

PACIFIC FISHERY MANAGEMENT COUNCIL

526 S.W. Mill Street
 Portland, Oregon 97201
 Phone: 503-229-5769

CHAIRMAN
 John W. McKean

CODED

EXECUTIVE DIRECTOR
 Lorry M. Nakatsu

AUG 10 1977

August 8, 1977

CENTRAL FILES

Mr. Robert W. Schoning, Director
 National Marine Fisheries Service
 NOAA, U.S. Department of Commerce
 Washington, D.C. 20235

Dear Bob:

The Pacific Fishery Management Council wishes to express its dissatisfaction with the proposed Economic Impact Statement outlined on pp. 12-13 of your *Council Memorandum* for June, 1977. We are concerned about the following:

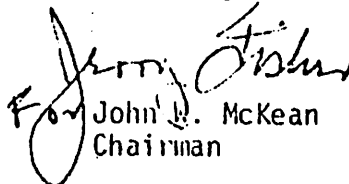
1. As a procedural (but important) matter, the Councils should have been consulted prior to any agreement on a matter of such far-reaching significance to those charged with preparation of management plans.
2. As an organizational matter, we feel that it is both unwise and impractical to assign responsibility for preparation of these statements to NMFS Regional Offices. They are an integral part of the management plan package, and as such should be the responsibility of the Council. Naturally, assistance from the Regional Offices and Centers is essential and welcome, but the final document is a Council production.
3. The Council agrees fully that an economic impact analysis must be an integral part of every management plan. Indeed, the FCMA virtually requires it. But we are concerned that the form and content of the statement be relevant and useful. The criteria for determining whether an Economic Impact Statement is required, as spelled out in the *Council Memorandum*, seem to have been lifted from a very general directive. Their applicability to a peculiar industry like the fisheries (and an unusual function like the preparation of Management Plans for utilization of living marine resources) is dubious, to say the least. A few examples:
 - a. They must apply to the national economy. It is inconceivable that any Council action could increase (or decrease) expenditures by \$100 million in a year or \$150 million in two years, or cause a 1% change in the GNP implied deflator.

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- b. As you know, almost all fish prices gyrate widely as a result of both market and environmental changes. How could we possibly pick out the 1% or more impact of a Council action from that "background noise?"
 - c. For even more compelling reasons, to measure labor productivity in gross terms in the fisheries would be a major chore. To ferret out a 1% change in quite impossible.
 - d. What is meant by a 1% change in employment? Fishery? Local fishing industries as a whole? Regional economy? Where part-time participation is the rule rather than the exception, this criterion would require analysis of the absorptive capacity of all alternatives used or available to affected fishermen.
 - e. All of our efforts are devoted to expanding long-run supplies via effective management. What, then, is the content of criterion 6?
4. The "succinct economic analysis" called for if any one criterion is met would require more time and effort than most of the management plans, and really could not be undertaken until the alternatives in the upcoming management plan are spelled out. We are already finding it next to impossible to use this year's data for next year's plans because of time constraints. The proposed requirements for an Economic Impact Statement will finish the job.

It may well be that these conditions came to you from above, but that does not alter our unwillingness to accept them at face value from down below. The issues raised above, and others, call urgently for discussions among NOAA, Commerce, and the Councils.

Sincerely,


For John W. McKean
Chairman

cc PFMC Members
Harvey M. Hutchings
Gerald V. Howard

Return to Lyette NPL
TRANSMITTAL 249

United States of America DEPARTMENT OF COMMERCE	DEPARTMENT ADMINISTRATIVE ORDER <u>218-6</u> DIR. <u>SD</u>
DEPARTMENT ADMINISTRATIVE ORDER SERIES	DATE OF ISSUANCE September 12, 1975
SUBJECT INFLATIONARY IMPACT OF LEGISLATIVE AND REGULATORY PROPOSALS	EFFECTIVE DATE November 28, 1974 ENCL. _____ SDATAC. _____ ENG. _____ ELEC. _____ MGMT. S. _____ BUDGET _____ ADMIN. _____ PERS. _____ HYDRO _____

SECTION 1. PURPOSE.

