MID-ATLANTIC
FISHERY MANAGEMENT COUNCIL

Research Set-Aside (RSA) Workshop Meeting 2 - Funding

Tuesday, August 31, 2021

Compiled by

Matthew Seeley and Andrew Loftus

SUMMARY OUTCOMES

Research Set-Aside Workshop
Workshop Meeting 2 (Funding)
Tuesday, August 31, 2021

Contents

Workshop Goals:

- Confirm how the RSA program will be administered (federal grant program), discuss funding mechanism, and indicate that projects should be tied to management/assessment needs.
- Discuss how the Council, Research Steering Committee (RSC), and Scientific and Statistical Committee (SSC) input will impact project selection.
- Discuss the findings of the SSC Economic Working Group on Funding
- How should the auction system or other funding mechanism be revised to improve RSA?
- What would be the benefits (if any) of adopting a posted-price offer per quota lot rather than an auction?
- What are the fishing exemptions that (achieving the same conservation objectives) would maximize revenue for the RSA program?

RSA Funding: Federal Grants

(Background Presentation by Ryan Silva, NOAA/GARFO. See Appendix II for full presentation)

Key Points

- RSA grants are public money provided to private entities.
- The incentive for these grants is the exemption granted to commercial fishing operators to harvest fish.
- The primary objective of the program is to support science for managed species.

Note: Questions and responses provided during this section of the agenda may have been placed into the appropriate discussion section below.

Evaluate the Auction System and Alternative Funding Mechanisms from an Economic Perspective - Economic Working Group

(**NOTE**: Full presentations are included in Appendix III and key points of the question & answer dialogue are captured in the appropriate summary section of the discussions below.

Discussion Summary

The Scientific and Statistical Committee Economic Working Group provided a detailed analysis of the auction system and modelling results of alternatives in terms of economic efficiency and generation of funds for research. Key points of the presentation were:

- An interim working paper on funding mechanisms is posted on the workshop website.
- The original RSA auction process was very complex, thus the Working Group was tasked to evaluate the economics of the auction and propose alternatives that may be more efficient in meeting the Council's objectives.

- Evaluation of prior/future RSA objectives as it relates to funding mechanisms, and comparison to the two principle options for distributing RSA quota.
- Results of economic analyses of different scenarios show how revenues vary by auction program design, and what valuable benefits can accrue when auction data is collected.

Scenario	Comparison (Excess Revenue in the Auction)
Baseline Case	28%
Separate Com. & Rec. RSA Auctions	15%
Auction With High Admin. And Entry Costs	17%
Auction With Collusion	20%
Separate Com. & Rec. Auctions With High Admin. And Entry Costs	5%

Ancillary Benefits Beyond revenue generation, competitive markets (auctions) for RSA quota may generate additional benefits and information valuable for management:
Information on Quota Demand From Rec. and Commercial Sector
Information on Species' Harvest Complementarities
Willingness to Pay for Alternative Regulatory Waivers
Higher Likelihood RSA Quota Gets Used Each Season
Increased Efficiency

Refer to the appendices for the individual topic presentations and the summary of discussion items below for issues addressed during the question and answer sessions.

Recommendations Made for Further Consideration

Besides revenue generation, consider these objectives in the redevelopment of an RSA program:

- Increase and improve collaboration between scientists and fishing communities. The research should be relative to management and assessments.
- To be realistic, not everyone will be able to participate in RSA collaborative science or compensation fishing – thinking about fairness and equitability.
- Ensure that a procedure is simple and can be trusted with enforcement.
- A transparent process, whether through the auction or compensation fishing. Fishermen and stakeholders need to understand the process and why they can or cannot participate.
- Ensure accessibility to principle investigators who do not have a relationship with the fishing industry. This will generate broader participation among academic scientists if it was clear how we can turn fish into money.
- Need to have a way to penalize principle investigators for failing to provide reports on time.
- Maximize revenue generation and allocate the money across the projects that maximize

utility of the research to the Council.

- Consider whether the current proposal review process adequately ensures that the research is a priority of the Council or whether additional measures (such as a letter from the Council) should accompany proposals.

Workshop Goal Discussions

How Should the Auction System or Other Similar Funding Mechanism be Revised to Improve RSA?

(Framing presentation by Dr. Eleanor Bochenek, Rutgers University/National Fisheries Institute, See Appendix IV for full presentation)

Issues Identified:

- What did not work and why?
    - Payment to the RSA program as fish were harvested caused some issues since fishermen weren't always paid at the time of sale.
    - A great deal of time and energy were put into species that were not generating much funding for research.
    - New York had small trip limits and shorter seasons which made the RSA program more attractive and resulted in a large number of vessels from that state participating in the program.
- Are there benefits of packaging species together for RSA?
    - Forcing a vessel to take a species that is not valuable or they do not want adds a layer of complexity and would not be too productive or beneficial to the RSA program
    - General consensus from workshop participants indicates that packaging species for auction is not preferred.
- Enforcement (note: topic to be addressed more fully in the next workshop)
    - No enforcement problems were evident with the auction mechanism itself.
    - Electronic reporting will improve enforcement of harvest and on-the-water issues.
- Were there instances where a winning bid was placed for some fish but the market price fell and the recipient opted to cancel the purchase months later?
    - This occurred in 2006 prior to the recession. Vessels paid a minimum amount because they could not afford to fish given the market conditions. Under a redeveloped program, all bids should be paid in full at future auctions.
- In isolated instances, bidders won an auction, but due to states not issuing or delaying the issuance of state documents (scientific collecting permits etc.) they were never afforded the opportunity to use the quota and their funds were returned.
- Is it possible to raise money in year 1 and fund research in year 2?
    - NMFS indicated that RSA quota allocation must be linked to a specific project, however, multi-year projects help to overcome this constraint.

Recommendations Made for Further Consideration

- Consider the cost/benefit of selling RSA quota for species that do not generate enough funding to support necessary research.
- Consider requiring all bids to be paid in full at future auctions.
- Consider mechanisms to attract participation from geographically-dispersed areas.
- There may be benefits of packaging species together for RSA quota, but consider the tradeoffs when a vessel indicates they do not want the bundle.

