SUPPORTING STATEMENT
MAIL SURVEY TO COLLECT ECONOMIC DATA FROM FEDERAL GULF OF MEXICO AND SOUTH ATLANTIC FOR-HIRE PERMIT HOLDERS
OMB CONTROL NO. 0648-XXXX

INTRODUCTION

We are requesting the approval of a new economic data collection for the South Atlantic and Gulf of Mexico federal charter/headboat permit holders. Economic data will be collected from for-hire vessel owners who operate in federal waters of the Gulf of Mexico and South Atlantic. These fishermen are required to have one or more federal permits to take passengers on a for-hire fishing trip depending on the target species or body of water fished. The 2016 Economic Mail Survey of Federal For-Hire Permit Holders will be conducted by the Social Science Research Group of the Southeast Fishery Science Center (SEFSC) of the National Marine Fisheries Service (NMFS). The survey will attempt to collect trip level economic data pertaining to last trip revenues, expenses, and operating characteristics. The data will be collected through a voluntary mail survey sent to a random sample of about a third of all vessels with federal charter/headboat permits in the Gulf of Mexico or South Atlantic. We will include a web-based response option following the initial mail out. The survey is designed to validate a ongoing data collection on charter/headboat trip fees from websites and collect updated trip costs, in order to generate timely trip-level net operating revenues for the for-hire sector.

A. JUSTIFICATION

1. <u>Explain the circumstances that make the collection of information necessary.</u>

A collection of economic information from for-hire fishermen and fishing businesses affected by the management of federal recreational fisheries in the Southeast is needed to ensure that national goals, objectives and requirements of the Magnuson-Stevens Fishery Conservation and Management Act (MFCMA), National Environmental Policy Act (NEPA), Regulatory Flexibility Act (RFA) and Executive Order 12866 (EO 12866) are met. This information is vital in assessing the economic and social effects of fishery management decisions and regulations on individual fishing enterprises, fishing communities and the nation as a whole. Information on the prices and cost of for-hire services are needed to understand the economics of the industry. Prices along with data on for-hire trip costs and effort can be used to calculate the profitability of the industry. Longer time series data can be used to estimate demand and supply relationships for for-hire services, which can help estimate how trip activity is expected to changes with regulatory changes.

Economic information on for-hire fishing enterprises is vital to the Optimum Yield (OY) management of marine fishery resources as mandated under the MFCMA (16 U.S.C. 1802 MS Act § 3). The term "Optimum" is defined under section 104-297 (28) of the Act, as: (A) will provide the greatest overall benefit to the Nation, particularly with respect to food production and recreational opportunities, and taking into account the protection of marine ecosystems; (B) is prescribed as such on the basis of the maximum sustainable yield from the fishery, as reduced by any relevant economic, social, or ecological factors; and (C) in the case of an over-fished fishery, provides for the rebuilding to a level consistent with producing the maximum sustainable yield in such a fishery.

2. <u>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</u>.

Combined with data from existing collections, the information is used by NMFS economists and social scientists to create, develop, and update economic and social models and descriptive reports of these important fisheries. The results support the management of for-hire fishing industry by the South Atlantic and Gulf Fisheries Management Councils and NMFS Southeast Regional Office. Foremost, the data are used to evaluate the economic health of the sector and the potential economic impact of proposed regulations. The frequency of the data use depends on the number and timing of amendments to fisheries management plans. Collection of this data would enable both federal and academic researchers the opportunity to create statistical and econometric models to predict various industry characteristics, such as, fishing effort, cost versus benefits of fishing, market activity, and efficiencies of proposed fishing regulations. Gross revenues and costs can vary across time and geographic areas as a result of changes in a number of different factors, including fishery management regulations (e.g. gear modifications, time/area closures, etc.), fluctuations in abundance (due to changes in various environmental factors), market conditions (such as fuel prices), and behavioral responses by fishermen. The results of this survey (summary statistics) will be disseminated to the public through an economic report which will be available on the SEFSC's website.

In general, the survey instrument asks questions pertaining to the last for-hire fishing trip the permit holder took with paying passengers. The instrument's questions focus on collecting information on trip fees, operating characteristics, and variable costs. These data are necessary to generate trip level cost, net revenue, input demand, and production functions. Such functions and the results generated from their estimation are typically used in financial analyses (used to determine a business' cost efficiency and profitability). Such models and analyses are also critical to guiding fisheries management decisions whose general purpose is to maximize net national benefits and optimally allocate quota to different fishing sectors. The for-hire fishing industry tends to blur the distinction between recreational and commercial fishing, but is primarily managed by recreational bag limits (sales of catch are prohibited).

The following is a more detailed description of justifications for the collection of these data.