This order establishes criteria, procedures, and responsibilities for determining and certifying the inflationary impact of all proposed legislation, rules, and regulations originating within the Department.

SECTION 2. AUTHORITY.

This order is issued pursuant to OMB Circular No. A-107 of January 28, 1975 (Appendix A hereto), and in implementation of Executive Order 11821 of November 27, 1974 (Appendix B hereto).

SECTION 3. SCOPE.

.01 Included. This order applies to all operating units and staff offices of the Department. It encompasses:

- a. All legislative proposals, including those which have already been submitted (to either OMB or the Office of the General Counsel) for transmittal to the 1st Session, 94th Congress. With respect to those already submitted, see Section 8 of this order.
- b. All rules and regulations issued either in final form or in a notice of proposed rule making. With respect to those which have been issued for the first time since November 27, 1974, action to effect the requirements of this order shall be initiated within 60 days of the issuance date of this order.

.02 Excluded. This order does not apply to housekeeping matters (e.g., S and E matters) which involve minimal probabilities of inflationary consequences, nor to legislative proposals which merely appropriate sums contained in the President's budget.

SECTION 4. RESPONSIBILITIES.

.01 The Assistant Secretary for Economic Affairs shall be responsible for all matters of policy or subject matter interpretation with respect to this order; and shall serve as the designated official responsible for Department compliance pursuant to section 4. d. of Circular A-107.

Further, the Assistant Secretary may amend, append, or revise the criteria and procedural provisions of this order as deemed necessary, in accordance with the provisions of DAO 200-3 on Department Administrative Orders, subject to approval by the Office of Management and Budget of any substantive revision of criteria.

.02 Heads of Operating Units and Departmental Offices shall be responsible for the implementation of this order with respect to all legislative and regulatory proposals originating within their organizations, and for clearing with the Assistant Secretary for Economic Affairs or his designee all analysis certification statements prepared pursuant to Section 6 of this order.

SECTION 5. INFLATIONARY REVIEW PROCEDURES.

.01 Review Requirement and Criteria. Every legislative or regulatory proposal shall be reviewed to determine whether the matter is a major proposal requiring evaluation and certification under Section 6 of this order. The review shall be carried out by applying the six inflationary determination criteria set forth under a. through f., below.

a. Will the proposal be expected, during any one year period of its implementation, to result in a price change of one percent or more for the most specific affected item or category for which data are regularly published in connection with the Wholesale Price Index, the Consumer Price Index, or the GNP Implicit Price Deflator, or a 1/10 of one percent change in either index or the deflator?

b. Will the proposal be expected to:

1. result in increased combined budget outlays by consumers, businesses, and Federal, state and local governments exceeding \$100 million in any one year period, or \$150 million in any two year period as a consequence of compliance costs associated with the program, or

2. result in increased budget outlays by either consumers, businesses, or Federal, state and local governments exceeding \$50 million in any one year period, or \$75 million in any 2 year period as a consequence of compliance costs associated with the program?

c. Will the proposal be expected to reduce labor productivity by one percent or more in the item which is the unit of focus in the proposal (i. e., workers per ship, safety people per construction site, etc.)? If the proposed action, due to such factors as constraints on output or

investment, barriers to substitution of materials supplies, or limitation on use of technologies or skills, would restrict increases in labor productivity which otherwise would have occurred, such restriction shall be considered as a reduction.

d. Will the proposal be expected to change employment by one percent or more in the activity which is the unit of focus in the proposal?

e. For the explicitly defined relevant market affected, will the proposal be expected to result in a one percent or more decline in supply of materials, products, or services, or a one percent or more increase in consumption of these materials, products or services after all incipient compliance adjustments have occurred? These materials, products, or services include, but are not limited to, energy and energy products, components of the National Stockpile, materials or services identified as critical by either the National Security Council, Economic Policy Board, or Council on International Economic Policy, and other materials, services, or products as the Secretary may designate. In the case of energy, if the impact on supply or consumption exceeds 1/10 of one percent of total U. S. consumption an impact analysis will be required.

f. For the same explicitly defined relevant market, will the proposal be expected to result in a clearly identifiable decline in competition, including such factors as limitation of market entry, restraint of market information, or other impediments to the functioning of the market system, after all incipient compliance adjustments have occurred?

