

**THE STATE OF THE U.S. MARITIME INDUSTRY:
THE FEDERAL ROLE**

HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
AND MERCHANT MARINE INFRASTRUCTURE,
SAFETY AND SECURITY

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

MARCH 8, 2016

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ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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CONTENTS

Hearing held on March 8, 2016	Page 1
Statement of Senator Fischer	1
Statement of Senator Booker	3
Statement of Senator Nelson	4
Statement of Senator Cantwell	31
Statement of Senator Klobuchar	32
Statement of Senator Ayotte	34

WITNESSES

Hon. Paul N. Jaenichen, Administrator, Maritime Administration, U.S.. Department of Transportation	4
Prepared statement	6
Hon. Mario Cordero, Chairman, Federal Maritime Commission	11
Prepared statement	13
Rear Admiral James Helis, U.S. Maritime Service Superintendent, United States Merchant Marine Academy	16
Prepared statement	17
Mitchell Behm, Assistant Inspector General, Surface Transportation Audits, U.S. Department of Transportation	20
Prepared statement	22

APPENDIX

Response to written questions submitted to Hon. Paul N. Jaenichen by:	
Hon. Richard Blumenthal	51
Hon. Brian Schatz	51
Hon. Cory Booker	53
Response to written question submitted to Hon. Mario Cordero by:	
Hon. John Thune	54
Hon. Ron Johnson	55
Hon. Richard Blumenthal	57
Hon. Brian Schatz	58
Response to written question submitted to Rear Admiral James Helis by:	
Hon. Richard Blumenthal	59
Hon. Brian Schatz	60
Response to written questions submitted to Mitchell Behm by:	
Hon. Richard Blumenthal	61
Hon. Brian Schatz	62

THE STATE OF THE U.S. MARITIME INDUSTRY: THE FEDERAL ROLE

TUESDAY, MARCH 8, 2016

U.S. SENATE,
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND
MERCHANT MARINE INFRASTRUCTURE, SAFETY, AND SECURITY,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:20 p.m. in room SR-253, Russell Senate Office Building, Hon. Deb Fischer, Chair of the Subcommittee, presiding.

Present: Senators Fischer [presiding], Ayotte, Nelson, Booker, Cantwell, and Klobuchar.

OPENING STATEMENT OF HON. DEB FISCHER, U.S. SENATOR FROM NEBRASKA

Senator FISCHER. The hearing is called to order.

Good afternoon. I am pleased to convene the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security for today's hearing entitled "The State of the U.S. Maritime Industry: The Federal Role." This is the first in a series of hearings examining the maritime industry in preparation for legislation to reauthorize the Maritime Administration at the U.S. Department of Transportation.

The United States has a rich maritime heritage. In fact, shipbuilding was one of our oldest industries in this country, dating back to our Nation's early colonial times. From the beginning, U.S. waterways were used for exploration, commerce, transportation, defense, and recreation.

Today, shipping is even more crucial to the global supply chain. As a global leader, the United States needs an efficient and reliable intermodal freight transportation network to grow our economy and create new jobs. Ports and the U.S. maritime shipping fleet are critical to keeping America competitive in the global market, especially as freight flows continue to increase. According to the Bureau of Transportation Statistics, freight tonnage on our nation's transportation network will grow by 40 percent over the next 30 years.

Meanwhile, deep-water sea ports represent a key element of the U.S. transportation network, and they are vital to our economic growth. In fact, America's sea ports often serve as the key connection point for all modes of transportation. Today, we will hear from witnesses representing the Federal Government stakeholders with jurisdiction over maritime shipping and ports infrastructure. This includes the Maritime Administration, the Federal Maritime Com-

mission, the Merchant Marine Academy, and the Inspector General's Office of the Department of Transportation.

Around this time last year, I convened a hearing on the situation at the West Coast ports. These ports alone move 12.5 percent of U.S. GDP per year and channel goods throughout the entire country. Congress must continue to prioritize our Nation's ports to avoid massive congestion and gridlock like we saw last year.

One step toward ensuring that our ports remain a top priority at both the Department of Transportation and here in Congress is to strengthen the data received at the national level. Chairman Thune and I worked to include critical port performance legislation to aid us in retrieving critical data on port metrics in the highway bill that passed last year. Nationally, consistent data on our nation's ports will inform policymakers to help ensure that our nation's ports do not fall behind.

I am pleased to see Admiral Helis here, who graciously welcomed me to the U.S. Merchant Marine Academy last fall. I was very pleased to visit and tour the Academy. During the tour, I had the opportunity to visit with Nebraska midshipmen that I nominated to the Academy.

Admiral Helis, it's clear that you are shaping excellent future leaders for the maritime industry at King's Point, and I do thank you for your service. Moving forward, I hope to work with you and the Academy to ensure we strengthen efforts to address on-campus sexual assault through the upcoming Maritime Reauthorization bill.

The Academy's recent 2015 anonymous survey of midshipmen found that as many as 28 women and 24 men had been sexually assaulted on campus. However, the Academy noted there was only one officially reported case of sexual assault. As you know, we need to strengthen the support network available for midshipmen so they are confident in the reporting system.

We also need to encourage more on-campus and industry preventive training and the completion of the Academy's sexual assault action plan. After meeting with the on-campus coordinator during my visit to King's Point, I am confident that we can move in the right direction, and I do look forward to working with you to address this critical issue.

With regard to the Maritime Administration, I appreciate the important role that this agency plays in national security. MARAD manages the Department of Defense Ready Reserve Force, which serves to transport combat support, resupply, and unit equipment to the Army and the Marine Corps.

In addition, MARAD maintains a national defense reserve fleet of cargo ships to support military shipping operations during times of war and in national emergency. This was evident in the Korean War, where nearly 540 reserve fleet vessels were activated to support military forces.

I have serious concerns, however, regarding mismanagement at the agency as identified by the most recent IG report on the Maritime Administration. The IG report noted that weaknesses remain in MARAD's hiring practices and program implementation. This report shows that adequate risk management for MARAD programs

are needed, along with updated policies, hiring practices, and stronger oversight.

Administrator, I hope that we can work together to address these management challenges.

Now, I would now like to invite my Ranking Member, Senator Booker, to offer opening remarks.

**STATEMENT OF HON. CORY BOOKER,
U.S. SENATOR FROM NEW JERSEY**

Senator BOOKER. Thank you, Chairwoman Fischer. I appreciate you having my back. We were in a caucus, having a very lively discussion about GMOs, which is not the subject of this hearing, so I will move on.

I just want to thank, again, Senator Fischer. She has been a tremendous partner, and I'm glad that she and I have been able to work together on a lot of very important issues. I know this hearing will be one opportunity to discuss those important issues.

The country's port vessels and merchant marine forces, we know, as has been said, are critical to this nation's economy, critical to our military preparedness and, as I know, personally, toward disaster relief efforts. Our nation's ports and marine terminals, as well as our rail and road networks that support them, are essential for Americans getting products to overseas markets and generating a significant part of our economy that helps to create jobs.

Residents of my home state of New Jersey, this is something they know very, very well. New Jersey is home to the Port of New York and New Jersey—which I think should be renamed the Port of New Jersey and New York—which has moved more than 120 million tons of cargo. You heard that. I have bipartisan support for that. The bill will be coming shortly.

[Laughter.]

Senator BOOKER. But they're moving about 120 million tons of cargo in recent years and is the busiest port on the East Coast and I think the third busiest in the United States as a whole. Together, the port and terminals employ more than 163,000 people in New Jersey in 2014 and supported \$60 billion in family incomes. It is an amazing force on the East Coast.

In the past 5 years, the public and private sectors have helped fund more than \$2 billion in infrastructure improvements and has helped to expand our region's economy pretty significantly. For example, the Port of New York and New Jersey has committed \$1.3 billion to raise the Bayonne Bridge to allow very much larger vessels that serve our region.

While investments like these are essential and offer long-term benefits to our regional economy, they cannot, by themselves, reduce the congestion caused by our nation's outdated and, frankly, crumbling infrastructure. That's why I'm proud of the work of this committee and the bipartisan work on the FAST Act that has established the Nation's first multimodal freight grant program.

While this is a substantial advancement—we've made steps—we know there's more work to do. For many decades, the U.S. has relied on the U.S. Merchant Marine with its fleet of commercial vessels and crew of U.S. mariners to assist the military during times of war and national emergency. For example, during the height of

the U.S. military operations in Iraq and Afghanistan, from 2002 to 2008, privately-owned U.S. flag vessels and U.S. crews carried the majority of military cargos to those theaters.

The U.S. international fleet has diminished. U.S. mariners lose employment and the opportunity to remain certified to crew large ocean-going vessels. This concerns me. As we lose U.S. mariners, we lose sealift capacity to support U.S. military during times of War and these national disasters.

However, there are ways to combat this decline, such as continuing to support the increased funding for MARAD's Maritime Security Program, which ensures that 60 military-useful U.S. vessels are readily available to carry military cargos. We also need a long-term strategy that bolsters and supports all sectors of the maritime industry.

I am very, very happy about this hearing. I'm grateful to my Chairperson and look forward to each of our witnesses to hear about these issues and more.

Thank you.

Senator FISCHER. Thank you, Senator Booker.

We've been joined by our Ranking Member, Senator Nelson.

Senator Nelson, if you would like to make any welcoming comments at this time, it would be appropriate.

**STATEMENT OF HON. BILL NELSON,
U.S. SENATOR FROM FLORIDA**

Senator NELSON. Only to say I am thankful that you and the Ranking Member are having this, because the maritime industry provides very, very important services to the country.

Thank you.

Senator FISCHER. Thank you, Senator Nelson.

At this time, I would like to welcome our panel. We will begin with your opening statements. I would like to introduce first, the Honorable Paul Jaenichen, the Administrator of the U.S. Maritime Administration.

Welcome, sir.

**STATEMENT OF HON. PAUL N. JAENICHEN,
ADMINISTRATOR, MARITIME ADMINISTRATION,
U.S.. DEPARTMENT OF TRANSPORTATION**

Mr. JAENICHEN. Thank you. Good afternoon, Chairwoman Fischer, Ranking Member Booker, and members of the Committee. Thank you for the invitation to testify on the state of the U.S. maritime industry.

I'd like to begin today by talking about the status of the United States fleet. The U.S. flag fleet is made up of vessels operating in both domestic coastwise trade and also in international trade. The U.S. coastwise trade law, also known as the Merchant Marine Act of 1920, more commonly referred to as the Jones Act, requires the use of U.S.-owned, U.S.-built, and U.S.-crewed vessels to carry our nation's goods and domestic commerce, including trade to Puerto Rico, Hawaii, and Alaska.

We see encouraging signals for industry growth with the recent construction and deliveries of new container ships and tankers and articulated tugs and barges qualified to operate in a coastwise

trade. The recent delivery of two container ships, in particular, are the first of their type in the world that are powered by U.S.-produced, liquefied natural gas or LNG, making them one of the most environmentally friendly forms of freight transportation in the world. They were built in the United States at the General Dynamics NASSCO shipyard in San Diego, and they are supporting our domestic shipbuilding industrial base.

However, in the U.S.-flag international trade, we face significant challenges. The U.S.-flag fleet of privately-owned, commercially-operated vessels in international trade, along with the government-owned vessels, provide critical sealift capacity, as both of you noted in your opening remarks, to move equipment and materials for the global projection and sustainment of our armed forces and also in the support of other Federal agencies, when needed and where needed, during times of conflict, humanitarian crisis, and natural disaster.

Despite the winding down of military operations in the Middle East, the continued American involvement in that region as well as the developments in Eastern Europe and the Western Pacific point to a continuing need for a robust U.S. armed forces deployment capability and capacity. The total number of vessels in the international U.S.-flag fleet has varied considerably over the years, rising from 92 in 2001 to 106 at the end of 2011, and after reaching a historic low last fall of 75 has climbed slightly back to 78 as of the end of February 2016, continuing a long-term downward trend, with over a 25 percent reduction in the number of U.S.-flag international trading fleet vessels over the last three years. The corresponding reduction, as Senator Booker noted in his remarks, with regards to the loss of jobs and the resulting loss of capacity is of concern.

Currently, there are approximately 11,230 qualified mariners available to sail either commercial or government-owned sealift ships. The initial activation of 63 Maritime Administration and Military Sealift Command surge vessels would require an additional 3,200 mariners for sustained operation. This is in addition to the continued operation of the privately owned commercial U.S.-flag fleet.

And while it appears possible to meet the sealift surge for the initial four to six months with available mariners, maintaining sustained operations that require crew rotations on both government and commercial vessels, including those vessels that are not involved in carrying military cargo, would be severely challenging and perhaps not even possible without voluntary extensions beyond normal crewing periods. Given this assessment, I'm currently working closely with the U.S. Transportation Command, the Navy, and the commercial maritime industry to develop proposals to maintain an adequate number of licensed, trained, and experienced mariners.

Another area of focus for the Maritime Administration is addressing freight congestion in and around our nation's ports. Freight congestion at our ports will be exacerbated by the ever larger mega container ships that are coming into the global fleet. These large ships calling at our container ports create surges in freight volumes moving in and out of those ports, and in many

cases our ports and their surrounding infrastructure are in need of repair and modernization to accommodate the needs of the increasingly larger vessels of commercial merchant fleets that are currently handling our trade.

In recognition of these challenges, both the Congress and the administration have been taking steps to further integrate the marine transportation system into the surface transportation planning and the programs to support movement of freight. The Maritime Administration is taking action to aid the department's efforts in safe and efficient freight transportation and to address the issues that challenge the U.S. maritime industry through the development of a National Maritime Strategy. We expect to publish the draft strategy for public comment in the coming months before we are able to finalize it. I look forward to providing a draft of that strategy to the Committee soon.

Again, thank you for inviting me to testify today. I appreciate your interest and the continued support for the maritime industry and the U.S. Merchant Marine, in particular, and will be happy to answer any questions that you may have.

[The prepared statement of Mr. Jaenichen follows:]

PREPARED STATEMENT OF PAUL N. JAENICHEN, ADMINISTRATOR, MARITIME
ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION

Good afternoon, Chairwoman Fischer, Ranking Member Booker and Members of the Committee. Thank you for the invitation to testify on the state of the U.S. maritime industry. The United States is a maritime Nation: Our ports, inland rivers and waterways, Great Lakes and coastal ocean routes are essential to our global economic competitiveness, and the U.S. Merchant Marine plays a critical role in meeting national defense sealift and other security requirements and maintains a U.S. presence in international commercial shipping. To ensure a strong domestic maritime industry and U.S. Merchant Marine into the future, the Maritime Administration (MARAD) is focused on increasing the competitiveness of the U.S.-flag fleet, educating and training the next generation of merchant mariners, supporting innovation to address maritime energy and environmental issues, and addressing infrastructure challenges at our ports and on our inland rivers and waterways to increase mobility throughout the domestic transportation network. I will highlight each of these areas in my testimony today.

The U.S.-Flag Fleet

The U.S.-flag fleet is made up of vessels operating in both the domestic, coastwise trades and international trade. Our national policy for coastwise commerce is governed by the Merchant Marine Act of 1920, commonly referred to as the Jones Act, which reserves this trade for ships built in the United States, owned by U.S. citizens, and crewed by U.S. mariners. The national policy objectives for maintaining a U.S. Merchant Marine engaged in international maritime commerce is set forth in the Merchant Marine Act of 1936 as amended in 1970 which includes the objective that a substantial portion of our foreign trade should be carried on U.S. ships. Another policy goal of the 1936 Act is that our Nation's Merchant Marine, both ships and mariners, will serve as a naval auxiliary in times of war or national emergency.¹ These goals were reinforced in the 1989 National Security Directive 28, known as the National Security Sealift Policy.

U.S.-Flag Fleet in Coastwise Trade

U.S. coastwise trade law² requires the use of qualified U.S.-flag vessels to carry our Nation's goods in domestic commerce, including trade with Puerto Rico, Hawaii and Alaska.³ This same law also helps us to meet our national defense needs by

¹ 46 U.S.C. 50101

² 46 U.S.C. 55102

³ Currently, 91 large U.S.-flag self-propelled ocean-going vessels operate in U.S. domestic commerce. Although this segment of the fleet does not depend on government-impelled cargos, the crews of these vessels are qualified to operate sealift ships in the Government reserve fleet.

supporting American built ships, the crews to operate them, and ensures that intermodal equipment, terminals and other infrastructure are available to the U.S. military in times of war or national emergency. Coastwise trade law promotes a strong and vibrant U.S. maritime industry, which helps the United States maintain its expertise in shipbuilding and maritime transportation. It also ensures that the vessels navigating our coastal and inland rivers and waterways abide by U.S. laws and operate under the oversight of the U.S. Government.

More than 40,000 vessels operate in coastwise and inland trades. This includes 91 large self-propelled oceangoing vessels (1,000 gross tons or more) in domestic U.S. trade.⁴ While the number of vessels is down from 125 in 2006, the decline is primarily due to the retirement of older tankers which are being replaced by large, oceangoing tank barges, most in the form of articulated tug-barges (ATBs). ATBs function in much the same way as self-propelled oceangoing vessels, but with smaller crews and slower speeds.

We do see encouraging signals for domestic industry growth with recent deliveries of new containerships and tankers qualified to operate in the coastwise trade. These containerships are among the first in the world that are able to be powered by U.S.-produced liquefied natural gas (LNG), making them one of the most environmentally friendly forms of freight transportation in the world.

The construction of these vessels demonstrates the benefit of the U.S.-build requirement of the coastwise law⁵ to domestic shipbuilding. In 2013, American shipbuilders directly employed 110,000 Americans and produced \$37.3 billion in gross domestic product.⁶ As of February 2016, there are seven tankers, two containerships, two containership roll-on/roll-off vessels (ConRos), 16 ATBs and several barges on U.S. shipyard order books.⁷ These civilian shipyards and related industries are part of the Federal shipbuilding and repair industrial base that ensures adequate American expertise and capacity to meet national shipbuilding needs.

U.S.-Flag Fleet in International Trade

To defend American interests and carry out national policy overseas, the United States must be capable of deploying military forces anywhere in the world on short notice to meet contingency requirements. The U.S.-flag fleet of privately owned, commercially operated vessels, along with government-owned vessels, provide critical sealift surge and sustainment capacity to move equipment and materials for the Armed Forces and Federal agencies when needed, and where needed, during times of conflict, humanitarian crises, and natural disasters.

For example, during U.S. overseas contingency operations in Iraq and Afghanistan from 2002 to 2010, over 95 percent of all military ocean-borne cargoes were moved on U.S.-flag vessels and government-owned sealift vessels activated from reserve status and crewed by U.S. merchant mariners.⁸ U.S.-flag vessels, strategic ports and intermodal systems ensure delivery of vital supplies and equipment to our military service members and their families stationed overseas.

Ready Reserve Force (RRF)

MARAD manages and maintains a fleet of government-owned merchant ships in the National Defense Reserve Fleet (NDRF). This includes 45 RRF vessels that are maintained ready for operation within five days for transport of cargo to the area of operation and one RRF off-shore petroleum discharge vessel maintained ready for operation within 10 days to meet critical war fighting requirements. Vessels maintained in the RRF and NDRF, including training ships on loan to the six State Maritime Academies (SMAs), are also called upon for disaster response in an emergency, as was the case when one RRF ship and two training ships were activated in November 2012 to provide support for relief efforts following Hurricane Sandy, and more recently RRF ships supported the medical mission to Liberia for the United States contribution to the international Ebola Virus response in late 2014. Additionally, RRF and NDRF vessels can be configured to support other emergent situations

⁴U.S. Army Corps of Engineers, *Waterborne Transportation Lines of the United States*, Calendar Year 2013, Volume 1-National Summaries, Table 1: SUMMARY OF THE UNITED STATES FLAG PASSENGER AND CARGO VESSELS OPERATING OR AVAILABLE FOR OPERATION ON DECEMBER 31, 2013 BY REGION.

⁵46 U.S.C. 55102

⁶*Economic Importance of the U.S. Shipbuilding and Repairing Industry*, Maritime Administration (November 2015) http://www.marad.dot.gov/wp-content/uploads/pdf/MARAD_Econ_Study_Final_Report_2015.pdf

⁷Source: IHS Maritime Sea-Web, accessed February 2, 2016.

⁸The Use of Commercial Vessels and Intermodal Systems for Military Sealift 2002–2011, A Report of the NDTA Military Sealift Committee Working Group on Maritime Policy, Operation Enduring Freedom (OE F) and Operation Iraqi Freedom (OIF), National Defense Transportation Association, Arlington Va. (Feb. 28, 2003).

as was the case in mobilizing the Motor Vessel (M/V) CAPE RAY for use in the international effort to destroy the Syrian Government's declared chemical weapon stockpile. That mission was completed in August of 2014.

Maritime Security Program

The Maritime Security Act of 1996 established the Maritime Security Program (MSP), which provides direct annual stipends for up to 60 active, commercially viable, militarily useful, privately-owned U.S.-flag vessels and crews operating in U.S. international trades. The MSP fleet ensures access to U.S.-flag ships in ocean-borne foreign commerce with the necessary intermodal logistics capability to move military equipment and supplies during armed conflict or national emergency, and also provides critical employment for up to 2,400 highly qualified U.S. merchant mariners. Under this program, participating operators are required to commit their ships, crews and commercial transportation resources upon request by the Secretary of Defense during times of war or national emergency. Of the 78 U.S.-flag vessels that trade internationally, 57 currently participate in the MSP program. MARAD recently approved one vessel to enter the program and is in the process of filling the remaining two vacancies in the program.

Cargo Preference Laws

To encourage an active, privately owned and operated, U.S.-flag fleet, Congress enacted several measures known as "cargo preference" laws between 1904 and 1954. These laws require shippers to use U.S.-flag vessels to transport certain government-impelled ocean-borne cargoes. Specifically, under the Military Cargo Preference Act of 1904 and the Cargo Preference Act of 1954, 100 percent of military cargo, and at least 50 percent of government non-military cargo, including agricultural cargoes, must be carried on U.S. flag vessels. The cargoes provided under these programs help maintain the fleet of privately-owned U.S.-flag ships in global trade that provide ready access to ships and crews to transport equipment and supplies to support our Armed Forces when deployed globally.

Trends Concerning the U.S.-Flag Vessel Fleet Size

The total number of vessels in the internationally trading U.S.-flag fleet has varied considerably over the years, rising from 92 in 2001 to 106 in 2011 and declining to 78 vessels in February 2016, continuing a long-term downward trend. Vessel owners take into account a variety of factors before making a decision to leave the fleet including the availability of government-impelled cargo and foreign-flag trading options for their vessels. In individual circumstances, particularly for operators that do not have the benefit of participating in the MSP, loss of government-impelled cargo could influence a vessel owner's decision to retire vessels from the fleet or reflag.

