



NOAA
FISHERIES

C4 Economic Data Reporting Program

Regulatory Changes Initial Review

Regulatory Impact Review with small entity information, NEPA Categorical Exclusion

Prepared by Scott A. Miller, NMFS AKRO

Contributors: Brian Garber-Yonts, Steve Kasperski, NMFS AFSC, and Sally Bibb, NMFS AKRO

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Introduction: History of the Action

- In April 2018 the Council requested that NMFS prepare a discussion paper that describes the EDR requirements for all programs, explains how the data are used, and provides estimates of the costs of complying with the EDR requirements.
- April 2019, NMFS presented this discussion paper to the Council. The EDR discussion paper included, in Chapter 6, an EDR Program Assessment and Recommendations. Within that chapter NMFS provided the following set of shorter term practical recommendations aimed at reducing costs and burdens as well as improving data utility by streamlining data access.



NMFS Short Term Recommendations

- Reduce costs and burden
 - Eliminate routine third-party data verification audits and limit the audit requirement to instances of gross noncompliance with EDR submission requirements or where intentional strategic misreporting is indicated or suspected. **NMFS will continue to research the degree of flexibility we have to minimize requirements under existing regulations**, and which types of modifications will require FMP and regulatory amendments to implement.
 - Review duplication of reporting requirements in EDR Program.
- Improve data utility by streamlining data access
 - Re-assess EDR-specific data protocols to improve utility and efficiency while maintaining confidential data protections: specify blind-data rule on the basis of a) analytical users, and b) EDR administration users, and reconsider rule-of-5 aggregation standard.



NMFS Longer Term Recommendations

- Develop a systematic approach to identifying and prioritizing the Council's needs for economic and social science information. This includes identifying relevant analytical and performance metrics, minimum requirements for accuracy and precision of information outputs, and a framework for balancing tradeoffs between all relevant dimensions of information quality and system costs.
 - Review survey population and survey frequency for EDR variables and consider survey administration alternatives, including changes in the method, frequency, and respondent population of data collections to achieve the Council's analytical objectives.
 - Improve application of National Standard 2 Guidelines to information *processes* in EDR program oversight and ensure clearer distinctions between *scientific information* from other information content.
 - Minimize disincentives for voluntary industry cooperation with data collection efforts and address concerns regarding confidentiality, cumulative reporting burden, and negative consequences of revealing profitability and other financial information to the federal government.



Council Identified Two Issues

The Council reviewed the requested EDR discussion paper during its April 2019 meeting and requested further analysis under two issues.

- Under Issue 1, the Council adopted a purpose and need statement and the set of alternatives that are addressed in this RIR.
- Under Issue 2, the Council recommended that the staff undertake a process to propose revisions to the current EDR programs, including the GOA trawl EDR.



Issue 2

Under Issue 2, the Council recommended that the staff undertake a process to propose revisions to the current EDR programs, including the GOA trawl EDR, with specific consideration for the following.

1. The Council's previously stated needs for economic and social science information and the utility of data for analysis of impacts of Council actions and for research that provides a better understanding of the impacts of future actions;
2. Data that are also collected in other data collection programs (such as the Commercial Operators Annual Reports) which may be duplicative and unnecessary to collect as a part of EDRs;
3. Alternatives for creating more consistency across EDRs to increase the utility of economic and social information in analyses of Council actions and management program reviews and to support research that provides a better understanding of the impacts of future actions; and
4. Tradeoffs between aggregation of elements used to reduce reporting burden by streamlining collection and the effects of the loss of detail from that aggregation on the accuracy of resulting analyses.



Social Science Planning Team Tasking

- The comprehensive review of EDR programs (Issue 2) is under development by the Council's Social Science Planning Team (SSPT).
- The SSPT will report to the Council about its progress on this issue at the January/February 2020 meeting.
- The SSPT Report is under agenda item D6 and will be presented to the SSC, AP and Council.



Issue 1 Alternatives

Alternative 1: Status Quo

Alternative 2: Make revisions, where needed, in the EDR sections of the crab or groundfish FMPs and in the EDR regulations.

- Component 1: Remove any **requirements** for third party data verification audits under the existing programs **and reduce burdens associated with this process.**
- Component 2: Revise requirements for aggregation of data across submitters and blind formatting in the **crab** data collection program to make those data aggregation and confidentiality protections comparable to the requirements under other data collection programs.
- Component 3: **Revise** or remove the GOA trawl EDR requirements.



Clarification of Terms

Third party data verification audits are the audits that the Council recommended as part of the crab EDR program and that NMFS applied to all EDR Programs through mid-2019.

Standardizing data confidentiality procedures refers to revising unique EDR program regulatory requirements and administrative and analytical protocols as follows:

- Revise the Council's **guideline aggregation standard** minimum of five EDR data to the three record minimum standard applied to other confidential federal fisheries data, and apply all other standard protocols.
- **Blind data formatting**: anonymizes EDR data records provided to NMFS and other authorized data users by replacing all unique identifiers associated with a data submitter with identifiers that do not reveal the identity of the submitter: this severely limits authorized data users access to information identifying reporting entities in EDR data records.



Effects of Alternative 1: Status Quo

- Regulations do not require audits they are authorized.
- Automated third party data verification audits have been procedurally suspended under the status quo.
- Third party data verification audits will now be done only in cases of noncompliance.
- All cost burdens of compliance with automated third party data verification audits have been procedurally eliminated.
- Authorization for third party data verification audits would remain in place under the status quo providing an incentive for accurate and timely reporting.
- Existing data verification procedures remain in place.
- Contracting mechanisms for conducting an audit, should the need arise, remain in place.



