SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION UNDER 5 CFR PART 1320 INFORMATION COLLECTION

MARAD's Marine Transportation Economic Impact Model Data Needs

Introduction

The Maritime Administration's (MARAD) Marine Transportation Economic Impact Model Data Needs Survey is designed to explore and quantify the economic contribution of the nation's marine industry to our national economy (output, employment and tax receipts) and to provide the underpinnings to calculate modal impacts on surface transportation (i.e. rail and truck) should marine transportation become unavailable in any given region to shippers.

The maritime transportation sector is a critical driving force in the U.S. economy. Rapidly increasing volumes of cargo have raised concerns about the resulting congestion due to capacity constraints at our major ports and terminals (including the associated highways, rail lines, and waterways that serve them). The availability of up to date analytical tools will help policymakers and transportation planners to address these issues in a meaningful, effective way. To this end, MARAD is working to enhance its existing economic impact tools and add new capabilities to address maritime-related congestion issues. The enhancements to the economic impact toolkit will take into account changes in the way ports do business in the wake of increased security concerns, congestion, environmental impacts, expansion of the cruise industry, and other considerations such as port-dependent activities, warehousing, and distribution centers. The economic tools that are being developed will also provide policy makers with an economic assessment of all three coastal regions (West Coast, East Coast and Gulf) using publicly available and other data sources.

The model uses information collected through surveys of the maritime sectors to develop a profile of each sector of the industry. The last detailed collection of information occurred in 1999 during the development of the MARAD Port Kit. Since 1999, there have been substantial cost changes in the industry, including significant increases in fuel, surface transportation, and security costs, as well as the introduction of new information and environmental technologies. Collecting information is essential to ensure that the model accurately depicts the current structure of the U.S. Maritime Industry. The agency is now proposing to update the industry information through a brief survey which will provide the foundation needed to determine the present level of economic impact. This data collection effort will be the first step in assessing the economic contribution of the marine transportation sector in the U.S. economy and ensure that MARAD and DOT will be better equipped to design and implement the necessary policy and regulatory framework for this vital sector. No secondary sources of this information are readily available.

Justification

1. **Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy**

of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Maritime Administration is a leader within the federal government for the provision of maritime economic impact analysis of trade disruption and diversion that may be caused by natural disasters (i.e., hurricanes) or man made (i.e., labor strikes and security breaches). Section 8, Merchant Marine Act of 1920 mandates the Secretary of Transportation (who has delegated the authority to the Maritime Administrator):

> ". . .with the object of promoting, encouraging, and developing ports and transportation facilities in connection with waterborne commerce over which he has jurisdiction, to investigate territorial regions and zones tributary to such ports, taking into consideration the economies of transportation by rail, water, and highway and the natural direction of the flow of commerce; to investigate the causes of the congestion of commerce at ports and the remedies applicable thereto; to investigate the subject of water terminals, the necessary docks, warehouses, apparatus, equipment, appliances, in connection therewith. . ."

The Maritime Administration is the federal agency which is looked upon to provide the federal government and its policy makers with the necessary information about the overall economic contribution of the marine transportation to the U.S. economy. The U.S. Department of Transportation (USDOT) has made congestion relief a top priority and is working extensively to reduce transportation system congestion. Additionally, the Maritime Administration has become the lead agency for the Department's congestion mitigation efforts in the Southern California National Freight Gateway Area. Information is supplied for normal planning purposes and in case of any substantial disruption due to natural or man made disaster.

2. **Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection**.

The proposed collection includes new and previously collected information. The survey will be used to obtain more detailed information on the freight-based transportation sectors; obtain information on the change in costs (operational and handling costs) since 1999 of terminal operators and ocean-going vessels.

Previous survey information also used as primary input for building the MARAD's port kit model that has been extensively used by industry to examine the economic value of the marine transportation system on their local and regional economies. Information from previous survey efforts has also been used for consideration of various policy initiatives of the Department of Transportation SEA-21 and environmental analyses on ballast waters.

