



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**MARAD Has Made Progress in
Addressing NAPA Recommendations
Related to Mission Focus,
Program Alignment, and Ability
To Meet Objectives**

MARAD

Report No. ST2021028

July 7, 2021





MARAD Has Made Progress in Addressing NAPA Recommendations Related to Mission Focus, Program Alignment, and Ability To Meet Objectives

Mandated by the National Defense Authorization Act for Fiscal Year 2020

Maritime Administration | ST2021028 | July 7, 2021

What We Looked At

In response to a request from the Maritime Administration (MARAD), the National Academy of Public Administration (NAPA) reviewed MARAD's core functions, including its role within the Department of Transportation and its contributions to the Nation. NAPA's 2017 report included 27 recommendations to address weaknesses it identified in MARAD's ability to articulate and meet its mission. The National Defense Authorization Act for Fiscal Year 2020 directed our office to audit MARAD's actions to address 16 of NAPA's 27 recommendations—related to the Agency's program alignment, training mission, and other issues. Accordingly, the objective of this audit was to assess MARAD's actions to address the 16 recommendations from NAPA's 2017 report specified by Congress.

What We Found

MARAD took action on 15 of the 16 recommendations we reviewed. It completed 5 of 10 recommendations related to overarching issues impacting its effectiveness, and 2 of 6 recommendations that focused on its ability to provide adequate qualified merchant mariners to meet commercial and national security needs. Nine recommendations had not been completed at the time of our audit. MARAD partially completed eight and decided not to take action on the ninth—determining that the costs outweighed the benefits. Five recommendations were partially completed because they were dependent on coordination with MARAD's stakeholders. The other three were partially completed for a variety of reasons, including MARAD's need to finalize policies and procedures. MARAD has indicated that it plans to take action on all of the partially completed recommendations. However, the Agency lacks updated milestones for completion or an ongoing process for tracking implementation that will place it in a better position to fulfill its mission and meet the Nation's commercial and security needs.

Our Recommendations

We made two recommendations to facilitate MARAD's further progress in addressing the NAPA recommendations. MARAD concurred with both recommendations and proposed appropriate actions and completion dates. Accordingly, we consider both recommendations as resolved but open pending completion of the planned actions.

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Memorandum

Date: July 7, 2021

Subject: ACTION: MARAD Has Made Progress in Addressing NAPA Recommendations Related To Mission Focus, Program Alignment, and Ability To Meet Objectives | Report No. ST2021028

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: Maritime Administrator

The Department of Transportation's (DOT) Maritime Administration (MARAD or Agency) is responsible for fostering, promoting, and developing the U.S. maritime industry to meet the Nation's economic and security needs. To support its broad mission, MARAD has several distinct programs, including the U.S. Merchant Marine Academy (USMMA)—one of five Federal service academies.¹ The Agency also partners with the Department of Defense to support the Military Sealift Command and provides loan guarantees and grants for shipbuilders.

MARAD asked the National Academy of Public Administration (NAPA) to independently review its core functions, including its role within DOT and its contributions to the Nation. In 2017, NAPA issued a report with 27 recommendations to address weaknesses it identified in MARAD's ability to articulate and meet its mission, which includes providing an adequate number of ships and qualified mariners to meet commercial and national defense needs.² NAPA recognized that, to fully implement some of the recommendations, MARAD would consult with the Office of the Secretary of Transportation (OST), as appropriate, and coordinate with outside entities. For example, NAPA recommended that MARAD work with the U.S. Coast Guard (USCG) to update the Merchant Mariner Licensing and Documentation (MMLD) System to allow for data analyses and to meet credentialing and sealift requirements. In response to

¹ The other four Federal service academies are the three Department of Defense service academies (U.S. Air Force Academy, U.S. Military Academy, and U.S. Naval Academy) and the Department of Homeland Security's U.S. Coast Guard Academy.

² National Academy of Public Administration (NAPA), *Maritime Administration: Defining its Mission, Aligning its Programs, and Meeting its Objectives*, November 8, 2017. NAPA reports are available at www.napawash.org.

the report, MARAD stated it would give NAPA's recommendations full consideration.

The National Defense Authorization Act for Fiscal Year 2020 (NDAA) directed us to audit MARAD's actions to address 16 of NAPA's 27 recommendations—related to the Agency's program alignment, training mission, and other issues.³ Accordingly, the objective of this audit was to assess MARAD's actions to address the 16 recommendations from NAPA's 2017 report specified by Congress.

We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology. Exhibit B lists the entities we visited or contacted, and exhibit C lists the acronyms used in this report. Exhibit D lists the 16 NAPA report recommendations covered in this review along with MARAD's and our assessments of the status of completion.

For each of the 16 recommendations, we examined whether MARAD:

- Completed actions to address the underlying concerns (*Completed*);
- Could not complete actions to fully address the underlying concerns due to circumstances outside MARAD's control (**Partially Completed*);
- Took, or is in the process of taking, actions to address at least some of the underlying concerns (*Partially Completed*); or
- Decided not to pursue the recommendation (*Not Applicable*).

We appreciate the courtesies and cooperation of Department of Transportation representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1844 or Tiffany Mostert, Program Director, at (202) 366-0625.

cc: The Secretary
DOT Audit Liaison, M-1
MARAD Audit Liaison, MAR-392

³ The National Defense Authorization Act for Fiscal Year 2020, Pub. L. No. 116-92, § 3512 (2019), specifies that we assess MARAD's actions to address only the recommendations in chapter 3 and recommendations 5–1 through 5–6 in the NAPA report and submit the audit report to the Senate Committee on Commerce, Science, and Transportation and the House Committee on Transportation and Infrastructure.