.02 Negative Finding. If the review determines that the proposal does not meet any of the six criteria, then the subsequent transmittal letter to OMB, or transmittal letter to the Congress (with respect to proposed legislation), or preamble (with respect to rules or regulations being transmitted to the Federal Register), shall contain a statement that the subject proposal has been reviewed pursuant to E.O. 11821 and OMB Circular A-107 and it was determined to have no major inflationary impact.

.03 Positive Finding. If the review reveals that the proposal does meet one or more of the six interrogatory criteria, an inflationary analysis must be undertaken by the operating unit or staff office. The provisions of Section 6, below, shall apply.

SECTION 6. INFLATIONARY ANALYSIS PROCEDURES.

.01 The Analysis. When the inflationary review of a proposal yields a positive finding (as explained in Section 5), the originating organization shall effect a detailed economic evaluation. This evaluation shall include, as applicable:

a. An analysis of the principal cost or other inflationary effects of the action on markets, consumers, businesses or industries, etc., and, where practical, an analysis of secondary cost and price effects. These analyses should include confidence interval estimates where possible and should encompass a time period sufficient to determine all significant economic and inflationary consequences, and the explicit market or markets affected shall, to the extent possible, be described using appropriate levels of detail set forth in the Standard Industrial Classification Manual.

b. Comparison of the benefits to be derived from the proposed action with estimated costs and inflationary impacts. These benefits should be quantified on the basis of generally acceptable value judgments; and

c. A brief comparison between alternatives and the proposed action, including probable costs, benefits, risks, and inflationary implications.

.02 The Analysis Certification. At all times thereafter, the legislative or regulatory proposal shall include a statement certifying that the inflationary impact of the proposal has been analyzed and evaluated. Further:

a. With respect to legislative proposals, these evaluations will be forwarded to OMB on request. When the legislation has been submitted to Congress, such information will be forwarded to the Congress on request and, in any event, no later than the date of agency testimony on the proposal; and

b. With respect to agency rules and regulations:

1. The proposed issuance, the certification, and a summary of the evaluation shall be submitted to the Council on Wage and Price Stability immediately upon certification.

2. The document when presented to the Federal Register shall include, immediately preceding the signature of the authorizing official, the following standard certification language: "It is hereby certified that the economic and inflationary impacts of this proposed regulation have been carefully evaluated in accordance with OMB Circular A-107."

SECTION 7. ADDITIONAL REQUIREMENTS.

.01 In conducting the analysis under paragraph 6.01, all significant value judgments and probabilistic statements must be explicit.

.02 All analysis certification statements made under paragraph 6.02 shall be cleared with the Assistant Secretary for Economic Affairs, or his designee.

.03 The requirements of this order shall be met within existing resources.


SECTION 8. DOC PROPOSALS TO THE 1ST SESSION, 94TH CONGRESS.

With respect to proposals which have already been submitted to OMB or OGC for the 1st Session of the 94th Congress, the following procedures shall apply:

- a. The originating operating unit or departmental office shall review the proposal in accordance with Section 5 of this order.
- b. If the review results in a positive finding, or if OMB advises that the proposal could have an inflationary impact, an analysis in accordance with Section 6 of this order shall be effected by the originating DOC component before the proposal is submitted to the Congress.
- c. In the event that neither OMB nor the originating office or operating unit finds that an inflationary impact is likely, the transmittal letter to the Congress shall include a statement as explained in paragraph 5.02.

SECTION 9. EFFECT ON OTHER ORDERS.

Nothing in this order shall affect either the General Counsel's responsibilities for supervising and coordinating the Department's legislative program (per DOO 10-6) or the Assistant Secretary for Administration's responsibilities for presentation to the Congress of the Department's budget estimates (per DOO 10-5).


Secretary of Commerce

Office of Primary Interest:
Assistant Secretary for Economic Affairs

Index Changes.

Add:

Inflationary Impact Statements	218-6
OMB Circular A-107	218-6



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 28, 1975

CIRCULAR NO. A-107

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Evaluation of the Inflationary Impact of Major Proposals for Legislation and for the Promulgation of Regulations or Rules

1. Purpose. This Circular prescribes guidelines for the identification and evaluation of major proposals for legislation and for the promulgation of regulations or rules.