The survey is divided into two sections of questions over two pages. Page 1 begins with a pre-filled header section that serves to identify the respondent and his/her vessel. The first section of questions asks about the last offshore for-hire fishing trip taken by the vessel with paying passengers. We use the term "offshore" as a common vernacular term charter fishing captains would use to commonly describe trips that venture near or into federally managed waters.

Questions 1asks if the respondent has taken an offshore for-hire fishing trip during the last year. This question is designed to screen out inactive or idle permits. Questions 2-10 ask about the last trip's characteristics such as the month of the trip, trip length, number of passengers, fishing method, distance travelled, fuel use, and number of crew members. Questions 10-15 ask about the last trip's variables costs including ice, bait, fuel, tackle and labor expenditures.

Question 16 begins on the second page of the instrument, which, asks about the overall charter trip fee(s) paid for by all passengers for the last for-hire trip the permit holder took. We ask if any credit card fees were deducted for customers who purchase trips on credit cards, and if the vessel paid a commission to any form of booking service. These questions are necessary to estimate the actual gross income for for-hire vessel owners. Question 17 asks for the total tip amount received on the last trip. Question 18 inquires if passengers paid for any additional services that raised revenue on the last trip, such as catch cleaning services, souvenirs, photos, etc.

The second section, also on page 2, collects information on general operating characteristic of the for-hire business, such as if the vessel is primarily owner operated, total number of trips and days at sea over the last year (Questions 19-20). Question 20 asks the respondent if they maintain a public website for their for-hire business, and to provide it's website if applicable. Questions 21-27 are more general questions that ask the respondent: what percentage of trips come from referrals; to self-identifying as operating as a headboat; if they vary their charter fees seasonally; to estimate the market value of the vessel; and what percentage of the trips leave catch with the crew. These questions are important for understanding the economic operating characteristics of the respondents business.

NMFS 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 to Question 10 of this supporting statement for more information on confidentiality and privacy. This 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 data collection is conducted as a self-administered mail survey. Given the Southeast Region's past experiences with surveys of this population, a very low impact (burden) approach is necessary to obtain fishermen's cooperation. A mail survey is less intrusive, more convenient, and less time-intense than one based on in-person, or telephone interviews.

All vessel owners will be contacted by mail. They will be asked to return the completed survey instrument to us in an enclosed, pre-paid envelope. If no response is received, up to two further letters will be sent (including additional survey instruments). Non-responders will also be contacted by phone and urged to return the survey. Information will not be collected during the phone call (a further survey instrument is sent – by mail, fax, or email – if requested).

A second option, to supplement the primary mail survey, will be an option to fill out the survey online, through a link sent by email to the permit holder. We will send instructions to permit holders' email addresses with a hyperlink to the online version of the instrument hosted by Survey Monkey Inc. This method is meant to supplement our mail response method, and will be implemented during the second round of contact.

There will be no other means, electronic or otherwise, to submit data or information for the purposes of this study. The survey responses will be entered into an electronic database by a contractor. The *analytical results of* studies based on this data will be disseminated in internal, management related, and peer-reviewed publications. Some of these will be available over the Internet.

4. <u>Describe efforts to identify duplication</u>.

This is the only systematic, region-wide, economic data collection in the Gulf and South Atlantic for-hire fisheries. Hence, there is no duplication of economic information. Experts on these fisheries in academia and state agencies have been consulted.

The data collection is set up in a way to avoid duplicating the time burden for vessels that hold a Gulf permit(s) and South Atlantic permit(s). The southeast federally permitted for-hire vessels will be treated as a single fleet for sampling purposes (thereby ensuring every vessel can only be selected once).

For certain sub-populations the survey instrument will omit some questions if the information is already available from other sources. For instance, certain head boats are part of the Beaufort Headboat Survey---a trip logbook. Since NMFS already collects fuel used and fuel price on every trip for these vessels, we will drop these two questions for the affected vessels.

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

All of the selected respondents are considered to be small businesses. However, only the minimum trip-level data to meet the current and future needs of NMFS are collected. The information requested should be available to the respondent in the course of normal business operations. Keeping additional records is not needed and hence the burden is low. The results of this study are expected to improve the economic conditions of small fishing entities by affording fishery management agencies the information needed to consider economic factors in management plans and regulations.

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

If current and accurate economic data are not available, then the social and economic assessments of management alternatives will be impossible or inaccurate, thereby potentially leading the Council and NMFS to make poor management decisions. Thus, updated economic data collection is needed to satisfy these various mandates and help ensure that good management decisions are made.