Results in Brief

Of the 16 NAPA recommendations we reviewed, MARAD took action on 15—completing 7 and partially addressing 8.

Ten of the 16 recommendations we reviewed were in chapter 3 of NAPA’s report, which focused on overarching issues impacting MARAD’s effectiveness. We determined that MARAD completed 5 of these 10 recommendations, which addressed some of the gaps NAPA identified in the areas of clarifying MARAD’s mission and operating USMMA. The other six recommendations we assessed were in chapter 5 of NAPA’s report, which focused on the Agency’s mission to provide adequate qualified merchant mariners to meet commercial and national security needs. MARAD completed two of these recommendations. For the nine incomplete recommendations, eight were partially completed, and MARAD decided not to take an action on one. Of those eight, we found that five remained incomplete because they required coordination with, and in most cases action from, the Agency’s stakeholders, including the USCG. Three remained incomplete for various reasons within MARAD’s control, such as finalizing policies and procedures. MARAD did not take action on the one remaining recommendation, which involves coordinating with its stakeholders regarding licensed mariners who have passed away, because it determined that the costs of doing so outweighed the benefits. MARAD has indicated that it plans to take action on the eight partially completed NAPA recommendations but does not have updated milestones for completion or an ongoing process for tracking implementation. Fully addressing these recommendations will place the Agency in a better position to resolve NAPA’s concerns about its program and mission alignment, transparency, strategic planning, USMMA operations, and ability to provide mariners to meet the Nation’s commercial and national security needs.

We are recommending that MARAD develop a plan with milestones for addressing the applicable NAPA recommendations and track its implementation of that plan.

Background

In 2017, at MARAD's request, NAPA undertook a 6-month review of the Agency's core functions, including its role within DOT and its contributions to the Nation. MARAD requested the review to enhance its program performance and coordination on maritime-related issues and asked NAPA to assess five key objectives:

- Evaluate how effectively and efficiently MARAD meets its responsibilities.
- Assess whether or not each program fits within its responsibilities.
- Assess how each program can be more effectively managed.
- Provide a high-level comparison to successful Federal maritime transport organizations in other countries, highlighting components contributing to their success.
- Identify how mission and operations can most effectively support U.S. national defense and maritime transportation responsibilities and best fit into DOT.

At the time, USMMA was experiencing particular challenges. For example, in June 2016, the Middle States Commission on Higher Education (MSCHE) warned the Academy that it could lose its accreditation. MSCHE gave the Academy 2 years to demonstrate compliance with several key standards, including improvements in institutional planning, changes in resource allocation procedures, and combating sexual harassment and assault.⁴

In November 2017, NAPA issued its report with 27 recommendations. The NDAA for Fiscal Year 2020 directed us to audit MARAD's actions to address 16 of the 27 recommendations—related to the Agency's program alignment, training mission, and other issues. Our findings are summarized in this report.

⁴ MSCHE accreditation helps students determine whether educational institutions, including the Academy, meet minimum quality standards. At least every 10 years, all MSCHE accredited institutions engage in an 18–24 month period of self-study to demonstrate institutional compliance with accreditation standards and promote institutional improvement. USMMA completed its self-study process and hosted a MSCHE evaluation team visit during the 2015–2016 academic year.

Of the 16 NAPA Recommendations That We Reviewed, MARAD Took Action on 15—Completing 7 and Partially Addressing 8

Ten of the 16 NAPA recommendations addressed overarching issues impacting MARAD’s effectiveness. The Agency completed 5 of those recommendations—closing gaps in areas including mission-program alignment and USMMA operations. MARAD also completed two of the six recommendations we assessed on providing adequate qualified merchant mariners but decided not to pursue the final recommendation on identifying licensed mariners who have passed away.

MARAD Completed 5 of the 10 NAPA Recommendations on Overall Effectiveness and Partially Addressed the Others

The NDAA for fiscal year 2020 directed us to assess MARAD’s actions to address all 10 recommendations in chapter 3 of the NAPA report, which discusses overarching issues that impact MARAD’s effectiveness. The 10 recommendations focused on the following areas: mission clarity, aligning business processes to the mission, transparency, completing a National Maritime Transportation Strategy, and operating the USMMA.

MARAD has completed five recommendations and has taken some action to address the remaining five. Below we present each of the recommendations, MARAD’s and our evaluations of the completion status, and our more detailed analysis of the Agency’s efforts.

Mission Clarity

| Recommendation 3-1 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should craft and communicate a mission statement to all staff and to the public in order to enhance mission clarity and support performance. Doing so should help Agency employees better understand how their work contributes to a unified mission and perform their respective work better. | Completed | Completed |

MARAD considers the recommendation completed because it updated its mission statement in December 2019, which it then communicated to the staff and public. MARAD’s new mission statement is “to foster, promote, and develop the maritime industry of the United States to meet the Nation’s economic and security needs.” An Agency official explained that MARAD leadership tasked Associate Administrators with identifying where previous versions of the mission statement appeared in publications for which they are responsible and updating them with the revised version. We verified that MARAD communicated the updated mission statement in key places, including its public website, which has listed the new mission since June 2020. Therefore, we agree that these actions addressed the recommendation.