Privately owned and operated ships remain under U.S.-flag only if there is cargo to move. Reductions in available preference cargo have contributed to a decline in the number of U.S.-flag vessels trading internationally, and in turn, a reduction in U.S. mariner jobs in international trade. While this does not preclude these mariners from seeking jobs in coastwise or Jones Act trades, they may not necessarily maintain the appropriate U.S. Coast Guard (USCG) Merchant Mariner Credential (MMC) for international trade given that the number of large self-propelled ocean-going domestic trading vessels has not increased, but stayed roughly the same.

Sealift Manpower Assessment

MARAD is responsible for determining whether adequate U.S. manpower is available to support the operation of sealift ships during a major crisis and is currently working with the Department of Defense (DOD) to address mariner requirements and to assess the availability and capacity of sealift assets to support national security. This assessment of the status of the U.S. civilian merchant mariner pool includes close coordination with maritime labor and consultation with other maritime industry stakeholders. Given that mariner service is completely voluntary, it is difficult to assess actual mariner availability to meet contingencies. At the same time, the domestic and international training requirements for mariners in domestic coastwise and international trade are increasing due to updated Standards of Training, Certification and Watchkeeping (STCW) requirements adopted at the International Maritime Organization that take effect in January 2017.

Currently, there are approximately 11,300 qualified mariners readily available to sail on either commercial or government reserve sealift ships. The initial activation of the 63 MARAD and Military Sealift Command surge vessels would require roughly 3,200 mariners for sustained operation. This is in addition to continued operation of the privately-owned commercial fleet. While it appears possible to meet the initial four to six months of sealift surge with available mariners, maintaining sustained

operations that require crew rotation on both government and commercial vessels, including vessels that are not carrying military cargo, could be severely challenged. Given this assessment, I am working closely with the U.S. Transportation Command, the U.S. Navy (Military Sealift Command), and the commercial maritime industry to develop proposals to maintain an adequate number of trained mariners.

Mariner Training

It takes many years of training to develop the necessary mariner competencies for officer and engineering positions on vessels; therefore, maintaining an adequate pool of American merchant mariners is vital to the commercial success of both the U.S.-flag fleet and the capacity to project American sea power. The average age of USCG credentialed merchant mariners is 46, and the workforce is retiring faster than it is being replaced.⁹ Since the maritime segment of transportation workers is relatively small, the effect of a large percentage of older workers is likely to be significant on the entire transportation workforce. Given the high average age of the credentialed mariner workforce, the expected separation rate of workers from the industry (*i.e.*, those leaving the industry, retirements, and expected job growth), and time needed to gain shipboard experience, there could be a critical need for senior mariners to meet employment demand between now and 2022.

Both the U.S. Merchant Marine Academy (Academy) and the SMAs provide training for USCG credentialed Merchant Marine officers. The Academy graduates each year one quarter of the Nation's new highly skilled, entry-level Merchant Marine officers who hold an unlimited tonnage or horsepower endorsement available to support the U.S. Merchant Marine and national maritime industry infrastructure. To meet USCG licensing requirements, Midshipmen are required to have 360 days of sea service during their four-year education program. This at-sea experience qualifies midshipmen for both their domestic USCG MMC and their international STCW endorsements. The Academy's shipboard training program exposes Midshipmen to life at sea on board commercial and military vessels and enables commercial U.S. shipping companies and the U.S. Navy (Military Sealift Command) an opportunity to provide seamanship and engineering training. In 2016, 230 Midshipmen are expected to graduate from the Academy. Presently, with rare exceptions, all of these graduates are commissioned on active duty or into a reserve unit of the Armed Services or other uniformed services of the United States and provide a guaranteed source of mariners to crew government owned surge sealift vessels when activated.

The six State Maritime Academies (SMAs) collectively graduate more than two-thirds of the entry-level Merchant Marine officers annually.¹⁰ More than 660 Cadets are expected to graduate from the SMAs in 2016. As part of its support to the SMAs, MARAD provides ships¹¹ on loan to the SMAs to support at-sea training. Unlike the Academy, SMA Cadets receive most of their sea time to qualify for their MMC and STCW endorsements on these MARAD-provided training ships rather than on commercial or military vessels. The available SMA training ships are aging with an average age of 37 years. MARAD is addressing priority maintenance across all the aging training vessels to ensure that they all meet safety and functional requirements and can stay in service as long as possible. In addition, MARAD is looking into appropriate next steps to ensure adequate shipboard training capacity remains available in order to produce sufficient quantity and quality of mariners to support sealift needs into the future.

Environment

Air emissions control and the prevention of invasive species spread through ballast water and other means remain the most significant environmental challenges for the maritime industry. MARAD works in partnership with other Federal agencies, academia and the maritime industry, and with continued support from Congress for the Maritime Environmental and Technical Assistance (META) Program, progress is being made on both of these fronts. Recent projects have demonstrated the feasibility of using biofuels and LNG for maritime propulsion, and the use of hydrogen and other fuel cells for shipboard and shoreside applications; however, challenges still exist. No ballast water management system has yet been Coast Guard certified as capable of meeting U.S. standards, but with MARAD assistance,

⁹ Bureau of Labor Statistics, Occupational Outlook Handbook, <http://www.bls.gov/ooh/transportation-and-material-moving/water-transportation-occupations.htm> accessed March 3, 2016.

¹⁰ The six SMAs are: California Maritime Academy in Vallejo, CA; Great Lakes Maritime Academy in Traverse City, MI; Texas A&M Maritime Academy in Galveston, TX; Maine Maritime Academy in Castine, ME; Massachusetts Maritime Academy in Buzzards Bay, MA; and State University of New York (SUNY) Maritime College in the Bronx, NY.

¹¹ 46 U.S.C. 51504

progress is being made to help assess the effectiveness of control systems and to advance invasive species control science.

The Maritime Transportation System

The U.S. maritime transportation system employs more than 200,000 workers in water transportation and ship and boat building, and another 95,000 in support of the maritime industry.¹² In 2014, the maritime industry, including those that serve foreign transportation needs, added \$18.5 billion to our Gross Domestic Product.¹³ The maritime transportation system is a critical component of our national transportation system of ports, railways, roads, pipelines and waterways, and the maritime component is our primary access to global trade. As our country grows, so does demand for freight transportation.

Freight congestion in and around our Nation's ports continues to grow and will be exacerbated by ever larger mega containerships and growing multi-partner shipping alliances, whereby multiple shippers agree to share the capacity of a single vessel to improve capacity utilization and lower per unit shipping costs. Large ships calling at our container ports create surges in freight moving into and out of ports. These surges create logistical challenges with the availability and storage for equipment such as chassis and empty containers, long lines and wait times for trucks entering ports, adequate space for safe truck parking, and traffic on the intermodal road and rail infrastructure connecting to the ports.

In many cases, our ports and their surrounding infrastructure are in need of repair and modernization to accommodate the needs of increasingly larger vessels in the commercial merchant fleets that handle our trade. In recognition of these challenges, both Congress and the Administration have been taking steps to further integrate the marine transportation system into surface transportation planning and programs.

One of those efforts was rolled out in February of last year, when Secretary Foxx released the draft report *Beyond Traffic 2045: Trends and Choices*, which created a baseline for the discussion of marine transportation's role in our Nation's transportation system as it evolves over the next 30 years. Following that, Congress passed the Fixing America's Surface Transportation (FAST) Act, which further integrates ports into the surface transportation system by making them eligible for funding under the new National Highway Freight Program (NHFP) and the Nationally Significant Freight and Highway Projects Program.

MARAD is also working to develop a robust Marine Highway system aimed at providing a viable and efficient transportation option for shippers to move freight more efficiently, avoiding congested cities and towns. The America's Marine Highway Program is focused on facilitating partnerships between service operators and potential shippers, as well as State DOTs, Metropolitan Planning Organizations, and Economic Development Agencies at the Federal, State and local level in order to create opportunities for new services. In FY 2016, MARAD will be assisting sponsors of designated Marine Highway projects to conduct planning and develop equipment and infrastructure necessary to bring these new services to life.

The Department of Transportation's National Maritime Strategy

MARAD is taking action to aid the Department's efforts in safe and efficient freight transportation, and to address the issues that challenge the U.S. maritime industry through the development of a draft National Maritime Strategy. We expect to publish the draft strategy in the coming months, which will be available for public comment before MARAD finalizes it. As required in section 603 of the Howard Coble Coast Guard and Maritime Transportation Act of 2014, the strategy will identify Federal regulations and policies that reduce the competitiveness of U.S.-flag vessels operating in foreign trade; and the impact of reduced cargo flow due to reductions in military deployment overseas. It will also include recommendations to make U.S.-flag vessels more competitive and increase the use of U.S.-flag vessels in foreign trade, ensure compliance by Federal agencies with cargo preference laws, increase the use of third-party inspection and certification authorities to inspect and certify vessels; increase the use of short sea transportation routes; and enhance United States shipbuilding capability. Following publication of the draft strategy for public comment, I look forward to providing the strategy to the Committee.

¹² Department of Transportation, Bureau of Transportation Statistics—Occupational Employment Statistics (May 2014). Include those employed in water transport (NAICS 483000), ship and boatbuilding, (NAICS 336600), support activities for water transportation (NAICS 488300).

¹³ Department of Commerce, Bureau of Economic Analysis, Gross-Domestic-Product-(GDP)-by-Industry 2014.

Again, thank you for inviting me to testify today. I appreciate your interest and continued support for the maritime industry and the U.S. Merchant Marine and will be happy to answer any questions you may have.

Senator FISCHER. Thank you, Administrator.

Next we have the Honorable Mario Cordero, Chairman of the Federal Maritime Commission.

Welcome.

**STATEMENT OF HON. MARIO CORDERO, CHAIRMAN,
FEDERAL MARITIME COMMISSION**

Mr. CORDERO. Thank you. Chairperson Fischer, Senator Booker, members of the Committee, thank you for inviting me to join you today to provide a perspective on the Federal Maritime Commission, on the state of the U.S. maritime industry, and related infrastructure. With your permission, I will summarize my prepared remarks and ask that my full statement be entered into the record.

In 2015, total container volumes transiting the United States were 31.5 million TEUs. The imbalance in the container trades grew for a second year in a row with 20 million TEUs imported into the United States, and container-based exports dropped 11.5 million TEUs, a 5 percent decrease from export volumes in the prior year. The vessel capacity among the global fleet that is available to meet demands for increased container volumes is more than sufficient, and it is likely that shippers will continue to benefit from low transportation rates for their international ocean cargo.

In regard to competition, we may see considerable consolidation among container carriers this year. CMA-CGM is acquiring NOL. China Ocean Shipping Company, COSCO, is absorbing China Shipping as part of a merger. Pending approval by regulators in the United States and other nations, both CMA and COSCO will grow in size, capabilities, market share, and possibly market power. The CMA and COSCO transactions are complex, far reaching, and will require careful ongoing analysis for some time in the future.

In Fiscal Year 2015, the Commission saw the largest number of operating agreements filed during a 12-month period since 2006. Many of these agreements now filed with the FMC reflect a trend in which carriers and maritime terminal operators increasingly work in cooperation with each other, sharing resources and assets. These agreements are much more complex and time consuming to analyze than previously was the case. Additionally, the complexity and potentially anti-competitive effect of these agreements require consistent oversight and critical analysis.

International trade at our Nation's ports account for 32 percent of the Gross Domestic Product. It is vital that we have the efficient flow of cargo through our maritime terminals, and it is a key priority for the Federal Maritime Commission that our maritime gateways are able to handle current and projected cargo volumes.

In February of this year, the Commission initiated its latest effort to address congestion issues by voting unanimously to approve the facilitation of a supply chain innovative team project that will work to develop commercial solutions to supply chain challenges and related port congestion challenges and concerns. This effort will be led by Commissioner Rebecca Dye.

At issue presently, the Commission is currently hearing much about the Safety of Life at Sea Treaty amendments coming into force this July regarding the verified gross weight of containers, or verified gross mass of containers. On February 18, 2016, the FMC hosted a meeting at its headquarters and brought together all interested parties, including the Coast Guard, which is the U.S. Government agency with the responsibility and jurisdiction for this matter.

At this particular juncture, it seems more work needs to be done to achieve consensus. I reiterate that the Coast Guard is the lead agency in this matter. That noted, the FMC will carefully monitor developments to see if the situation ever reaches a point where it would warrant intervention by the Commission under the relevant applicable portions of the Shipping Act. The Commission is also prepared to continue the informal role of promoting dialog among all relevant parties, including through meetings such as the one we hosted last month.

The ultimate goal of the FMC is to give the U.S. shipper confidence that when they contract for ocean freight services, they are doing so with an honest actor who is charging a fair rate and is capable of actually having the shipment move from origin to destination. We safeguard the public against anti-competitive practices. We maintain and review confidentially filed service contracts. We provide forums for exporters, importers, and other members of the shipping public, and we guard against unfair and unfavorable conditions caused by foreign government business practices in U.S. foreign shipping lanes.

The FMC is a small agency with a broad mandate and the essential mission of making international cargo actually flow. As trade volume continues to grow exponentially, there will be an increased demand for the services of the FMC, and very simply put, we need to be better resourced to meet our responsibilities.

In summary, the state of the maritime industry is mixed. On one hand, increasing trade volumes are an encouraging indicator of the strength of the economy. Additionally, we are fortunate there is sufficient vessel and container capacity to move this cargo.

On the other hand, if unaddressed, congestion at U.S. ports presents a serious potential impediment to continued economic growth as well as the competitiveness of the nation. Continued attention by Congress to ports and the intermodal connectors that link the quayside to the countryside is absolutely essential. Financing ports, port infrastructure, and good movement networks are necessary investments that benefit the economy as well as the U.S. consumer.

Chairperson Fischer, Senator Booker, once again, I appreciate this opportunity to appear before you. I'm happy to answer any questions that anyone may have on the Committee or Subcommittee regarding the Federal Maritime Commission or developments on the waterfront where our insight would be helpful.

Thank you again.

[The prepared statement of Mr. Cordero follows:]

PREPARED STATEMENT OF HON. MARIO CORDERO, CHAIRMAN,
FEDERAL MARITIME COMMISSION

Chairman Fischer; Senator Booker; members of the Committee—thank you for inviting me to join you today to provide the perspective of the Federal Maritime Commission on the state of U.S. maritime industry and related infrastructure.

As you know, the Federal Maritime Commission is the independent agency charged with promoting the fair, efficient, and reliable transportation of cargo into and out of the United States via international, ocean-borne shipping. We do this primarily through enforcing the Shipping Act of 1984. We regulate all ocean shipping entering and leaving the United States and we engage entities involved in every aspect of moving cargo internationally via the water. Our mission, and exposure to the people who make ocean shipping work, gives the Commission a unique perspective to review and summarize trends in the shipping business.

Looking only at overall container volumes imported and exported into the United States, 2015 was an impressive year for shipping. Total container volumes were 31.5 million Twenty Foot Equivalent Units (TEUs), which represents a two-percent increase in container volumes year-on-year. The imbalance in the container trades grew for the second-year in a row with 20 million TEUs entering the United States and container-based exports dropped to 11.5 million TEUs—a five percent decrease from export volumes of the previous year. The U.S. share of the world's container trade was nearly 17 percent and according to our analysis, this is the second consecutive year that imported container volumes have surpassed the previous record of 18.6 million containers that was established in Fiscal Year 2007.

In terms of container cargo volumes, Asia remains our largest trading region and China our largest trading partner. In Fiscal Year 2015, Asia was responsible for 62 percent of U.S. container trade volumes, 53 percent of that volume being tied to north Asia. Our annual report, which will be published in the next few weeks, has a very useful summary of ocean shipping trends as they relate to the United States on a region-by-region basis. We will be certain to get copies of our report to you and your staff as soon as it has been printed.

The vessel capacity among the global fleet that is available to meet demands for increased container volumes seems more than sufficient. The world's containership fleet continued to expand with nominal capacity growing by approximately 9 percent. At the end of the fiscal year, there are 5,143 containerships with a capacity of 19.7 million TEUs in the global fleet. Additionally, there were orders worldwide for 511 new containerships with an aggregate capacity of 4.1 million TEUs—an increase of 21 percent over the existing fleet capacity. This generous supply of container capacity suggests that shippers will likely benefit from continued low transportation rates for their international ocean cargo.

Regarding competition in the shipping industry, we may see considerable consolidation among container carriers this year. France-based carrier CMA-CGM (CMA) is acquiring Singapore-based carrier NOL; and, China Ocean Shipping Company (COSCO) is absorbing China Shipping as part of a merger. Pending approval by regulators in the United States and other nations, both CMA-CGM and COSCO will grow in size; capabilities; market share; and possibly market power. The FMC has the vital responsibility to monitor possible changes in the marketplace and analyze potential impact on shippers. The CMA and COSCO transactions are complex, far-reaching, and will require careful on-going analysis for some time into the future.

One of the most significant areas of responsibility for the Federal Maritime Commission is its review of operating agreements filed with the agency, particularly as the industry rapidly reacts to changing global economic conditions.

Under the law, Vessel Operating Common Carriers (VOCCs) and Marine Terminal Operators (MTOs) who file agreements with the FMC enjoy a limited exemption from the Nation's antitrust laws. These exemptions are designed to help facilitate efficiencies and provide reliable and fair international ocean-borne transportation services to domestic shippers. Such agreements are thoroughly monitored and analyzed by Commission staff on a continuing basis to confirm that the law is followed and the American shipping public is not harmed.

In Fiscal Year 2015, the Commission received 258 agreement filings—both new agreements and amendments to existing agreements—which is the largest number of agreements filed during a 12-month period since 2006. The nature of international trade has changed tremendously over the nine-years between 2006 and 2015: trade volumes have grown; vessels have become larger in size; and supply chains have become more sophisticated. Corresponding trends in the shipping business are consequentially changing the nature of many of the agreements we consider.

Many of these agreements now filed at the FMC reflect the trend in which carriers and MTOs increasingly work in cooperation with each other, sharing resources and assets. These agreements are much more complex and time-consuming to analyze than previously was the case. Additionally, the complexity and potentially anti-competitive effect of these agreements, require consistent oversight and critical analysis.

As a result of merger and acquisition developments in the container shipping business, we are likely to see much more activity on the agreements front. Carriers that are purchasing other carriers, or are merging, are likely to modify their existing agreements or enter into new agreements and competing lines may change their agreements in reaction to the new reality of the shipping business. These developments warrant careful review and will demand more time, attention, and resources of the FMC.

It is very easy to report a statistic via testimony, but there is a real world impact to all the record breaking volumes of containers landing in the United States and that is the continuing stress on maritime gateways—ports and intermodal connectors that are already congested with trade traffic. Marine Terminal Operators (MTOs) are working to find ways to more efficiently move cargo from ship-to-shore and out the gate.

While the FMC is an enforcement and regulatory agency, it is also an organization that seeks actively to facilitate trade. It has been our experience that sometimes the best solution to a problem in an area under our purview is not simply regulation, but encouraging private sector parties to find their way to a private sector solution. That is the path we have mostly taken when it comes to port congestion.

International trade begins at our Nation's ports and it is through marine terminals that cargo enters and exits the country. International trade moving through America's coastal gateways accounts for 32 percent of America's Gross Domestic Product and some predict that by 2030 this figure may rise to 60 percent. Ensuring that U.S. ports handling international ocean-borne commerce are able to efficiently handle current and projected volumes is a key priority for the Commission.

Over the past two years, the Federal Maritime Commission has actively engaged in surveying the status of the nations' ports and identifying not only what the causes of congestion are, but how private sector, mutually agreeable, and results driven solutions might be found.

In latter FY 2014, and throughout FY 2015, the Commission hosted four separate listening events at major gateway cities throughout the United States—Los Angeles; Baltimore; New Orleans; and Charleston—to gather input from stakeholders about what problems they were experiencing and how congestion was impacting their ability to move goods. These listening sessions, which were always headed by at least one Commissioner, led to the issuance of two separate publications:

- *Rules, Rates, and Practices Relating to Detention, Demurrage, and Free Time for Containerized Imports and Exports Moving Through Selected United States Ports* (April 2015—<http://www.fmc.gov/NR15-03/?pg=9>)
- *U.S. Container Port Congestion & Related International Supply Chain Issues: Causes, Consequences & Challenges* (July 2015—<http://www.fmc.gov/NR15-11/?pg=6>)

The Commission voted unanimously in February to approve the facilitation of "Supply Chain Innovation Teams"—working groups comprised of industry stakeholders doing business in, at, or with the combined port facilities in the San Pedro Bay, which is our Nation's largest and busiest port complex. Supply Chain Innovation Team members will work to develop commercial solutions to supply chain challenges and related port congestion concerns. This effort will be led by Commissioner Dye and will culminate in a report that will be issued to the FMC. The real value of this undertaking is that we believe it will lead to collaborative, practical solutions that will increase efficiencies and terminal throughput at port facilities.

An issue that the Commission is currently hearing much about is that of Safety of Life at Sea Treaty (SOLAS) amendments coming into force this July that will require shippers to declare a "Verified Gross Mass" (VGM) of containers to ocean carriers before a shipment will be allowed to be loaded on a vessel. Carriers and shippers have not yet resolved the issue, and on February 18, 2016, the FMC hosted a meeting at its headquarters that brought together all interested parties, including the Coast Guard, which is the U.S. Government agency with responsibility and jurisdiction for this matter. The meeting was convened to pursue guided discussion and seek consensus on how to proceed on the VGM matter. At this particular juncture, it seems more work needs to be done to achieve consensus. I reiterate that the Coast Guard is the lead agency on this matter—it represents the United States

at the International Maritime Organization; it is responsible for implementing SOLAS; and it is responsible for enforcement matters in terms of vessel and facility safety. That noted, the FMC will maintain a vigilant watch on this issue and carefully monitor developments to see if the situation ever reaches a point where it would warrant intervention by the Commission under the relevant and applicable portions of the Shipping Act. The Commission is prepared to continue its informal role of promoting dialog among all relevant parties and is willing to continue to facilitate meetings.