Potential new expenditure categories that will be explored include security (including screening equipment, perimeter fencing, and identification tag systems), environmental and new technology investments. The focus is on those ongoing expenditure categories where trends and developments indicate that substantial changes have occurred. These categories include security-related expenditures (including security and screening expenditures), fuel, labor, and inland transportation expenditures. As part of this assessment, the team will identify whether such options as short haul container rail shuttles should be added to MARAD's Marine Transportation Economic Impact Model (Port Kit).

3. **Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Also describe any consideration of using information technology to reduce burden**.

   The survey instrument will be primarily distributed and collected electronically via email. However, provision for the faxing of forms will be provided.

4. **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in item 2 above**.

   Some data elements are partially captured by the Department of Commerce's Bureau of Economic Analysis (BEA), the U.S. Coast Guard (USCG) and the U.S. Army Corps of Engineers (USACE) through primary and secondary sources. There is also the potential to collect data/information through indirect means. In many cases this information was collected by these agencies for specific purposes related to their missions, and is therefore of limited use, or is not collected periodically to be used for ongoing economic impacts.

   To the extent possible, these data have been adapted for use in the Maritime Administration economic impact model. Data/information being requested will supplement, rather than duplicate, information from other sources. For example, the Department of Commerce (DOC) captures data about commodities that are imported or exported but not information about commerce flow by conveyance. Similarly, the US Coast Guard (USCG) does not capture any information about commercial cargo flow, except where security and transportation intersects. The proposed MARAD survey would be the only comprehensive source of data/information to discern the economic value and contribution of the marine sector to our national economy.

5. **If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.**

   MARAD's surveys do not involve small business or other small entities. The survey instruments target the Nation's major ports and marine terminals.

6. **Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing the burden**.

   The Maritime Administration's ability to respond to inquiries and requests for analyses has been severely hampered by the lack of data and information needed to respond to requests from the Department of Transportation, the White House and the U.S. Congress. For example, in August 2007, the White House asked that the Department of Homeland Security provide an economic analysis of the economic impact of the bridge collapse in Minnesota. In turn, the Maritime Administration was tasked with compiling information from various Federal sources, e.g., DOC, USACE and USCG, to provide an estimate of the economic contribution of these port facilities to our national economy. It was quickly determined that the Federal Government did not have adequate information to perform the necessary analysis. Gross estimates were determined mainly from secondary sources of data/information.

   The proposed information we are requesting to collect would expedite our ability to provide more accurate information and to respond in a timely manner. The example cited above demonstrates the need for the Federal Government to have adequate information to make decisions on critical issues and events related to the economy, international trade and critical infrastructure investments. Our objective is to provide information that allows the Federal Government to respond to emergencies that warrant a robust economic analysis. Otherwise, without definitive and quantitative data, we have only anecdotal evidence to make the right decisions about policy.

7. **Explain any special circumstances that would affect the manner of information collection.**

   There are no special circumstances.

8. **If applicable, provide a copy and identify the date and page number of publication in the <u>Federal</u> <u>Register</u> of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden**.

   Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record-keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

   Consultation with representatives of those from whom information is to be obtained or

those who must compile records should occur at least once every three years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Maritime Administration published a 60-day notice and request for comments on this information collection in the Federal Register on December 4, 2007, (Vol. 72, No. 232, Page No. 68230), indicating comments should be submitted on or before February 4, 2008. No comments were received.

MARAD consulted with various stakeholders, such as American Association of Port Authorities (AAPA), the National Association of Waterfront Employers (NAWE), and PMA, and a few other terminals and vessel operators for review and comments on the survey instruments. Furthermore, MARAD beta-tested the survey instruments with six entities (AAPA, NAWE, APM Terminals Inc. and three ports). We have incorporated their suggestions in the proposed survey instrument.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Respondents are not provided with any payment or gifts for this information collection.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

MARAD assures the confidentiality of the respondents and assures that all information we collect is used for statistical and analytical purposes only. Data collected is provided confidentiality under Freedom of Information Act exemption (5 U.S.C. Section 552b4); trade secrets and commercial or financial information obtained from a person and privileged or confidential. In addition, MARAD's contractors will process and analyze the data, report its findings, and release information on an aggregate national or regional basis that does not jeopardize the competitive position of the responding organization. As a result, no respondent will appear individually in any tabulation or publication.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The collection does not include any questions of a personal sensitive nature data as described above.