Aligning Business Processes to the Mission

| Recommendation 3-2 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should conduct a business process review to ensure alignment with the Agency’s updated mission, eliminate duplicative processes, and re-engineer inefficient processes in order to minimize major fluctuations in its performance, and so that changes in the position of the Maritime Administrator will not negatively impact Agency performance as seen by maritime industry partners and Federal colleagues. | Partially Completed | *Partially Completed |

MARAD considers the recommendation partially completed, and we agree. Specifically, while the Agency proposed a new structure for the organization—which aligns with the mission statement it updated in response to recommendation 3-1—it has not implemented the realignment. According to MARAD, because this reorganization requires congressional approval, it submitted the realignment plan in its budget request for fiscal year 2021. Congress included the realignment in the Joint Explanatory Statement

accompanying the Consolidated Appropriations Act for fiscal year 2021, which was enacted on December 27, 2020, freeing MARAD to start the realignment.

We determined that, through December 31, 2020, MARAD had taken all actions within its control to align its organization with its mission. For example, the mission statement no longer emphasizes environmental needs, and the realignment proposal eliminates the Office of Environment and Compliance. The proposal also eliminates the Office of Business and Finance and establishes two new offices—the Office of Policy and Strategic Engagement and the Office of Maritime Industry Support.

In its report, NAPA noted that, based on its experience, the MARAD Administrator has a greater impact on the Agency’s ability to meet its mission than is the case at other Federal agencies. As a result, we concluded that until MARAD solidifies its structure around its mission, the Agency and the industry it serves will continue to be vulnerable to disruptions from changes in Administrator—the issue raised in the recommendation. MARAD officials did not agree with NAPA’s assessment of the Administrator’s impact on mission fulfillment, in that it did not consider other factors such as the Deputy Administrator. However, they noted that solidifying the Agency’s structure around its amended mission will enhance program continuity and mission execution.

Transparency

| Recommendation 3-3 | MARAD Evaluation of Status** | Our Evaluation of Status |
|---|--|----------------------------|
| <p>The Maritime Administration should complete a comprehensive review of its practices related to making decisions public and communicating detailed information to Federal agencies and congressional committees, and take appropriate actions in order to enhance access and transparency of its decisions for other agencies, congressional committees and interested members of the public. (A)</p> <p>The Maritime Administration should resume issuing an annual report to the public to communicate the full range of its activities (given its national security tasks, there may [be a] need for a classified annex). (B)</p> <p>The Maritime Administration should actively solicit support of the Department of Transportation Office of Public Affairs and Office of Congressional Affairs in these and all of its increased efforts to inform the public and government stakeholders. (A)</p> | <p>(A) Partially Completed</p> <p>(B) Not Applicable</p> | <p>Partially Completed</p> |

** MARAD divided the recommendation into two sections and reported separate completion statuses for each.

MARAD considered the parts of the recommendation labeled A to be partially completed after a former communications staff member reviewed the Agency’s

communication practices and identified four weaknesses—related primarily to timeliness—in its Office of Congressional and Public Affairs. Specifically, MARAD’s review found the office lacked internal coordination, a clear step-by-step approval process, direction and coordination with both OST and congressional stakeholders, and a real advocate pushing MARAD’s agenda to OST, which slowed down communications. According to a MARAD official, the Agency addressed these weaknesses by streamlining the approval process, hiring a private contractor to work on specific communications projects, and hosting regular meetings to update its communication plans. MARAD also drafted revisions for its Maritime Administrative Order (MAO) for Publications Control, which was previously revised in 1983. A MARAD official stated that the Agency has actively solicited the support of the Department’s Office of Public Affairs and Office of Congressional Affairs to review, schedule, and release information to Congress, the press, and the public for at least 2 decades.

We determined that MARAD’s actions were not sufficient to complete this recommendation because they did not specifically address enhancing access and transparency. For example, MARAD did not determine what types of information need to be communicated to stakeholders—a decision that would involve leaders across the Agency. Instead, MARAD focused on the Office of Congressional and Public Affairs when it assessed and addressed weaknesses.

We agree with MARAD’s statement that the actions in part B of this recommendation do not apply because the NDAA for fiscal year 2016⁵ removed the requirement to issue an annual report.

Completing a National Maritime Transportation Strategy

| Recommendation 3-4 | MARAD Evaluation of Status | Our Evaluation of Status |
|---|----------------------------|--------------------------|
| In consultation with the Department of Transportation and the Office of Management and Budget, the Maritime Administration should continue expeditious work to finalize and make public the National Marine Transportation Strategy as soon as possible in order to provide further guidance on how best to address its mission and better support the maritime industry. | Completed | *Partially Completed |

MARAD considers this recommendation completed because it finalized and issued the National Marine Transportation Strategy (NMTS) in February 2020.⁶

⁵ Pub. L. No. 114-92, § 1074 (2015).

⁶ The report, titled “Goals and Objectives for a Stronger Maritime Nation: A Report to Congress,” can be found at <https://www.maritime.dot.gov>.

However, the NMTS was missing two required items. Thus, we assessed the recommendation as partially completed.

Several laws set forth requirements for the NMTS. In January 2014, Congress directed the Secretary of Transportation and the MARAD Administrator, in collaboration with the Department of Defense, to develop a national sealift strategy to ensure the long-term viability of the U.S. Merchant Marine.⁷ Later that year, in the Howard Coble Coast Guard and Maritime Transportation Act of 2014 (Coble Act), Congress directed the Secretary of Transportation—in consultation with the Secretary of Homeland Security—to submit a national maritime strategy within 60 days.⁸ Congress also specified the content of the strategy. MARAD did not meet the deadline, and in August 2018 Congress extended it to February 13, 2020.⁹

MARAD submitted the NMTS to Congress on March 4, 2020, shortly after the statutory deadline and without two items required by the Coble Act:

1. Identify Federal regulations and policies that reduce the competitiveness of U.S.-flag vessels in international transportation markets.
2. Include recommendations to make U.S.-flag vessels more competitive in shipping routes between U.S. and foreign ports.