Pros and Cons of Compensation Fishing

(Framing presentation by Dr. Olaf Jensen, University of Wisconsin – Madison; Case Study of Rutgers Black Sea Bass Tagging Study (2011 – 2014). See Appendix V for full presentation)

Compensation fishing (50 CFR 600.10) means fishing conducted for the purpose of recovering costs associated with resource surveys and scientific studies that support the management of a fishery, or to provide incentive for participation in such studies. Compensation fishing may include fishing during or subsequent to such surveys or studies.

Issues Identified

- Funding was composed of RSA quota from multiple species, with the largest component coming from summer flounder.
- The applicant (researcher) sets the compensation level for the industry partner in the proposal.
- The budget was higher than what was planned because auction results were higher than anticipated (a benefit). Now, proposals are only asked to provide values for how much research is going to cost and compensation for industry partners. This is less of a burden on the applicant guessing what the value of the auction is going to be.
- Research could not have been conducted if it was tied to the specific vessels that bought the quota. None of the vessels that they worked with had purchased quota.

Pros and Cons

- Partnering with a fishing industry organization (NFI):
    - Reduced overhead compared to university rate (~55%) for non-personnel costs.
    - Expedited equipment purchasing and vessel payments.
    - Provided a trusted organization with which the fishing industry participants could work.
    - Informal outreach channels helped improve research (by increasing tag returns).
- State environmental police were burdened but not compensated.
- PI is responsible for ensuring that vessels understand what the requirements are. However, the vessels are responsible for compliance with harvest and fishing activities. May need to reconsider this in a future program as university PIs not equipped to enforce this.
- For compensation fishing, rather than agreeing on a fixed price ahead of time, PIs and industry partners may agree on a fixed *percentage* of the market price. The fishermen's goal is to sell the fish at a higher market price.

Recommendations Made for Further Consideration

- If revenue generation is the primary objective of the RSA program, this funding model may not maximize revenue.
- Consider the implications on research and industry buy-in when some of the vessels funded under this model of compensation fishing are completely uninvolved in the research projects.

What are the Pros and Cons of a Fixed price Funding Mechanism?

(Framing presentation by Jim Gartland, VIMS/NEAMAP. (see Appendix VI for full presentation)

Summary

- NEAMAP was awarded an RSA allocation but generated all revenue from the auction process.
- NEAMAP sold all quota through the auction but did not harvest it themselves.
- The PI determines how to sell their catch and who to sell it to.
- Research operations were funded upfront and revenue did not come in until several months later.

Issues Identified

- Could/Should a fixed price approach be applied to all species?
    - An auction will result in a higher price according to the economic modeling analysis.
    - A fixed price provides certainty for researchers if they sell it at the set price.
    - A fixed price funding mechanism can be done with reduced administrative burden.
    - A fixed price approach offers a mechanism to provide quota without potentially incentivizing harvesters to cheat, particularly if the prices go down.
    - A fixed price approach may increase the problem of "insiders" having an advantage in the system.
    - What happens if a fixed price approach does not result in a profit?

Recommendations Made for Further Consideration

- If revenue generation is the primary objective, then a fixed-price system may not be the best funding model for RSA.

Other Funding Options

United National Fishermen's Association Proposal

(Presented by James Fletcher. See Appendix VII for full proposal)

Summary

- Any vessel coming into port with a catch onboard that will exceed the quota (individual trip limit) notifies NMFS and finds a dealer that can accept it.

- The check for that additional quota will be paid directly into a bank account for RSA funding.

Issues Identified

- How do you ensure that the dealer pays a fair market price?
    - The price for the overage should match the price that the fisherman got for their portion of the catch that did not exceed the quota.
- Enforcement - How is the additional overage actually counted as an overage?
    - The overage is subject to enforcement since the vessel operator notifies NMFS when they are coming into port. They can also report it on their Vessel Trip Report.
- Would a vessel have to first "qualify" to participate?
    - Each dealer and fisherman would need to have authorization that they are participating in the RSA collection.
- Would dealers be willing to do participate in this? Need their input.
- What is the cap on overages each year for exceeding the Total Allowable Catch as identified in the stock assessments and how would this be enforced?
    - The fishery would be closed after reaching a specified RSA allocation.
- What about fisheries with no individual trip limits? How would this apply?

Recommendations Made for Further Consideration

- General consensus is that this proposal needs to be more detailed and include additional vetting; possible further consideration at the Enforcement workshop and/or final in-person RSA Summary workshop.

* * * *

Appendix I. Workshop Agenda

Research Set-Aside Workshop

Workshop Meeting 2 (Funding)

Tuesday, August 31, 2021
10:00 a.m. – 4:00 p.m. EST

Webinar Link

Meeting Number (Access code): 179 802 5622; **Password:** mafmc

Meeting Page: https://www.mafmc.org/council-events/rsa-workshop-2

Purpose

The Mid-Atlantic Fishery Management Council and its Research Steering Committee (RSC) are hosting a Research Set-Aside (RSA) Workshop, which will consist of 3 webinars from June to October and 1 in-person meeting in November. The goal of the four workshops is to help the RSC develop a recommendation to the Council with public input on whether and how to redevelop the Mid-Atlantic RSA program. *The goal of Workshop Meeting 2 (Funding) is to confirm how the program will be administered, discuss funding mechanisms, and indicate that projects should be tied to management/assessment needs.* For additional background information and details on the other workshops, please visit: https://www.mafmc.org/workshop/rsa.

Briefing Materials

- RSA Workshop Overview
- Comprehensive Mid-Atlantic RSA Timeline
- RSA Numbers by Species and Year
- New England Fishery Management Council Final RSA Report (2019)

Agenda

10:00 a.m. – 10:30 a.m.