Effects of Alternative 2: Component 1

- Removes from regulations **any requirements** to conduct third party data verification audits.
- Does not specifically address third party data verification audits in cases of noncompliance
- Retains existing data verification protocols
- Third party audit costs are less than \$30,000 annually and this cost has been procedurally eliminated under the status quo as well.
- Eliminates agency and DCA costs associated with processing audits; however, these costs have been procedurally eliminated under the status quo.
- Eliminates any incentive the audit provides for timely and accurate reporting of EDR data.
- May create a management and enforcement issue if blind formatting (component 2) is not removed.



Alternative 2: Component 2

- Eliminates requirements for blind data formatting in the crab EDR but not the GOA Trawl EDR.
- Eliminates significant administrative challenges for AFSC's oversight and management of the EDR program in collaboration with PSMFC.
- AFSC staff responsible for oversight of data verification and validation processes would have access to identifying information.
- Eliminates impediments to timely completion of verification procedures and production of economic SAFE reports on some occasions.



Alternative 2: Component 2 Cont.

Allows application of standard data confidentiality protocols consistent with all other commercial fisheries data collections.

Eliminates the inconsistency of EDR data that impedes regular use by Council and NMFS analysts.

Reduces confidential data suppression in several cases;

- Crab custom processing, which is a substantial fraction of the data reported in the crab processing EDR.
- Cost and employment data in smaller crab fisheries that would otherwise be publishable under three record standard
- GOA Trawl processor data, as AFSC has subsequently applied this standard (rule of 5) to all public release of statistical summaries using any EDR program data.



Alternative 2: Component 3

In the purpose and need statement for the GOA Trawl EDR within its February 2013 motion the Council identified a need to establish a baseline information collection that can be used to assess the impacts of a catch share program particularly on affected harvesters, processors, and communities in the GOA.

- Council action on GOA bycatch management was suspended in December of 2016.
- The original need for this data collection program has been indefinitely suspended calling into question the efficacy of continuing the program given that it has demonstrated programmatic costs born ultimately by tax payers as well as industry compliance costs.



Alternative 2: Component 3 Cont.

Alternative 2, Component 3, as analyzed, would eliminate the GOA Trawl EDR.

Several recent Council action analyses have used GOA Trawl EDR data.

- The 2016 GOA trawl bycatch management analysis included an SIA that made extensive use of EDR data.
- EDR data was used in the recently completed (3/8/19) analysis titled BSAI Final Review Draft Social Impact Assessment: Catcher/Processor Mothership Restrictions in the Bering Sea and Aleutian Islands and the Gulf of Alaska when taking Directed Non-CDQ Pacific Cod Deliveries from Trawl Catcher Vessels
- The SIA for the GOA Rockfish Program Reauthorization presently under consideration by the Council used GOA Trawl EDR data.

Thus, there is utilization of the data to benefit the Council process despite the suspension of GOA Trawl bycatch management.



Alternative 2: Component 3

As analyzed, would eliminate the GOA Trawl EDR Program

- Eliminates PSMFC administrative costs averaging \$70,159 per year over the four years of the data collection.
- Eliminates additional NMFS staff costs that are not directly documented to the GOA Trawl EDR program.
- Eliminates industry compliance costs of approximately \$48,000 per year for the GOA trawl catcher vessel and processors EDR; however audit costs (~\$2,500) has been procedurally eliminated under the status quo.



Alternative 2: Component 3 Cont.

Fundamental limitations and data inconsistencies exist within the GOA Trawl EDR:

- non-labor vessel cost data in the CV EDR is limited and is inconsistent with the structure employed in other EDRs
- annual trawl gear cost is reported as inclusive of all expenditures, including expensed items and capitalized purchases
- annual expenditures on salmon and halibut excluder gear is also combined over expensed and capitalized purchases, and is not collected in any other EDR.



Alternative 2: Component 3 Cont.

The GOA processor EDR collects processing labor data as: number of employees by month, and labor hours and gross pay, by month and housed/not housed. This has two potentially important limitations:

- 1) regular and overtime hours should be reported separately in order to control for the relative effect of overtime premiums on average labor cost, and
- 2) the different stratification applied to employee counts compared to labor hours and pay limits the ability to identify the number of housed and non-housed employees; the employment data should be differentiated by housing status, consistent with labor hours and pay.



Alternative 2: Component 3 Cont.

The collection of monthly water and electrical utility consumption by processing plants is of some concern as well:

- The data are not generalizable as the variables only apply to Kodiak plants,
- Variables do not adequately capture energy and water costs to plants that are not fully dependent on municipal utility supply.

The narrow scope of this data as currently collected may be more suited to an administrative reporting requirement than an EDR.



Considerations and Recommendations

Component 1

C4 EDR Presentation
FEBRUARY 2020

NMFS requests that the Council consider an amended Component 1 as follows (**changes/additions in bold**):

*Component 1: Revise **authorizations** for third party verification audits under existing programs and reduce burdens associated with this process.*

- ***Option 1: Remove from regulations the authorization for third party data verification audits of EDR data.***
- ***Option 2: Amend regulatory language to authorize third party data verification audits in cases of noncompliance in all EDR programs.***

NMFS recommends retaining authorization for third party verification audits in all EDRs to maintain the incentive for accurate and timely reporting.



Considerations and Recommendations

Components 2 and 3

Component 2: Amend Component 2 to replace “crab program” with “all EDR Programs” to eliminate blind formatting consistently.

Component 3: Amend Component 3 to delete “revise” and allow the SSPT process to be completed.