Earlier in my testimony, I noted that though the Federal Maritime Commission has regulatory and enforcement powers, trade facilitation is very much also at the core of its mission and activities. The ultimate goal of our work is to give the U.S. shipper confidence that when they contract for ocean freight services they are doing so with an honest actor, who is charging a fair rate, and is capable of actually having the shipment moved from origin to destination. We review, analyze, and monitor carrier and marine terminal operator agreements to assure these entities do not engage in anticompetitive behavior; we maintain and review confidentially filed service contracts; we provide forums 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; and we guard against unfair and unfavorable conditions caused by foreign government business practices in U.S. foreign shipping trades. The sum total of our efforts is that international trade flows efficiently and at a reasonable cost. When ocean transportation services begin to take longer or cost more, we want to know why this is happening and how we can potentially fix any problems.

We do all of this with less than 125 employees and with a budget in Fiscal Years 2015 and 2016 of only \$25.6 million. I am very proud of the hard work our employees do, and the commitment they bring to the office each and every day.

While acknowledging and commending the hard work of Commission staff, I am not certain how much longer the Commission can sustain current operations if we do not receive modest relief in terms of some additional personnel in key positions and a corresponding realistic increase in funds to carry out our functions.

The demands on the Commission are significant in terms of accepting, processing, analyzing, and acting upon just the routine filings that provide the foundation for a transparent and competitive international ocean shipping network. In just the first quarter of Fiscal Year 2016 (calendar months October, November, and December 2015) 8,491 new service contracts were filed and 177,382 service contract Amendments were filed. Last year, the FMC received 51,109 new service contracts and 653,315 service contract amendments. As I mentioned above, merger and acquisition activity in the container industry will generate substantial new monitoring and analysis requirements.

Simply put, the demands on the agency's resources are continually increasing, but the resources available to the FMC to execute its mission never seem to keep pace with the work that must be done. At some point, we may not be able to provide service at the rate our constituents require to be able to do their business; and if that day comes, we will not be facilitating trade, we will instead risk becoming an impediment to the free flow of cargo.

In summary, the state of the maritime industry is mixed. On the one hand, increasing trade volumes are an encouraging indicator about the strength of the economy and it is fortunate that there is sufficient capacity in terms of vessels and container capacity that the costs of moving cargo internationally via the ocean will likely remain reasonable. On the other hand, if unaddressed congestion at U.S. ports presents a serious potential impediment to continued economic growth as well as the competitiveness of the Nation. Continued attention by Congress to ports and the intermodal connectors that link the quayside to the countryside is absolutely requisite. Financing ports, port infrastructure, and goods movement networks are investments that benefit the whole economy.

Chairman Fischer, Senator Booker, once again, I appreciate this opportunity to appear before you and I am happy to answer any questions that anyone may have regarding the Federal Maritime Commission or developments on the waterfront where our insight would be helpful.

Senator FISCHER. Thank you, Mr. Chairman.

Next we have Rear Admiral James Helis, United States Maritime Service Superintendent, United States Merchant Marine Academy.

Welcome, sir.

**STATEMENT OF REAR ADMIRAL JAMES HELIS,
U.S. MARITIME SERVICE SUPERINTENDENT,
UNITED STATES MERCHANT MARINE ACADEMY**

Admiral HELIS. Good afternoon, Chairwoman Fischer, Ranking Member Booker, and members of the Committee. Thank you for the invitation to testify on the state of the U.S. maritime industry and the role of the U.S. Merchant Marine Academy.

Chairwoman Fischer, it's good to see you again, and I'd like to thank you again for visiting the Academy this past fall and for your kind words in your opening remarks. I value your interest in the Academy as well as that of Senator Wicker, who has also visited, and I appreciate the leadership of both of you as well as Senator Schatz and the Academy's Board of Visitors, of which he is also a member.

The mission of the United States Merchant Marine Academy is to educate and graduate licensed merchant mariners and leaders of exemplary character who will serve America's marine transportation and defense needs in peace and war. Each year, the Academy graduates over 200 highly qualified young women and men committed to serving the nation as officers in the armed forces and the merchant marine. All graduating midshipmen will receive a Bachelor of Science degree, a U.S. Coast Guard issued merchant marine officer's license, and a commission in an active or reserve component of one of the armed forces.

Over the past 5 years, the quality and diversity of the incoming classes at the Academy has improved considerably. The mean SAT scores have improved from 1215 to 1283. The percentage of women admitted rose from 12.9 percent to 19.3 percent, and minorities similarly rose from 15.2 percent to 21.1 percent. We're pleased with the progress we're making and expect to see continued improvements in the quality and the diversity of future classes.

My top strategic priorities for the Academy are, one, improving infrastructure and facilities; two, degree reaccreditation; three, the leadership development program; and, four, prevention of sexual assault and sexual harassment. I will address each of these in some detail.

First, capital improvements. We have pursued an aggressive capital improvements program for the Academy in recent years, renovating the midshipmen barracks and food service facilities; replacing Mallory Pier, the Academy's primary waterfront training asset; improving water, sewer, and electrical systems; and enhancing safety and physical security systems on campus. Our next major phase of capital improvements will focus on modernizing and renovating the academic buildings to include science laboratories and training simulators.

Second, accreditation. The Middle States Commission on Higher Education accredits the Academy's academic degrees. We are presently in the decennial degree reaccreditation process. We anticipate the Middle States Commission issuing its final report and reaccrediting our degree programs in the summer of 2016. The report will include Middle States' recommendations for actions to improve the quality of our programs, which will drive our strategic planning for 2017 and beyond.

Third, leadership development. Leadership development is at the forefront of the Academy experience. Everything we do should contribute to the personal and professional growth of the midshipmen so they graduate prepared to be lifelong leaders for our Nation in the Merchant Marine, the armed forces, and in government.

Starting with the class of 2020, two formal academic courses in leadership will be added to the core curriculum. In addition, the Commandant of Midshipmen is revising the regimental training program to dedicate more time to leadership development.

Finally, sexual assault and harassment. Sexual assault and sexual harassment are unacceptable behaviors that have no place at any institution of higher education, especially one committed to developing our Nation's future leaders. The Academy has taken a number of steps to address sexual assault and sexual harassment, including implementing a wide variety of training, education, reporting, and security enhancements, which are detailed in my written testimony.

While we have made progress, incidents of sexual assault and harassment are still occurring. There is still work to be done to eliminate this problem, and I am personally committed to doing so.

Again, thank you for inviting me to testify today. I appreciate your interest and continued support for the U.S. Merchant Marine Academy, and I'll be happy to answer any questions you may have.

Thank you.

[The prepared statement of Admiral Helis follows:]

PREPARED STATEMENT OF REAR ADMIRAL JAMES HELIS, U.S. MARITIME SERVICE
SUPERINTENDENT, UNITED STATES MERCHANT MARINE ACADEMY

Good afternoon, Chairwoman Fischer, Ranking Member Booker and Members of the Committee. Thank you for the invitation to testify on the state of the U.S. maritime industry and the role of the U.S. Merchant Marine Academy.

The mission of the United States Merchant Marine Academy is to educate and graduate licensed merchant mariners and leaders of exemplary character who will serve America's marine transportation and defense needs in peace and war. Each year the Academy graduates over 200 highly-qualified young women and men committed to serving the Nation as officers in the Armed Forces and the Merchant Marine.

The Academy provides a comprehensive four-year leadership development experience. All graduating midshipmen will receive a Bachelor of Science degree a U.S. Coast Guard-issued Merchant Marine officer's license,¹ and a commission in an Active or Reserve Component of one of the Armed Forces. They can meet their service obligation in one of two ways. Twenty to 25 percent will choose to serve five years on Active Duty as an officer in any branch of the U.S. Armed Forces. The majority of the graduates will sail for five years as a Merchant Marine officer on U.S.-flagged commercial ships or with a Federal agency, normally Military Sealift Command or the National Oceanographic and Atmospheric Administration.

The Academy's mission begins with the men and women who pass through its gates in late June to begin their four-year journey. The Merchant Marine Academy has a highly competitive and selective admissions process. Candidates must have a strong academic record and demonstrate superior leadership potential through their participation in co-curricular activities, athletics, and community service. They must meet rigorous medical and physical fitness qualifications for military service. They must also receive a nomination from a Member of Congress or qualify for one of 40 direct appointments by the Secretary of Transportation by demonstrating qualities deemed to be of special value to the Academy.

Over the past five years the quality and diversity of the incoming classes has improved considerably. Comparing the classes that entered the Academy in 2010 and

¹To graduate, Midshipmen must pass the U.S. Coast Guard examination for a Merchant Marine officer's license.

2015, we saw the mean score on the Scholastic Aptitude Test (SAT) improve from 1215 to 1283. The percentage of women admitted rose from 12.9 percent to 19.3 percent. Minorities similarly rose from 15.2 percent to 21.1 percent. Other indicators of the quality of our incoming candidates are class rank, grade point average, and key leadership positions in student government, athletics, and co-curricular and community activities. We are pleased with the progress we are making and expect to see continued improvements in the quality and diversity of future classes.

My top strategic priorities for the Academy are (1) improving infrastructure and facilities, (2) degree reaccreditation, (3) the leadership development program, and (4) prevention of sexual assault and sexual harassment. I will address each in some detail.

The Obama Administration has pursued an aggressive capital improvements program for the Academy. We completed the renovation of all six barracks in December 2014. Since 2012, we have also replaced Mallory Pier, which had become unsafe and was deteriorating, with a modern, safe platform for instructional, competitive, and recreational waterfront activities. We upgraded and modernized the food service facilities in the Delano Hall dining facility. We have also undertaken major improvements in the water distribution and sewage systems, and are preparing to upgrade the electrical grid on campus. We will next execute a multi-year modernization and renovation of the academic buildings, to include science laboratories and training simulators. We will then proceed to the Academy's athletic and administrative buildings.

We are fully committed to the safety and security of our campus, our midshipmen who live there, and our dedicated staff and faculty. To that end, we have undertaken major enhancements to our physical security program. Since 2012, we have installed surveillance cameras and blue light emergency call boxes in key locations on campus. We added electronic card access to all entrances to the barracks where our Midshipmen live. In 2013, we increased the size of the Academy's contract guard force. Our contract security personnel are now armed and trained to respond to a broad range of contingencies, including an active shooter and reports of sexual assault. Our new, manned command center integrates the security systems and provides immediate connections to local emergency services and law enforcement. Our emergency operations planning committee is reviewing and updating our response plans. We conducted active shooter training for faculty and staff in January, and will hold similar training for all midshipmen, staff, and faculty this spring. We are also planning exercises with local law enforcement. Funding for additional enhancements, including more surveillance systems and improved vehicle access control, is requested in the President's proposed budget for Fiscal Year 2017.

The Middle States Commission on Higher Education (MSCHE) accredits the Academy's academic degrees. We are presently in the decennial degree reaccreditation process. Accreditation is based in part on a comprehensive evaluation including a very detailed institutional self-study report. We initiated the self-study in 2013, with over one hundred staff, faculty, and Midshipmen serving on various committees. We completed the self-study on time and submitted it to MSCHE for review earlier this year. The accreditation team, appointed by MSCHE, is comprised of educators and experts who ensure the Academy is meeting the standards of excellence established by MSCHE. The team, led by West Point's Dean of Academics, Brigadier General Tim Trainor, will visit the Academy in April 2016 to conduct their on-site assessment and provide us their initial findings. We anticipate MSCHE issuing its final report and reaccrediting our degree programs in the summer of 2016. The report will include MSCHE's recommendations for actions to improve the quality of our programs, which will drive our strategic planning for 2017 and beyond.

Leadership development is at the forefront of the Academy experience. Everything we do should contribute to the personal and professional growth of the Midshipmen so they graduate prepared to be lifelong leaders for our Nation in the Merchant Marine, the Armed Forces, and government. Starting with the class of 2020, two formal academic courses in leadership will be added to the core curriculum. The Dean of Academics and the faculty are making adjustments to the curriculum to ensure these courses are not additive to an already demanding academic load. We presently offer an elective in leadership which is well-subscribed. The Commandant of Midshipmen is revising the Regimental training program to dedicate more time to leadership development. His intent is to develop a more progressive program of seminars targeted at the experience and needs of each class. He is also building additional leadership training through exercises into the summer training program for the incoming class, which should be beneficial to both the new Midshipmen and the senior midshipmen conducting the training. I am proud of how the Commandant's staff, faculty, and athletics department have embraced the challenge of more explicitly addressing the development of the leadership skills of our Midshipmen. We be-

lieve this will enhance the quality of the Academy's graduates and better inspire them to lives of selfless service as leaders for our Nation.

Sexual assault and sexual harassment are unacceptable behaviors and have no place at any institution of higher education, especially one committed to developing our Nation's future leaders. Sexual assault and sexual harassment continue to be a concern at the Academy. We are committed to eliminating this behavior on our campus and, until we reach that goal, improving the reporting rate and taking appropriate action in each reported case. The Commandant in his vision for the Regiment has clearly defined assaults on personal dignity, integrity, and leadership as harmful not only to individuals, but also to the Academy and detrimental to mission accomplishment. The steps we have taken since 2012 to address sexual assault and harassment are included in our annual reports to Congress. We welcomed evaluations of our programs by the Department of Transportation (DOT) Inspector General in 2013 and 2014, which provided a review of our programs and provided useful recommendations, all of which we have implemented.

To oversee and guide the Sexual Assault Prevention and Response (SAPR) program, DOT established a Senior SAPR Steering Committee with members of senior staff from the Secretary of Transportation's office, the Maritime Administration (MARAD), and the Academy. At the Academy, we established a multi-disciplinary Sexual Assault Review Board (SARB), meeting monthly, to provide executive oversight and procedural guidance for the SAPR program by reviewing ways to improve processes, system accountability and victim access to quality services. The SARB has recently drafted Standard Operating Procedures for investigating reports of sexual assault and appropriately maintaining these reports and records.

Our full-time Sexual Assault Response Coordinator (SARC) resides on the Academy, and is available to Midshipmen 24/7 through a victim hotline. Victims are provided with information and referrals, and assistance in obtaining any necessary medical or mental health treatment at the academy or appropriate local community resource and/or victim advocacy agency. Victims may make a confidential (restricted) report² through the SARC, Health Clinic counseling staff, Chaplain, or trained and designated staff and faculty victim advocates. The Academy works closely with a local victim advocacy agency to provide an additional confidential reporting option. A victim may also make an unrestricted report which results in the initiation of both criminal and administrative investigations. Depending on the outcome of the investigations, the Academy may take administrative disciplinary action regardless of whether criminal charges are ultimately filed.

The SARC, working with the Superintendent, Commandant and Dean of Academics, has significantly improved training across the Academy aimed at the prevention of sexual assault and sexual harassment. Faculty and staff receive mandatory training annually. Incoming Midshipmen receive training in the first three weeks in small group settings (20–25 midshipmen per training) covering the topics of sexual assault, sexual harassment, dating violence, stalking and bystander intervention. For the Class of 2019, we increased training to three hours from one hour in the year prior. The SARC and Commandant continue to provide quarterly training throughout each Midshipman's academic career in both small and large group settings. The SARC and the Department of Professional Development and Career Services provide special training sessions prior to departure for Sea Year (sophomores spend four months at sea and juniors spend eight months at sea). Training focuses on where to seek help or assistance (Ship's Master, Designated Person Ashore), situational awareness, risk reduction, and bystander intervention. This year, the Academy adopted the Green Dot bystander intervention program, which teaches students to identify volatile situations in which there could be the possibility of sexual violence and to defuse those situations through diversion or distraction. The SARB recently decided to increase our training on sexual assault and proper conduct for Midshipmen prior to their departure for sea training this summer, in response to reports that this is a higher risk period for Midshipmen. While we have implemented this wide variety of important training, education, reporting, and security mechanisms, much work remains to be done to achieve a climate of where sexual assault and sexual harassment are not tolerated and this behavior is

²A confidential report, also known as a restricted report, allows Midshipmen who are sexual assault victims to disclose, on a confidential basis, the details of their assault to specifically identified individuals at the Academy and receive medical treatment and counseling at a location of the victim's choice (on or off-campus), without triggering the official investigative process. Midshipmen who initially elect to make a restricted report can, at any time after their initial restricted report, decide to pursue unrestricted reporting, which will result in the initiation of criminal and administrative investigatory proceedings.

eliminated. The USMMA recognizes this important on-going responsibility and will work towards continuous improvement.

To give our Midshipmen alternatives to behaviors that could put them at risk, we have improved our campus climate. We hired a new Student Activities Director to organize activities after school and during the weekend to keep students occupied and energized. Activities have included trips to New York City cultural attractions, movie marathons, Sea Story Sunday, open mic nights, and a Winter Carnival featuring an iceless skating rink.

Since 2012, our surveys tell us Midshipmen have a much better awareness and understanding of sexual assault and sexual harassment and appreciate the commitment of everyone from the Secretary of Transportation through MARAD, the Academy's senior leadership, and Midshipmen Regimental officers to eliminating sexual assault and sexual harassment from the Academy. We are extremely disappointed that we are not seeing a decrease in incidents in the survey results. I want to assure the Committee that I am personally committed to solving this problem. My experience in assisting victims of sexual assault dates back to the 1990s when I served in the Army as a battalion commander. I know from working firsthand with victims the immeasurable, sometimes lifelong harm these crimes inflict and how they undermine unit readiness and cohesion.

Sexual assault and sexual harassment are fundamentally at odds with our values as a Nation and our obligation as leaders to live by, model, and expand those values. They undermine our ability to accomplish our mission. The U.S. Merchant Marine Academy, a Federal service academy, should be setting the example for the Nation in eliminating sexual assault and sexual harassment on campus.

Again, thank you for inviting me to testify today. I appreciate your interest and continued support for the U.S. Merchant Marine Academy and will be happy to answer any questions you may have.

Senator FISCHER. Thank you, Admiral.

And, finally, we have Mr. Mitch Behm, Assistant Inspector General, U.S. Department of Transportation.

Welcome.

**STATEMENT OF MITCHELL BEHM, ASSISTANT INSPECTOR
GENERAL, SURFACE TRANSPORTATION AUDITS,
U.S. DEPARTMENT OF TRANSPORTATION**

Mr. BEHM. Thank you. Chairman Fischer, Ranking Member Booker, and members of the Subcommittee, thank you for inviting me to discuss our work on DOT's Maritime Administration.

As you know, MARAD has faced a number of changes over the past few years, including taking on an organizational restructuring and an expanded grant oversight mission, as well as addressing sexual assault and sexual harassment concerns at the U.S. Merchant Marine Academy. Since 2010, we've issued 12 reports that point to the need for enhanced controls and oversight at MARAD. Today, I will highlight our findings from our most recent report issued last December and provide an update of USMMA's actions to address sexual assault and sexual harassment.

As we reported in December 2015, weaknesses in MARAD's management controls for risk mitigation, workforce development, and program implementation hindered the Agency's ability to meet its mission. MARAD has since implemented 5 of our 16 recommendations that improved its risk management process, refined program implementation in two areas, and enhanced oversight mechanisms. However, weaknesses remain in workforce development and program implementation.

First, MARAD has not fully implemented workforce plans from its 2012 workforce analysis, including competency models for mission critical positions. These models are important for making informed hiring and training decisions to close competency gaps.

MARAD has identified competency models that it plans to use, such as OPM's leadership framework, but has not developed important components for each competency, such as a definition, behaviors, and proficiency levels.

MARAD'S workforce development policies also lacked important elements. For example, policies and procedures for onboarding new hires, training, and addressing misconduct, specifically suspected drug use, were incomplete, out of date, or not fully implemented.

To address our concerns about MARAD's workforce plans and policies, we made five recommendations, including that MARAD fully implement comprehensive competency models for mission critical positions, develop supplemental policies and procedures, and train fleet supervisors on how to handle suspected drug use. MARAD plans to complete its actions on all these recommendations by the end of 2017.

Second, we reported in December that MARAD's policies and procedures for program implementation were outdated agency-wide and incomplete or outdated in four of the five program areas we reviewed. Since December, MARAD has improved management controls in two of these areas, TIGER grant oversight and the Historic Preservation Program. However, gaps remain in MARAD's controls agency-wide and for ship disposal and vessel transfer, gaps that increase the risks of poor program implementation; noncompliance with Federal requirements; lapses in continuity of operations; and fraud, waste, and abuse.

A particular concern with regard to ship disposal was MARAD's lack of policies and procedures to ensure it disposes of the vessels under its purview. In one case, the Coast Guard disposed of a vessel that may have been under MARAD's purview through GSA without consulting MARAD, potentially diverting funds from MARAD that it is statutorily entitled to.

Finally, monitoring weaknesses remain in two program areas: the Vessel Transfer Office and National Defense Reserve Fleet Operations. For example, key performance indicators for Reserve Fleet Operations are not consistently calculated, due in part to systems limitations, and as a result do not produce reliable assessments of fleet performance. We made nine recommendations to address our concerns about program implementation, three of which MARAD has already implemented. MARAD plans to complete its actions on the other six recommendations by the end of 2018.

Another area that we continue to closely monitor is MARAD's progress in implementing the Merchant Marine Academy's Sexual Assault Prevention and Response Program. In October 2014, we reported a lack of progress in implementing needed actions, including assigning oversight responsibility and establishing standard operating procedures for investigating and reporting allegations of sexual harassment and assault. Weaknesses in the Academy's biennial surveys of midshipmen, staff, and faculty further limited USMMA's efforts to target and make progress in critical areas.

MARAD has implemented all nine of our recommendations. We continue to monitor the Academy's actions to address sexual assault and harassment in light of ongoing congressional interest.

This concludes my prepared statement. I'll be happy to answer any questions you or other Subcommittee members may have.

[The prepared statement of Mr. Behm follows:]

PREPARED STATEMENT OF MITCHELL BEHM, ASSISTANT INSPECTOR GENERAL,
SURFACE TRANSPORTATION AUDITS, U.S. DEPARTMENT OF TRANSPORTATION

Chairman Fischer, Ranking Member Booker, and Members of the Subcommittee:

Thank you for inviting me to testify on our recent work related to the Department of Transportation's (DOT) Maritime Administration (MARAD). MARAD received over \$399 million for Fiscal Year 2016 to support operations and administer its programs, including operation of the U.S. Merchant Marine Academy (USMMA).¹ During the past few years, MARAD's mission has expanded to include oversight of a number of grants for port development projects. This increase in responsibilities—along with a restructuring of MARAD's organization—point to the need for enhanced attention to MARAD's management controls.²

Since 2010, we have issued 5 MARAD-specific reports with 46 recommendations and 7 departmentwide reports with 15 MARAD-related recommendations (see exhibit for reports and status of recommendations). Most recently, in December 2015, we issued a comprehensive report³ on a self-initiated audit of the Agency's management controls for a number of areas.⁴ In October 2014, in response to congressional requests, we reported on USMMA's progress in establishing a program to address sexual assault and harassment at the Academy.⁵ My testimony today will focus primarily on the findings in our 2015 report, as well as update you on our ongoing assessment of USMMA's actions to address sexual assault and sexual harassment.

