved through favorable judgment, settlement, issuance of default judgment, or compliance letter or notice.	77.5%	77.5%	77.5%	77.5%	77.5%	85.8%

OBJECTIVE 2.2: Prevent public harm through licensing and financial responsibility requirements.

Performance Measure	2018 Target	2019 Target	2020 Target	2021 Target	2022 Target	2018 Actual
Performance Measure: Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with appropriate character and experience requirements.	75%	75%	75%	75%	75%	97%
Performance Measure: Percentage of PVOs examined during the year that have the full financial coverage required by regulation to protect against loss from non-performance or casualty.	95%	95%	95%	95%	95%	99%

OBJECTIVE 2.3: Enhance public awareness of agency resources, remedies, and regulatory requirements through education and outreach.

Performance Measure	2018 Target	2019 Target	2020 Target	2021 Target	2022 Target	2018 Actual
Performance Measure: Percentage of Commission issuances, orders and reports available through the Commission's website within 5 working days of receipt.	84%	84%	86%	88%	90%	97%

OBJECTIVE 2.4: Impartially and timely resolve international shipping disputes through alternative dispute resolution and adjudication.

Performance Measure	2018 Target	2019 Target	2020 Target	2021 Target	2022 Target	2018 Actual
Performance Measure: Percentage of ombuds and ADR matters closed within 6 months of request for assistance.	60.5%	61%	63%	65%	67%	97%
Performance Measure: Percentage of formal complaints or Commission-initiated orders of investigation completed within 2 years of filing or Commission initiation.	64%	66%	68%	70%	72%	38%

Appendix F: Workload Summary

Workload Summary							
Workload Category	On Hand 9/30/2017	FY 2018 Actual		FY 2019 Estimate		FY 2020 Estimate	
		Received	Output	Received	Output	Received	Output
Formal Proceedings (OALJ)	10	4	5	10	10	10	10
Informal Proceedings (OALJ)	4	3	4	5	5	5	5
Decisions, Reports, in Docketed Proceedings before the Commission	13	24	32	25	25	25	25
Federal Register Notices	0	85	85	100	100	100	100
FOIA Requests	5	26	28	28	28	28	28
Ombuds	45	475	489	500	500	500	500
ADR Matters (formal dockets and requests)	8	9	7	15	13	15	15
Legislation*	0	65	65	65	65	65	65
Legal Opinions, Recommendations, Case Summaries, Decisions, and Final Orders	5	195	195	195	195	195	195
Audits and Monitoring Activities (BOE)	15	146	130	225	225	230	230
OTI Applicant and License Checks (BOE)	0	725	725	655	655	655	655
Formal Proceedings (BOE)	2	2	2	2	2	3	3
Civil Penalty Cases	10	28	14	24	22	25	25
Agreements Filed	5	193	180	180	182	175	175
Agreement Reports	64	1,848	1,783	1,337	1,381	1,377	1,397
Service Contracts	0	47,962	47,962	50,000	50,000	49,000	49,000
Service Contract Amendments	0	772,803	772,803	780,500	780,500	764,890	764,890
FMC-1 Form	0	1,248	1,248	1,475	1,475	1,500	1,500
OTI Applications – NEW	66	342	364	346	346	346	346
OTI Business Change Applications	61	359	341	350	350	350	350
OTI License Renewals	0	1,396	1,396	1,500	1,500	1,500	1,500
Foreign NVOCC Registrations (New, Amended and Renewal)	2	288	288	460	460	460	460
OTI License Terminations	0	317	317	320	320	320	320
OTI Bond Transactions**	0	2,187	2,187	2,266	2,266	2,266	2,266
Passenger Vessel Applications (Performance)	6	19	20	17	17	18	18
Passenger Vessel Applications (Casualty)	9	11	14	17	17	18	18
Passenger Vessel Certificates (Performance) Reissued***	0	137	137	72	72	0	0

*This number does not reflect the Commission's total legislative workflow, just matters in which OGC is consulted.
**Includes OTI bond terminations, bond riders, and new or replacement bonds.
***Commencing in FY 2018, PVO Certificates (Performance) will be reissued every 5 years.

Appendix G: IT Resources Statements

Statement of the Chief Financial Officer and Senior Agency Official for Privacy

As Managing Director, I serve as both the Federal Maritime Commission's Chief Financial Officer (CFO) and Senior Agency Official for Privacy (SAOP). The FMC's planning and oversight efforts, in conjunction with strong fiscal management principles, ensures that necessary IT investments are funded to accomplish the Commission's mission with time-saving technology and innovations, while maintaining critical information security.

The FMC is a small agency of approximately 125 employees. Due to the small size of the agency and a limited budget, all investments are closely reviewed by myself, the Deputy Managing Director, Chief Information Officer, and the Director, Office of Information Technology. The CIO and I have reviewed all planned IT support for major programs and significant increases and decreases in IT resources reflected in this budget to ensure critical functionality and security is maintained. The Chief Information Officer and I approve of the IT investments detailed in this submission.

The Commission safeguards personally identifiable information (PII) in its records. In my role as SAOP, I have reviewed the IT investments portion of the budget request to ensure that privacy requirements, as well as any associated costs, are explicitly identified and included with respect to any IT resources that will be used to create, collect, use, process, store, maintain, disseminate, disclose, or dispose of PII.

The FMC will continue to maintain the highest IT management standards.