Welcome
- Adam Nowalsky (RSC Chair) and Mike Luisi (Council Chair)

Ground Rules
- Andrew Loftus (Facilitator)

	Presentation on Administering and Funding RSA • Ryan Silva (GARFO Staff)
10:30 a.m. – 12:00 p.m.	**Discussion with the SSC Economic Working Group (WG)** • Presentation by the WG – Dr. Jorge Holzer and Dr. Mark Holliday (MAFMC SSC) • Discuss funding mechanisms (i.e., auction, fixed price offer, etc.) with focus on future economic outcomes • Public questions/comment
12:00 p.m. – 12:45 p.m.	**Lunch**
12:45 p.m. – 1:35 p.m.	**How should the auction system or other similar funding mechanism be revised to improve RSA?** • Presentation by Dr. Eleanor Bochenek (Rutgers University/National Fisheries Institute) • Discussion of previous issues and proposed revisions • Develop recommendations with workshop participant input • Public questions/comment
1:35 p.m. – 2:25 p.m.	**What are the pros and cons of compensation fishing?** • Presentation by a previous RSA participant – Dr. Olaf Jensen (University of Wisconsin – Madison) • Discussion of previous issues and proposed revisions • Develop recommendations with workshop participant input • Public questions/comment
2:25 p.m. – 2:40 p.m.	**Break**
2:40 p.m. – 3:30 p.m.	**What are the pros and cons of a fixed price funding mechanism?** • Presentation by Jim Gartland (VIMS/NEAMAP) • Discussion of previous issues and proposed revisions • Develop recommendations with workshop participant input • Public questions/comment
3:30 p.m. – 4:00 p.m.	**Other Options, Next Steps and Public Comment**
4:00 p.m.	**Adjourn**

Appendix II. Presentation: RSA Funding: Federal Grants

Science, Service, Stewardship

Research Set Asides (RSA)

Ryan Silva
Cooperative Research Liaison
Sustainable Fisheries Division, Greater Atlantic Region

NOAA FISHERIES SERVICE

NOAA FISHERIES SERVICE

RSA Funding: Federal Grants

- Why grants?
- What is a grant?
- Has the decision to use grants been revisited?

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RSA Funding: Compensation Fishing

- Funding science with fish

Compensation fishing (50 CFR 600.10) means fishing conducted for the purpose of recovering costs associated with resource surveys and scientific studies that support the management of a fishery, or to provide incentive for participation in such studies. Compensation fishing may include fishing during or subsequent to such surveys or studies.

- Vessel owner incentives and additional fishing opportunities
  - Possession limits
  - Quota closures
  - Some seasonal restrictions
  - Additional vessel allocation (scallop, monkfish)

- Regional Administrator permits compensation fishing

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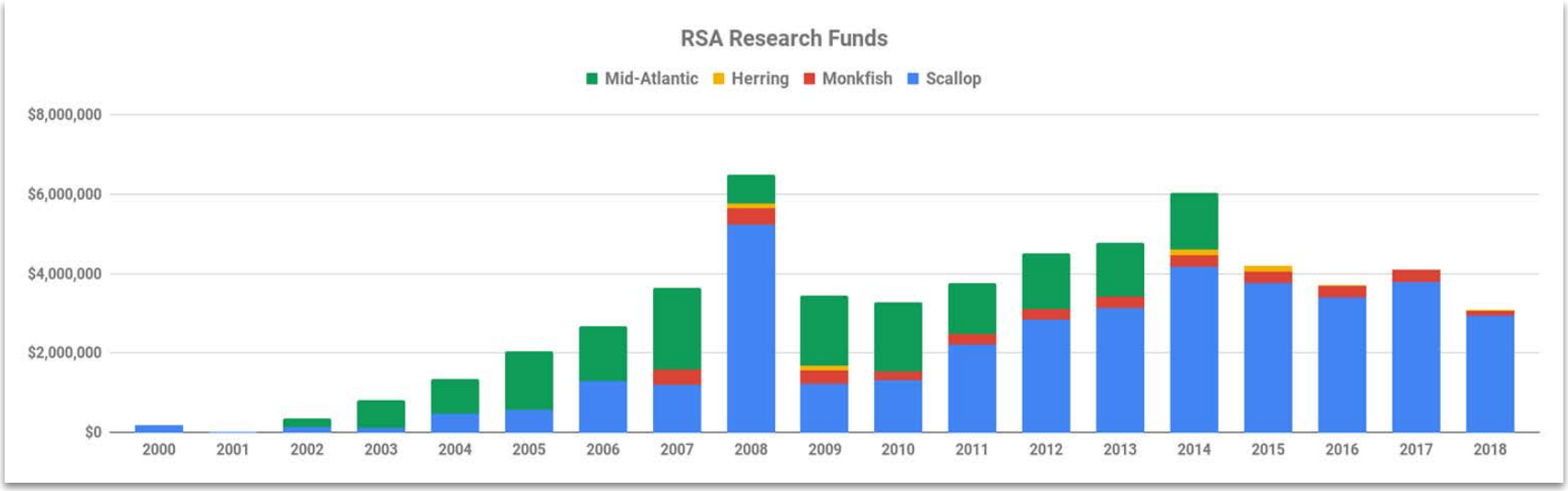
RSA Funding

Program	# Proposals	# Awards	Set aside	Research $
Scallop	25-30	12-15	1.25 M lb	$2.5-$4M
Mid-Atlantic	6-10	2-5	Up to 3% ACL	$1-$2M
Monkfish	3-6	2-3	500 days at sea	$100k-$300k
Herring	1-2	1	Up to 3% ACL	$0-$150k