Summary

In 2015, we reported that weaknesses in MARAD's management controls for risk mitigation, workforce development, and program implementation hindered the Agency's ability to meet its mission. MARAD has since taken action to address some of these areas, but weaknesses remain in workforce development and program implementation.

Specifically, we found that MARAD's strategic plan and performance measures aligned with Federal management control standards.⁶ However, MARAD fell short of complying with Federal standards for risk management in that it thoroughly documented risks to achieving its goals for most of its divisions, but it did not thoroughly document strategies for mitigating those risks. MARAD has since taken action to improve its risk management process. In line with Federal management control standards, MARAD also conducted a workforce analysis to assess its organizational structure in 2012 and developed several workforce plans, including a Strategic Human Capital Plan. However, as of December 2015—more than 3 years after its 2012 analysis—MARAD had not fully implemented its workforce plans, as it had not fully implemented competency models for certain mission-critical occupations. Furthermore, MARAD's workforce development policies and procedures related to onboarding new hires, training, and addressing misconduct were incomplete, out-of-date, or not fully implemented. Finally, MARAD's controls for program implementation, monitoring, and oversight were deficient. We found that over half of the Agency's directives that document MARAD's policies and procedures for program implementation were over 10 years old—potentially making these controls obsolete—and policies and procedures were incomplete or outdated in four of the five program areas we reviewed. Since we issued our report, MARAD has taken action to improve

¹MARAD also receives funds on a reimbursable basis from the U.S. Department of Defense (DOD) for its National Defense Reserve Fleet (NDRF) program to provide sealift, or ocean transportation, for DOD and other Federal agencies during peacetime and war.

²Management controls, also referred to as internal controls, are intended to help managers achieve desired results through effective stewardship of public resources.

³*Weaknesses in MARAD's Management Controls for Risk Mitigation, Workforce Development, and Program Implementation Hinder the Agency's Ability To Meet Its Mission*, OIG Report Number ST-2016-011, December 10, 2015.

⁴We assessed MARAD's management controls organization-wide and for five specific program areas: (1) NDRF Reserve Fleet Operations, (2) Historic Preservation Program, (3) Ship Disposal Program, (4) Vessel Transfer Office (VTO), and (5) Transportation Investment Generating Economic Recovery (TIGER) Grant Oversight. We selected these program areas for review based on MARAD's risk assessments, congressional interest, and input from Office of Inspector General (OIG) investigators and previous audits.

⁵*Better Program Management and Oversight Are Required for USMMA's Efforts To Address Sexual Assault and Harassment*, OIG Report Number ST-2015-004, October 23, 2014.

⁶GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, November 1999. This publication was in effect for the duration of this review; GAO, *Internal Control Management and Evaluation Tool*, GAO-01-1008G, August 2001.

its controls for implementation of two program areas and its program oversight, but gaps remain.

MARAD has also made progress in implementing USMMA's Sexual Assault Prevention and Response (SAPR) program. In October 2014, we reported that USMMA had not completed actions identified for effectively managing SAPR, including assigning responsibility for program oversight and for ensuring compliance with legislative requirements. We also reported delays in establishing standard operating procedures (SOP) for effective SAPR program management. MARAD has since taken action to address our concerns and the weaknesses we identified, but we continue to monitor USMMA's actions in carrying out the SAPR Program.

Weak Management Controls Hinder MARAD's Ability to Meet Its Mission

In December 2015, we reported that MARAD's strategic plan and performance measures aligned with Federal standards, but the Agency did not thoroughly document its risk mitigation strategies. We also reported that MARAD had assessed its organizational structure but had not fully implemented workforce plans and development policies. Finally, we reported that MARAD's controls for program implementation, monitoring, and oversight were deficient. MARAD has begun to take action in some of these areas.

MARAD's Strategic Plan and Performance Measures Aligned With Federal Standards, but the Agency Did Not Thoroughly Document Its Risk Mitigation Strategies

MARAD's 2012–2015 Strategic Plan and documented performance measures met Federal management control standards. MARAD intends to update its strategic plan based on the outcomes of three ongoing planning efforts—DOT's National Freight Strategy,⁷ the Secretary's 30-year transportation plan, and the National Maritime Strategy. MARAD also established performance measures that align with Federal management control standards for the organization, for each major activity, and for its Senior Executive Service employees. MARAD works with managers, the Department, and OMB to annually re-evaluate its performance measures, and reports certain operational and administrative measures to DOT leadership through quarterly performance management reviews.

However, MARAD fell short of meeting Federal standards for risk management, which require identification of risks to achieving goals and strategies for mitigating those risks. Specifically, MARAD thoroughly documented risks for most of its assessable units (programmatic or functional divisions) but did not thoroughly document mitigation strategies. For example, the Federal Ship Financing Program identified risks, including poor documentation and inter-office coordination on loan monitoring, which could impact program effectiveness, the Agency's reputation, and public trust. However, the program did not document any strategies for mitigating these risks.

To better ensure that MARAD's risk management aligned with Federal control standards, we recommended that the Agency (1) update its policies and procedures to require risk profile reviews to thoroughly document risks and mitigation strategies, and (2) provide additional training to program managers and Internal Control Officers on thoroughly documenting risks and mitigation strategies in risk profiles. MARAD has taken action to implement both recommendations.

MARAD Assessed Its Organizational Structure but Had Not Fully Implemented Workforce Plans and Development Policies

In accordance with Federal standards, MARAD conducted a workforce analysis in 2012 to assess its organizational structure, and in response, developed several workforce plans, including a Strategic Human Capital Plan. The Agency also initiated position enrichment and realignment efforts in 2013 to transform its top-heavy organizational structure by replacing high graded positions with lower grades as attrition occurs.

However, as of December 2015—3 years after its 2012 analysis—MARAD had not fully implemented its workforce plans. For example, MARAD had not fully implemented competency models for mission-critical positions. These models are important for making fully informed hiring and training decisions to close identified competency gaps. MARAD identified competency models that it plans to use, such as the Office of Personnel Management's Leadership Framework, but has not developed important components for each competency—such as a definition, behaviors, and proficiency levels.

⁷ Mandated by the Moving Ahead for Progress in the 21st Century Act, Public Law 112–141, July 6, 2012.

MARAD's workforce development policies also lack important elements. For example, while the policies and procedures for recruiting and hiring aligned with Federal best practices, policies and procedures for onboarding new hires, training, and addressing misconduct were incomplete, out-of-date, or not fully implemented.

A particular concern was the lack of effective policies, procedures, and training to address suspected drug use. DOT's policy on drug and alcohol use⁸ calls for random drug testing of employees in positions that the Department of Health and Human Services (HHS) has approved as "testing designated," and testing of employees in non-designated positions when there is "reasonable suspicion"⁹ of illegal drug use. However, only a few of MARAD's fleet site employees are testing designated—even though fleet sites are open water industrial areas with inherent safety risks that could be exacerbated by employee intoxication. MARAD is working with DOT and HHS to add positions to its list of testing designated positions, but MARAD officials stated that it could be over a year before HHS approves the expanded list and MARAD can implement expanded testing. Testing employees in non-testing designated positions has also been problematic. MARAD has not provided written policies or procedures for determining when to apply the reasonable suspicion provision of DOT's policy for testing these employees, and some fleet site managers indicated a need for assistance. Further, while DOT requires all Operating Administrations to provide drug and alcohol awareness training for new supervisors—which covers testing procedures in cases of reasonable suspicion—MARAD had not provided this training because its human resources officials were unaware of the training requirements.

We made five recommendations to improve MARAD's management controls for its organizational structure and workforce development. For example, to better inform MARAD's hiring, training, and promotion decisions, we recommended that MARAD fully implement comprehensive competency models for mission-critical positions. To prepare supervisors to address important safety issues, we recommended MARAD develop supplemental policies and procedures and train fleet supervisors on how to handle suspected drug use. MARAD plans to complete its actions on all five of our recommendations by the end of December 2017.

MARAD Has Begun to Take Action to Strengthen Controls for Program Implementation, Monitoring, and Oversight

MARAD policies and procedures—which provide management controls for program implementation—are largely outdated agencywide, and incomplete or outdated in four of the five program areas we reviewed: the Ship Disposal Program, the Historic Preservation Program, the VTO, and TIGER grant oversight. We found 132 of the Agency's 226 maritime administrative orders (MAO)—directives that document MARAD's policies and procedures for program implementation—were over 10 years old, potentially making these controls obsolete. For example, MARAD had not updated its Freedom of Information Act (FOIA) MAO from 1986 to reflect its current FOIA processes, which incorporate changes in FOIA and DOT policies as well as technological advances. In October 2014, MARAD developed a 3-year plan for updating its MAOs, and identified 96 MAOs to review by July 2015. However, less than a third had been reviewed and updated by that date.

Since we reported our findings in December 2015, MARAD has taken action to improve controls for TIGER grant oversight by changing roles and responsibilities. MARAD has also taken action to improve its Historic Preservation Program by enhancing its policies and procedures for managing and preserving heritage assets, such as artwork, ship models, and ship wheels. These enhancements should help minimize the risk of lost heritage assets—a condition we found during our audit. MARAD also committed to disposing of its excess assets that are no longer considered heritage.

Gaps remain in MARAD's policies and procedures for the Ship Disposal Program and VTO. These gaps increase the risk of poor program implementation; non-compliance with Federal requirements; lapses in continuity of operations; and fraud, waste, and abuse.

- The Ship Disposal Program lacked policies and procedures for (1) notifying other Federal agencies of its role as disposal agent for obsolete NDRF vessels

⁸DOT Order 3910.1D, Drug and Alcohol-Free Departmental Workplace Program, October 1, 2010.

⁹According to DOT's policy, reasonable suspicion must be based on specific and timely observations concerning the appearance, behavior, speech, and/or body odors of the employee, or information provided by either a reliable and credible source (independently corroborated) or by the employee's own admission.

and some vessels owned by other Federal agencies,¹⁰ and (2) identifying the universe of federally owned vessels it is responsible for disposing. Because MARAD does not have statutory authority to enforce compliance by other Federal agencies, MARAD executed ship disposal agreements with some agencies that own vessels under its disposal purview—the Navy, U.S. Coast Guard, and General Services Administration (GSA)—but not with others, including the National Oceanic and Atmospheric Administration. Furthermore, these agreements do not cover all applicable vessels. For example, the agreement with the Coast Guard did not cover a vessel that may have been under MARAD’s purview for disposal that the Coast Guard ultimately disposed of through GSA without consulting MARAD. When MARAD does not dispose of vessels it is statutorily responsible for, it does not receive funds for its Vessel Operating Revolving Fund for MARAD and National Parks Service programs.¹¹ MARAD also had incomplete procedures to allocate and expend ship disposal proceeds in accordance with the provisions of the National Maritime Heritage Act of 1994.

- VTO’s policies and procedures for authorizing ownership, registry, and flag transfers for U.S. vessels weighing 1,000 tons or more were developed in 1993 and have not been updated. According to VTO’s staff person, the policies are not used because she has the knowledge and experience needed to process transfer applications. As we noted in our report, well-documented policies and procedures would enhance MARAD’s ability to ensure consistent program implementation and smooth continuity of VTO operations if the office’s only employee leaves the Agency.

MARAD had mechanisms for monitoring performance in the five areas we reviewed. However, we found weaknesses in two areas—NDRF Reserve Fleet Operations and VTO—that inhibit the effectiveness of monitoring. For example, the NDRF Reserve Fleet Operations’ key performance indicators (KPI) are not consistently calculated due to differences in fleet practices and system limitations. As a result, the KPIs do not produce reliable assessments of fleet performance.

Finally, MARAD has taken action to enhance mechanisms for overseeing implementation of corrective actions, in response to our recommendation. While the Agency tracked recommendations from OIG and GAO audit reports and the Department’s A–123 reviews, the tracking system did not include complete information on management control deficiencies from other sources, such as internal MARAD reviews and other external audits. Moreover, MARAD’s Internal Control Program directive did not require information on all management control deficiencies to be communicated to the Program and Performance Office staff who maintain the tracking system. As a result, the Agency may have missed opportunities for program improvement and exposed its programs to ongoing risk. MARAD has implemented our recommendation related to this weakness, and can now better track management control deficiencies and corrective actions.

MARAD has taken action addressing three of our nine recommendations in this area, and plans to complete action on the remaining six by the end of December 2018.

USMMA’S Actions to Address Sexual Assault and Sexual Harassment Are Ongoing

In 2008, Congress legislated action aimed at creating a campus environment free of sexual assault and harassment at USMMA.¹² However, USMMA’s survey for the 2011–2012 academic year indicated an estimated 25 midshipmen were sexually assaulted and 136 midshipmen were sexually harassed—despite no incidents being reported in that academic year.

In October 2014—6 years after the 2008 legislation—we reported that USMMA had not completed over a third of the actions identified for effectively managing the SAPR program, including assigning responsibility for program oversight and for en-

¹⁰Per 40 U.S.C. § 548, MARAD is the disposal agent for Government-owned vessels over 1,500 gross tons that are merchant vessels or capable of being converted to merchant use.

¹¹The National Maritime Heritage Act of 1994 (54 U.S.C. § 308704) requires MARAD to allocate its ship disposal proceeds to the Vessel Operations Revolving Fund and to expend 50 percent of those funds for acquisition, maintenance, repair, reconditioning, or improvement of vessels in the National Defense Reserve Fleet; 25 percent for expenses incurred by or on behalf of State maritime academies or the U.S. Merchant Marine Academy for facility and training ship maintenance, repair, and modernization, and for the purchase of simulators and fuel; and the remaining 25 percent for the Maritime Heritage Grants or, if otherwise determined by the Maritime Administrator, for use in the preservation and presentation to the public of MARAD’s maritime heritage property.

¹²Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law No. 110–417 § 3507, October, 14, 2008.

sure compliance with statutory requirements. In response to our report, OST clarified the SAPR program oversight responsibilities in a MAO.

We also reported delays in establishing SOPs for effective SAPR program management. These SOPs included ones for investigating sexual harassment and sexual assault, collecting evidence related to sexual assault and processing restricted sexual assault reports, and meeting requirements to report allegations of sexual harassment and assault.

Finally, we reported that USMMA's annual reports to Congress were issued, on average, nearly 2 years after the academic year ended.¹³ For example, the final 2011–2012 report was issued in March 2014—21 months after the end of the academic year. Weaknesses in USMMA's biennial surveys further limited timely and useful data by delaying the establishment of a reliable baseline for measuring midshipmen, staff, and faculty perceptions of the campus climate. Most recently, MARAD issued a preliminary 2013–2014 report in January 2015, and the final report for that academic year in January 2016. MARAD also issued a preliminary report for academic year 2014–2015 in January 2016.

MARAD concurred with our nine recommendations for addressing the concerns and weaknesses we identified and implemented all of them as of May 2015. We continue to monitor USMMA's actions in carrying out SAPR in response to a congressional directive¹⁴ and plan to brief the requesting committee on our work this Spring.

This concludes my prepared statement. I will be happy to answer any questions you or other subcommittee members may have.

EXHIBIT. SUMMARY OF OIG REPORTS FROM 2010 TO PRESENT WITH MARAD-RELATED RECOMMENDATIONS

From 2010 through the present, we issued 5 reports on audits specific to MARAD. These audits contained 46 recommendations, of which 12 remain open.

Table 1.—Status of Recommendations from MARAD-specific Audits

Report Title	Date Issued	Total	Closed	Open
<i>Weaknesses in MARAD's Management Controls for Risk Mitigation, Workforce Development, and Program Implementation Hinder the Agency's Ability To Meet Its Mission</i>	12/10/2015	16	5	11
<i>Better Program Management and Oversight are Required for USMMA's Efforts to Address Sexual Assault and Harassment</i>	10/23/2014	9	9	0
<i>MARAD Has Taken Steps To Develop a Port Infrastructure Development Program but Is Challenged in Managing Its Current Port Projects</i>	08/02/2013	9	8	1
<i>USMMA Security Controls Were Not Sufficient to Protect Sensitive Data from Unauthorized Access</i>	05/30/2012	9	9	0
<i>Title XI Loan Guarantee Program: Actions Are Needed To Fully Address OIG Recommendations</i>	12/07/2010	3	3	0
<i>Totals</i>		46	34	12

In addition, from 2010 to the present, we have reported on 7 departmentwide audits with 15 recommendations related to MARAD. Of these, 4 recommendations remain open.

Table 2.—Status of MARAD-Related Recommendations from Department-wide Audits

Report Title	Date Issued	Total	Closed	Open
<i>FISMA 2015: DOT Has Major Success in PIV Implementation, but Problems Persist In Other Cybersecurity Areas</i>	11/05/2015	1	0	1
<i>Some Deficiencies Exist in DOT's Enforcement and Oversight of Certification and Warrant Authority for its Contracting Officers</i>	04/09/2015	2	0	2

¹³ USMMA's academic year runs from July 1 through June 30.

¹⁴ See U.S. Senate Report 113–182 accompanying the Transportation, Housing and Urban Development, and Related Agencies Appropriation Bill, 2015.

Table 2.—Status of MARAD-Related Recommendations from Department-wide Audits—Continued

Report Title	Date Issued	Total	Closed	Open
<i>FISMA 2013: DOT Has Made Progress, but Its Systems Remain Vulnerable to Significant Security Threats</i>	11/22/2013	1	0	1
<i>DOT Does Not Fully Comply With Revised Federal Acquisition Regulations on the Use and Management of Cost-Reimbursement Awards</i>	08/05/2013	1	1	0
<i>Quality Control Review of the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2011 and 2010</i>	11/15/2011	4	4	0
<i>Quality Control Review of Audited Consolidated Financial Statements for Fiscal Years 2010 and 2009, Department of Transportation</i>	11/15/2010	3	3	0
<i>Timely Actions Needed To Improve DOT's Cybersecurity</i>	11/15/2010	3	3	0
<i>Totals</i>		15	11	4

Table 3.—Open MARAD-Related Recommendations by Report

Open Recommendations by Report		Target Action
<i>Weaknesses in MARAD's Management Controls for Risk Mitigation, Workforce Development, and Program Implementation Hinder the Agency's Ability To Meet Its Mission, Dec. 10, 2015</i>		
3.	Create and implement a plan—including tasks, actions, timelines, and responsible personnel—to fully implement comprehensive competency models for mission-critical occupations.	09/30/2016
4.	Align Headquarters' and field offices' onboarding policies and procedures to ensure consistent implementation and provision of critical information across the Agency.	06/30/2016
5.	Update the training policies to reflect the current operating environment and to include a control mechanism to ensure all completed training is tracked in a comprehensive training repository.	06/30/2016
6.	Contingent upon HHS' response, finalize the expansion of the number of testing-designated positions at fleet sites.	12/29/2017
7.	Develop supplemental policies and procedures and train fleet supervisors on MARAD's procedures to handle suspected drug use.	03/31/2016
8.	Update existing MAOs in accordance with established timelines.	12/28/2018
9.	Update the MAO governing the internal directive system to assign responsibility for monitoring implementation.	07/29/2016
10.	Develop or update policies and procedures to carry out MARAD's ship disposal responsibilities under Title 40 U.S.C. Section 548, including policies and procedures for (a) identifying the universe of Government-owned vessels that meet the statutory criteria for MARAD to serve as the disposal agent; (b) notifying agencies that own these vessels of MARAD's disposal agent role; (c) specifying into what accounts MARAD should deposit ship disposal proceeds; and (d) specifying when and how the Maritime Administrator determines what portion of funds MARAD retains for its heritage property.	12/30/2016
12.	Dispose of excess non-heritage assets identified in the heritage asset inventory.	03/31/2016
13.	Update VTO policies and procedures to reflect the current range of program responsibilities and processes.	03/31/2016
15.	Provide additional guidance to fleet sites to standardize NDRF Reserve Fleet Operations' KPI data inputs, and provide more uniform measures of fleet performance.	06/30/2016
<i>FISMA 2015: DOT Has Major Success in PIV Implementation, but Problems Persist In Other Cybersecurity Areas, Nov. 5, 2015</i>		
3.	The Deputy Secretary, or his designees, take the following action to ensure that FAA, FHWA, FMCSA, FRA, FTA, NHTSA, MARAD/USMMA, OST, and SLSDC perform actions to immediately disable user accounts that have been inactive for over 90 days, as required by the DOT compendium. Report completion of this effort to OCIO. Create a POA&M to track progress and verify completion of the action.	09/30/2016

Table 3.—Open MARAD-Related Recommendations by Report—Continued

Open Recommendations by Report		Target Action
<i>Some Deficiencies Exist in DOT's Enforcement and Oversight of Certification and Warrant Authority for Its Contracting Officers, Apr. 9, 2015</i>		
1.	The Office of the Senior Procurement Executive address the cases of noncompliance with CO certification and warrant requirements at FMCSA, FRA, MARAD, and NHTSA, as noted in this report. Specifically, the Operating Administrations should ensure that (a) CO warrants are issued in compliance with Federal and departmental requirements and (b) COs obtain and maintain their FAC-C certifications.	06/30/2016
6.	The Office of the Senior Procurement Executive correct the FAITAS data inaccuracies noted in this report at FTA and MARAD.	06/30/2016
<i>FISMA 2013: DOT Has Made Progress, but Its Systems Remain Vulnerable to Significant Security Threats, Nov. 22, 2013</i>		
4.	Obtain and review plans from FMCSA, MARAD, OST, and RITA to authorize systems with expired accreditations. Perform security reviews of unauthorized systems to determine if the enterprise is exposed to unacceptable risk.	09/30/2016
<i>MARAD Has Taken Steps To Develop a Port Infrastructure Development Program but Is Challenged in Managing Its Current Port Projects, Aug. 2, 2013</i>		
5.	Implement procedures to help ensure that MARAD's contract planning efforts comply with Federal acquisition regulations and requirements. These procedures should include establishing acquisition plans and contract administration plans in a timely manner, and maintaining supporting documentation for their rationale; and developing independent Government cost estimates, and validating cost estimates provided by entities other than MARAD.	07/30/2016

Senator FISCHER. Thank you, Mr. Behm.

We will begin with our first round of questions. Again, I'd like to thank you all for being here.

