

SUPPORTING STATEMENT
SOCIO-ECONOMIC ASSESSMENT OF GULF OF MEXICO (SAGM) FISHERIES
UNDER THE GROUPEY-TILEFISH INDIVIDUAL FISHING QUOTA PROGRAM
OMB CONTROL NO. 0648-XXXX

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary.

The National Marine Fisheries Service (NMFS) proposes a one-time data collection of demographic, economic, and social information about the grouper-tilefish component of the commercial Gulf of Mexico reef fish fishery under the Grouper-Tilefish Individual Fishing Quota (GT-IFQ) Program.¹ The proposed data collection also inquires about the industry's perceptions, attitudes, and beliefs about the performance of the IFQ program. According to the [Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006](#), (MSRA), IFQs fall under the umbrella of Limited Access Privilege Programs (LAPPs).

The population of interest consists of approximately 997 individuals. These individuals are past participants in the GT-IFQ Program since its inception in 2010. The survey strategy calls for a census of this potential respondent universe. With the inclusion of online reporting capability, our goal is to achieve an unweighted response rate of 70%, resulting in approximately 700 completed surveys or sufficient partials.

The data collection is necessary to satisfy the requirements of the MSRA (16 U.S.C. 1853a *et seq.*), which mandates that LAPPs submitted by a Council or approved by the Secretary shall "include provisions for the regular monitoring and review by the Council and the Secretary of the operations of the program, including determining progress in meeting the goals of the program and this Act, and any necessary modification of the program to meet those goals, with a formal and detailed review 5 years after the implementation of the program, and thereafter to coincide with scheduled Council review of the relevant fishery management plan (but no less frequently than once every 7 years)."

Moreover, the MSRA states that collection of reliable data is essential to the effective conservation, management, and scientific understanding of the fishery resources of the United States (U.S.). The nation's fisheries should be "conserved and maintained so as to provide optimal yield (OY) on a continuing basis." Furthermore, the MSRA requires that fishery management plans include a Fishery Impact Statement (FIS), which assesses, specifies, and describes the likely effects of the conservation and management measures on participants in the

¹ IFQ programs provide fishermen with an exclusive harvesting privilege, which permits them to land a share of the total allowable quota. Granting a secure harvesting privilege mitigates the race to fish because fishermen no longer have to compete for a share of the stock. Thus, fishermen can devote their efforts to maximizing profits by harvesting, processing, and marketing their catch more efficiently. Depending on the characteristics of the program, shares may be sold or leased among fishermen. The presence of transferable privileges allows the creation of a market, where trading can take place. In well-behaved markets, privileges will gravitate towards the most efficient producers; thereby, allowing the less efficient producers to exit the fishery with some compensation.

fisheries being managed, fishing communities dependent on these fisheries, and participants in fisheries in adjacent areas.

Additionally, [Amendment 29 to the Gulf of Mexico Reef Fish Fishery Management Plan](#) (FMP), which in 2010 implemented the GT-IFQ Program to reduce overcapitalization and the incentives for derby fishing conditions, mandates a 5-year review of the IFQ program. The Gulf of Mexico Fishery Management Council (GMFMC) is expected to conduct its 5-year review of the GT-IFQ Program in 2015 to meet the MSRA requirements. The proposed data collection will provide vital information to assess the economic and social effects of the IFQ program on individual fishing enterprises, fishing communities, and the nation as whole. Presently, only catch, effort, and share (and lease) prices are consistently collected from industry participants, limiting the NMFS' ability to assess the full impacts of the program. Unfortunately, the quality of the share and lease prices data is suspect given (a) the large percentage of zero transaction prices posted, and (b) the large percentage of transfers that are conducted at 'arm's length.'

In addition to the needs of the MSRA and Amendment 29 to the Reef fish FMP, the [Regulatory Flexibility Act](#) (RFA, 5 U.S.C. 601 *et seq.*), the [National Environmental Policy Act](#) (NEPA, 42 U.S.C. 4372 *et seq.*), and [Executive Order \(EO\) 12866](#) also require socio-economic data collections. Under the RFA, the Small Business Administration needs a determination of whether a proposed rule has a significant impact on a substantial number of small entities that are to be directly regulated. For RFA purposes, one of the criteria to determine significant economic impact involves an assessment of the change in short-term accounting profits for small entities. The NEPA requires a determination of whether Federal actions significantly affect the human environment. This requires a number of economic analyses including the impact on entities that are directly regulated and those that are indirectly affected. Lastly, EO 12866 mandates an economic analysis of the benefits and costs to society of each regulatory alternative considered by the fishery management councils, and a determination of whether the rule is significant.