The most recent studies on the southeast for-hire fishing industry were conducted in 2009 by NMFS contractors. Holland et al. (2009)[1] conducted an in-person survey on the South Atlantic

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[1] Holland, S.M., C-O. Oh, S.L. Larkin, and A.W. Hodges. 2012. The Operations and Economics of the For-Hire Fishing Fleets of the South Atlantic States and the Atlantic Coast of Florida. Final report prepared for the NMFS with funding support from the MARFIN Program, Grant Number NA09NMF4330151. 130 p.

for-hire industry, while Savolainen et al. (2012)[2] surveyed the Gulf of Mexico's for-hire industry. The surveys collected captain and vessel characteristics, business operating expenses on the trip level, overhead expenses on an annual level, and opinions on fisheries management and policy. The studies, however, suffered from a low response rates (22% and 33%, respectively).

Further reasons to collect this data annually include the paucity of existing trip price data in the for-hire fishery and general lack of information on trip operating expenses. In the absence of data, the Council and NMFS cannot satisfy the various mandates described above and in the response to Question 1; cannot fully assess the social and economic impacts of potential management changes; and generally cannot ensure that good management decisions are made.

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

The collection is consistent 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 (FR Doc. 2015–23336, Vol. 80, No. 180) was published on Thursday, September 16, 2015 to solicit public comments or concerns for this data collection. The notice did not receive any comments or questions.

To obtain views on the availability of data and elements to be reported, we conducted two focus groups (in Islamorada and Naples, Florida) to meet with permit holders in both the South Atlantic and Gulf of Mexico regions. Our discussions with permit holders were designed to understand current attitudes by the charter fishing industry and to gather their opinions and concerns on the implementation of this new data collection. Prior to conducting the focus groups, we gathered information from stakeholders in Miami and Key West FL.

We shared a draft survey instrument with the Gulf of Mexico and S. Atlantic Fisheries Management Councils' economists, Assane Diagne and Brian Cheuvront, respectively. The Councils' economists are the primary users of the data and are close to the regulated industry.

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

No monetary payments or other remuneration will be made to respondents.

[2] Savolainen, M.A., R.H. Caffey, and R.F. Kazmierczak. 2012. Economic and Attitudinal Perspectives of the Recreational For-Hire Fishing Industry in the U.S. Gulf of Mexico. Contractor report prepared for NMFS by Center for Natural Resource Economics & Policy, LSU AgCenter and Louisiana Sea Grant College Program, Department of Agricultural Economics and Agribusiness, Louisiana State University, Baton Rouge, LA 70803. 171 p.

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

The cover letter sent with the survey states that personal information will not be disclosed, and will only be accessible to authorized personnel responsible for management and research of fisheries under the authority of NOAA. All authorized personnel have signed non-disclosure agreements.

NFMS will retain control over the information and safeguard it from improper access, modification, destruction, consistent with NOAA standards for confidentiality privacy and electronic information.

11. <u>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</u>.

No questions will be asked of survey participants about sexual behavior and attitudes, religious beliefs, or other matters that are commonly considered private.

12. <u>Provide an estimate in hours of the burden of the collection of information</u>.

We are requesting burden hours equivalent to completing a total of 1,000 surveys. The public reporting burden for this collection of information is estimated to average 12 minutes per response including the time for reading the questions, and completing and mailing the survey instrument. In total, we are requesting an annual burden of up to 200 hours (12/60 minutes x 1000).

13. <u>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)</u>.

No additional cost burden to the respondents will result from this.

14. <u>Provide estimates of annualized cost to the Federal government</u>.

This study will be conducted jointly by an FTE and a staff member (contractor) located in the Social Science Research Group of the SEFSC of NMFS. This includes annual development of the sampling frame and sampling, conducting the survey, administration and supervision of a students/interns (to help with mailings and data entry data entry and mailings), database development, and preparation of reports.

The total cost of this data collection (including staff time) is estimated at about $80,000 for the first year. The estimated breakdown is as follows: $61,000 will be spent to hire a contractor to help with the design and implementation of the survey. Additional cash expenses are approximately $2,000 for supplies and postage, $10,000 for focus groups, and $7,000 to hire a student intern to assist with mailings, telephone follow-up, data entry and verification. The estimated annual cost of running the survey in year 2 and 3 is 20,000 for staffing and supplies.

The annualized total costs are estimated to be $40,000 per year.

15. Explain the reasons for any program changes or adjustments.

Not Applicable.

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

Summary statistics for these economic data will be published in standardized tables in a NMFS technical report. The report will provide documentation about the survey methodology, survey instrument, sampling design, an assessment of the validity of the collected data, and basic descriptive statistics. We anticipate that the report will be available on the web at: http://www.sefsc.noaa.gov/socialscience/.

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.

Not Applicable.

18. Explain each exception to the certification statement.

Not Applicable.