

**SUPPORTING STATEMENT**  
**ECONOMIC SURVEY OF GULF OF MEXICO (GOM) DEALERS ASSOCIATED THE**  
**GOM GROUPER-TILEFISH INDIVIDUAL FISHING QUOTA (IFQ) 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 business and economic information from Federally-licensed reef fish dealers, about the grouper-tilefish component of the commercial Gulf of Mexico (GOM) reef fish fishery under the Grouper-Tilefish Individual Fishing Quota (GT-IFQ) Program.<sup>1</sup> The proposed data collection also inquires about dealers' 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 200 entities. These entities are federally licensed dealers of seafood products that have participated in the GT-IFQ Program since its inception in 2010. The survey strategy calls for a census of this potential respondent universe. Our goal is to achieve an unweighted response rate of 70%, resulting in approximately 140 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. 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 fisheries being managed, fishing communities dependent on these fisheries, and participants in fisheries in adjacent areas.

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<sup>1</sup> 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.

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 complete its 5-year review of the GT-IFQ Program in 2016 to meet the MSRA requirements. The proposed data collection will provide vital information to assess the economic effects of the IFQ program on individual dealer enterprises, fishing communities, and the nation as whole. Presently, only catch data and ex-vessel prices are consistently collected from dealers, limiting the NMFS' ability to assess the full impacts of the program.

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 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.**

The information sought will be utilized for descriptive and analytical purposes. Social scientists from the NMFS will create descriptive reports of the dealer sector and develop statistical models to evaluate the socio-economic impacts of the GT-IFQ Program. Statistical models will include globally used summary statistics, such as median and mean values, hypothesis testing for differences in proportions for "yes/no" questions, and two-tailed t-test to examine differences in group responses<sup>2</sup>. Socioeconomic impacts of the GT-IFQ Program will be estimated using multiple regression and multinomial logit models<sup>3</sup>. Regression models measure the effect of

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<sup>2</sup> Tokotch, Britni N., Meindl, Christopher F., Hoare, Armando, and Jepson, Michael E. 2012. Stakeholder Perceptions of the northern Gulf of Mexico grouper and tilefish individual fishing quota program. *Marine Policy*. V36(1):34-41.

<sup>3</sup> Smith, Martin D. Bioeconometrics: Empirical modeling of bioeconomic systems. 2008. *Marine Resource Economics*. V23(1):1-23.

independent variables, such as allocation, on the change in quantitative variables such as gross sales pre- and post-IFQ. Logit models measure the effect of independent variables, such as number of employees or opinions on the IFQ program, on qualitative outcomes such as plans to acquire additional IFQ shares. Regression and logit models will be fit using standard statistical packages such as STATA, LIMDEP or SAS. 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 business and economic information, which otherwise would be unavailable. The data will also be used by the academic community studying the performance of LAPPs.

QuanTech, Inc. of Rockville, MD has been contracted to conduct a one-time data collection through a subcontract with ECS Federal on NOAA Contract No. EA-133F-14-BA-0013. The proposed questionnaire was developed in consultation with Dr. Walter Keithly of Louisiana State University, industry experts and NMFS staff. The proposed questionnaire will collect business and economic information from reef fish dealers on their experiences with IFQs. This data collection effort will be conducted using in-person interviews and mailed questionnaires. The title of the survey is "Economic Survey of Gulf of Mexico Dealers Associated the Grouper-Tilefish Individual Fishing Quota Program".

The instrument has five sections: 1) background information, 2) pre- and post-GT-IFQ operations, 3) pre- and post-GT-IFQ infrastructure and equipment, 4) GT-IFQ share in business operations, and 5) opinions regarding the IFQ program.

Section 1: The 'background information' section first inquires what year the business started handling seafood under current ownership. Respondents are then asked to indicate the primary activity of the business (e.g., operating commercial fishing vessels to harvest seafood, buying and reselling seafood, transforming seafood into new products and reselling the products, selling seafood products directly to the consumer, or other). The respondents are also asked about their opinion of the GT-IFQ Program at the time of implementation as well as their present opinion of the GT-IFQ Program. At the end of the section, respondents are asked to indicate if their arrangements with fishermen from who they purchased grouper/tilefish changed significantly as a result of the GT-IFQ Program. If there are any changes, respondents are asked to explain the primary changes in their arrangements. This information is necessary to ascertain dealers' views about the program which may vary from community to community.