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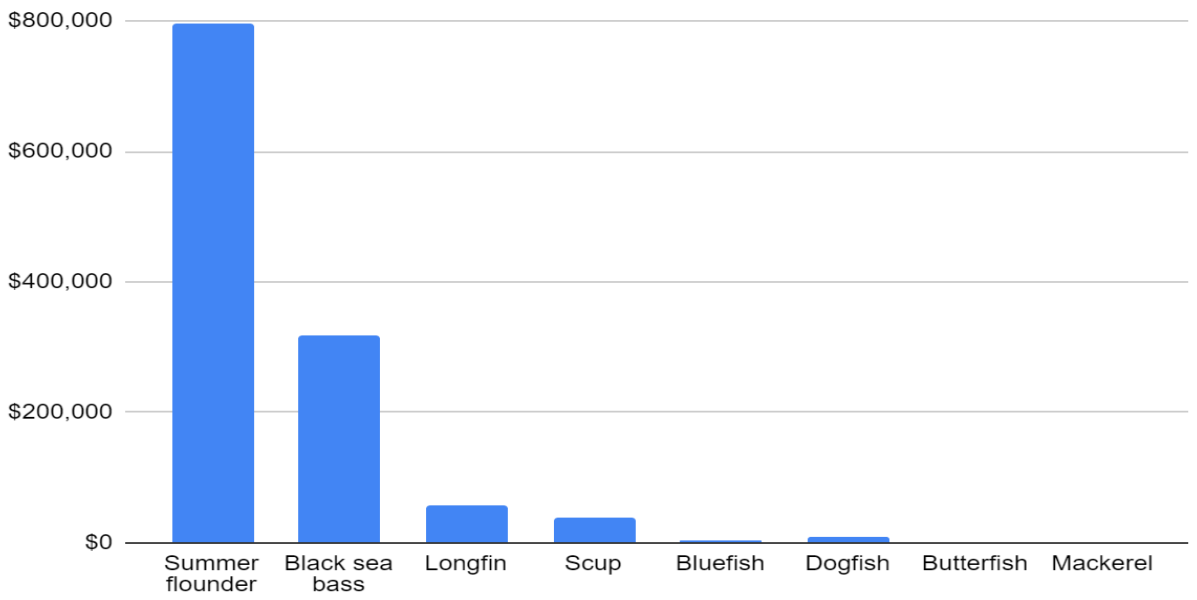
2014 Mid-Atlantic RSA



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RSA Participation

- Who gets to participate? Who decides?
  - Grant recipients selected through the competitive grant process
  - Grant recipients choose partners
  - Federal and state vessel permit requirements

- Mid-Atlantic RSA auction
  - Not a federal program
  - Not all grant recipients employed the auction

2014 Vessels	Federal	State	Comm*	Rec*	Combo*	# Trips
103	88	15	43	7	28	> 2,000

* Federally permitted only

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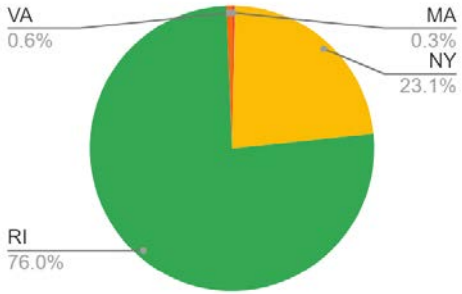
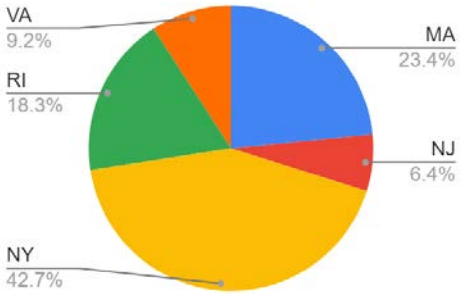
2014 Mid-Atlantic RSA Participation

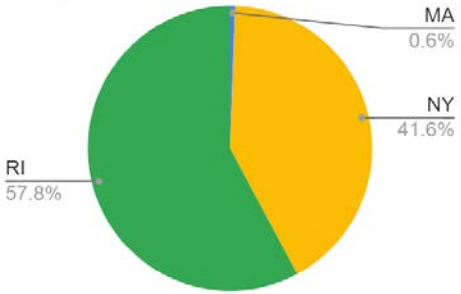
Summer Flounder



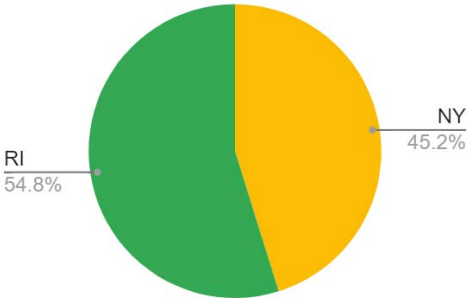
Black Sea Bass



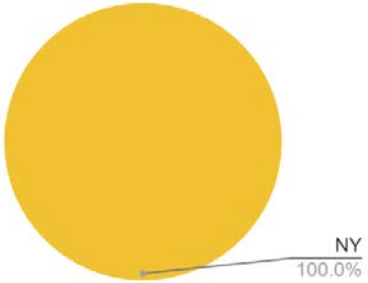
Scup



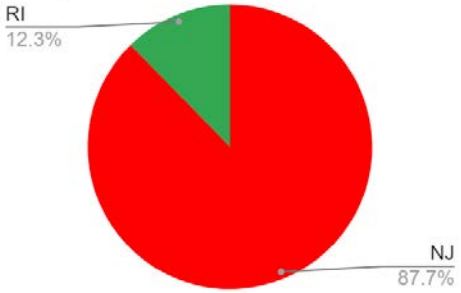
Longfin



Bluefish



Dogfish



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RSA Funding Challenges and Limitations

- Not all fisheries can support an RSA program
- Funding uncertainty
  - No mechanism to award $ instead of fish
  - Awarding a commodity of uncertain value. Consistency is important.
- New England RSA program review (sec. 4.0)

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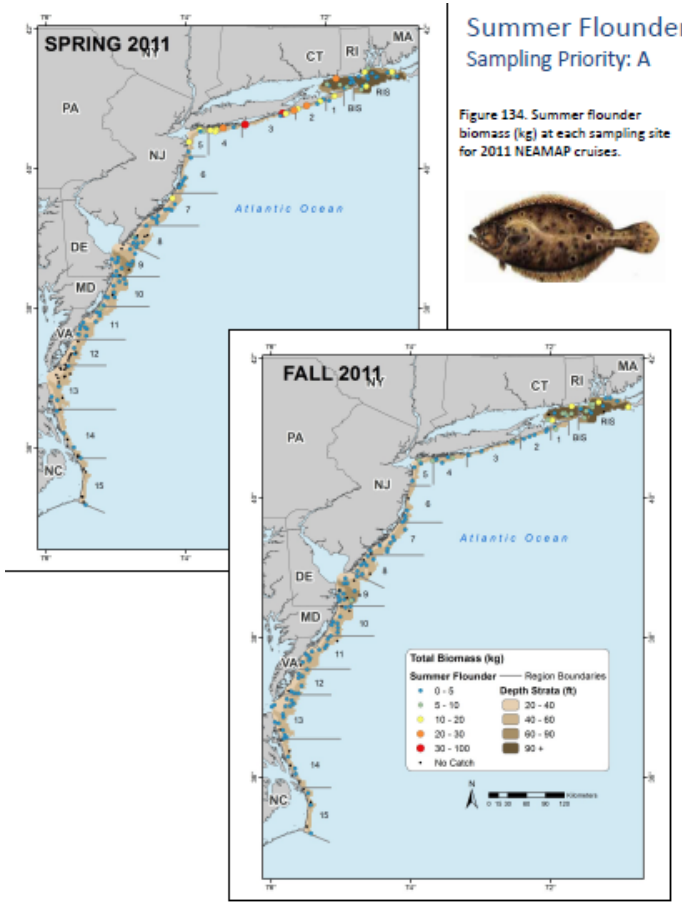
RSA Funding - Recap