In addition to satisfying the needs of statutory requirements and pending regulations, fishery management councils' interest in expanding IFQ programs into other fisheries offers a unique opportunity to learn from the experience of the Gulf of Mexico GT-IFQ Program. For example, the GMFMC is interested in expanding their use into other components of the reef fish and mackerel fisheries, and the South Atlantic Fishery Management Council (SAFMC) is considering their use in the snapper-grouper and mackerel fisheries. Since most IFQ programs in the U.S. are relatively new and differ widely in their characteristics and impacts, a careful review of existing programs will assist in the adjustment of changing or unforeseen circumstances and will also aid in the planning and design of new programs.

2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.

Combined with catch and effort data from existing collections, the information sought will be utilized for descriptive and analytical purposes. Social scientists from the NMFS will create descriptive reports of the fishery and develop models to evaluate the socio-economic impacts of the GT-IFQ Program. These products will be used to support the GMFMC's pending 5-year

review of the IFQ program. In addition, the information collected will be used for the development of natural resource plans. The survey will collect demographic, cultural, economic, and social information, which otherwise would be unavailable. The data will also be used by the academic community studying the performance of LAPPs.

QuanTech, Inc. of Arlington, VA has been contracted to conduct a one-time data collection. The proposed questionnaire was developed in consultation with Walter Keithly of Louisiana State University and NMFS staff. The proposed questionnaire will collect demographic, social, and economic information on past and present shareholders and their experiences with IFQs. This data collection effort will use self-administered online and mailed surveys as well as in-person interviews. The title of the survey is “Survey of Participants in the Gulf of Mexico Grouper-Tilefish Individual Fishing Quota Program – 2014.”

The instrument has six sections: 1) background information; 2) attitudes and perceptions concerning the GT-IFQ Program; 3) socio-economic assessment of the GT-IFQ Program, 4) transfer of GT-IFQ allocation and shares; 5) social well-being and demographic information, and 6) other issues.

Section 1: The ‘background information’ section first identifies GT-IFQ account holders with multiple accounts in order to reduce redundant survey submissions. Respondents are given the opportunity to use one survey for all accounts if the answers provided are representative of the different accounts. Also, the respondent is asked about their experience in the Gulf of Mexico reef fish commercial fishery.

Section 2: The ‘attitudes and perceptions concerning the GT-IFQ Program’ section inquires whether GT-IFQ Program participants supported and currently support the IFQ program and whether they believe that the program achieved various biological and socio-economic objectives set in the fishery management plan (e.g., reducing derby fishing, increasing ex-vessel prices, decreasing fishing capacity, reducing by-catch, etc.). This information is necessary to ascertain participant’s views about the effectiveness of the program which may vary from community to community. This information will be coupled with landings and effort data to substantiate any reported changes in fishing practices brought about by the IFQ program, and help evaluate the performance of the program.

Section 3: The ‘socio-economic assessment of the GT-IFQ Program’ section asks about the changes brought about by the IFQ program in: a) capital stock (e.g., investments and disinvestments in fishing vessels, gear, and equipment) and b) crew and captain usage, remuneration arrangements, and dynamics.

Section 4: The ‘transfer of GT-IFQ allocation and shares’ section asks participants about allocation and share leasing and sale arrangements, and reasons for expanding or limiting their participation in the fishery (e.g., reasons for buying or selling allocation and/or shares). This information will enable the development of quantitative economic models to investigate changes in overcapacity, ‘cost savings,’ and other efficiencies brought about by the reduction of incentives for overcapitalization and derby fishing. Similarly, the information of leasing and sale arrangements will help fishery managers better understand the reasons behind certain suspicious

trades (e.g., “low” allocation and sale prices). Lastly, participants are asked about changes in their relationships with dealers as well as the current market value of capital investments.

Section 5: The ‘social well-being and demographic information’ section is designed to gauge the attitudes of fishermen who harvest grouper-tilefish species. The questions focus on general attitudes toward commercial fishing and IFQ programs. Additionally, questions about demographic information, such as age, income, marital status, and race, are asked. The information in this section is intended to aid in the determination of social and community impacts resulting from the GT-IFQ Program for the planned 5-year program review.