These two items required stakeholder consultation and, according to the former Secretary of Transportation, DOT was considering them as part of its broader deregulation goals. Addressing both items would have required the Department to delay the document well past the February 13, 2020, statutory deadline. DOT reported that it would work with the Department of Homeland Security to complete the two requirements and release a supplemental report within a year. As of December 31, 2020, this supplemental report was in progress. Since then, a MARAD official said that the Agency has drafted the supplemental report, and it is under review, but MARAD has not provided an updated target completion date.

⁷ Consolidated Appropriations Act, 2014, Pub. L. No. 113-76 (2014).

⁸ Howard Coble Coast Guard and Maritime Transportation Act of 2014, Pub. L. 113-281, § 603 (2014). Congress included Homeland Security because that Department operates the Coast Guard.

⁹ John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232 § 3513 (2018).

Operating the USMMA

| Recommendation 3-5 | MARAD Evaluation of Status | Our Evaluation of Status |
|---|----------------------------|--------------------------|
| The Maritime Administration should agree on the long-term mission focus of the U.S. Merchant Marine Academy. The Maritime Administration’s leaders should determine whether the institution has essentially a function that results in U.S. Coast Guard credentialing, or if it should have a broader scope that accommodates other subjects. | Completed | Completed |

MARAD assessed this recommendation as completed, and we agree. MARAD reaffirmed in the Academy’s Strategic Plan 2018–2023 that USMMA’s primary function is to graduate leaders as licensed merchant mariners and commissioned officers in the Armed Forces. That mission focus—to produce licensed merchant mariners who have U.S. Coast Guard credentialing—is supported by Title 46, Code of Federal Regulations (CFR), section 310.52, which states that after successful completion of the 4-year course of study, a graduate of the Academy shall receive a bachelor of science degree and a merchant marine license issued by the USCG.

| Recommendation 3-6 | MARAD Evaluation of Status | Our Evaluation of Status |
|---|----------------------------|--------------------------|
| The Maritime Administration must ensure that all stakeholders, to the extent permitted by law, are proactively and promptly informed of important developments at [the] U.S. Merchant Marine Academy going forward in order to help rebuild trust among all stakeholders. The Maritime Administration should err on the side of transparency. | Completed | Completed |

MARAD considers this recommendation completed because in November 2020 USMMA developed a communication plan that identifies stakeholders, information to communicate, and contact methods. A senior Academy official indicated that the USMMA Superintendent, Commandant, and Director of External and Congressional Affairs meet weekly to review plan implementation. In addition, MARAD stated that USMMA’s strategic plan includes the following goal: to “establish and maintain a comprehensive communication program.” We learned that the Agency’s leadership oversees progress toward this goal through its participation in the Academy’s Maritime Education and Training Executive Review Board (METERB). Based on MARAD’s oversight of the Academy’s communication program and USMMA’s implementation of its communication plan, we agree that this recommendation is complete.

| Recommendation 3-7 | MARAD Evaluation of Status | Our Evaluation of Status |
|---|----------------------------|--------------------------|
| <p>Recognizing its responsibilities for results at the U.S. Merchant Marine Academy, the Maritime Administration should ensure that individuals who are members of the U.S. Merchant Marine Academy’s leadership team, including Superintendent, Deputy Superintendent, Commandant, and Academic Dean, have among them the requisite skills and experience required to lead an institution of higher learning and to train mariners. Doing so will require highly qualified and experienced professionals to expertly: (1) administer an academic institution of higher learning; (2) produce trained, credentialed mariners; and (3) create a safe, inclusive environment for all cadets, free from all forms of assault and harassment.</p> | Completed | Completed |

To show that it had completed this recommendation, MARAD referred to section 3506 of the 2017 NDAA,¹⁰ which states that qualified appointees for the position of Superintendent of the Academy will have served at sea and demonstrated exemplary leadership in education. Additional preferences were established in section 3503 of the 2021 NDAA,¹¹ which states that “it is highly desirable that the Superintendent of the Academy be a graduate of the Academy in good standing and have attained an unlimited merchant marine officer’s license.” An Agency official stated that MARAD Headquarters helped ensure that the current USMMA Superintendent and Provost were qualified to address gaps NAPA identified. Both individuals were hired after the NAPA report was released. In addition, Agency policy directs MARAD to review its position descriptions every 3 years or when filling a vacant position, whichever comes first. Finally, the Deputy Superintendent has attended summits and discussions on sexual assault and sexual harassment to help create a safe, inclusive environment for all cadets. We agree that these actions were sufficient to complete the recommendation.

| Recommendation 3-8 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| <p>The Maritime Administration’s leaders should conduct a thorough review of all policies of the U.S. Merchant Marine Academy. This review and corrective follow-up action should be completed in no more than 1 year.</p> | Partially Completed | Partially Completed |

MARAD assessed this recommendation as partially completed because USMMA has started but has not completed a review of its policies. USMMA began the

¹⁰ Pub. L. No. 114-328, § 3506 (2016).