- Federal grants
- Funding potential and limitations
- Science to support management
- Simplicity



Summer Flounder
Sampling Priority: A

Figure 134. Summer flounder biomass (kg) at each sampling site for 2011 NEAMAP cruises.

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Image Credits:

- Cornell Cooperative Extension of Suffolk County
- Virginia Institute of Marine Science

Appendix III. Presentation: Evaluate the Auction System and Alternative Funding Mechanisms from an Economic Perspective - Economic Working Group

Research Set-Aside Workshop

Meeting 2 (Funding)

Tuesday, August 31, 2021

Workshop 2 Goals:

How the program will be administered
Discuss funding mechanisms
Tie projects to mgt./assessment needs

SSC Econ Workgroup Task:

The original RSA auction approach was “complex” – evaluate it and alternatives that may be more efficient, and generate more money for research.

WHAT DO WE WANT TO ACCOMPLISH IN PART ONE OF THE PRESENTATION?

1. Highlight that the objectives set for the RSA program will determine which is the best approach for the Council
2. Gather information and discuss possible program objectives that stakeholders consider important
3. Identify the two main feasible approaches for the design of the RSA program

MAIN objective of RSA Program:

<u>Maximize revenues to fund research projects</u>

i. Aligned with the priorities of the Mid-Atlantic Fishery Management Council;
ii. Allow findings to be incorporated into assessments/the Council's management programs.

Under this program, successful grant recipients are awarded set-aside quota rather than money. That RSA quota must then be monetized.

ADDITIONAL/SECONDARY (and potentially competing) objectives for a RSA Program that may be important to stakeholders/Council

i. Maximize revenues from RSA quota
ii. Ensure fairness in access to RSA quota
iii. Foster collaboration between scientific and fishing communities
iv. Ensure compliance with the reporting and use of the RSA quota

Disclaimer: Since there are no specific Council goals or objectives yet for a new RSA program, this SSC input is intended to inform a range of likely options; SSC contribution to or review of a specific Council option remains at the Council's discretion.

Maximize revenues from RSA quota

- Under National Standard 1 Council is to provide the greatest overall benefit to the Nation
- Starting point: maximize revenues in the conversion of quota pounds into dollars, to conduct the greatest amount of research possible
- Utilize mechanisms that encourage fishermen to pay the fair-market values for the quota poundage
- Council adopt a data collection program to compute willingness to pay for RSA quota: must be able to evaluate the return on RSA program investment over time

Ensure fairness in access to RSA quota

- RSA may unintentionally impact access by different segments, sectors as they may not be economically able to compete to obtain RSA quota
- May want to intentionally favor/subsidize some fishermen, gears, states, etc. via RSA quota as a policy choice
- National Standards 4 & 5 relevant to fair, equitable, efficiency and economic allocations
- NOAA legal counsel can advise on the legal versus policy constraints of "equitable" versus "equal" treatment
- Other than open-competition allocations will reduce total revenues

Foster collaboration between scientific and fishing communities

- Goal of original RSA was to get fishermen conducting research; not to maximize research dollars
- Success might be measured by # vessels, industry orgs./members, # outside science orgs.
- Varying degrees of research collaboration, starting with NOAA's "white boats" to decoupled commercial RSA vessels, etc.
- Greater number of RSA participants > (generally) administrative and enforcement costs, reducing net RSA benefits

Ensure compliance with the reporting and use of the RSA quota

- Minimize inefficiencies & transaction costs in quota sales, the costs of tracking quota possession/use over time, and the overall execution/administration of the RSA program – all eat into the RSA revenue
- There have been significant advances in electronic reporting systems since the original RSA program ended -- the adoption and use of technologies that eliminate duplicative and ineffective reporting systems is promising
- Compliance and reporting costs were not separately accounted for in the original RSA – topics for discussion in Workshop 3!

Since its clear that program objectives have an impact on any funding mechanism, before presenting the two principle funding mechanisms we've examined its worth brainstorming a few minutes to identify important objectives you think ought be included by the Council in their future deliberations on a RSA restart.

Trigger question:

Based on the presentation you just saw, are there "additional" objectives besides revenue generation that are important to consider in a new RSA program/funding mechanism?

Two main alternative approaches for implementing the RSA program given the identified objectives:

1. Bilateral arrangements between research PIs and industry members
2. Competitive markets (different auction formats)

BILATERAL AGREEMENTS

i. Grant recipient and industry partner share proceeds from harvesting RSA quota (e.g., scallop program)

ii. Vessel harvesting RSA quota involved in research & data collection

iii. Researchers work with small group of vessels they know due to geographic proximity or other reason

iv. Higher revenue possible for PIs who establish and leverage strong partnerships with industry

v. Challenge in absence of additional information on harvesters' willingness-to-pay: determining initial price for RSA quota in the negotiation (i.e., the split of the proceeds)

COMPETITIVE MARKETS (AUCTIONS)

i. Mechanisms for selling (or buying) items by offering them up for bid and selling to the highest bidders

ii. Foster competition among bidders to increase grant recipient's revenue (thick markets)

iii. Allow for price discovery when value of items is unknown

iv. Many alternative types of auction markets: different settings call for different designs

v. Auctions' performance determined by transparency and participants' trust of process

COMPETITIVE MARKETS (AUCTIONS)