/s/

Karen V. Gregory
Chief Financial Officer and
Managing Director

Statement of the Chief Information Officer (CIO)

The FMC's planning for IT investments protects the integrity of Commission data and provides tools for staff and external users to maximize efficiency. The provided IT investments budget identifies the planned IT support for major programs at the Commission. As CIO, I have collaborated with the CFO on the IT budget for this FY 2020 submission. I have reviewed and approved the cost estimates and acquisition plans included in this submission. In my role as CIO, I have provided guidance to the Managing Director in identifying crucial IT resources for strategic goals and objectives.

The FMC is not subject to the requirements of the Federal Information Technology Acquisition Reform Act (FITARA) (P.L. 113-291).

/s/

Anthony Haywood
Chief Information Officer

IT TABLE

IT Systems to be Updated	Unique Investment Identifier	FY 2018	FY 2019	FY 2020	Notes
SERVCON (Update of service contract filing system)	251001	Deployed	Deployed	Deployed	Completed in FY 2018
Electronic Records Initiative	251001	$100,000	$100,000	Deployed	Projected completion in FY2019
FMC-18 Application					
FMC-18 OTI License & Registration Application (back end	251001	$1,097,000 includes related applications	$1,123,000 includes related applications	$600,000 includes related applications	Internal workflow processes to be integrated with public-facing front end, and with related applications below
E-bonds (Electronic Bonds) Filing System	251001	In development	In development	Testing and deployment	E-filing system for OTI surety cos. to be developed in conjunction with FMC-18.
FMC-1 Filing System	251001	In development	In development	Testing and deployment	Stand-alone FMC-1 tariff locator will be integrated into updated FMC-18.
Regulated Persons Index (RPI) (Data Store integration)	251001	In development	In development	Testing and deployment	Stand-alone RPI will be integrated into updated FMC-18 system.
FMC-18 License Renewal for OTI Licensees	251001	In development	In development	Testing and deployment	Developed in production system, will migrate to new FMC-18(OTIS) system when deployed.
FMC-65 Registration Renewal for Foreign-Based OTIs	251001	In development	In development	Testing and deployment	Developed in production system, will migrate to new FMC-18(OTIS) system when deployed.
FMC-18 OTI Applications & Bonds Fillable/Fileable Forms	251001	In development	In development	Testing and deployment	Will migrate to FMC-18 system when deployed in FY 2020.
OS electronic reading room and dockets filing system	251001	Future	Future	$236,825	Development begins FY 2020 upon deployment of updated FMC-18 system.
Passenger Vessel Operator (BCL system for application filing, processing, reports)	251001	Future	Future	Future	To begin FY 2021 or later; awaiting management decision to develop this application.
PIERS Interactive (BTA internal data store)	251001	Future	Future	Future	To begin in 2021 or later.
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Total IT consulting services (in $ per current fiscal year)		$1,197,000	$1,223,000	$836,825	Subsequent OIT deployments contingent on funding.

Major IT Investment Initiatives					
Title	**Unique Investment Identifier**	**2018 (PY)**	**2019 (CY)**	**2020 (BY)**
IT Systems Hardware and Network Infrastructure				
Servers	310302	$20,000	Reallocated to Cloud Computing	
Desktop Computers	--	--	--	--
Laptop Computers	310302	$410,000	--	--
Data Storage	310302	$20,000	Reallocated to Cloud Computing	
Network Devices	310302	$32,000	$5,000	$5,000
Backup Devices & Media	310302	$10,000	Reallocated to Cloud Computing	
Server Virtualization Equipment	310202	--	Reallocated to Cloud Computing	
A/V Equipment	--	--	--	--
New Virtual Private Network Router	252004	$18,000	--	--
Datacenter Environmental and UPS	310902	$30,000	--	--
IT Disaster Recovery	251001	$60,000	Reallocated to Cloud Computing	
Maintenance				
IT Infrastructure	257102	--	--	--
A/V Equipment	257101	$15,000	--	--
Systems, Applications, and Services*				
Azure, Office 365, SharePoint	310202	$30,000	$30,000	$45,000
Desktop OS Management Software	260201	$15,000	$15,000	$20,000
Enterprise Agreement/Software Assurance	252004	$25,000	$30,000	$40,000
Cloud Computing Services and Hosting	252004	$40,000	$50,000	$148,000
IT Security Support Services	251001	$15,000	$15,000	$35,000
Telecommunications				
MTIPS, VOIP, and Data (CenturyLink)	233301	$149,972	$149,972	$149,972
Mobile Communications Services	233304	$37,500	$38,500	$39,500
Data links for Regional Offices (T1)	233301	$35,400	$36,300	$37,200
CDM	253001	--	--	18,765
TOTAL		**$962,872**	**$369,772**	**$538,437,**

Appendix H: OIG Certification

FEDERAL MARITIME COMMISSION
Washington, DC 20573

March 11, 2019

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 (FMC) Inspector General submits the following information relating to the OIG's requested budget for FY 2020:

- the aggregate budget request for the operations of the OIG, to include overhead, is $487,159,
- the portion of this amount needed for OIG training is $3,500, and
- the portion of this amount needed to support the CIGIE is $1,263.

I certify as the Inspector General of the FMC that the amount requested satisfies the needs of the OIG for FY 2020, including all FMC OIG training requirements, and resources to support CIGIE.

Jon Hatfield, Inspector General
Federal Maritime Commission