12. Provide estimates of the hour burden of the collection of information. The statement

should:

Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated burden and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in item 13 of OMB Form 83-I.

Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in item 14.

MARAD estimates that 25 U.S. ports and/or regional maritime associations, 43 vessel operators, and 75 marine terminal operators will be surveyed. It is expected that 80% will return the requested surveys, equaling 114 total responses during this period. The estimated time to respond to the questionnaires is 25 minutes and the estimated hourly rate of an analyst completing the survey is $40.00 per hour, therefore the total annual hour and cost burden to the respondent is as follows:

Number of Respondents		**Responses Per Respondent**		**Total Responses Annually**		**Hours Per Response**		**Total Hours Annually**
Ports								
25	x	1	=	25	x	.42	=	10.50
Vessel Operators								
43	x	1	=	43	x	.42	=	18.06
Terminal Operators								
75	x	1	=	75	x	.42	=	31.50
Total hours annually								60.06

Annual Burden Hour Costs 60.06 hrs x $40.00 = $2,402.40 if all 143 respondents replied to our survey. However, this burden will decline if we only get responses from 80 percent of our samples. The cost of having 114 respondents to our survey will be $1,921.92.

13. **Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in items 12 and 14).**

There are no operation and maintenance or capital/start-up costs associated with this collection.

14. **Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from items 12, 13, and 14 in a single table.**

The total annual cost to the Federal Government for processing and managing the collection is estimated as $9,678.6. It is estimated that two private contractors will spend an average of fifty seven hours of their time recording, assimilating, analyzing and reporting information submitted with each interview. Therefore, given the GS-15, senior consultant and junior consultant salary of $60, $60, and $30 per hour for each employee respectively and an overhead cost of 14%, 14% and 10% of each employee's salary, the cost to the Government is estimated as follows:

Federal Government and Contractors Labor Costs

	Wage Costs	Project Time (h)	Total Cost
Government			
GS-15	$60	57	$3,420
Private			
Senior Consultant	$60	57	$3,420
Junior Consultant	$30	57	$1,710
Sub Total			$8,550

Overhead Costs

Federal Employee	0.14 x $3,420 =	$478.8
Private Contractor (senior)	0.14 x $3,420 =	$478.8
Private Contractor (junior)	0.10 x $1,710 =	$171.0
Sub Total		= $1,128.6

Total costs are $8,550 + $1,128.6 = $9,678.6

15. **Explain the reasons for any program changes or adjustments reported in items 13 or 14 of OMB Form 83-I**.

There are no changes since this is a new collection.

16. **For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates and other actions**.

MARAD plans to collect and update/upgrade its economic impact models information every two years, beginning in 2008. At the beginning of the year, the approved survey instrument will be emailed to defined groups, i.e., port authorities, individual terminal operators and vessel operators for response. There will be a total of 143 survey instruments mailed and electronically transmitted. A maximum of 7 days will be allotted for responses. This will be followed by follow-up communication to identified potential responders for an additional 7 days. Considering the number of surveys, we will allow another 7 days for additional responses. Month two will be used to tabulate data for analysis. Month three will be used to complete aggregating the statistical estimates to be used for the model update (model parameters). The aggregated data will then be used for additional analytical use in conjunction with existing mandated work.

17. **If seeking approval not to display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate**.

We are not seeking approval to avoid displaying the expiration date for OMB's approval of the collection.

18. **Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I**.

There are no exceptions to the certification statement in Item 19.