Mr. Behm, after I read your testimony and looked at the recent IG report, I am concerned that the Maritime Administration has neglected to assess and develop some risk mitigation strategies associated with the Federal Ship Financing Program which could potentially lead to some wasted taxpayer dollars. As we look ahead, and as you were mentioning in your testimony, there has been some improvements that have taken place. You also talked about gaps that remain.

Are you confident that MARAD is going to move forward to address all the concerns there? You know, we're going to be looking at the reauthorization bill, and I guess I'm asking you if you can suggest any policy changes or objectives that you think we ought to be considering incorporating into that bill.

Mr. BEHM. Well, as the OIG, we don't really comment on policy or make policy suggestions or decisions.

Senator FISCHER. Even when asked?

Mr. BEHM. Even when asked, maybe in a different form or something like that. But—

Senator FISCHER. Noted.

Mr. BEHM. But on the record, I would say that—first of all, I would say that MARAD has been very receptive. Like I said, we've issued several reports over the last several years. They've been very receptive to our reports, very receptive to our recommendations. As I stated, the Merchant Marine Academy—in our report, which I think was pretty hard-hitting on the concerns surrounding sexual assault and sexual harassment at the Merchant Marine Academy, the Academy took them very seriously, and all of those

are closed. In that regard, I think, as Admiral Helis really showed in his statement, the concern there is just continued focus, which it's apparent that they continue to have.

With regard to some of the concerns we identified in our December report, again, I would suggest that you could be very confident that MARAD—you know, they have a very tight time-frame to address most of these recommendations.

With regard to risk assessment and risk mitigation strategies, specifically, I would suggest that, actually, compared to some of the other programs we've looked at, MARAD has a very robust risk assessment program. I think where we found some weaknesses were in the strategies developed and documented to address those risks. And, actually, as a matter of fact, we had a couple of recommendations in that area, both of which have already been closed.

Senator FISCHER. Thank you, sir.

Administrator Jaenichen, what immediate actions is MARAD taking to strengthen the agency's workforce and resource management?

Mr. JAENICHEN. Thank you for the question. We're actually coordinating with our associate administrator for Administration, who is also responsible for our human resources. We're very focused on, as specifically noted by the IG, the actual position descriptions and the competencies that are required, and we are revising those position descriptions as we're going out with new hires. That is one of the focuses that we have.

Additionally, as it relates to all of the comments that we get, either through the General Accounting Office or from the IG, we actually track each of those specific comments, and we have a periodic update, so we're moving forward on each of the actions to ensure that we meet the timelines that we have specified for completing the recommendations and completing the actions.

Senator FISCHER. Thank you, sir.

Admiral Helis, as you and I discussed when I was up for the visit and the tour of the facility, there are concerns with adequately addressing the sexual assault on the campus. I know the pledge you have made, and I know your commitment to addressing that issue. But to what extent would you say that we're looking at these unreported cases of assault on campus or when the midshipmen are at sea during the year that they're at sea? Where do you see potential fears, I guess, of retribution? How do we get around that?

Admiral HELIS. Senator, getting the reporting to start coming in is the key next step. The surveys tell us we've increased awareness, we've increased understanding. There's an understanding by the midshipmen, staff, faculty at all levels that we're fully committed to eliminating this. So that is the first step in what is going to be a process that involves some changes in the Academy's culture.

Again, the second thing that we have to address now is how do we increase reporting, and how do we reduce the barriers or the fears midshipmen have of reporting incidents of sexual assault and sexual harassment. Part of this is simply going to have to be continuing to address to victims that there will be no retribution, to being explicit about that, to continuing to educate midshipmen that retribution is unacceptable.

We are pushing much harder on our training, bystander intervention, taking it to each one of us, that from the youngest freshman up to me has an obligation to be engaged with this problem and this challenge and to step up and intervene or say something when you see something happening or see something about to happen. That's what we have to do, is to get everybody to feel a personal sense of ownership, that this is our problem as a team, that we have to address it as a team, and that people who commit these kinds of behaviors have no place in our organization and no place on our team.

We're also emphasizing that this is not just a conduct issue, but this is a leadership issue. We're in the business of developing leaders and telling midshipmen candidly, "You are going to have to deal with this challenge as leaders. When you go out, you're going to, at some point, whether you like it or not, in your career—it may be early or it may be late—someone on a ship, someone in your business, someone in your military unit is going to come to you and report, 'I have been sexually assaulted or sexually harassed,' and you as a leader are going to have to step up and deal with it."

So it's just going to have to be continued pounding away that this is not acceptable and to try to lower the barriers. Some of the barriers that women feel at the Academy—and it could be men or women, but in our case it appears—we think it's mostly women who are the victims. Some of these are the same barriers that women have faced in society. The investigative process is very challenging, because they're going to have to make statements, and they're going to have to relive a very difficult and traumatic experience. But if we're going to administer disciplinary action, there's no way that we can get around that. They're going to have to be able to communicate these with us.

We are in a very small community with the Academy. There are only 900-some midshipmen and only about 700 on campus at a time. It is very—when somebody is accused of sexual assault, the alleged assailant—if you move him to another barracks because of that, or you issue a no-contact order, again, as small as the community is and as infrequently as those kind of moves happen, people immediately make a connection of—okay, something happened here in the area of sexual assault or sexual harassment.

That is something that we just have to continue to work on, that, hey, this should not prejudice you against either the victim or against the accused. These are just prudent steps that we're taking to provide for the safety of midshipmen.

Senator, it is a long answer, but it is the challenge. And as I see it, the next biggest challenge is how do we get over—now that we've educated, how do we start reducing the barriers to reporting.

Senator FISCHER. Thank you. I appreciate your answer, Admiral.

Senator BOOKER, it's my understanding that Senator Cantwell has to leave, and so I would recognize her next.

Senator BOOKER. I appreciate that, and just for the record, she expressed her gratitude and affection for me for allowing this to happen.

[Laughter.]

Senator FISCHER. We all do.

Senator Cantwell?

**STATEMENT OF HON. MARIA CANTWELL,
U.S. SENATOR FROM WASHINGTON**

Senator CANTWELL. Thank you, Madam Chair, and I do want to thank the Ranking Member for allowing me to go ahead. He and I share a very big priority, which is making sure that our port infrastructure continues to see improvement.

So I wanted to ask you, Mr. Jaenichen, about the National Strategic Freight and Highway Grant Program. Obviously, I've been very involved in this program along with many of my colleagues, both in getting it originally focused on from a national priority perspective and then working to get the \$4.6 billion in dedicated funding over the next 5 years.

So I wanted to know whether you had a maritime strategy for accessing those resources? And what are you doing to make sure that both West Coast ports, which already have deep harbors and connected railways, see some of that revenue; and, also, what are you thinking about as far as small ports? Because there's so much economic activity in the Asian markets. There are so many partnerships.

And, again, we might be the state and the ports on the coast, but I guarantee you what's moving through there is a lot of Midwest product, and it's all about making it cost competitive and effective with our system juxtaposed to, say, Canadian or other avenues. So what are your thoughts on prioritizing maritime projects?

Mr. JAENICHEN. Senator, thank you for the question, and I'll try to keep my answer as concise as I can. As you know, the Department of Transportation has gone out with a notice of available funding opportunity specifically for this year's \$800 million, which is the first tranche of the FAST Act money to be able to support the freight program. The good part is that we've been very engaged with the department to ensure that ports are included in that notice of available funding.

The department also established the Build America Transportation Investment Center. We refer to it as BATIC. It is a one-stop shop for all ports of all sizes, and I think that's a critical component in that. In fact, my staff, who works in the intermodal development, actually reaches out to small ports. I have gateway offices located around the country. We're engaged. They actually physically meet with the ports, and I also go out and do these port talks as well. In fact, I have one scheduled in two weeks in Cincinnati to be able to support the inland river and waterway system.

As we look at the requirements, one of the things that we've noticed—and it's actually included in our plan as part of funding for the strong force in our President's Budget for Fiscal Year 2017—is we want to make sure that we recognize, especially for small ports—they typically do not have finance planners. They do not have what I would call all the necessities to be able to meet investment grade projects, to be able to build out their infrastructure, to be able to improve their efficiencies, their productivity, or their safety.

So we are proposing that in our budget to be able to allow us to extend about 15 grants at about \$200,000 apiece to make sure that we can get that investment grade. So that's how we do that. But the combination of all these things, the fact that the ports are in-

cluded for the first time—and we appreciate the support of Congress to be able to make that happen. We also have a formula funding program that supports freight as well, and ports are also involved there.

With regard to the West Coast versus East Coast, we haven't really prioritized one coast versus the other. We recognize there's a need across the entire port community for infrastructure improvements, and we know that a lot of our ports aren't prepared for the vessels and the sizes of those vessels that are calling on our ports today. So we have a lot of work to do.

In fact, yesterday, at the Port of Baltimore at the Tradeport Atlantic, we convened a roundtable with labor, with shippers, with railroads, and it included three cabinet secretaries, Secretary Foxx of Transportation, Secretary Pritzker of Commerce, and also Secretary Perez of Labor. We had Senator Cardin there and several folks from the Maryland delegation so we could have this dialog, specifically, at the request of the Administration, to have this meeting to make sure we're focused on ports and port infrastructure.

Senator CANTWELL. Well, I appreciate that. I can guarantee you when we were looking at this legislation, ports were a cornerstone, not that other projects can't qualify, and we definitely think they do. But I like to say our economic strategy in Washington State is ports-are-us. That's how many ports we have and that's how critical they are.

But often, like in telecom, it's this last mile, from the highway to the port entrance, that is heavily congested and not invested in. And, literally, you can get incredible speed across the country, but then sit right at that barrier outside of some of our ports. So I hope that we'll look at those kinds of projects as a way to speed up that activity.

For us, Prince Rupert in Canada is always a competitive port, and we know that people can go other places. The good news is that we want to continue to promote U.S. product by saying that we can get it to its foreign destination in a timely fashion. So I appreciate your work on that.

And, again, to the Ranking Member, thank you.

Senator BOOKER [presiding]. Just for the record, I am no longer the Ranking Member. I am now the Chairperson of this Committee.

Senator CANTWELL. Oh, my, and I'm so lucky.

[Laughter.]

Senator BOOKER. I am not Thor, the Norse god, and this is not Mjöltnir, his hammer, but I do have the power now.

Senator Klobuchar, I'm a nerd geek. You may go.

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Very good. Well, I don't know what it will be like with a new chair in town. But I'll try my best.

I want to thank Senator Fischer and also Senator Booker for having this hearing. As you know, when I got to the Senate, I got placed on the Ocean Subcommittee, and I will never forget the moment when I looked around and I said to Frank Lautenberg, one of the former Senators from New Jersey—I wrote him a note and

I said, “Every Senator on this committee, including Trent Lott and Olympia Snowe, has an ocean except me.” And he wrote back, “Well, next year, come back and ask for one.”

But then, as you know—and thank you for your visit to our state, Administrator. You know that Minnesota has Lake Superior, and we’re very proud of the Great Lakes, and we actually have a lot of issues that are similar to oceans, from restoration issues with the Great Lakes to shipping issues and port issues.

And the Port of Duluth, in fact, has been the cornerstone of Northeastern Minnesota’s economy for more than a century. My grandpa worked in the iron ore mines. My dad worked there for a while, and my uncle, and that iron ore goes right out of the Duluth port. Every year, 38 million tons of cargo and nearly 1,000 vessels pass through the port. It’s the largest port on the Great Lakes, and we need to ensure that the Port of Duluth remains efficient.

I, of course, supported the TIGER application for the grant, and we were so pleased, Administrator Jaenichen, when you came to that event. And I want to thank you for joining us in May, when it’s still cold in Duluth, and for being there. It is, as you know, an intermodal project, connecting a lot of different types of transportation.

Can you talk about these upgrades and how these investments can work to improve intermodal capabilities beyond just the port?

Mr. JAENICHEN. Thank you, Senator, for that comment. I would refer to the Great Lakes as our fourth coast, and you can call them an ocean if you would like.

Senator KLOBUCHAR. Thank you. I will repeat that, that you gave me permission to do that.

Mr. JAENICHEN. With regard to the Port of Duluth, I’d like to say that that particular TIGER project—actually, it was \$10 million that was funded by the Department of Transportation. The total project is about \$16 million, \$2 million was provided by the state of Minnesota, and then the other \$4 million was actually provided by the port.

This is a 28-acre facility. It’s primary going to be break bulk. I’m happy to say we’re about 50 percent completion. My folks track that progress on a routine basis, and we’re expecting that project to be completed, at least substantially completed, by October of this year.

It includes access to road, as you pointed out, but it also includes on-dock rail, and that will provide significant capability, potentially, for large project cargo. In talking to the Port Director, Vanta Coda, he has indicated that they’re making great progress. And a lot of the shippers and some of the other beneficial cargo operators are looking very favorably at using that facility to be able to support their needs. So I think it’s going to actually be an economic boost to the country.

But I will point out that TIGER, in general, through the seven rounds of TIGER that we’ve done so far since 2009, we’ve been able to direct \$524 million to ports and maritime—Marine Highway projects, 43 of those in 24 different states. So it’s not just Duluth that has benefited. It’s actually all across the country, and we appreciate the support from Congress to be able to allow us to do that.

Senator KLOBUCHAR. Very good. You know, I'm one of the vice chairs of the Great Lakes Task Force and have been involved, of course, in the invasive species issue. And, actually, for a lock that wasn't being used very much except by some kayakers and two scrap metal firms, we were able to close that lock down because of the fear of the invasive carp traveling up the Mississippi River. When we're done here, you should Google the picture of the carp that was found very close by in another river in Minnesota, literally gigantic, in the middle of the winter just recently.

So we're really concerned about what's going on there now. Could you talk about the University of Minnesota research and things that are being done? They've actually come out with an idea for some of the other locks. Obviously, it's a Great Lakes issue as well from a maritime standpoint.

Mr. JAENICHEN. Thank you for the question. We do have a representative that participates with the Army Corps on that particular invasive species issue. I don't really have cognizance over that program, but I will tell you that we are very involved with the Great Ships Initiative, which you know is actually adjacent to Minnesota in Superior. That is the only fresh water ballast water testing facility in the entire world.

It's actually an underwriting laboratory for the U.S. Coast Guard. Fortunately, the Maritime Administration actually administers that with funds that are provided by the EPA, and we're very favorable in terms of how that is working. Unfortunately, we do not have a Coast Guard certified ballast water management system yet, but we're certainly on the path to be able to do that.

But resident in MARAD, I have a person by the name of Dr. Carolyn Junemann. She is a representative for the United States at the International Maritime Organization. She is an expert on invasive species, and she is the one who actually manages the program. So we're pretty satisfied with our level of involvement and also that of the other interagency activities and departments that are involved in it, essentially minimizing the advance of the invasive species into the Great Lakes and fresh water.

Senator KLOBUCHAR. Very good. And I see my colleagues are here to ask questions. Senator Ayotte is here. But I will put the next one just on the record. But given the Prime Minister's visit this week and our Canadian friends, suddenly making my work as Chair of the Interparliamentarian Canadian Group have some glamour after a decade of doing this—but I'll ask you a question just about the need to continue coordinating with Canada. So thank you very much.

Senator BOOKER. Thank you very much, Senator Klobuchar.

I would like to now invite Senator Ayotte to ask her questions.

**STATEMENT OF HON. KELLY AYOTTE,
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator AYOTTE. Thank you, Chairman.

I think that it does sound very glamorous—absolutely important, especially as a state that borders Canada. I can respect that.

So, Administrator Jaenichen, in your written testimony, you spoke about the need to update our ports and surrounding infrastructure. In New Hampshire, our Portsmouth harbor is a beautiful

harbor, if you haven't been there. It needs to be dredged to accommodate the larger ships that we know are being built. And our cargo terminal is aging and in need of improvements. These updates are obviously important to the future of our port and our sea-coast economy in Portsmouth and the area, the surrounding towns.

What more can be done at the Federal level to help support our smaller local ports, which we know are of critical importance to our economy? And are there tools that MARAD needs to help support our Nation's smaller ports?

Mr. JAENICHEN. Senator, thank you for the question. First of all, I'm going to address the dredging portion of that. Obviously, the deepening and also the maintenance dredging for our ports actually falls under the purview and the responsibility of the Army Corps of Engineers.

Senator AYOTTE. Right.

Mr. JAENICHEN. So I would defer that question to them.

Senator AYOTTE. Right. But you know how critical this larger ship issue is for our economy and the ability of our ports to thrive.

Mr. JAENICHEN. We certainly understand that those ports need the deepening to be able to allow access to that, but there are some other vessels that can get access to the ports. But we need to think about it more from a regional perspective. One of the things we're doing in our National Maritime Strategy is to identify and address those needs.

With regard to the investment that you referred to, we have a program at the Maritime Administration run by my Associate Administrator for intermodal development. It's referred to as "Strong Ports," and one of the things that we do is, we reach out to the small ports, and we've identified—some of the weaknesses that the small ports have is, unlike large ports, they don't have large business offices or large planning departments. So in order for them to be able to put together investment grade types of projects that you can go out and get both public and private investment, you really need to have some funding to be able to do that.

In our President's Budget Request for 2017 for our Strong Ports Program, we're actually requesting \$3 million. And our goal there is to be able to get to 15 ports with about \$200,000, because we recognize that's the threshold where you need to be able to do that planning and investment. So we would reach out and make sure—similar to a competitive program, to make sure that we can help those ports to be able to do that, because we recognize that's where the real need is.

With regard to the entire department, we have put together what we refer to as a Build America Transportation Investment Center. That is a one-stop shop. I have dedicated a Senior Executive to be the Executive Director of that to make sure that ports have a place to go.

I think one of the big things—and for Senator Booker, the Port of New York and New Jersey has actually, sort of, now become the poster child of this project. They're putting together a \$500 million program. They're the first port in the country to be eligible for TIFIA funding, and we're very encouraged in terms of the direction that they're going. But this has all happened as a result of having this BATIC organization within the department, to be able to help

ports be able to identify what financial strategies they can use, what grants and other loan programs that are available through the Federal Government, as well as through the private sector, and we're helping them to do that.

Senator AYOTTE. Well, I appreciate it, and I'm glad to hear that you also have thought of a strategy for the smaller ports so that we can get some of that support, because you're absolutely right. We don't have the office support that a larger port has, although we have really good people that work there. But we could certainly use the help. Appreciate it. Thank you.

Senator BOOKER. Thank you, Senator. I appreciate you acknowledging me as Chairman, because I have—I don't know if you know—I got a field promotion.

Senator AYOTTE. It was well deserved.

Senator BOOKER. Thank you very much.

[Laughter.]

Senator BOOKER. Gentlemen, how are you? And thank you very much. I want to just say, if it hasn't been said enough, we appreciate the hard work you do. You all are dedicated public servants, and we're grateful for the work that you do.

Just for a matter—because you made me hurt my neck when I looked up at you when you said of the new qualifications, the average SAT score is now 1285, you said?

Admiral HELIS. Senator, for the last couple of classes, it's hovering around 1285, 1283 for the last class.

Senator BOOKER. And the average GPA?

Admiral HELIS. I don't know the GPA off the top of my head, but the majority of our students rank in the top 10 percent of their high school classes.

Senator BOOKER. So, basically, you're saying that most of Congress—we couldn't get into your Academy. Is that what you're saying?

[Laughter.]

Admiral HELIS. Sir, I haven't reviewed your file yet, so I couldn't make a guess.

Senator BOOKER. Well, let the record show I got into my college because I had a 4.0 and 1,600, 4.0 yards for carry, 1,600 receiving yards. I went on a football scholarship, so maybe that could have helped me get in.

Admiral HELIS. Senator, we do look at the whole person. We look at their leadership, their co-curriculars.

[Laughter.]

Senator BOOKER. All right. I appreciate your willingness to be sympathetic to my fragile ego about my high school scores.

I just want to jump in, if you don't mind, really quick, to some of New Jersey's specific issues that have me concerned. The Panamanian government recently announced that they're going to be finishing the Panama Canal expansion project in May 2016, and ports in a number of U.S. states already have made a lot of improvements so these big Panamax ships can access their ports.

In New Jersey, the Port Authority of—and remember we're switching it now—the Port Authority of New Jersey and New York is in the process of raising the Bayonne Bridge to increase access

of these ships to New Jersey, something I worked on and pushed for when I was Mayor of Newark.

I'm just curious. What changes—maybe this is to Chairman Cordero and Mr. Jaenichen. What changes do you anticipate in global shipping activity in the near and long term as a result of the Panama Canal expansion? And what are the impacts if ports are not ready for these larger ships?

Mr. JAENICHEN. Senator Booker, thank you, first of all, for the question. In November 2013, the Maritime Administration issued our first phase of a report on the expansion and the impact of what the Panama Canal potentially would do. I recently had a team down visiting Panama to get an assessment, talking to the Panama Canal Authority. It looks like now—although it may be substantially completed, it looks like it will not actually open until late this year. They may have a ceremonial opening, but it won't be open necessarily for commercial traffic for a while.

I think one of the most significant things that we have noted in the Panama Canal expansion is probably in energy transport. Currently, today, with the existing locks as they are currently configured, only about 6 percent of the world's LNG tanker fleet can actually fit through the canal and actually go from the Atlantic to the Pacific, or vice versa.

Once the new expanded locks are completed, 86 percent of the fleet—so that will actually change the trade flows with regard to energy, specifically with regard to large tanker ships or LNG. So we see that as a change coming.

With regard to the ships themselves—for example, currently, today, the container vessel size that can actually go through the lock is on the order of about 4,500 20-foot equivalent units. Once the expansion is complete, that will go to nearly 12,000. That's about a two and a half time increase. What that changes is what size ships can actually use that.

We're talking with a number of shipping companies. We're talking with shippers. And we don't know whether there's going to be a large immediate change. But we do anticipate that there will be a change eventually with regard to the larger ships that are actually calling.

Ports on the West Coast are already receiving ships of that size. Ports on the East Coast are receiving ships in the vicinity of 9,000 to 11,000 TEUs. So we know that they predominately can accommodate them. But as you pointed out, there's only one terminal in the Port of New York and New Jersey, or New Jersey and New York, depending on whether you get that legislation approved or not. Without the Bayonne Bridge being raised, you only have access to one port. So, clearly, that's a challenge.

Most of the cargo that comes into New York and New Jersey is actually destined within about a 150-mile radius. We know that. So there are other ports up and down the East Coast, obviously, that will be impacted differently.