2. Authority. Executive Order No. 11821 provided that major proposals for legislation and for the promulgation of regulations or rules by any Executive branch agency shall be accompanied by a statement which certifies that the inflationary impact of the proposal has been evaluated. The Director of the Office of Management and Budget (OMB) was designated to develop criteria and prescribe procedures for carrying out the Order.

3. Coverage. For purposes of this Circular major proposals for legislation and for the promulgation of regulations or rules for which evaluations will be required will be determined by criteria developed by each Executive branch agency and approved by the Director of OMB in accordance with this Circular. Agencies which do not propose legislation or promulgate rules or regulations may be exempted from the requirements of this Circular (pursuant to Section 4(e)).

4. Requirements.

a. Agency heads are responsible for the development of criteria to determine which proposed legislation, regulations, or rules originated by the agency are "major" and therefore require evaluation and certification. In developing criteria, each agency head shall consider, among other things,

- (1) cost impact on consumers, businesses, markets, or Federal, State, or local government;
- (2) effect on productivity of wage-earners, businesses, or government;
- (3) effect on competition;
- (4) effect on supplies of important materials, products or services;
- (5) effect on employment;
- (6) effect on energy supply or demand.

b. Each agency shall develop procedures for the evaluation of proposals identified by application of approved criteria. The evaluation should include, where applicable,

- (1) an analysis of the principal cost or other inflationary effects of the action on markets, consumers, businesses, etc., and, where practical, an analysis of secondary cost and price effects. These analyses should have as much quantitative precision as necessary and should focus on a time period sufficient to determine economic and inflationary impacts.

- (2) a comparison of the benefits to be derived from the proposed action with the estimated costs and inflationary impacts. These benefits should be quantified to the extent practical, and

- (3) a review of alternatives to the proposed action that were considered, their probable costs, benefits, risks, and inflationary impacts compared with those of the proposed action.

c. Agencies should comply with the requirements of this Circular with existing resources and personnel.

d. Identification criteria established by each agency shall be submitted to the Office of Management and Budget within 30 days of the issuance of this Circular for review and approval by OMB in consultation with the Council on Wage and Price Stability. Each agency shall designate an official to be responsible for compliance with this Circular

and shall also notify OMB and the Council within the 30 days of that officer's name and title.

e. Agencies that do not propose major legislation, rules, or regulations, may be exempted from the requirements of this Circular by the Director of the Office of Management and Budget, acting in consultation with the Council on Wage and Price Stability. Requests for exemption should be submitted to OMB within 30 days of issuance of this Circular.

5. Disclosure.

a. As provided in Executive Order No. 11821, major proposals for legislation and for the promulgation of regulations or rules by any Executive branch agency shall be accompanied by a statement which certifies that the inflationary impact of the proposal has been evaluated. The statement of certification should be repeated whenever the proposal is published or issued. Upon request, agencies shall provide the Office of Management and Budget with the information necessary to ascertain that the approved criteria and procedures are adequately implemented.

b. When legislative proposals determined to warrant evaluation are forwarded to OMB for review and clearance pursuant to OMB Circular No. A-19 (Revised), agencies should furnish upon request appropriate data and analyses.

c. After a legislative proposal is forwarded to the Congress, economic data and analyses developed in evaluating the inflationary impact of the proposal along with other data and analyses concerning the overall impact of the proposal will, of course, be furnished to the Congress, as part of the overall justification of the proposal.

d. With respect to major proposals for rules or regulations, the proposing agency shall also, at the time it first certifies it has evaluated the inflationary impact of the proposal, submit to the Council on Wage and Price Stability a copy of the proposed rule or regulation, the accompanying certification, and a brief summary of the agency's evaluation pursuant to Section 4(b) above.