¹¹ Pub. L. No. 116-283, § 3503 (2021).

review in February 2020, well after the recommendation’s November 2018 deadline, and has exceeded its February 2021 target for completion. MARAD has not established a new target deadline for completion of the review. We agree that this recommendation is partially completed.

| Recommendation 3-9 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should examine the appropriate division of decision-making and authorities of the U.S. Merchant Marine Academy’s management between the Superintendent and the Maritime Administration’s headquarters. | Partially Completed | Partially Completed |

MARAD considers this recommendation partially completed based on revisions to the MAO that address USMMA’s organizational structure and authorities. While we agree that the MAO sufficiently delineated the Superintendent’s authorities, in some cases it did not clearly assign decision-making responsibility for the officials who report to both the Superintendent and MARAD’s Headquarters. For five positions, the MAO assigned dual reporting responsibility to the USMMA Superintendent and an official at MARAD Headquarters in a specific functional area, such as Human Resources, Procurement, and Civil Rights. The order did not identify the ultimate decision-making authority for these positions. According to a MARAD official, the Agency intends to update the MAO to include more specificity about decision-making authority for these positions.

| Recommendation 3-10 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| Given various existing oversight bodies supporting the U.S. Merchant Marine Academy, the Maritime Administration should reconsider whether the Maritime Education and Training Executive Review Board is needed. Having too many oversight bodies can confuse lines of authority and can short-circuit effective leadership in the U.S. Merchant Marine Academy. | Completed | Completed |

MARAD considers this recommendation completed, and we agree. MARAD reconsidered the METERB’s role in supporting USMMA and decided to keep the board with a revised charter. According to MARAD, the METERB provides effective and consistent strategic oversight and governance to the Academy, and its work is not duplicated by the Board of Visitors or the Advisory Board.

MARAD Completed Two and Partially Completed Three of the Six Recommendations We Assessed on Providing Adequate Merchant Mariners

The NDAA for fiscal year 2020 directed us to assess MARAD's actions to address six specific recommendations from chapter 5 of the NAPA report, which covers MARAD's mission to provide adequate qualified merchant mariners to meet maritime industry and national security needs. The areas covered by the six recommendations were: calculation of necessary and available mariners, current job shortages in the commercial shipping industry, and voluntary service in sealift activation. MARAD completed two of the six recommendations, took some action on an additional three, and decided not to pursue one of them. Below we present each recommendation, along with MARAD's and our evaluation of the completion status and our more detailed analysis of the Agency's actions.

Calculation of Necessary Mariners

| Recommendation 5-1 | MARAD Evaluation of Status | Our Evaluation of Status |
|---|----------------------------|--------------------------|
| The Maritime Administration should establish and communicate consistently, in collaboration with stakeholders, the process of determining crew size and composition in order to meet sealift needs. | Completed | Completed |

MARAD considers this recommendation completed, and we agree. In December 2020 MARAD issued a standard operating procedure that describes the process of determining crew size and composition to meet sealift needs and how mariner demand is calculated. It also includes a plan for consistently communicating the process to all stakeholders.

Calculation of Available Mariners

| Recommendation 5-2 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should work closely with the U.S. Coast Guard (and other stakeholders) on a long-term solution for updating the Merchant Mariner Licensing and Documentation System to allow for data analysis and to meet both credentialing and sealift needs. | Partially Completed | *Partially Completed |

MARAD considers this recommendation to be partially completed, and we agree. The recommendation requires MARAD to coordinate with its stakeholders, and the next step toward completion hinges on USCG action. MARAD provided the USCG with requirements for the MMLD replacement system. However, progress on the system depends on the USCG's completion of the resource proposal. The USCG estimates the initial resource proposal will be completed in September 2022, while updates to the actual system could take years and are roughly estimated to be completed in 2030.

| Recommendation 5-3 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should work with the U.S. Coast Guard and the Social Security Administration to compare the Merchant Mariner Licensing and Documentation System's database with those listed as deceased from the Social Security Administration's database and build in a recurring process so that deceased licensed mariners no longer appear on the Merchant Mariner Licensing and Documentation System. | Not Applicable | Not Applicable |

The Agency does not plan to implement this recommendation because it has determined that the action NAPA prescribed is not necessary and would take significant time and effort. MARAD cited a 2001 survey of mariners, which reported that only 1 of 1,318 mariners it attempted to contact was deceased. Based on this survey, MARAD concluded that identifying deceased mariners would require significant time and effort but result in minimal data changes. A MARAD official also stated that mariners have to take a physical every 2 years, which enables the Agency to identify individuals who have died within that timeframe. As the Agency decided not to implement this recommendation, we did not assess its completion status.

| Recommendation 5-4 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| Until a new Merchant Mariner Licensing and Documentation database is operational, the Maritime Administration should reissue biennial mariner surveys to improve confidence in calculations of mariner availability. | Partially Completed | *Partially Completed |

MARAD considers this recommendation to be partially completed, and we agree. It retained a contractor to issue biennial surveys of U.S. merchant mariners and, through December 2020, was working through the interagency review process for approval of the surveys.

Current Job Shortages in the Commercial Shipping Industry

| Recommendation 5-5 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should work with the U.S. Navy, U.S. Army, and U.S. Coast Guard to determine a training system for end-of-service Navy sailors and officers to earn their Merchant Mariner Credential. | Completed | Completed |

MARAD considers this recommendation completed. The Agency co-led the Military to Mariner Task Force of the Committee on the Marine Transportation System, which developed language on facilitating the transition of active duty service members and military veterans into the Merchant Marine. That language included identifying all training and experience that qualified for merchant mariner credentialing and was incorporated in the NDAA for fiscal year 2020.¹² We agree that these actions were sufficient to complete this recommendation.

¹² Pub. L. No. 116-92, § 3511 (2019).

Voluntary Service in Sealift Activation

| Recommendation 5-6 | MARAD Evaluation of Status | Our Evaluation of Status |
|--|----------------------------|--------------------------|
| The Maritime Administration should evaluate the costs and requirements of establishing a reserve program for experienced mariners. Once the cost estimates are determined, and if they are deemed appropriate, the Maritime Administration and the Department of Transportation should present the option of a reserve program for experienced mariners to Congress. | Partially Completed | *Partially Completed |

The Agency considers this recommendation to be partially completed, and we agree. MARAD has drafted a proposal for a Mariner Reserve program and, according to a MARAD official, continues to work with DOT and the Administration on solutions for retaining experienced mariners.