What we have found is with regard to the trade itself, we think that there's actually an area probably east of the Mississippi and then along the coastal states where we think most of the change in cargo—otherwise, we think it's going to continue to reside and come from the West Coast, which is the currently existing freight

flow that we are currently seeing. As the Chairman pointed out, about 32 percent of the GDP and 12.5 percent of the total product actually moves through the West Coast, and I'll defer to the Chairman.

Mr. CORDERO. Thank you, Chairman Booker, for your question. Senator, let's put this in perspective a little bit, just for those of you who want to have a better understanding of these large vessels. Today, we have approximately 5,153 container vessels in the global trade.

Senator BOOKER. What's that number again?

Mr. CORDERO. Five thousand, one hundred and fifty-three. I'm sorry. So there are 5,153 container trade vessels. Now, of that amount, 23 percent of that fleet is considered ultra large container vessels, which means they're a nexus of 10,000 TEUs. So that gives you an understanding and perspective of what it is today.

Now, let's look at the orders that are right now, presently, on order. We have a figure of about 487, again of last year, 2015, that are on order. Of those 487 container vessels, 77 percent are in excess of 10,000 TEUs. So that really gives you a perspective of what the future is bringing, which means the impact on our primary gateways, New York-New Jersey—excuse me, New Jersey-New York, Long Beach, Los Angeles, and others.

[Laughter.]

Mr. CORDERO. And let me add a little bit more to this dynamic. Recently, I was present at the ceremony of the arrival of the CMA-CGM vessel, the Ben Franklin. That vessel is 18,000 TEUs. Now, I was there in December in Los Angeles, and then again in February in Long Beach. Speaking to the executives of that carrier, the word was that they were exploring the possibility of how can these West Coast ports or deep-water ports, for that matter, handle the 18,000 vessel. Well, recently, last week, I guess we had the answer. CMA-CGM has announced now that that vessel will be now anchoring or arriving at these ports.

So that gives you an indication of the direction that we're going now, which means—and I'll conclude—that the time to now really dedicate ourselves to port infrastructure, as has been said, be it the big ports or the small ports—because the small ports will play with regard to the movement of these containers in the regions—is ever critical right now, is very critical. And I appreciate the Subcommittee having a hearing on this topic, because no longer are we talking about the future of the vessel. The future is already here.

And, last, let me give you one other statistic. The three top ports in our Nation account for 50 percent of international trade.

Senator BOOKER. Say that one more time?

Mr. CORDERO. Fifty percent. The three top ports account for 50 percent of the movement of international cargo. If you take the top—

Senator BOOKER. And that's Los Angeles—

Mr. CORDERO. That's Long Beach, Los Angeles, New Jersey-New York.

Senator BOOKER. And then down in Louisiana, correct?

Mr. CORDERO. No. Those would be the three.

Senator BOOKER. Those would be the three.

Mr. CORDERO. Because Long Beach, Los Angeles, is—there are two different port authorities. So they're one and two, and New Jersey and New York are number three. Now, the top 11 ports in our Nation account for 85 percent of the movement of international cargo.

So I just wanted to add to the comments of the Administrator with regard to the perspective of these large vessels, and that the future is now. So it's ever important to have the—what's already been said about funding for maritime and port infrastructure.

Senator BOOKER. So, you know, the real Ranking Member and power on this committee, Senator Nelson—we talked about this question. Something I had on my mind is, well, I'm very proud of the FAST Act that requires the Department of Transportation to establish a working group on port performance.

And, by the way, I was with Secretary Foxx, who told stories about private businesses on the East Coast deciding to use Canadian ports instead of American ports because of how far they're ahead of us in efficiency. I have not gone to visit European ports, but the stories I hear about some of the Europeans having invested in port infrastructure is beyond some of the things we're seeing on the East Coast. So it's a concern for me, as it is for Ranking Member Nelson.

So there's a hotly contested provision, though, in the bill, because it would have had a negative impact on labor and the competitiveness of our ports. I know you guys know what I'm referring to. And it took an immense amount of compromise from both sides to try to reach an agreement on this.

So here's the balance—and I really want to hear your professional input, as a part now of this working group—the balance between the competitiveness of our ports and protecting the hard-working men and women who work at the ports. And I don't know if there's tension there, but my concern is really that you all are working and really committed to ensuring that we're advancing both of these and not sacrificing perhaps a lot of those folks who really work hard out there on the ports every single day, their quality of life, their ability to raise their families, and the like.

Could you talk to that tension a little bit?

Mr. CORDERO. Absolutely, and I'm sure the Administrator will also chime in on this question. But, again, Senator, thank you for your question. Let me also say for those of you who may not be familiar with my background, prior to coming to the FMC in 2011, I spent eight years as a Commissioner at the Port of Long Beach. So I had 8 years of valuable experience actually seeing how this works.

Now, as the Administrator—

Senator BOOKER. You couldn't get a job at the New Jersey and New York port? Is that why you were out west?

[Laughter.]

Mr. CORDERO. As the Administrator was referencing, there was a meeting, a roundtable, discussing these issues, and I think the discussion, in my opinion, was excellent, because it takes a balanced approach. I think what's lost in the discussion—I know that everybody talks about what happened in the West Coast and some of the preliminary views and opinions about the causes and factors.

But let me just say this. I mentioned these large vessels that are arriving. I think that the FMC—as you may know, we undertook an endeavor beginning in 2014 to study this issue of congestion. And our study basically points to the fact—there were a number of factors. The fact is that what people may not understand sometimes is part of it has been the shortage of labor, the non-availability of labor.

Now, again, I mentioned this 18,000 vessel. But as the Administrator mentioned, right now, the common place for deep ports is 10,000 to 12,000. But the bigger ones are coming. So what happens when this vessel arrives, when, in fact, a little less than 6 or 7 years ago, the average size vessel was 5,000, which leads to my point.

The biggest factor with regard to the metrics that needs to be addressed is port operations, and let me be more specific—marine terminal operations. As you know, New York-New Jersey, LA, Long Beach are landlord-tenant ports, and the terminals, basically, have not been challenged with regard to their ability to unload and load these vessels and then take them out the gate.

So the metrics, among other things that should be considered, is, for example, in my opinion, the most visible metrics—and you can ask any stakeholder at our major ports—that we now see when it leads to congestion is truck lines, whether it's New York-New Jersey, or Long Beach, Los Angeles, and others—the truck lines. So when you think about that perspective, how are we going to move forward to make sure that our terminals have operations to now limit that problem?

That is related also to a labor issue, because we're losing truckers in this nation, because truckers cannot have an income to support a family when they have to stand in line 2 or 3 hours, or wait in line 2 or 3 hours to get into a port. There are all kinds of studies. In fact, New York-New Jersey did a study recently—I met with Ms. Campbell there at New York-New Jersey—and their study revealed that if you give a trucker an additional turn time, that is, assuming we have fluid in the gates, that means to that trucker \$15,000 in extra annual income.

And in my opinion, Senator, there is no reason why we should have these truck lines in today's world, a world where we have the technology and the political wherewithal to deal with this issue. As the Administrator has mentioned, both our agencies have put a "full court press" on addressing this issue.

Thank you, Senator.

Senator BOOKER. But I would—I'm sorry. Did you want to add to that specific point?

Mr. JAENICHEN. Yes, Senator. But I'll just talk about the actual Port Performance Freight Statistics Program, which you mentioned, that was actually included in the legislation. There was a notice out to be able to put nominees for the working group that goes with that committee. It's actually going to be run by the Director of the Bureau of Transportation Statistics.

Both the Maritime Administration—all of the modes we're going to be covering. In terms of the Federal Motor Carrier—so we're covering trucking and the various other activities that support conges-

tion, plus we have other activities that will be there as well. Labor will have a seat on the working group.

It's important that it came out in the roundtable yesterday that in order to move forward, we have to do it together. It has to be management, it has to be labor, it has to be the terminal operators or the port authority to be able to make sure that they make the right investments to be able to improve those efficiencies.

One of the comments that came up yesterday was the fact that it's not just about the trucks. It's about the availability of chassis, and where the chassis are located. Many times they're out of place, which means it makes it difficult to get a chassis, to be able to get a container, to be able to get it in or out of the port.

We've also heard about the gate times, in terms of—most of them don't run 24 hours a day. They're limited, primarily, because many of these ports are in communities, and they're trying to be good neighbors. So they actually limit their actual gate operation times, which ends up in long queues during the day, which lowers the actual turn time, or the number of times a trucker can go in and get a container.

The challenge, really, for the truckers is if you're waiting in line, you're not getting paid for that. You're only getting paid when you're moving the container or the freight from one point to another to the end customer or to an intermodal facility. So that's one of the challenges.

But the conversation yesterday was good. I think that this working group that we're putting together will help. The first report to Congress is due in January 2017, but we're encouraged that at least we'll be having that dialog to be able to improve the safety, the efficiency, and the productivity of ports.

Senator BOOKER. And it just seems to me you're really drilling down on some logistics issues. I guess what Senator Cantwell was talking about, that last mile, that it's not some of the issues—even though I do agree we need to do major things, important infrastructure improvement. But that's interesting that you really pointed that out.

Mr. CORDERO. Well, in terms of the FMC, Senator, one of the other aspects, as we're moving forward with our congestion study—you know, what we call Phase 3—is putting together a supply chain innovative team. As I mentioned in my opening comments, Commissioner Rebecca Dye will be taking the lead in bringing stakeholders in to talk about commercial solutions to some of these issues.

So, for example, I think that, again, as I mentioned, the main challenge is terminal operations. It's a new day. I think most people would agree that most terminals operate in the mindset of what it used to be in the arrival of a 4,000 or a 5,000 TEU. That is no longer the case.

So I think the good news is there's plenty of energy for collaboration, and we believe—we're optimistic about the potential of moving forward to create or being part of a discussion about creating efficiencies with port operations and talk about port productivity.

Senator BOOKER. So it seems, Administrator Jaenichen, MARAD has been in the process of working with the DOD and the maritime industry stakeholders to develop a National Maritime Strategy be-

cause of some of the issues I said in my opening remarks about what is sort of a crisis, it seems to me, in terms of the numbers and preparedness. And, really, you all are looking at a comprehensive range of actions to preserve and grow all aspects of the U.S. Merchant Marine, which is something that's very encouraging to me.

Part of that strategy—I'm especially interested in the role of the Marine Highway, which you mentioned before. I think it was to Senator Klobuchar's comments. As you know, last summer, the Department of Transportation designated a new route from the Port Newark Container Terminal to Red Hook Container Terminal in Brooklyn.

So I just want to know—can you update me on the strategy and the timeline for that? Are we going to see the release of it very soon in terms of a strategy? And then can I just hear a little bit more about your vision about how the growth and integration of our Marine Highways is going to affect our nation, making it, hopefully, more reliable, more competitive, and a sustainable option for shippers?

Mr. JAENICHEN. Senator, thank you for the question. First, the National Maritime Strategy has been drafted. It is now in inter-agency review, and so we've had our first several meetings. During the course of the drafting of that—and, unfortunately, it took us a fairly long time to do it, in fact, 2 years. We started the process back in January 2014. We met with about 600 maritime stakeholders over the course of 3 days, and then we did it again in May 2014 with about the same number of stakeholders.

So we coalesced around a number of strategies, and then we put the underpinning, in terms of the actions that are needed to be able to implement those strategies. I hope to have that out in the coming months. Again, we'll be putting it out in a *Federal Register* notice, and we'll be going out for public comment to make sure we have it right. Then once we've done that, we'll adjudicate those comments, and we'll put together a formal strategy.

But so far, we have shared it with the Committee on Marine Transportation, which is the Federal agency—about 27 agencies that have a touch or responsibility or oversight in the maritime sector. So we've shared it with them, and we're in the right place.

We've done the same thing with our Marine Transportation System National Advisory Committee, which is part of FACA, about 29 members, who has reviewed it as well. So we know we're on the right track, and so we're pretty confident that once we get it out, folks will recognize the importance, the strategies involved, and also the implementing actions.

With regard to Marine Highways, Congress funded in 2016 \$5 million—I'm sorry—yes, \$5 million for Marine Highways. And, essentially, that will be dedicated to Marine Highway projects that are already designated by the Secretary. So, clearly, the Marine Highway that you identified would be one of the ones that would be eligible for that funding.

We're going to be focusing on the intermodal movement of freight as part of that. So that really means sort of container on barge or some kind of ability to move freight between a couple of different points. So all over the country, we have right now 11 different des-

ignations that have been done by the Secretary since 2010, and those will be the ports that are actually eligible. So we're pretty encouraged. We plan to have that notice of available funding opportunity out the first part of April, and then we'll attempt to award those by the end of the summer.

Senator BOOKER. So just give me some basics. How many U.S.-flag international vessels does MARAD have—or, excuse me, the estimate needed to ensure that a sufficient number of certified U.S. mariners would be available to support activation of government reserve fleets?

Mr. JAENICHEN. Thank you for the question. Currently, today, we've got about 11,230, and I estimate that I have about a four-ship margin in terms of having enough to be able to activate for a prolonged period of time. I need about 13,000, which means to be where I would be comfortable, I need about 45 more ships under U.S. flag. Again, that would be 45 more than the 78 that I currently have today.

Since about 2000 or so, we've hovered right around 100, and that was enough to sort of keep us in what I could call the yellow zone, where there were sufficient numbers. We're sort of at the confluence of what I would call sort of the perfect storm. We had the combination where we lost 26 percent of the fleet since 2012, and then we have the implementation of the International Maritime Organization standards for training certification and watchkeeping. Those requirements come into effect in January 2017.

So the combination of the loss of jobs—and they're not currently sailing—means they're probably not going to upgrade their Coast Guard license to get those STCW endorsements, which means if they're not available, they may not be available for the government reserve sealift, which is supporting the Department of Defense global projection and sustainment of the armed forces. So I'm concerned about that.

We're working, again, with the U.S. Transportation Command, the Navy, specifically the Military Sealift Command, and some of our commercial partners, including the American Maritime Partnership, on a military to mariner program, which would allow veterans, through their normal training and the job that they do, whether they're in the Army, in the watercraft program, whether they're in the Coast Guard or the Navy, to be able to make a transition to the Merchant Marine once they leave the service. But they have to have the underpinning of the courses and the certification and the endorsements. Otherwise, they almost have to start from scratch. So we're working very diligently on that program.

In August 2015, there was a report that was put out by the Secretaries of Transportation, Education, and Labor, and what we identified—by 2022, we're going to need about 70,000 new seafarers or mariners, and about half of those are licensed officers. And right now, the training programs we have—the combination of the Merchant Marine Academy, which produces about 200, and the other state maritime academies produce about 660. So I'm producing less than 1,000.

And then in company with the maritime unions, who are putting some of their seafarers through a licensing program they refer to as Hawsepipe, I'm just not creating enough to take over the de-

mand that I know is coming because of the aging demographic of the seafarer. So we're at the confluence of what I think is a very difficult period, and we're going to have to come to some actions to be able to ensure that we have the seafarers, to make sure that we have the capability, to make sure that our global—our commercial and our government sealift fleets have sufficient mariners to be able to do what they need to do to support the Department of Defense.

Senator BOOKER. And that 2012 reduction in preference—that's putting a lot of pressure. It has obviously had a very severe impact, right?

Mr. JAENICHEN. It's certainly had a downward pressure, essentially, what we've lost, and the combination of that, plus about 54 other what I call ocean-going vessels, and some of the change in the status of some military sealift—we've lost about 2,400 mariners actively sailing jobs, and that has put a significant pressure on the availability of the mariners that we have for the pool. We rely on the commercial mariners to voluntarily come to our ships when we activate them, and up until now, we have not had a challenge with that. But we're going to get to the point where we are, and that's what our concern is, and that's the reason why we're aggressively going after this issue.

Senator BOOKER. Rear Admiral, you've been so gracious with the questioning around sexual assault, and I think the reflection from the Chairwoman, as well as some others, shows you the urgency which many of us feel. This is an issue to me—obviously, it's very personal, very emotional for many of us, knowing the culture that's out there, the brutality that has been involved, the silencing that's been involved in the past. I know and appreciate your commitment to doing and addressing these issues.

I just feel a sense of urgency about it, and you, obviously, do as well from your comments. But if I may ask, what opportunities are there for the U.S. Merchant Marine Academy to increase its coordination and collaboration with Naval, Army, Air Force, and Coast Guard academies to better address this national problem of sexual assault on college campuses? And I'm wondering—is there coordination going on? Is there more that could be done? These are our leadership academies. They should be setting the example, and I just really believe we have a national problem here, a national crisis, and would love to hear if you are working on this in a coordinated fashion.

Admiral HELIS. Senator, thank you for the question. Yes, this is a national problem, and many of our partners and counterparts face the same challenges. There is a lot of networking and collaboration that goes on. I'll give you just a couple of examples.

The five Federal service academies—we interact, we share best practices. At least once a year, the senior leadership meets together. I can tell you every year I've been doing this, both from the Commandants of Midshipmen and the Superintendents, sexual assault and sexual harassment prevention has been on our agendas.

The personnel responsible for sexual assault prevention and response at the service academies—at their level, they network—my coordinator, Ms. Tamara Jell, who is sitting behind me in the audi-

ence today—recently, we spent some time at the Coast Guard Academy, again, with the sharing of best practices.

When we look at the state academies, every year, there's an annual conference called "Wild Women on the Water." It rotates amongst the maritime academies. We hosted it last year. California Maritime hosts it this year. It will be next week out at Mission Viejo. Again, that is a conference that addresses specifically the wide range of women's issues in the maritime industry, and it is a gathering of all the academies and leadership from industry, from the unions, from government. Again, sexual assault and sexual harassment is one of the issues that they address at this annual conference.

We have had meetings sponsored by the Maritime Administration with industry leadership and union leadership to discuss and address the issue. Specifically, at the Academy, we have requested and received from all of the shipping companies to whom we send midshipmen for training their policies on sexual assault and sexual harassment. We make sure that our midshipmen are aware that, "Hey, your company has a policy, and while you're out on a ship during training, you know what the reporting policies are within the company."

Senator BOOKER. For that sea year, are we doing enough? Is just informing people of what the policies are—do we do things to collect information afterwards? Do we have any sense of what the problems might be during that year?

Admiral HELIS. Senator, first, in the preparation for the midshipmen going to sea, we run a range of programs to prepare them for the wide range of challenges. They're dealing with international culture. They're away from home for extended periods. And we address the issues of sexual assault and sexual harassment and prevention and bystander intervention at sea. When we put midshipmen on ships, they're together—you know, take care of each other as buddies and partners.

For the women, amongst whom we see the greatest risk of problems, we run specific focused training. We bring in women who are normally graduates of the Academy, who have sailed in the maritime industry, women who can address, again, the broad range of issues that our midshipmen will face, not only in their Sea Year, but after graduation, as women, as officers, and leaders, in a male dominated profession. So we do that.

We're going to continue to expand that training in the coming term for the next group that will go out this summer at sea, again, to continue to address in small groups that these are the kinds of issues and challenges they're going to face around sexual assault and sexual harassment.

In terms of cooperation, you mentioned Military Sealift Command. I'll describe one incident. We had an incident where a midshipman was sexually assaulted, not on a ship, but at a crew party ashore while on a Military Sealift Command ship. She reported it, and there was immediate parallel work between the Academy and Military Sealift Command.

We were coordinating—Admiral Shannon and I were communicating about it, and he was also in communication with Administrator Jaenichen. Our JAGs and our legal staffs were in coordina-

tion. Our sexual assault prevention and response personnel were in coordination. So we had a coordinated effort between MSC and the Academy to investigate—which was primarily on MSC to do the investigation—and also for care of the victim, which we shared between MSC and the Academy.

And I felt that the coordination was better—it could not have—as bad as the incident was, the response to the incident from MSC and the Academy and the coordination—I couldn’t think, when we looked at this afterwards, that it could have been done any better. My sense is that there is a shared urgency of this problem across the Federal academies, across the State academies, across the industry that we all work to share best practices and work together on this.

It is a tough problem, though. You’re right, Senator. It is a tough problem. Having personally been involved with victims, both in my Army career and here, I understand firsthand just how devastating this is. At the end, I’ll tell you that you have my personal commitment and all of my senior staff.

I know I have the absolute support of the Administrator. We’ve had great support from the IG in terms of things we can do to improve the program. I think everybody is pulling together really well on this. But we are committed to continue to work and come up with new ideas and do better.

Senator BOOKER. I’m grateful for that, sir. What’s the racial makeup of the Academy?

Admiral HELIS. Senator, as I mentioned in my opening statement, we’re up to about—the incoming classes are coming in between 20 percent and 24 percent with minorities. So with this cycle of four classes, if we stay on track this year, we’ll be close to 20 percent women, between 18 percent and 20 percent women at the start of the next academic year, and we will be about 25 percent of minorities, some being women.

I would say broadly in our recruiting, we’re doing—you know, OK is about the best, Senator. With Hispanics, we’re doing OK, and with Asian Americans. We are lagging right now, in my opinion, in African Americans, particularly African American males. We’re starting to see slight upticks in the Native American and Pacific Islander populations. That’s ones and twos and threes. It’s very small.

Senator BOOKER. I’m sorry to interrupt you, sir. Can you just give me some of the strategies you’re using to make the Academy more reflective of America’s population?

Admiral HELIS. Yes, Senator. One is we have one of our recruiting officers now dedicated as a diversity recruiter. Ms. Dumorne, Lieutenant Dumorne, was hired last year, so she is getting up to speed and on track. And it becomes where are the networks where you can identify densities of minority students that you can address by population center, and also are there gatherings of educational institutions that are recruiting for the HIS, the Hispanic oriented institutions, the HPCs, and try to tap into those same pools of recruits and applicants.

She also works in coordination with all of the other regional recruiting officers to try to say, “Hey, here are ways that you can address and specifically reach out to women and minorities to make

this more diverse.” And, again, I think the numbers over the last 3 years indicate that the efforts are beginning to pay off, that we are beginning to—we’ve seen a definite statistically significant increase over time in women and minorities. And, again, we’re committed to making the Academy more diverse and more reflective of the society that we serve.

Senator BOOKER. Well, your minority representation is better than the U.S. Senate. But I will say I appreciate those efforts and would love to learn more about them. And, hopefully, I’ll get a chance to visit and talk to you more firsthand about that.

Admiral HELIS. Senator, we’d welcome your visit or your staff, and to talk you through the admissions process in detail and meet with the admission recruiters, and any suggestions you have in that area, we would be appreciative of.