HOW DO AUCTIONS ADDRESS EACH SECONDARY/ADDITIONAL OBJECTIVE?

i. Maximize revenues from RSA quota
ii. Ensure fairness in access to RSA quota
iii. Foster collaboration between scientific and fishing communities
iv. Ensure compliance with the reporting and use of the RSA quota

COMPETITIVE MARKETS (AUCTIONS)

HOW DO AUCTIONS ADDRESS EACH SECONDARY OBJECTIVE?

i. **Maximize revenues from RSA quota:**
   - ✓ properly designed & implemented markets will maximize revenue (i.e., through competition)

ii. Ensure fairness in access to RSA quota

iii. Foster collaboration between scientific and fishing communities

iv. Ensure compliance with the reporting and use of the RSA quota

COMPETITIVE MARKETS (AUCTIONS)

HOW DO AUCTIONS ADDRESS EACH SECONDARY OBJECTIVE?

i. Maximize revenues from RSA quota

ii. Ensure fairness in access to RSA quota:

- depends on the definition of fairness: if understood as equal access to the quota, competitive markets will not achieve this objective. If understood as access based on willingness to pay, they will achieve it.

iii. Foster collaboration between scientific and fishing communities

iv. Ensure compliance with the reporting and use of the RSA quota

COMPETITIVE MARKETS (AUCTIONS)

HOW DO AUCTIONS ADDRESS EACH SECONDARY OBJECTIVE?

i. Maximize revenues from RSA quota
ii. Ensure fairness in access to RSA quota
iii. Foster collaboration between scientific and fishing communities:
   - markets for quota may not always achieve this objective as they decouple research from the harvest of the RSA quota
iv. Ensure compliance with the reporting and use of the RSA quota

COMPETITIVE MARKETS (AUCTIONS)

HOW DO AUCTIONS ADDRESS EACH SECONDARY OBJECTIVE?

i. Maximize revenues from RSA quota
ii. Ensure fairness in access to RSA quota
iii. Foster collaboration between scientific and fishing communities
iv. Ensure compliance with the reporting and use of the RSA quota:

- allocating the quota to many vessels and then allowing leasing, makes enforcement challenging (and expensive)

The preferred mechanism for the COMPETING objectives can vary based on specifics:

(COMPETING) OBJECTIVES	BILATERAL AGREEMENTS	MARKETS (AUCTIONS)
REVENUE MAXIMIZATION		✓
FAIRNESS OF ACCESS (IF UNDERSTOOD AS EQUAL ACCESS TO QUOTA)	✓	
LONG-TERM COOPERATION BETWEEN RESEARCHERS & INDUSTRY	✓	
ENFORCEMENT & COMPLIANCE	✓	

The preferred mechanism for the Main objective will be MARKETS (AUCTIONS):

(COMPETING) OBJECTIVES	BILATERAL AGREEMENTS	MARKETS (AUCTIONS)
REVENUE MAXIMIZATION		✓
FAIRNESS OF ACCESS (IF UNDERSTOOD AS EQUAL ACCESS TO QUOTA		
LONG-TERM COOPERATION BETWEEN RESEARCHERS & INDUSTRY		
ENFORCEMENT & COMPLIANCE		

Questions on Part One of Presentation

SECOND PART OF THE PRESENTATION

(On Scenario Analysis)

WHAT DO WE WANT TO ACCOMPLISH IN THIS PART OF THE PRESENTATION?

1. Highlight that even if the primary objective of the RSA program is to maximize revenue, auction format an implementation matter
2. Illustrate the point above using scenario analysis with different assumptions on auction design & implementation
3. Discuss ancillary benefits for management of using competitive markets (auctions) to allocate RSA quota
4. Get feedback from the RSC on any other feasible simulation scenarios that may be of interest and other information of value

SCENARIO ANALYSIS: REVENUE COMPARISONS

SCENARIO ANALYSIS: REVENUE COMPARISONS

SCENARIO ANALYSIS: PRELIMINARIES

SIMULATION EXERCISES:

- Little granular data available on auctions (i.e., individual bids or winner bids per auction) from former RSA Program
  - ✓ *Required a change in the initially planned analyses*
- Simulations use a calibrated model based on the summary data provided by the National Fisheries Institute (NFI)
  - ✓ *NFI data used in the model include average winning bid ($) by year and species; average participants by year and species*
- Simulated scenarios are hypothetical and illustrate relative performance on revenue generation (rather than actual $ amounts raised)
- Simulations only explore a few plausible scenarios (i.e., not an exhaustive list)
- Each scenario is replicated 1,000 times

The performance of the preferred mechanism will depend on design & implementation

OBJECTIVE (REVENUE MAXIMIZATION)	BILATERAL AGREEMENTS	MARKETS (AUCTIONS)
BASELINE CASE		✓
SEPARATE COM. & REC. RSA AUCTIONS		✓
AUCTION WITH HIGH ADMIN. AND ENTRY COSTS	✓	
AUCTION WITH COLLUSION	✓	

The performance of the preferred mechanism will depend on design & implementation

OBJECTIVE (REVENUE MAXIMIZATION)	BILATERAL AGREEMENTS	MARKETS (AUCTIONS)
BASELINE CASE		✓
SEPARATE COM. & REC. RSA AUCTIONS		✓
AUCTION WITH HIGH ADMIN. AND ENTRY COSTS	✓	
AUCTION WITH COLLUSION	✓	

SCENARIO ANALYSIS

HYPOTHETICAL SCENARIOS FOR REVENUE COMPARISON:

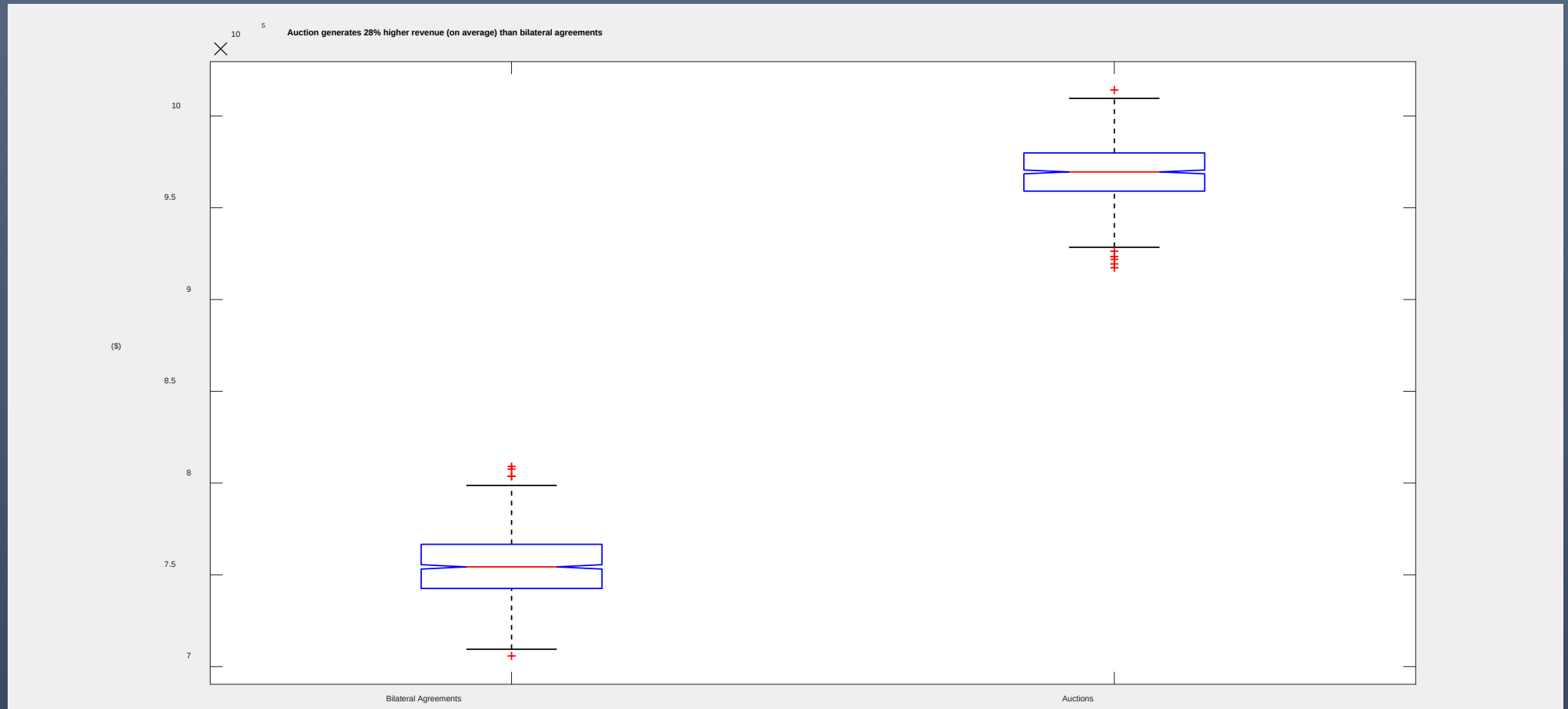
- Baseline case (benchmark)
- Separate auctions for recreational and commercial bidders
- High administrative costs & entry cost
- Possibility of collusion in the auction

SCENARIO ANALYSIS

BASELINE CASE ASSUMPTIONS:

- English auctions (species-lot level)
- 150 bidders, 40 summer flounder quota lots of 10,000 lb. each
- Common auctions for recreational and commercial bidders
- Reserve price ($1.5/lb.)
- Low entry cost ($100/vessel) & admin fee (4% of auction proceeds)
- Bidding data & quota awards available to MAFMC