Prior to our audit, MARAD did not have an internal tracking document or process for tracking implementation of the recommendations discussed in this report. In response to our requests for information, the Agency developed target dates for most of the 15 recommendations it intends to implement, but it has not updated these dates since August 2020. Fully addressing these recommendations will place the Agency in a better position to resolve NAPA’s concerns about its program and mission alignment, transparency, strategic planning, USMMA operations, and ability to provide mariners to meet the Nation’s commercial and national security needs.

Conclusion

By taking some action on nearly all of the NAPA recommendations that Congress directed us to review, MARAD has started the process of improving its core functions in order to fulfill its mission to support the U.S. maritime industry. However, due to a number of internal and external factors—including MARAD’s vulnerability to changing leadership and its need to coordinate with stakeholders—the Agency has yet to complete work in several areas. Until it does so, MARAD may not be able to fully achieve its goal to protect the economic and national security interests of the United States.

Recommendations

To facilitate further progress in addressing NAPA recommendations, we recommend that the Maritime Administrator:

1. Develop a plan with milestones for completing the remaining eight applicable recommendations.
2. Track implementation of the plan with milestones.

Agency Comments and OIG Response

We provided MARAD with our draft report on May 13, 2021, and received its response, dated June 10, 2021, which is included as an appendix to this report. MARAD concurred with both of our recommendations and provided appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

Actions Required

We consider all recommendations resolved but open pending completion of MARAD's planned actions.

Exhibit A. Scope and Methodology

We conducted this performance audit between February 2020 and May 2021 in accordance with generally accepted Government auditing standards as prescribed by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The NDAA for Fiscal Year 2020¹³ directed us to initiate, within 180 days of the law's enactment, an audit of MARAD's actions to address all 10 recommendations from chapter 3 and six recommendations from chapter 5 (5-1, 5-2, 5-3, 5-4, 5-5, and 5-6) of the November 2017 NAPA report titled *Maritime Administration: Defining its Mission, Aligning its Programs, and Meeting its Objectives*. Accordingly, we initiated this audit with the objective of assessing MARAD's actions to address the 16 recommendations from NAPA's 2017 report specified by Congress.

The scope of our audit focused on MARAD's actions from November 2017 through December 2020. To assess those actions, we reviewed relevant criteria, including the 16 recommendations from the 2017 NAPA Report and requirements from regulations and laws, such as the Howard Coble Coast Guard and Maritime Transportation Act of 2014.¹⁴ We also identified a Government Accountability Office (GAO) report with findings related to one of the NAPA recommendations and met with the GAO team to understand their conclusions.

Based on the criteria we identified, we developed a data collection instrument to guide our assessment of MARAD's actions. We asked MARAD for an internal point of contact for each of the 16 recommendations in our audit scope. From those points of contact, we obtained MARAD's determinations regarding the status of each recommendation, as well as supporting documentation and testimonial evidence. We then used the data collection instrument to compare the Agency-provided support to the criteria and verify the extent to which MARAD had addressed each recommendation. Using this information, we then made our own determinations and interviewed MARAD officials to validate our understanding or obtain additional information as necessary. Finally, for each of the 16 NAPA recommendations covered in this review, we summarized our assessments of MARAD's actions to fully address the underlying concerns (*Completed*); actions to address at least some of the underlying concerns (*Partially Completed*); inability to fully address the underlying concerns due to

¹³ Pub. L. 116-92, § 3512 (2019).

¹⁴ Pub. L. 113-281, § 603 (2014).

circumstances outside the Agency's control (**Partially Completed*); or decision not to pursue the recommendation (*Not Applicable*).

Exhibit B. Organizations Visited or Contacted

Department of Transportation

Committee on the Marine Transportation System, Washington, DC
Office of Audit Relations and Program Improvement, Washington, DC
Office of the Budget, Washington, DC
Office of the General Counsel, Washington, DC

Maritime Administration

Office of Budget and Programs, Washington, DC
Office of Chief Counsel, Washington, DC
Office of Congressional and Public Affairs, Washington, DC
Office of Management and Administrative Services, Washington, DC
Office of Maritime Labor and Training, Washington, DC
Office of Policy and Plans, Washington, DC
U.S. Merchant Marine Academy, Kings Point, NY

Other Organizations

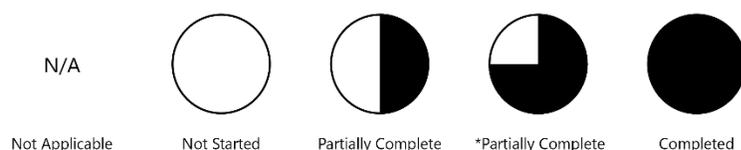
Government Accountability Office, Washington, DC

Exhibit C. List of Acronyms

| | |
|--------|--|
| CFR | Code of Federal Regulations |
| DOT | Department of Transportation |
| GAO | Government Accountability Office |
| MAO | Maritime Administrative Order |
| MARAD | Maritime Administration |
| METERB | Maritime Education and Training Executive Review Board |
| MMLD | Merchant Mariner Licensing and Documentation |
| NAPA | National Academy of Public Administration |
| NDAA | National Defense Authorization Act |
| NMTS | National Marine Transportation Strategy |
| OIG | Office of Inspector General |
| OST | Office of the Secretary of Transportation |
| USCG | U.S. Coast Guard |
| USMMA | U.S. Merchant Marine Academy |