Section 2: The 'pre- and post-GT-IFQ operations' section inquires whether estimated gross sales, product sources, employment characteristics, raw fish costs, and sales prices changed pre-vs. post-IFQ. If, according to the respondent, there is a change caused by the program they are asked to explain why the program contributed to the change. 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 'pre- and post-GT-IFQ infrastructure and equipment' section asks about the changes brought about by the IFQ program in: a) capital stock (e.g., investments and disinvestments in number or size of fishing vessels) and b) market value of the business.

Section 4: The 'GT-IFQ share in business operations' 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).

Section 5: The 'opinions regarding the IFQ program' section elicits information about fish dealer 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 in-person interviews and mail surveys. Up to 20 dealers will be interviewed in person during visits to major grouper-tilefish landing ports in the survey area (Texas through West Florida). The remaining dealers will be surveyed by mail. The in-person interviews will be scheduled by telephone contact. The survey mailings will be timed to occur as close as possible to the in-person interviews.

A recent NOAA analysis indicates there are approximately two hundred IFQ dealers. The proposed approach to data collection follows a modified Dillman (2014) method for conducting tailored design surveys. The contractor will conduct mail merges using computers and enter data from completed paper forms into electronic databases for delivery to NOAA.

Dealer addresses will be merged to electronic documents to print mailings. Potential respondents will be contacted first via an introductory letter to inform them about the upcoming data collection. One week after the introductory letter mailing, each dealer will be mailed a first survey package containing a cover letter, questionnaire, and return envelope (no postage necessary). Telephone calls to schedule the up-to-twenty in-person interviews of dealers will be timed to coincide with the anticipated delivery of the first survey packages. The dealers who agree to participate in-person will be removed from subsequent mailings. One week following the mailing of the first survey packages, remaining potential respondents (e.g., dealers who do not agree to be interviewed in person) will be mailed a thank you /reminder post card. The post card serves two purposes, thanking respondents for their time and reminding those who have not yet mailed their completed questionnaire to do so. One month after the first survey package

mailing, potential respondents will be asked to complete and return a second copy of the questionnaire. The second copy of the questionnaire will be mailed to all potential respondents who have not yet participated in the survey. Within three months of the first mailing, if there are any remaining non-respondents they will be contacted by phone and urged to return the completed survey.

The contractor does not anticipate interviewers using laptops or other computers to directly enter the answers being provided in the in-person interviews. The expense of developing a Computer-Assisted Personal Interviewing (CATI) system is not justified for the small number of in-person interviews to be conducted.

#### **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) conducted interviews with Gulf of Mexico reef fish commercial fishermen in 2014 for a study to examine social networks. The UF study did not collect the same type of information as our survey although some dealers may have been asked to participate in both endeavors. Our proposed data collection focuses specifically on the grouper-tilefish dealer component of the reef fish fishery as part of 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. 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 not collected, 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 Tuesday, March 24, 2015 (Vol. 80, No. 56, p. 15569) solicited public comment. No comments were received.

Results of consultations with persons outside the agency:

In 2015, a series of exchanges were conducted between QuanTech, Dr. Keithly (contractor) and industry representatives to obtain their views on the clarity of the instructions and data elements to be recorded. In addition, the survey was pre-tested by 9 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 the contractor will only share the data with NMFS and the data will only be released by NMFS in aggregate form. The contractor's business and information security practices will protect personal or business identifying information. The contractor requires that data are only shared internally among the contractor's authorized personnel and with NMFS. All data with personal or business identifying information will be protected on the contractor's Local Area Network (LAN). External access to the LAN is limited to the contractor's secure Virtual Private Network (VPN). The VPN has controls requiring independent and unique usernames and passwords before allowing access to the LAN.

Unauthorized persons asking for data from the survey from the contractor will be directed to contact NMFS. 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 no more than 200 and the time per response will be approximately 1 hour, for a total burden of 200 hours. The one hour per response burden includes the time for scheduling interview meetings (for the 20 in-person interviews), reading survey instructions, reviewing the questions, assembling needed data, 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. In-person interviews will have set appointments, so respondents can gather pertinent information beforehand.

**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, only the cost of their labor.

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

A contract in the amount of \$ 103,097.95 was awarded to ECS Federal. ECS Federal contracted QuanTech for the development of the survey instrument, training interviewers, data collection and processing, quality control, 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, and reporting the results. The cost of NMFS staff time is estimated at \$18,000. Thus, the total annualized cost (over the 3-year approval period) to the federal government would be \$ 40,365.98.

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

This is a new collection of business and economic data.

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

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.

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 December 2016. 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.