Section 6: The ‘other issues’ section elicits information about IFQ participants’ satisfaction with the IFQ online system, customer service, landings notification protocol, and enforcement. These questions seek to provide feedback on the quality of the day-to-day services provided by the Limited Access Privilege Programs/Data Management Branch of the NMFS’ Southeast Regional Office (SERO).

It is anticipated that the information collected will be disseminated to the public or used to support publicly disseminated information. NOAA Fisheries Service will retain control over the information and safeguard it from improper access, modification, and destruction, consistent with NOAA standards for confidentiality, privacy, and electronic information. See response #10 of this Supporting Statement for more information on confidentiality and privacy. The information collection is designed to yield data that meet all applicable information quality guidelines. Prior to dissemination, the information will be subjected to quality control measures and a pre-dissemination review pursuant to [Section 515 of Public Law 106-554](#).

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

The proposed data collection will utilize voluntary, self-administered online and mail surveys and in-person interviews. Each IFQ account holder will be prompted to fill out an online version of the survey when they log into the IFQ Online System after January 1, 2014. Each account holder must log into the online system to validate their account for the 2014 fishing season. In-person interviews will focus on relatively large entities that opt not to fill out the online survey. Self-administered mail surveys will be sent to account holders and past program participants that do not participate in the online survey or in-person interviews.

The proposed approach is as follows. Initially, all potential respondents will be contacted via an introductory letter to inform them about the upcoming data collection. When each current account holder performs the mandatory login to the IFQ Online System after January 1, 2014, they will receive a prompt regarding the online version of the survey. Online respondents will have the opportunity to save partial surveys and return to fill out the rest at a later date. After February 1, 2014, relatively large entities that have not filled out the online survey will be contacted for an in-person interview. After March 1, 2014, any account holders that have not completed the online survey or scheduled an in-person interview, as well as past participants without a current IFQ account, will be provided with the self-administered mail survey, and

asked to complete and return it using an enclosed postage pre-paid envelope. If no response is received, then three further letters will be sent (including additional surveys). Finally, the remaining non-respondents will be contacted by phone and urged to return the completed survey (if they are large entities then the contractor will attempt to set up in-person interviews at times and places convenient to them).

The contractor does not anticipate interviewers using laptops or other computers to directly enter the answers being provided since some of the questions are open ended. Thus, writing verbatim responses could extend the length of the interview, which would further burden the interviewees and result in incomplete surveys. In the case of lengthy open-ended responses, the interviewer will take notes, review the notes with the respondent for accuracy, and then may summarize or paraphrase the response.

The data collected will not be available to the public over the internet given its confidential nature. However, analytical results of studies based on this data will be disseminated to management agencies and peer-reviewed publications. Some of these studies will likely be available online.

4. Describe efforts to identify duplication.

We are not aware of other federal or state efforts to collect similar socio-economic information from participants in the Gulf of Mexico GT-IFQ Program. However, researchers from the University of Florida (UF) are planning on interviewing Gulf of Mexico reef fish commercial fishermen in 2014 for a study to examine social networks. The UF study will not collect the same type of information as our survey although some fishermen are likely to be asked to participate in both endeavors. Our proposed data collection focuses specifically on the grouper-tilefish component of the reef fish fishery and is an ex-post evaluation of the GT-IFQ Program, which is required by MSRA statutes.

To minimize the potential of duplicate data collections, we informed industry representatives from the grouper-tilefish component of the reef fishery, the NMFS' SERO, several universities in the southeast region, and the GMFMC about our upcoming data collection. The membership of the GMFMC is made up of representatives from all Gulf States resource management agencies.

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

Many commercial fishing operations are owner or family-operated small businesses. We have taken several steps to minimize the burden to these small businesses. First, we designed the survey instrument so that only the minimum data requirements for present and future management needs are collected. Second, responses to the survey will be voluntary. IFQ participants, who do not wish to participate in the survey, can choose not to partake. Third, in-person surveys will be conducted at times and places that are convenient to respondents. Also, the online mode will allow participants to complete the survey at their own leisure. This will minimize any potential disruption to fishermen's fishing practices. Last, respondents who receive

the self-administered survey will be provided with postage-paid return envelopes to spare them from having to go to the post office to mail back the survey instrument.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