Senator BOOKER. And when you’re looking at the whole picture of an individual that you’re evaluating for admissions, you know, the kid that comes from Appalachia, who comes from a poor family, who has worked their way through high school, they may not have the 1285 SAT score. Do you take that into consideration?

Admiral HELIS. Yes, Senator, we do. Getting a little bit into detail, we actually do appointments by state. There are allocations by state in the CFR akin to the other academics that are keyed to their size and their representation in Congress.

The Secretary also has 40 discretionary appointments that he can use. And for those, we have a policy where we have established 20 areas that we call of value or special interest to the Academy. And for those applicants who either are unable to secure a Congressional nomination or who don’t get—my term is over the bubble, off the line, in their state—you know, you’ve got 10 allocations, and you’re number 11 or 12 on the list—we have a process where we identify those midshipmen with those special qualities.

We’re looking at some first-generation Americans, first in family to go to college—have they had difficult family circumstances to overcome? Are they historically represented groups at the Academy? Do they possess special talents that we would value, which would include music, foreign language skills, athletic abilities, and so on?

We have a panel that I chair with the senior leadership that reviews the files of those nominated by admissions. There’s a process by which they go from me to the Administrator to the Secretary. And that’s how we try to address those issues.

One case we just looked at—a young man, OK academically, kind of short on his leadership, but great essay, great interviews, and we looked at his background—Hispanic male, three high schools in 4 years because his father works in the ranching business—and you can see the story—where he’s moving. And, in addition, he averages 20 hours a week working on the ranch to help support the family. So he is on the list, the current package that’s on the way to the Administrator. So I’ve given away a piece of it to you.

But that’s one we looked at and said that this is a young man who, based on his scores and academics, looks really bright, really smart, and you look at the family circumstances and you can understand why he was not able to get involved more in community service and athletics and co-curriculars and leadership. But he has

a terrific work ethic. He has tremendous recommendations. So, again, we're going to be recommending him to the Secretary for an appointment, and that's how we try to get it done—those factors.

Senator BOOKER. I appreciate you going into the details.

Really quick, Administrator Jaenichen, you guys have a ladder of opportunity initiative. I'd love to hear a little bit more about that. I know it's striving to create opportunities for economic empowerment for a range of folks. As you know, sometimes, the communities most in need are often the ones located right near our ports.

Again, I was Mayor of Newark, New Jersey, where our port sits, and it was an ongoing battle for me to try to get underrepresented populations, populations that have high levels of poverty and unemployment, opportunities. So I just want to hear about that departmental initiative, and I wonder if there are any opportunities to provide workforce training programs and employment opportunities in the maritime sector in communities most in need. There might be something that cities like Newark aren't doing that we could be taking advantage of.

Mr. JAENICHEN. Thank you, Senator, for the question. I'll just sort of highlight a couple of them. First, one of the things that we're doing is we recognize that part of this is—Congressman Cummings made a great statement. He said, "If you don't know it, you can't dream it." So part of this is an outreach program to make sure that they're aware that the maritime industry is out there.

So we have reached out to historically black colleges and universities, Hispanic-serving and minority-serving institutions. And over the course of about the last year or so, we've been able to reach out to two dozen different schools. We have engaged nearly about 1,400 students at this point. We're going to job fairs. We're doing briefings and awareness programs. We're also doing personal interviews, and we're helping them prepare. We're doing mock interviews.

Senator BOOKER. When you say you're doing that, what communities are you—

Mr. JAENICHEN. We're actually doing it at the various minority-serving institutions. For example, we'll go to Howard University, and that's just an example nearby. But we've been down in North Carolina. We've been down to Georgia. And, again, we're trying to do this on a fairly minimal budget. But we recognize the importance of making sure that they're aware of it, especially in areas where you don't necessarily have a connection to water or the sea, to make sure that they're aware of it.

We also recognize that from a standpoint of the transportation sector, we need to make sure that they're aware of that. We also have an intern program that we do. And I will tell you that last year, I believe we had nine or 10 that were actually with us at the Maritime Administration, and I will tell you that probably 80 percent of them were minority students, and they were going back to their schools. So we had them in everything from law to environmental science and a whole bunch of other things.

So we've actually been doing that outreach in order to make that awareness, especially from the workforce. And we're pretty happy with the actual product that we're able to put out. The question

now is can we get a return on the investment, and that's the one thing that's very difficult to measure. You know, we've contacted about 1,400. The question is how many of that 1,400 have actually gone on to get into the maritime sector, and that's something that's hard to quantify at this point, but we're going to try to do that going forward.

Senator BOOKER. I really greatly appreciate that.

Mr. Behm, I just want to say I apologize. I had no questions for you today, sir. I could make up a question now, if you think so, or we could just end the hearing.

Mr. BEHM. I think we should end the hearing.

[Laughter.]

Senator BOOKER. OK. So in closing, first of all, thank you to all of the witnesses here. I really cannot express to you how much I appreciate the professionalism and dedication you bring to this job. You're rendering a great service to our country. If you need me to write letters to your families, I will, to let them know that you are good men.

So just a closing note regarding the record. The hearing record will remain open for up to 2 weeks. During this time, Senators are asked to submit any questions for the record. Upon receipt, the witnesses are requested to submit the written answers to the Committee as soon as you all can, and that would be greatly appreciated. If you all don't know, you should not take the lack of attendance here personally. There are multiple competing hearings going on at this time, and a number of folks who had to come and go expressed to me their regret because they realize that for our economy as well as for our safety how important this is.

I just want to conclude this hearing by one more time thanking you all for your leadership. I truly do respect you and feel a sense of gratitude for what you all do to keep us safe and to grow our economy.

I now say, with this hammer, which I've never had a chance to use as a Freshman Senator—this is my first time with the power. That's why I'm dragging this hearing out. I don't want to let it go.

[Laughter.]

Senator BOOKER. But I now say that this hearing is adjourned. [Whereupon, at 3:57 p.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. RICHARD BLUMENTHAL TO
HON. PAUL N. JAENICHEN

Question. Enhancing security at our Nation's ports: In February 2016, the President released his proposed budget for Fiscal Year 2017. The proposed budget raises a number of concerns for me—and I'm sure it does for others who have critical assets in their state that need to be protected from terrorist threats. The proposed budget cuts the Department of Homeland Security's Port Security Grant funding program from \$100 million to \$93 million.

The port security program is crucial in states like Connecticut. It helps protect critical port infrastructure from terrorism, improve port-wide maritime security risk management, and maintain maritime security protocols that support port recovery and resiliency. The funding strengthens first responder training.

In 2015, more than 10 communities in Connecticut benefited from this program—radio communications systems, surveillance cameras, patrol boats—resources that can thwart terrorism and stifle security threats. But the proposed budget cuts this funding by about \$7 million—and it cuts funding even more dramatically for other major security programs, such as slashing the State Homeland Security Program from \$402 million to about \$200 million.

Are you concerned by the message this sends? Shouldn't we be strengthening these programs—not slashing them?

Answer. The Maritime Administration is committed to working with our Federal partners with authorities and responsibilities for port security and defers to the Department of Homeland Security, which has oversight for the Port Security Grant Program, regarding appropriate funding levels for the program.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BRIAN SCHATZ TO
HON. PAUL N. JAENICHEN

Question 1. Harbor maintenance—including dredging and deepening navigation channels, anchorages and berthing areas—is essential to maritime safety. But we also have to make sure that harbor pilots and ship operators have access to near-real time nautical charts that reduce the risks of collisions and groundings in our harbors.

NOAA's PORTS program is one promising area that aims to improve maritime safety by integrating real-time environmental observations, forecasts, and other geospatial information that mariners need to navigate safely. Researchers, at the University of Hawaii's Center for Island, Maritime, and Extreme Environment Security, are exploring other promising areas, including the use of unmanned systems to improve maritime awareness.

But creating this information and making sure people can access it are two separate concerns, and we need to make sure there is no gap there.

What are we doing to improve information sharing so that operators are getting more access to real-time nautical charts?

Answer. MARAD supports sharing of real-time information to mariners for safety of navigation and managing maritime traffic. MARAD has no statutory authority in this area, but does support and contribute to the work of the U.S. Committee on the Marine Transportation System (CMTS), a Congressionally-mandated, Federal Cabinet-level, inter-departmental committee chaired by the Secretary of Transportation, under which navigation services and safety are being addressed to support enhanced marine safety information to the mariner. The purpose of the CMTS is to create a partnership of Federal departments and agencies with responsibility for the marine transportation system.

Question 2. The Merchant Marine Academy and the six Maritime Academies are responsible for graduating Merchant Marine officers with the skills to ensure that the U.S. maritime industry remains globally competitive.

How are we adapting our training curricula to support the requirements of a modern maritime industry—so that our Merchant Marine Officers can do everything from operate new ships and communications technology to finance facilities?

Answer. The United States Merchant Marine Academy and the State Maritime Academies are accredited institutions of higher education. They monitor their academic programs continuously to stay current with developments in the industry as well as their U.S. Coast Guard (USCG) approved Merchant Mariner Credentialing program.

Each institution has professional faculty who are subject matter experts in several maritime-related fields including maritime training, business and finance. Each institution closely monitors the development of national and international standards required by the USCG and the International Maritime Organization. The academies also participate in the USCG's advisory committees related to training and other requirements.

Question 3. Annually, the six State Maritime Academies graduate more than 70 percent of the licensed Merchant Marine officers in the United States. These graduates come from all 50 states.

We are quite proud of the relationship that Hawaii has with Cal Maritime, where many graduates from Hawaii become licensed Merchant Marine officers.

How are we doing with recruiting graduates to the State Maritime Academies so that, in addition to the Merchant Marine Academy, we are ensuring that these institutions are helping to develop a pool of well-trained Merchant Mariners?

Answer. The United States Merchant Marine Academy (USMMA) and all six of the State Maritime Academies (SMAs) engage in recruiting high school students nationwide. MARAD has no statutory or formal oversight role for the SMA institutions and does not directly recruit potential cadets. The USMMA and the SMAs have excellent reputations for career preparation and job prospects. The success of their recruiting efforts is well demonstrated by the high number of applicants for enrollment in their marine transportation/logistics academic and merchant mariner credentialing programs.

Question 4. In order for licensed officers to graduate from our maritime academies they must acquire sea time, so each academy has a training ship.

Last year, the President's budget included a request for funding for the common design of a new National Security Multi-Mission Vessel. This year's budget includes a request for \$6 million under the National Security Multi-Mission Vessel/School Ship Replacement Program to fund an independent requirements and alternatives analysis for cadet training needs.

Can you clarify these requests? Is MARAD reevaluating the requirement for a new multi-mission vessel?

If so, what is the requirement for replacing cadet training ships?

Answer. The FY 2017 President's Budget request is to fund an independent verification and validation of the requirements and alternatives analysis for Cadet training vessel needs. The analysis will also include the assessment and validation of future mariner requirements and demand, the impact to the current training programs and measures to keep pace with anticipated demands for mariners.

Question 5. Many of our ports remain congested in part due to a lack of shore infrastructure connecting ships to the rest of our transportation network. We have seen this congestion especially on the West Coast. And as the Panama Canal Expansion Project is completed, we may see similar challenges manifest on the East Coast as larger vessels call on ports in the northeast.

The problem is not that ships have outgrown our ports, it is that we have failed to grow the shore infrastructure—including intermodal links such as bridges, rails, tunnels, and terminals—that supports our ports to keep pace with the vessels that the international maritime industry is using.

What is our investment strategy for ensuring that we are making commensurate improvements to our ports and the shore infrastructure that are crucial to the delivery of goods in the United States?

Answer. MARAD and the Department of Transportation (DOT) recognize that ports and the U.S. marine transportation system are critical to our economy and that our maritime and freight systems need to be prepared for the challenges which exist now and in the future. Ports are our Nation's ultimate intermodal freight hubs—a key part of our transportation and economic systems. We are working with public and private sponsors to improve intermodal port-based facilities on all coasts, the Great Lakes, and on our inland river and waterway system.

Given the need to meet current and anticipated freight network requirements and the growing demands placed on ports and related infrastructure, MARAD and DOT

are working to help meet the infrastructure needs of our Nation's freight and port infrastructure through a number of programs, including:

StrongPorts—MARAD has developed a port infrastructure development program to better support our ports. StrongPorts is designed to deliver tools and technical assistance to ports with a goal of integrating ports and maritime transportation into the larger U.S. surface transportation system. The program provides a planning and investment framework that brings together all stakeholders, including private companies and local, State and Federal agencies.

TIGER—The Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program provides a unique opportunity for DOT to invest in projects that promise to achieve national objectives. Since 2009, Congress has dedicated nearly \$4.6 billion over seven rounds of TIGER to fund highway, rail, transit and port projects that have a significant impact on the Nation, a region or a metropolitan area. Of the total funds awarded, \$524 million has been awarded for 43 port and/or marine highway projects in 24 states. These Federal funds have leveraged approximately \$700 million of State, local, and private matching dollars for these port projects. TIGER funded projects at ports have included terminal expansions, berth expansions, intermodal transfer facilities, truck gates, rail connector improvements, as well as equipment and other improvements that directly contribute to improved freight throughput. Another \$500 million has been appropriated for TIGER in FY 2016 and the application review period is now underway.

Fixing America's Surface Transportation (FAST) Act—Congress recently passed the FAST Act which includes significant provisions for freight system planning—including the collection of performance measures for the Nation's top 25 ports, development and funding which are applicable to ports. On September 7, 2016, the Secretary of Transportation announced the first ever FASTLANE grant recipients. Of the 18 grants awarded, five are to ports. The port funds will be used to improve facilities, remove at-grade rail crossings, and increase the efficiency of the maritime system. More than \$759 million was awarded for the 18 of which ports will receive \$115.3 million.

Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF)—DOT has worked with ports to identify opportunities to utilize TIFIA and RRIF loans for eligible "inside the gate" projects. The FAST Act establishes DOT's National Surface Transportation and Innovative Finance Bureau to, among other things, provide assistance and communicate best practices and financing and funding opportunities to eligible entities for DOT's credit assistance programs. Prior to the FAST Act, the DOT's Build America Transportation Investment Center (BATIC) had already started working with ports to identify various Federal funding and financing programs at DOT and to harness these potential funding and financing opportunities. The BATIC has now been formally established within DOT as the Build America Bureau.

Additionally, Congress appropriated \$5 million in grant funds in FY 2016 for America's Marine Highway Program to further expand the use of Marine Highway services. A Notice of Funding Opportunity was published in the Federal Register on April 25, 2016 and applications have been received and are under review. MARAD will use those funds to encourage shippers around the country to routinely choose the use of waterborne transportation for freight.

The President's FY 2017 budget also contains proposals that would facilitate increased infrastructure investment in our ports and shore infrastructure. These include Qualified Public Infrastructure Bonds (QPIBs) that would level the playing field for public-private partnerships and attract billions of dollars of new private capital for our nations' ports and surface transportation projects, as well as for other important infrastructure sectors. Port projects would also be eligible for assistance under the proposed Financing America's Infrastructure Renewal Program (FAIR) that would provide direct loans to U.S. infrastructure projects developed through public-private partnerships that meet applicable environmental and labor standards.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. CORY BOOKER TO
HON. PAUL N. JAENICHEN

Question 1. The Department of Transportation Office of Inspector General (OIG) released a report in December 2015 highlighting deficiencies in the Maritime Administration's controls for program implementation, monitoring, and oversight. In the report, the OIG found that MARAD "lacks policies and procedures for notifying other Federal agencies of its role as the disposal agent and identifying the universe

of Government-owned vessels it is responsible for disposing.” What is MARAD’s plan to develop these policies and procedures?

Answer. Under 40 U.S.C. § 548, MARAD is required to dispose of Government-owned, merchant-type vessels of 1,500 gross tons or more. The DOT Office of Inspector General (OIG) Audit Report, issued on December 10, 2015, recommended MARAD develop or update policies and procedures for (1) identifying the universe of Government-owned vessels that meet the statutory criteria for MARAD to serve as the disposal agent, and (2) notifying agencies that own these vessels of MARAD’s disposal agent role.

In response, MARAD has implemented the following process to establish itself as the exclusive agency for the disposal of government owned and operated merchant type vessels which meet the gross tonnage criteria established by the statute. First, MARAD has determined there are eight Federal agencies, including MARAD, which own and operate vessels subject to MARAD’s ship disposal authority. The other agencies include the Naval Sea Systems Command (NAVSEA), Military Sealift Command (MSC), National Oceanic and Atmospheric Administration (NOAA), Office of Naval Research (ONR), Department of the Army, Army Corps of Engineers (ACE), United States Coast Guard (USCG), and the National Science Foundation (NSF). Second, MARAD has identified a universe of approximately 250 vessels at these agencies for which MARAD will be the exclusive disposal agency. Each vessel has been recorded in a ship disposal program database which contains the specific vessel characteristics including the vessel planned disposal date. Population of the database with vessel records was completed in May 2016. Third, MARAD reached out to each of the agencies and identified the specific point of contact to initiate the notification process for MARAD’s vessel disposal authority.

Question 2. When will these documents be finalized?

Answer. MARAD issued two notification letters to the agencies which own and operate vessels subject to MARAD’s ship disposal authority. The first letter was issued by the Ship Disposal Program Office on June 23, 2016 to the corresponding program managers at the other agencies. A follow-on letter from the Maritime Administrator was issued on July 8, 2016 to the corresponding agency executives. It should be noted that MARAD does not have statutory authority to enforce compliance by other Federal agencies.

Question 3. The DOT OIG also expressed concern with the General Service Administration (GSA)’s role in ship disposal. The National Maritime Heritage Act of 1994 requires MARAD to allocate ship disposal proceeds to its Vessel Operations Revolving Fund, where they are expended on MARAD and National Parks Service programs. When GSA disposes of vessels, the proceeds go into the General Treasury, not to the Vessel Operations Revolving Fund.

What is your opinion on the practice whereby some agencies have disposed vessels through GSA rather than through MARAD? Are you concerned by the potential losses in revenue this could create for the maritime community if it becomes common practice?

Answer. Under 40 U.S.C. § 541, the GSA has authority to act as the sales agent for other Federal agencies and sell excess Federal vessels less than 1,500 gross tons. Under 40 U.S.C. § 548, MARAD is responsible for disposing of surplus Government-owned, merchant-type vessels that are 1,500 gross tons or greater. It is in MARAD’s interest to ensure vessels of this size are disposed of through MARAD’s ship disposal program because such sales revenue is deposited into the Vessel Operating Revolving Fund (VORF) account, rather than into the General Treasury. Sales proceeds deposited into the VORF account are used to support the National Defense Reserve Fleet, the U.S. Merchant Marine Academy and State Maritime Academies, and for maritime heritage preservation and education.

As recommended by the OIG in the Audit Report, MARAD has developed policies and procedures to notify other Federal agencies that MARAD is the exclusive disposal agency for surplus merchant-type vessels of 1,500 gross tons or greater.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. JOHN THUNE TO
HON. MARIO CORDERO

Question. Chairman Cordero, just last month you announced that the Federal Maritime Commission would assemble Supply Chain Innovation Teams to “develop commercial solutions to supply chain challenges and related port congestion concerns.” The IMO container weight issue goes into force on July 1, 2016, and there remains concern that it could challenge the U.S. supply chain. Do you think that the container weight issue is one that can be considered by your Innovation Teams

in the immediate future, and if so, how do you think its effort could contribute to identifying and implementing a resolution?

Answer. The Federal Maritime Commission Supply Chain Innovation Teams Initiative was constituted pursuant to our plan of action to address supply chain congestion issues. They were charged with identifying systemic changes to supply chains as opposed to serving as an arbitrating forum. Accordingly, and appropriately, it was Commissioners and Commission staff who were engaged in what essentially amounted to supply chain diplomacy on the container weight matter.

The Commission launched its Supply Chain Innovation Teams initiative on May 3 here in Washington, D.C. with participation by experienced, successful industry leaders from 35 major companies representing nine key supply chain industries.

Divided into three teams, and led by Commissioner Rebecca Dye, our private sector participants were challenged to identify and implement process innovations and improvements that would lead to greater national supply chain reliability and effectiveness. The focus is on cooperative commercial solutions.

The teams quickly identified supply chain “visibility” as the most effective ways to improve reliability since many supply chain obstacles result from poor information transmission, inaccurate information, or information unavailable at the right time.

To increase supply chain visibility and stimulate more effective cooperation, all three teams chose to pursue the development of a national supply chain information portal that could be adapted for use by any port in the country.

They are now in the process of refining the precise information that must be available to each supply chain actor for overall maximum supply chain alignment and coordination. Ensuring the availability of that essential information is the most critical component of a national port information system.

Although the Supply Chain Teams Initiative is unlikely to provide a “quick fix” for the challenges we face, I am pleased to report that the project is on track and making great progress.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. RON JOHNSON TO
HON. MARIO CORDERO

Question 1. Chairman Cordero: I am concerned that this SOLAS amendment will disrupt the flow of freight through U.S. ports. If that happens, U.S. exporters will be put at a competitive disadvantage. Therefore, I have serious concerns with this IMO amendment.

This feels like a situation where the past actions of a few bad foreign actors have led to a regulatory situation where all U.S. shippers are now being mandated, burdened really, to change how they move their products from the truck, or the rail, onto the ship. How do you see it playing out?

Question 2. We are only weeks away from these new weight verification regulations being put into effect, but there is still no fully-operational system that American shippers can utilize to transmit their container weight information to the carrier or terminal operators:

Am I right in thinking that after this goes into effect on July 1, shippers can have their containers literally left off a ship, if they can't meet the VGM requirements?

Question 3. You've mentioned that the FMC has supply chain innovation teams: Are you ready to take this task on?

What is FMC's role in all of this?

Are you ready to investigate when problems undoubtedly arise?

Question 4. I admit I'm not all that familiar with the inner-workings of the IMO: What American interests are part of the IMO?

Does the FMC, as the agency that administers U.S. maritime law, have the authority to investigate concerns that come from Congress?

Question 5. We have to do everything we can to make sure the IMO amendment doesn't hurt shippers, or disrupt the food chain.

What are you doing for shippers to ensure there aren't unnecessary costs?

Answer. Many of your inquiries addressed amendments to the International Convention for the Safety of Life at Sea (SOLAS) Treaty that established a requirement for shippers to provide the Verified Gross Mass (VGM) of a container before it can be loaded aboard a vessel. I am pleased to report that the July 1, 2016 SOLAS VGM implementation date passed with no resulting complications and no substantive or notable disruptions to the export supply chain of the United States.