6. Responsibilities.

a. Council on Wage and Price Stability. Each Executive branch agency should be prepared to respond to requests for information from the Council on Wage and Price Stability, or from other authorized agencies, concerning the identification or evaluation of a major proposal for legislation, rule, or regulation or of a particular class of proposals.

b. The Office of Management and Budget. The Office of Management and Budget will cooperate with the agencies in developing criteria and evaluation procedures in compliance with this Circular.

c. Interim Provisions. In the interim prior to final approval of criteria, agency heads are responsible for identifying which proposed legislation, regulations, or rules originating from their agency require evaluation and certification. In making such determinations, agency heads shall consider the categories of impact in Section 4(a) of this Circular. For assistance, agencies may consult the following: for legislative proposals, the Assistant Director for Legislative Reference (OMB), telephone 395-4864; or for proposed regulations or rules, the Assistant Director for Government Operations and Research (Council on Wage and Price Stability), telephone 456-6493.

7. Inquiries. Inquiries and requests for other assistance should be directed to the Associate Director for Economics and Government (OMB), telephone 395-4844 (code 103).

ROY L. ASH
DIRECTOR

THE PRESIDENT
EXECUTIVE ORDER 11821

Inflation Impact Statements

In my address to the Congress on October 8, 1974, I announced that I would require that all major legislative proposals, regulations, and rules emanating from the executive branch of the Government include a statement certifying that the inflationary impact of such actions on the Nation has been carefully considered. I have determined that this objective can best be achieved in coordination with the budget preparation, legislative clearance, and management evaluation functions of the Director of the Office of Management and Budget.

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States of America by the Constitution and laws of the United States, it is hereby ordered as follows:

SECTION 1. Major proposals for legislation, and for the promulgation of regulations or rules by any executive branch agency must be accompanied by a statement which certifies that the inflationary impact of the proposal has been evaluated. Such evaluation must be in accordance with criteria and procedures established pursuant to this order.

SEC. 2(a) The Director of the Office of Management and Budget is designated and empowered, to the extent permitted by law, to develop criteria for the identification of major legislative proposals, regulations, and rules emanating from the executive branch which may have a significant impact upon inflation, and to prescribe procedures for their evaluation.

(b) The Director, in carrying out the provisions of this order, may delegate functions to the head of any department or agency, including the Chairman of the Council on Wage and Price Stability, when appropriate in the exercise of his responsibilities pursuant to this order.

SEC. 3. In developing criteria for identifying legislative proposals, regulations, and rules subject to this order, the Director must consider, among other things, the following general categories of significant impact:

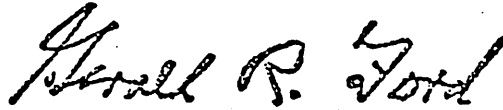
- a. cost impact on consumers, businesses, markets, or Federal, State or local government;
- b. effect on productivity of wage earners, businesses or government at any level;
- c. effect on competition;
- d. effect on supplies of important products or services.

SEC. 4. Each Federal department and agency must, to the extent permitted by law, cooperate with the Director of the Office of Management and Budget in the performance of his functions under this order,

THE PRESIDENT

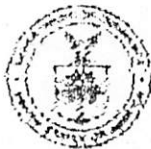
furnish him with such information as he may request, and comply with the procedures prescribed pursuant to this order.

SEC. 5. This order expires December 31, 1976, unless extended prior to that time.

A handwritten signature in cursive script that reads "Gerald R. Ford".

THE WHITE HOUSE,
November 27, 1974.

[FR Doc.74-28157 Filed 11-27-74;12:09 pm]



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U.S. DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Northwest & Alaska Fisheries Center
Resource Ecology & Fisheries Management

TELETYPE

Date : July 15, 1977

Reply to Attn. of:

To : Dick Schaefer, Chief Fisheries Management
Operations Division, F31

From : Bert Larkin, Deputy Director, REFM, F112

called 7-15

Subject: Change in OY for "Other Flounders" in the Bering Sea

Per our foncon yesterday, the 1978 OY for "Other Flounders" in the Bering Sea (Aleutian area) is estimated to be 124,500 mt, vice the 105,000 mt used for 1977. The level of recent catch is believed to be close to equilibrium yield (EY), and OY is considered equal to EY. In quantifying "recent catch" we have just found that an incomplete statistical base was used in setting the 1977 OY. The actual level of recent catch (1975-76 average) is 374,453 mt.

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