If these data were collected less frequently or not at all, then the legal requirements set forth by the MSRA, NEPA, and EO 12898 would not be met. For example, the MSRA requires a formal and detailed review 5 years after the implementation of the IFQ program. The review to be conducted by the GMFMC and Secretary of Commerce must determine whether the program is satisfying the stated goals in the FMP. If current and accurate data are not available then social and economic assessments of management actions will be potentially inaccurate, thereby leading the GMFMC and NMFS to make poor management decisions. The MSRA requires the establishment of conservation and management measures to protect the resource, increase social and economic benefits, and increase safety using the best available scientific information. Moreover, the GMFMC's interest in expanding IFQ programs into other fisheries managed under its authority offers a unique opportunity to learn from past design and implementation mistakes and successes. The GMFMC is interested in expanding their use into other components of the reef fish and mackerel fisheries. Similarly, the SAFMC is exploring their use in their snapper-grouper and mackerel fisheries. Since most IFQs programs in the U.S. are relatively new and differ widely in their characteristics and impacts, a careful review of existing programs will assist in the adjustment of changing or unforeseen circumstances and will also aid in the planning and design of new programs. Lastly, an unintended consequence of not having the appropriate socio-economic data could be court challenges on the grounds of inadequate analysis as occurred in the South Atlantic summer flounder case (e.g., North Carolina Fisheries Association vs. Daley).

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

There are no special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

8. Provide information on the PRA Federal Register Notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the 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 recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

A Federal Register Notice published on Monday, June 18, 2012 (Vol. 77, No. 117, p. 36261) solicited public comment. No comments were received.

Results of consultations with persons outside the agency:

In 2010, a series of exchanges were conducted between Dr. Keithly (contractor) and members of

the Gulf of Mexico Reef Fish Shareholders' Alliance, an association in which many of the largest grouper-tilefish IFQ shareholders are members, and GMFMC staff to describe need and content of the survey and to obtain their views on the clarity of the instructions and data elements to be recorded. Moreover, the survey will be pre-tested by industry representatives.

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

No payments or gifts will be provided to questionnaire respondents.

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

Survey respondents will be advised that any information provided will be considered private and will be treated as confidential in accordance with [NOAA Administrative Order 216-100](#), Confidential Fisheries Statistics and section 402(b) of the MSRA (16 U.S.C. 1801, *et seq.*).

It is the NMFS' policy not to release confidential data, other than in aggregate form, as the MSRA protects (in perpetuity) the confidentiality of those submitting data. Whenever data are requested, the Agency will ensure that information identifying the pecuniary business activity of a particular individual is not identified. Only group averages or group totals will be presented in any reports, publications, or oral presentations of the study's results.

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.

No questions will be asked about sexual behavior and attitudes, religious beliefs, or other similar matters of a personal and sensitive nature.

12. Provide an estimate in hours of the burden of the collection of information.

It is estimated that the number of respondents will be 700 of a population of 997, due to an anticipated response rate of 70%. 997The time per response will be approximately 1 hour, for a total burden of 7000 hours (annualized to 234 respondents, responses and hours). The one hour per response burden, includes the time for reading the instructions, reviewing the questions, and completing (and mailing, if necessary) the survey instrument. This estimate is based on the type of questions asked, length of the survey instrument, and the contractor's past experience conducting similar surveys.

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in Question 12 above).

There will be no financial cost to the public to participate in this study.

14. Provide estimates of annualized cost to the Federal government.

A fixed price contract of \$ 98,608 was awarded to QuanTech, Inc. The contractor is responsible for the development of survey instrument, training interviewers, printing of forms, data collection and processing, quality control, data entry and supervision. Additional federal costs include the time of NMFS staff. The NMFS staff will be responsible for developing and administering the contract, collaborating with the development of the survey, development of the online survey, and reporting the results. The cost of NMFS staff time is estimated at \$18,000. A purchase of an upgrade for Survey Monkey software is \$850. Thus, the total annualized cost (over the 3-year approval period) to the federal government would be \$39,153.

Explain the reasons for any program changes or adjustments.

This is a new collection of socio-economic data.

16. For collections whose results will be published, outline the plans for tabulation and publication.

Data collected will be used to assess the performance of the GT-IFQ Program. Descriptive and analytical reports will include summaries of data. These reports will not release or reveal confidential information. Depending on the availability of funds, we anticipate that reports will be available by April 2015. These reports will likely be available in *pdf* format on the Southeast Fisheries Science Center's (NOAA Fisheries) web sites.

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

The OMB control number and expiration date will be displayed.

18. Explain each exception to the certification statement.

There are no exceptions to the certification statement.