Exhibit D. Assessment of the 16 NAPA Recommendations

Key to Recommendation Status



| Recommendation | MARAD Evaluation | Our Evaluation | Explanation |
|--|------------------|----------------|--|
| <p>3-1: The Maritime Administration should craft and communicate a mission statement to all staff and to the public in order to enhance mission clarity and support performance. Doing so should help Agency employees better understand how their work contributes to a unified mission and perform their respective work better.</p> | | | <p>MARAD crafted a new mission statement and communicated it to staff and the public. The Agency has updated its mission statement in key locations.</p> |
| <p>3-2: The Maritime Administration should conduct a business process review to ensure alignment with the Agency's updated mission, eliminate duplicative processes, and re-engineer inefficient processes in order to minimize major fluctuations in its performance, and so that changes in the position of the Maritime Administration Administrator will not negatively impact Agency performance as seen by maritime industry partners and Federal colleagues.</p> | | | <p>MARAD's business process review led to a proposed realignment that the Agency submitted in its fiscal year 2021 budget request. MARAD did not receive congressional approval until December 27, 2020.</p> |

| Recommendation | MARAD Evaluation | Our Evaluation | Explanation |
|---|---|--|--|
| <p>3-3: The Maritime Administration should complete a comprehensive review of its practices related to making decisions public and communicating detailed information to federal agencies and congressional committees, and take appropriate actions in order to enhance access and transparency of its decisions for other agencies, congressional committees and interested members of the public. (A)**</p> <p>The Maritime Administration should resume issuing an annual report to the public to communicate the full range of its activities (given its national security tasks, there may [be a] need for a classified annex). (B)</p> <p>The Maritime Administration should actively solicit support of the Department of Transportation Office of Public Affairs and Office of Congressional Affairs in these and all of its increased efforts to inform the public and government stakeholders. (A)</p> | <p>(A) </p> <p>(B) N/A</p> |  | <p>MARAD completed a review of its Office of Congressional and Public Affairs, but its actions do not specifically address enhancing access and transparency. MARAD is no longer required to issue an annual report.</p> |
| <p>3-4: In consultation with the Department of Transportation and the Office of Management and Budget, the Maritime Administration should continue expeditious work to finalize and make public the National Marine Transportation Strategy as soon as possible in order to provide further guidance on how best to address its mission and better support the maritime industry.</p> |  |  | <p>MARAD finalized and issued the NMTS but without two Coble Act requirements due to broader DOT deregulation goals. As of December 31, 2020, MARAD was still working with the Department of Homeland Security to address the missing requirements in a supplemental report.</p> |
| <p>3-5: The Maritime Administration should agree on the long-term mission focus of the U.S. Merchant Marine Academy. The Maritime Administration's leaders should determine whether the institution has essentially a function that results in U.S. Coast Guard credentialing, or if it should have a broader scope that accommodates other subjects.</p> |  |  | <p>MARAD reaffirmed in the Academy's Strategic Plan 2018–2023 that USMMA's long-term focus is USCG credentialing. This is supported by 46 CFR § 310.52, which states that after successful completion of the 4-year course of study, a graduate of the Academy shall receive a merchant marine license issued by the USCG.</p> |

| Recommendation | MARAD Evaluation | Our Evaluation | Explanation |
|---|------------------|----------------|--|
| <p>3-6: The Maritime Administration must ensure that all stakeholders, to the extent permitted by law, are proactively and promptly informed of important developments at [the] U.S. Merchant Marine Academy going forward in order to help rebuild trust among all stakeholders. The Maritime Administration should err on the side of transparency.</p> | ● | ● | <p>USMMA developed a communication plan in November 2020, which identifies stakeholders, information to communicate, and contact methods. Additionally, USMMA leadership meets weekly to review plan implementation, and MARAD oversees implementation of the communication program.</p> |
| <p>3-7: Recognizing its responsibilities for results at the U.S. Merchant Marine Academy, the Maritime Administration should ensure that individuals who are members of the U.S. Merchant Marine Academy’s leadership team, including Superintendent, Deputy Superintendent, Commandant, and Academic Dean, have among them the requisite skills and experience required to lead an institution of higher learning and to train mariners. Doing so will require highly qualified and experienced professionals to expertly: (1) administer an academic institution of higher learning; (2) produce trained, credentialed mariners; and (3) create a safe, inclusive environment for all cadets, free from all forms of assault and harassment.</p> | ● | ● | <p>USMMA has filled two of the leadership positions since the publication of the NAPA report. MARAD Headquarters stated that these hires—as well as leadership attendance at summits and discussions—have addressed the gaps that NAPA identified.</p> |
| <p>3-8: The Maritime Administration’s leaders should conduct a thorough review of all policies of the U.S. Merchant Marine Academy. This review and corrective follow-up action should be completed in no more than 1 year.</p> | ◐ | ◐ | <p>USMMA began its review in February 2020, well after the recommendation’s November 2018 deadline. The review remains partially complete.</p> |
| <p>3-9: The Maritime Administration should examine the appropriate division of decision-making and authorities of the U.S. Merchant Marine Academy’s management between the Superintendent and the Maritime Administration’s headquarters.</p> | ◐ | ◐ | <p>MARAD revised an MAO addressing USMMA’s authorities and organizational structure. However, the new MAO did not clearly delineate final decision-making authority where concurrent reporting responsibilities exist.</p> |