The container weight declaration requirement was established in November 2014 at the International Maritime Organization (IMO), which is a United Nations “specialized agency” headquartered in London. The IMO is responsible for a number of conventions, including the International Convention for the Safety of Life at Sea. The United States has been a Member State of the IMO since 1950 and is represented there by the United States Coast Guard. The Federal Maritime Commission does not attend meetings at the International Maritime Organization and we were not made aware of this proposal as it was being considered in London.

Key to avoiding potential disruption as the result of the new SOLAS VGM requirement were extensive and frank discussions between all interested parties subject to the new regime. These exchanges, which the FMC was often responsible for arranging if not leading, ultimately created a multitude of options for SOLAS VGM compliance that provided shippers with the flexibility they sought. I have written to Chairman Thune on this specific issue and am attaching a copy of my correspondence for your review and information.

While the Federal Maritime Commission was significantly involved in the work required to achieve consensus on SOLAS VGM matters, our Supply Chain Innovation Teams Initiative was not part of that effort. The teams were constituted to identify systemic changes to supply chains as opposed to serving as an arbitrating forum. Accordingly, and appropriately, it was Commissioners and Commission staff who were engaged in what essentially amounted to supply chain diplomacy on this matter.

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Although the Supply Chain Teams Initiative is unlikely to provide a “quick fix” for the challenges we face, I am pleased to report that the project is on track and making great progress.

Your questions very commendably focus on how to best represent the priorities and interests of the American shipping public. That is a priority I share, especially as the core of the Commission’s mission is to guarantee a competitive marketplace for international ocean carriage services. I am keenly interested in knowing what issues and trends concern American shippers and am always eager to engage ocean transportation consumers to benefit from their insights on the functioning of the international, intermodal supply chain. As such, I would welcome the opportunity for my staff to work with your staff to identify who key export shippers and shipper organizations are in Wisconsin and to explore ways in which the Commission can engage them on a regular basis. I am confident that such a dialog would be mutually beneficial.

While the Federal Maritime Commission places a high priority on engaging its constituencies and maintaining communications across all parties involved in the international transportation of cargoes, the agency has a fairly limited writ in terms of administering United States maritime laws. The Commission is narrowly charged with enforcing the Shipping Act, while other agencies enforce different statutes applicable to the maritime industry. In all candor, the Federal Maritime Commission is a small agency with limited resources. It is our goal and our responsibility to be responsive to the parties we regulate and to the United States Congress, but we simply do not have the capacity to take on any new tasking to examine and analyze an issue without pausing on-going work. Our daily work involves analyzing and monitoring the shipping markets and industries to guard against unfair business practices. We have a critical need to hire a small number of additional, specialized experts. By increasing our team of economists and analysts, by probably no more than eight people in total, we would be much more capable of responding to new

issues or inquiries while simultaneously continuing to guarantee competition in shipping, which is our core mission.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. RICHARD BLUMENTHAL TO
HON. MARIO CORDERO

Question. Enhancing security at our Nation's ports: In February 2016, the President released his proposed budget for Fiscal Year 2017. The proposed budget raises a number of concerns for me—and I'm sure it does for others who have critical assets in their state that need to be protected from terrorist threats. The proposed budget cuts the Department of Homeland Security's Port Security Grant funding program from \$100 million to \$93 million.

The port security program is crucial in states like Connecticut. It helps protect critical port infrastructure from terrorism, improve port-wide maritime security risk management, and maintain maritime security protocols that support port recovery and resiliency. The funding strengthens first responder training.

In 2015, more than 10 communities in Connecticut benefited from this program—radio communications systems, surveillance cameras, patrol boats—resources that can thwart terrorism and stifle security threats. But the proposed budget cuts this funding by about \$7 million—and it cuts funding even more dramatically for other major security programs, such as slashing the State Homeland Security Program from \$402 million to about \$200 million.

Are you concerned by the message this sends? Shouldn't we be strengthening these programs—not slashing them?

Answer. I appreciated receiving your Question for the Record soliciting the views of the Federal Maritime Commission on the issue of enhancing seaport security.

As someone with a background in ports, I understand your desire to ensure Connecticut law enforcement agencies are adequately equipped and trained to protect marine-related facilities and the waterways of your state. Given my experience, I also have an insight into just how beneficial grant funding can be to port authorities and terminal operators in meeting security requirements set forth by the Federal Government. Indeed, I have previously written to the Department of Homeland Security to advocate that Marine Terminal Operators be compensated for expenses incurred to satisfy mandates intended to address real or perceived facility vulnerabilities.

The Federal Maritime Commission has a limited role in terms of the contribution it makes to domestic security operations, and to the extent we are able to engage in these undertakings, our efforts largely consist of sharing information. Given the body of parties involved in international, oceanborne commerce that the Commission regulates, our agency has access to data that can be helpful to other Federal agencies in executing their respective missions. We are always pleased to be able to provide information we possess that can be of assistance to law enforcement agencies in identifying individuals involved in illegal activities.

To facilitate the sharing of information, the Commission has formal Memorandums of Understanding with Customs and Border Protection and the Census Bureau. We are seeking to expand our Memorandum with Customs and Border Protection to give us access to its targeting system, which would be very helpful to our agency in better meeting our own enforcement obligations and actions. Our discussions with that agency are ongoing and we hope at some point we are able to reach an agreement that will allow us to use the rich pool of desirable targeting data Customs and Border Protection has at its disposal.

In addition to our cooperation with Customs and Border Protection, the Federal Maritime Commission also works with a variety of Federal, state, and local agencies to provide assistance in investigations. Examples of agencies that the Commission has cooperated with on a somewhat regular basis include: individual U.S. Attorney's Offices; the Federal Bureau of Investigation; Immigration and Customs Enforcement; the Bureau of Alcohol, Tobacco, and Firearms; the United States Coast Guard; Department of Homeland Security Investigations; the Intellectual Property Coordination Center; the New York State Police; the New Jersey State Police; and, the New York Police Department.

Our efforts in New York and New Jersey have not been entirely limited to information sharing. Commission personnel within the last year participated in an operation designed to interdict contraband being sent overseas. Our Northeastern Area Representative joined Customs and Coast Guard officials in targeting and physically inspecting export containers at the Port Authority of New York and New Jersey with the goal of interrupting smuggling operations. On a related note, the same Area Representative is involved in a regional, joint-agency automobile theft

taskforce that seeks to disrupt the export of stolen vehicles. There is a vibrant trade in the northeast of stolen vehicles being sent overseas and our regional representative assists law enforcement agencies in identifying the freight forwarders and non-vessel-operating common carriers who are accessories to these smuggling operations. To the extent cars stolen in Connecticut find their way to the docks of New York and New Jersey, the Federal Maritime Commission is contributing to police efforts to aid your constituents in recovering stolen automobiles.

As I mentioned above, the Commission is happy to cooperate with law enforcement. If sharing data with the Connecticut State Police, or another Connecticut-based law enforcement organization, would be beneficial to their investigative efforts, I am happy to volunteer our Bureau of Enforcement and Area Representatives as resources. I would welcome your assistance in forwarding my offer to the appropriate officials.

Ports are dynamic environments and the challenges to safeguarding them are multifold. While I empathize with the challenges Connecticut port authorities will face in paying for assets that will help add to physical security, I regret the Federal Maritime Commission does not have programs or resources that can provide new or additional funding streams to meet that goal. That noted, we can make a meaningful contribution in terms of safeguarding the supply chain by working with the Connecticut State Police and local Connecticut law enforcement agencies to identify those who seek to benefit by exploiting international transportation networks for nefarious ends.

Again, I appreciate having this opportunity to provide you with the benefit of the Commission's views on this matter. As always, I am happy to be of whatever assistance I can to you, or your staff, in any matter of jurisdiction to the Federal Maritime Commission and of concern to your constituents.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. BRIAN SCHATZ TO
HON. MARIO CORDERO

Question. Many of our ports remain congested in part due to a lack of shore infrastructure connecting ships to the rest of our transportation network. We have seen this congestion especially on the West Coast. And as the Panama Canal Expansion Project is completed, we may see similar challenges manifest on the East Coast as larger vessels call on ports in the northeast.

The problem is not that ships have outgrown our ports, it is that we have failed to grow the shore infrastructure—including intermodal links such as bridges, rails, tunnels, and terminals—that supports our ports to keep pace with the vessels that the international maritime industry is using.

I understand that FMC has overseen projects and programs that have addressed transportation infrastructure needs and reduced pollution caused by port-related activities, like in Los Angeles and Long Beach.

How is the Commission helping improve our shore infrastructure so that the United States can engage in international trade at the pace that our international partners do?

Answer. I appreciated receiving your Question for the Record regarding the Federal Maritime Commission (FMC) and its efforts to address port congestion. I am happy to provide the following response to your inquiry.

You are correct that in recent years, congestion at West Coast ports has been a recurring problem. Congestion has been caused by a variety of factors, but the lack of sufficient landside intermodal connections, particularly outside the gates of marine terminals, has exacerbated the problem if not contributed to the cause of it.

For the sake of clarity, congestion has manifested itself on the West Coast several times over the past decade. In each of these separate instances, there were many differing precipitating causes, but the domestic physical network becoming overwhelmed was a common outcome no matter the underlying reason for the congestion.

As you are no doubt aware, the Federal Maritime Commission does not have a lead role on port development matters. That mission is the responsibility of the Department of Transportation and its subordinate modal administrations. That noted, the Federal Maritime Commission has a unique contribution to make in terms of identifying instances of port congestion; determining possible causes for the congestion; facilitating discussion among parties impacted by congestion; and ultimately trying to promote possible ways to address port congestion.

Our most recent endeavor in this field is the unanimous vote the Commission made on February 1, 2016 directing Commissioner Rebecca Dye to establish Supply Chain Innovation Teams. These teams are comprised of leading individuals from the

shipping, port, logistics, international trade, and retail sectors who will work directly with each other with the goal of identifying steps that can be taken to address the potential for congestion. The Supply Chain Innovation Teams initiative will be formally launched on May 3, 2016 at the Federal Maritime Commission headquarters building in Washington, D.C. The first meeting of the teams will span two days. Teams will subsequently be able to meet as frequently as needed or practical. Commissioner Dye envisions these teams being essentially entrepreneurial in nature and her desire, which I share, is that the collaborative work that is launched in these sessions will lead to industry-driven and industry-implemented steps that will lead to mitigating port congestion and helping to forestall situations where the system becomes overwhelmed.

The final product of Commissioner Dye's teams is all the more potentially significant in that it will not be easy to build our way out of port congestion. It is a difficult, time consuming, and expensive endeavor to move infrastructure projects through the planning and approval process; and those are all steps that take place prior to when construction ever begins. Notwithstanding the clear need to build new capacity to serve international trade, the more immediate and more economical option to relieve congestion is via making existing infrastructure work more efficiently. One example of how to make existing networks and infrastructure carry more volumes and work against the return of congestion is to move marine terminals to true 24-hour operations when it comes to truck gates. When a container ship calls a port, cargo is offloaded continually and around the clock until all the "box moves" for that vessel are completed. What does not now match the non-stop "ship-to-shore" operation is the "shore-to-gate" operation. Finding a way to create gates at marine terminals that remain open with predictable, dependable and late hours is a necessary and inevitable evolution that must take place, particularly in the Nation's highest volume ports. Admittedly, there are related operational issues that would have to be resolved, but it is simply wasteful and inefficient to not have as many containers as possible heading for the exit of a terminal once they are offloaded from a vessel.

In summary, I have always said that I view the mission of the Federal Maritime Commission as two-fold: (1) furthering efficient ocean cargo movement; and (2) highlighting the paramount role of our Nation's ports. Ports that function efficiently and are able to scale with increases in container volumes are key to meeting the mission objectives of the Commission. I am not only continually learning what the issues of concern are to our marine terminal operator constituents, but am open to any proposals that might help us improve port productivity.

Again, I appreciated receiving your Question for the Record and would be happy to discuss this topic with you in person if doing so would be helpful. As always, please let us know how we can be of assistance as you work to represent the interests of Hawaii and its residents.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. RICHARD BLUMENTHAL TO
REAR ADMIRAL JAMES HELIS

Question. Enhancing security at our Nation's ports: In February 2016, the President released his proposed budget for Fiscal Year 2017. The proposed budget raises a number of concerns for me—and I'm sure it does for others who have critical assets in their state that need to be protected from terrorist threats. The proposed budget cuts the Department of Homeland Security's Port Security Grant funding program from \$100 million to \$93 million.

The port security program is crucial in states like Connecticut. It helps protect critical port infrastructure from terrorism, improve port-wide maritime security risk management, and maintain maritime security protocols that support port recovery and resiliency. The funding strengthens first responder training.

In 2015, more than 10 communities in Connecticut benefited from this program—radio communications systems, surveillance cameras, patrol boats—resources that can thwart terrorism and stifle security threats. But the proposed budget cuts this funding by about \$7 million—and it cuts funding even more dramatically for other major security programs, such as slashing the State Homeland Security Program from \$402 million to about \$200 million.

Are you concerned by the message this sends? Shouldn't we be strengthening these programs—not slashing them?

Answer. The USMMA defers to the Department of Homeland Security, which has oversight for the Port Security Grant Program, regarding appropriate funding levels for the program.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. BRIAN SCHATZ TO
REAR ADMIRAL JAMES HELIS

Question. The Merchant Marine Academy and the six Maritime Academies are responsible for graduating Merchant Marine officers with the skills to ensure that the U.S. maritime industry remains globally competitive.

How are we adapting our training curricula to support the requirements of a modern maritime industry—so that our Merchant Marine Officers can do everything from operate new ships and communications technology to finance facilities?

Answer. The United State Merchant Marine Academy (USMMA) and the State Maritime Academies (SMAs) are accredited institutions of higher education. They monitor their academic programs continuously to stay current with developments in the industry as well as their U.S. Coast Guard (USCG) approved Merchant Marine Credentialing program. Because the Maritime Administration does not determine the curricula for the SMAs, it cannot speak to how the state academies are adapting their curricula. Thus, the response to this question will focus exclusively on USMMA.

One of the USMMA's strategic goals is to provide cutting-edge programs that will prepare Midshipmen to work at both ends of the technological spectrum, from pencils and paper charts to electronic navigation, and from conventionally-fueled propulsion plants to those using cleaner and greener alternative fuels. To achieve this goal, the USMMA takes a three-pronged approach, consistent with its available funding resources, to ensure its training curriculum supports the requirements of a modern maritime industry. First, the USMMA keeps its faculty members up-to-date on the newest technology and latest developments in industry by sending them to classes and conferences. Second, the USMMA acquires, as budgets allow, the latest equipment for demonstration purposes in its laboratories and operates and maintains realistic simulators to provide Midshipmen with virtual maritime experience. Finally, the USMMA revises and updates its curriculum, to include the addition of courses, when it becomes clear that new policies and technologies will constitute the way of the future in industry.

The USMMA augments classroom learning with hands-on laboratory experience and simulator training. The FY 2017 President's Budget proposes funding to upgrade the USMMA's analog engine simulator to a virtual engine simulator that is capable of emulating multiple propulsion plant types. On a virtual engine simulator, USMMA Midshipmen will be able to troubleshoot engineering plant casualties down to the nuts and bolts level. Similarly, USMMA's Full Mission Bridge is also in need of an upgrade of its console analog systems to digital ones in order to permit a more accurate translation of electronic chart and radar data. Even though our technicians are trying to provide realistic simulation of new and old ships in a variety of sea states, weather conditions, and traffic scenarios, the simulator projectors are out of date, causing pixilation of the picture, and require replacement along with the projection screens, which have suffered from water intrusion damage due to weather related events. Recent simulator updates in the USMMA Marine Transportation Department have enabled Midshipmen to experience, among other things, the newest onboard Electronic Chart Display and Information System (ECDIS) and radars available and in use in industry. Informal polls of students returning from sea year since 2013 have reflected that changes in the course of instruction, coupled with simulator use, have translated well to better understanding of bridge navigational systems aboard their assigned vessels.

To further complement our kinesthetic learning environment, the USMMA has leveraged the Training Vessel (T/V) KINGS POINTER's Dynamic Positioning System to teach dynamic positioning, which is being widely used by ships and semi-submersible mobile offshore drilling units, oceanographic research vessels, and cruise ships. The USMMA also accepted the donation of a tugboat and acquired a former Navy multi-purpose barge in order to complete efforts to initiate an inland/coastal training program. This elective course is embedded in a new academic concentration entitled "Coastal and Inland Vessel Management," which is designed to provide an afloat and classroom entry level view into the coastal and inland marine industry. Classwork includes exposure to subjects such as inland waterway operations, infrastructure and equipment, business practices, the regulatory environment, and short sea shipping.

The USMMA curriculum was revised in 2013 to incorporate the new internationally mandated Standards of Training, Certification and Watchkeeping (STCW) competencies required by the STCW 2010 Manila Amendments. The regulatory changes included renewed emphasis on Engine Resource Management and Bridge Resource Management, with a change of focus from technical ability to leadership and management, with the goal of building watch teams capable of handling both routine

and emergency situations at sea. Those Class of 2017 Midshipmen enrolled as Deck majors were the first group offered the new Maritime Logistics and Security Program, which modifies the existing Logistics and Intermodal Transportation major. The principal objective is to provide Midshipmen with the knowledge and skills required to manage complex maritime and intermodal supply chains and to assist in addressing the security challenges facing the marine transportation system. This goal is achieved through an integrated program of study and experiential learning, building on the USMMA's traditional maritime core competencies.

We believe that this technologically sophisticated curriculum is enhanced by the Sea Year experience, which puts Midshipmen on commercial vessels for nearly 300 days during their sophomore and junior years. Leadership development is at the forefront of the Academy experience, and in the 2020 Academic Year, the USMMA plans to add two formal academic leadership courses.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. RICHARD BLUMENTHAL TO
MITCHELL BEHM

Question 1. Enhancing security at our Nation's ports: In February 2016, the President released his proposed budget for Fiscal Year 2017. The proposed budget raises a number of concerns for me—and I'm sure it does for others who have critical assets in their state that need to be protected from terrorist threats. The proposed budget cuts the Department of Homeland Security's Port Security Grant funding program from \$100 million to \$93 million.

The port security program is crucial in states like Connecticut. It helps protect critical port infrastructure from terrorism, improve port-wide maritime security risk management, and maintain maritime security protocols that support port recovery and resiliency. The funding strengthens first responder training.

In 2015, more than 10 communities in Connecticut benefited from this program—radio communications systems, surveillance cameras, patrol boats—resources that can thwart terrorism and stifle security threats. But the proposed budget cuts this funding by about \$7 million—and it cuts funding even more dramatically for other major security programs, such as slashing the State Homeland Security Program from \$402 million to about \$200 million.

Are you concerned by the message this sends? Shouldn't we be strengthening these programs—not slashing them?

Answer. The Office of Inspector General (OIG) serves as the Department of Transportation's (DOT) sole in-house source for objectively examining the Agency's programs and their integrity. To preserve our independence, OIG refrains from a policy-making role, including decisions related to the President's budget request, as well as collaboration related to policy development between DOT and its operating administrations. To that end, DOT and MARAD are better suited to responding to your questions given the policy issues outlined therein.

Question 2. Fighting sexual assault at the U.S. Merchant Marine Academy: Mr. Behm, your testimony notes the efforts of the Merchant Marine Academy to address campus sexual assault. You note that during the 2011–2012 academic year, an estimated 25 midshipmen were sexually assaulted and 136 midshipmen were sexually harassed—but no incidents were officially reported.

This complete lack of reporting demonstrates the importance of a victim-centered sexual assault reporting procedure—an approach that I urge the Academy to adopt.

Your office urged MARAD and the academy to take action, and your testimony notes that the nine recommendations you issued to MARAD and the academy have been closed.

Your testimony says you plan to brief the Committee on this issue later this spring, but what can you say now about your confidence in the academy in doing what is necessary to effectively end sexual assault on campus? What else can and should be done?

Answer. Leaders in the Department, Maritime Administration, and U.S. Merchant Marine Academy (USMMA), appear to be focused seriously on addressing the myriad issues related to sexual assault and sexual harassment at USMMA. Our current work is focused on whether the Academy carried out its promised actions in the 2014–2015 action plan for preventing sexual assault and sexual harassment. Going forward, sustained and institutionalized attention to implementing each action in the Academy's plan as well as creating an atmosphere in which midshipmen are comfortable reporting instances of sexual assault and sexual harassment should be the highest priorities. With continued leadership pointing the Academy's strong corps of midshipmen in the right direction, and focused efforts in carrying out each

action plan to prevent and respond to sexual harassment and sexual assault, the Academy can make further progress in implementing an effective program.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BRIAN SCHATZ TO
MITCHELL BEHM

Question 1. Harbor maintenance—including dredging and deepening navigation channels, anchorages and berthing areas—is essential to maritime safety. But we also have to make sure that harbor pilots and ship operators have access to near-real time nautical charts that reduce the risks of collisions and groundings in our harbors.

NOAA's PORTS program is one promising area that aims to improve maritime safety by integrating real-time environmental observations, forecasts, and other geospatial information that mariners need to navigate safely. Researchers, at the University of Hawaii's Center for Island, Maritime, and Extreme Environment Security, are exploring other promising areas, including the use of unmanned systems to improve maritime awareness. But creating this information and making sure people can access it are two separate concerns, and we need to make sure there is no gap there.

What are we doing to improve information sharing so that operators are getting more access to real-time nautical charts?

Answer. We have not conducted any work related to operators' access to nautical charts. Therefore, MARAD is better suited to responding to this question.

Question 2. Many of our ports remain congested in part due to a lack of shore infrastructure connecting ships to the rest of our transportation network. We have seen this congestion especially on the West Coast. And as the Panama Canal Expansion Project is completed, we may see similar challenges manifest on the East Coast as larger vessels call on ports in the northeast.

The problem is not that ships have outgrown our ports, it is that we have failed to grow the shore infrastructure—including intermodal links such as bridges, rails, tunnels, and terminals—that supports our ports to keep pace with the vessels that the international maritime industry is using.

What is our investment strategy for ensuring that we are making commensurate improvements to our ports and the shore infrastructure that are crucial to the delivery of goods in the United States?

Answer. The OIG serves as DOT's sole in-house source for objectively examining the Agency's programs and their integrity. To preserve our independence, OIG refrains from a policy-making role, including decisions related to investment strategies, as well as collaboration related to policy development between DOT and its operating administrations. Given the policy issues outlined in your question, DOT and MARAD are better suited to responding to it.

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