| Recommendation | MARAD Evaluation | Our Evaluation | Explanation |
|---|------------------|----------------|---|
| <p>3-10: Given various existing oversight bodies supporting the U.S. Merchant Marine Academy, the Maritime Administration should reconsider whether the Maritime Education and Training Executive Review Board is needed. Having too many oversight bodies can confuse lines of authority and can short-circuit effective leadership in the U.S. Merchant Marine Academy.</p> | ● | ● | <p>MARAD reconsidered the METERB's role in supporting USMMA and decided to keep the board with a revised charter. According to MARAD, the METERB's work is not duplicated by the Board of Visitors or the Advisory Board.</p> |
| <p>5-1: The Maritime Administration should establish and communicate consistently, in collaboration with stakeholders, the process of determining crew size and composition in order to meet sealift needs.</p> | ● | ● | <p>MARAD drafted a standard operating procedure that describes the process of determining crew size and composition to meet sealift needs, explains how mariner demand is calculated, and includes a plan for consistently communicating the process to all stakeholders.</p> |
| <p>5-2: The Maritime Administration should work closely with the U.S. Coast Guard (and other stakeholders) on a long-term solution for updating the Merchant Mariner Licensing and Documentation System to allow for data analysis and to meet both credentialing and sealift needs.</p> | ◐ | ◑ | <p>MARAD provided the USCG with requirements for the MMLD replacement system; however, the next step toward completion hinges on USCG action.</p> |
| <p>5-3: The Maritime Administration should work with the U.S. Coast Guard and the Social Security Administration to compare the Merchant Mariner Licensing and Documentation System's database with those listed as deceased from the Social Security Administration's database and build in a recurring process so that deceased licensed mariners no longer appear on the Merchant Mariner Licensing and Documentation System.</p> | N/A | N/A | <p>MARAD does not plan to implement this recommendation because it has determined that it would take significant time and effort and is not necessary, as the Agency is able to identify individuals who have died in the last 2 years through another process.</p> |
| <p>5-4: Until a new Merchant Mariner Licensing and Documentation database is operational, the Maritime Administration should reissue biennial mariner surveys to improve confidence in calculations of mariner availability.</p> | ◐ | ◑ | <p>MARAD retained a contractor to issue biennial surveys of U.S. merchant mariners and, through December 2020, was working through the interagency review process for approval of the surveys.</p> |

| Recommendation | MARAD Evaluation | Our Evaluation | Explanation |
|---|---|--|---|
| <p>5-5: The Maritime Administration should work with the U.S. Navy, U.S. Army, and U.S. Coast Guard to determine a training system for end-of-service Navy sailors and officers to earn their Merchant Mariner Credential.</p> |  |  | <p>MARAD co-led the Military to Mariner Task Force of the Committee on the Marine Transportation System, which developed language on facilitating the transition of active duty service members and military veterans into the Merchant Marine.</p> |
| <p>5-6: The Maritime Administration should evaluate the costs and requirements of establishing a reserve program for experienced mariners. Once the cost estimates are determined, and if they are deemed appropriate, the Maritime Administration and the Department of Transportation should present the option of a reserve program for experienced mariners to Congress.</p> |  |  | <p>MARAD has drafted a proposal for a Mariner Reserve program and, according to a MARAD official, continues to work with DOT and the Administration on solutions for retaining experienced mariners.</p> |

** MARAD divided the recommendation into two sections and reported separate completion statuses for each.

Source: Our analysis of MARAD-provided information

Exhibit E. Major Contributors to This Report

| | |
|-------------------|----------------------|
| TIFFANY MOSTERT | PROGRAM DIRECTOR |
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| JANE LUSAKA | SENIOR WRITER-EDITOR |
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Appendix. Agency Comments



U.S. Department of
Transportation
Maritime Administration

Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

Date: June 10, 2021

From: Lucinda Lessley
Acting Maritime Administrator

A handwritten signature in black ink, appearing to read "Lucinda Lessley", written over a light blue circular stamp.

To: David Pouliott
Assistant Inspector General for Surface Transportation Audits

Subject: Management Response: Office of Inspector General (OIG) Draft Report on
MARAD's Actions To Address the 2017 National Academy of Public
Administration's (NAPA) Recommendations

The Maritime Administration (MARAD) is responsible for fostering, promoting, and developing the maritime industry of the United States to meet the Nation's economic and security needs. MARAD is committed to improving its core functions to fulfill its mission to support the U.S. maritime industry. In 2017, MARAD asked the National Academy of Public Administration (NAPA) to independently review MARAD's core functions. NAPA completed its review and issued a report in 2017 that included 27 recommendations for MARAD's consideration. In the National Defense Authorization Act for fiscal year 2020, OIG was directed to audit MARAD's actions to address 16 of the 27 NAPA recommendations. As OIG acknowledged in its draft report, MARAD has taken or completed actions on 15 of the 16 NAPA recommendations that OIG was directed to review. Based on internal reviews and discussions, MARAD decided not to implement one of the 16 NAPA recommendations, to identify deceased mariners, because it would require significant time and effort and result in minimal data changes. OIG determined that MARAD has completed action on seven of the 16 recommendations, and that MARAD has partially completed action on the remaining eight recommendations.

MARAD concurs with OIG's two recommendations, as written, to (1) develop a plan with milestones for completing the remaining eight applicable recommendations and (2) track implementation of the plan with milestones. We plan to complete actions to implement both recommendations by January 1, 2022.

We appreciate the opportunity to respond to the OIG Draft Report. Please contact Robert Lovell (202-366-4894; robert.lovell@dot.gov) or Tashara Kelley (202-366-5485; tashara.kelley@dot.gov) for any questions or clarifications.

U.S. DOT IG Fraud & Safety Hotline

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Our Mission

OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective national transportation system.

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