Baseline Case

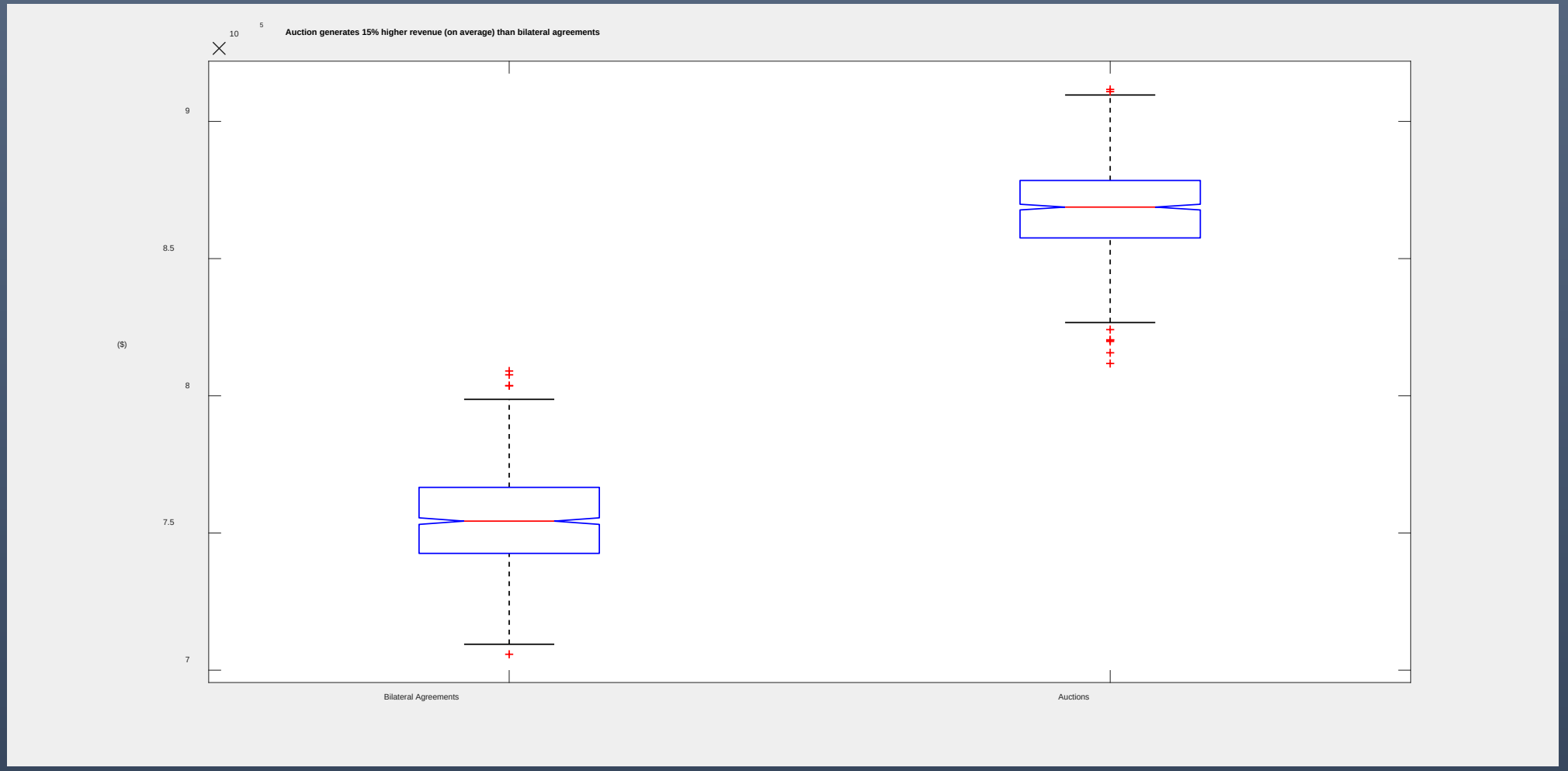


SCENARIO ANALYSIS

SCENARIO 1 ASSUMPTIONS:

- English auctions (species-lot level)
- 40 summer flounder quota lots of 10,000 lb. each
- Separate auctions for recreational and commercial bidders
- 60 bidders in rec. auction & 90 bidders in comm. auction
- Reserve price ($1.5/lb.)
- Low entry cost ($100/vessel) & admin fee (4% of auction proceeds)

Scenario 1: Sector-Specific Auctions

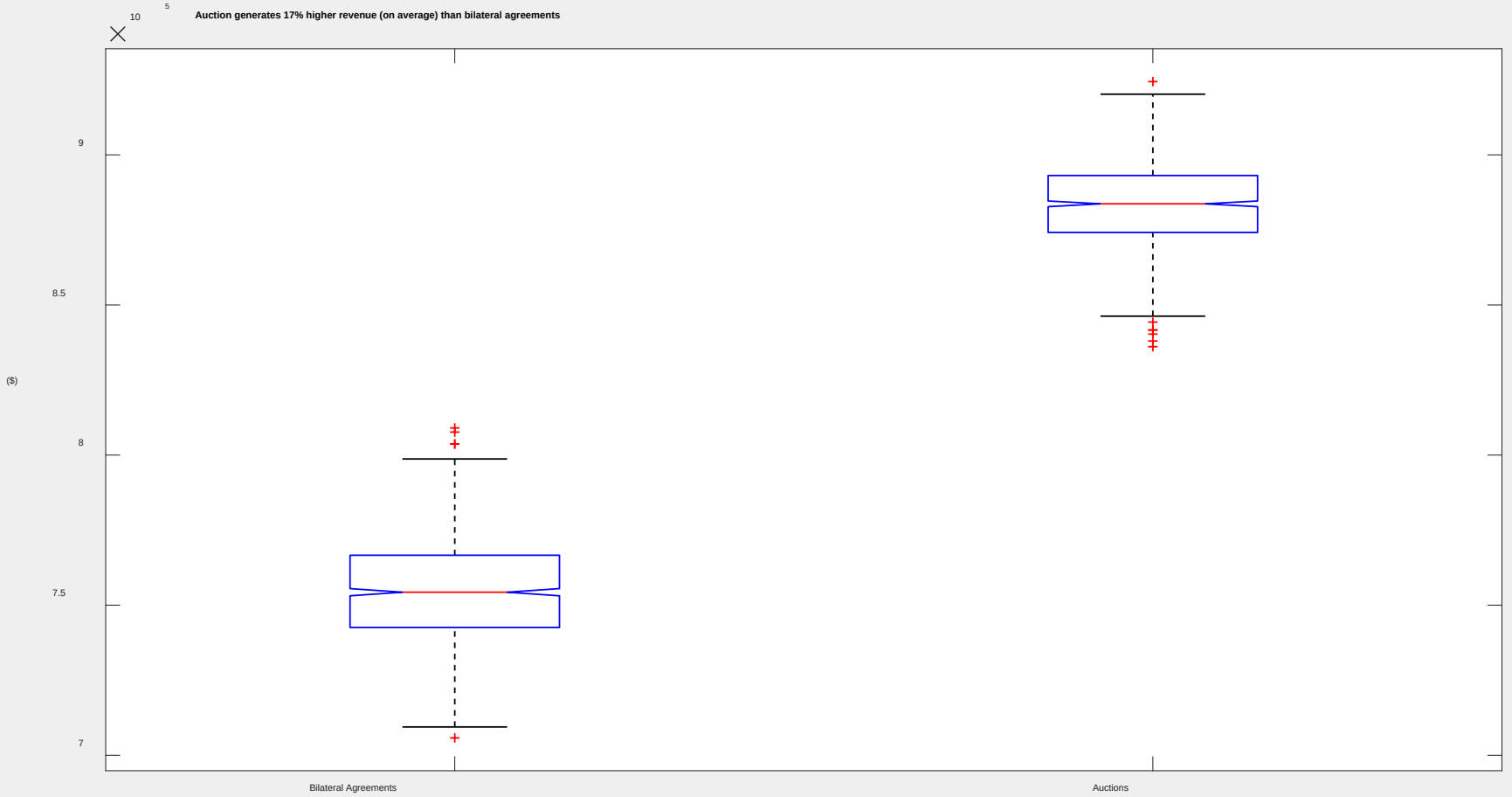


SCENARIO ANALYSIS

SCENARIO 2 ASSUMPTIONS:

- English auctions (species-lot level)
- 150 bidders, 40 summer flounder quota lots of 10,000 lb. each
- Common auctions for recreational and commercial bidders
- Reserve price ($1.5/lb.)
- High entry cost ($500/vessel) & admin fee (12.5% of auction proceeds)
- Bidding data & quota awards available to MAFMC

Scenario 2: High Admin & Entry Costs

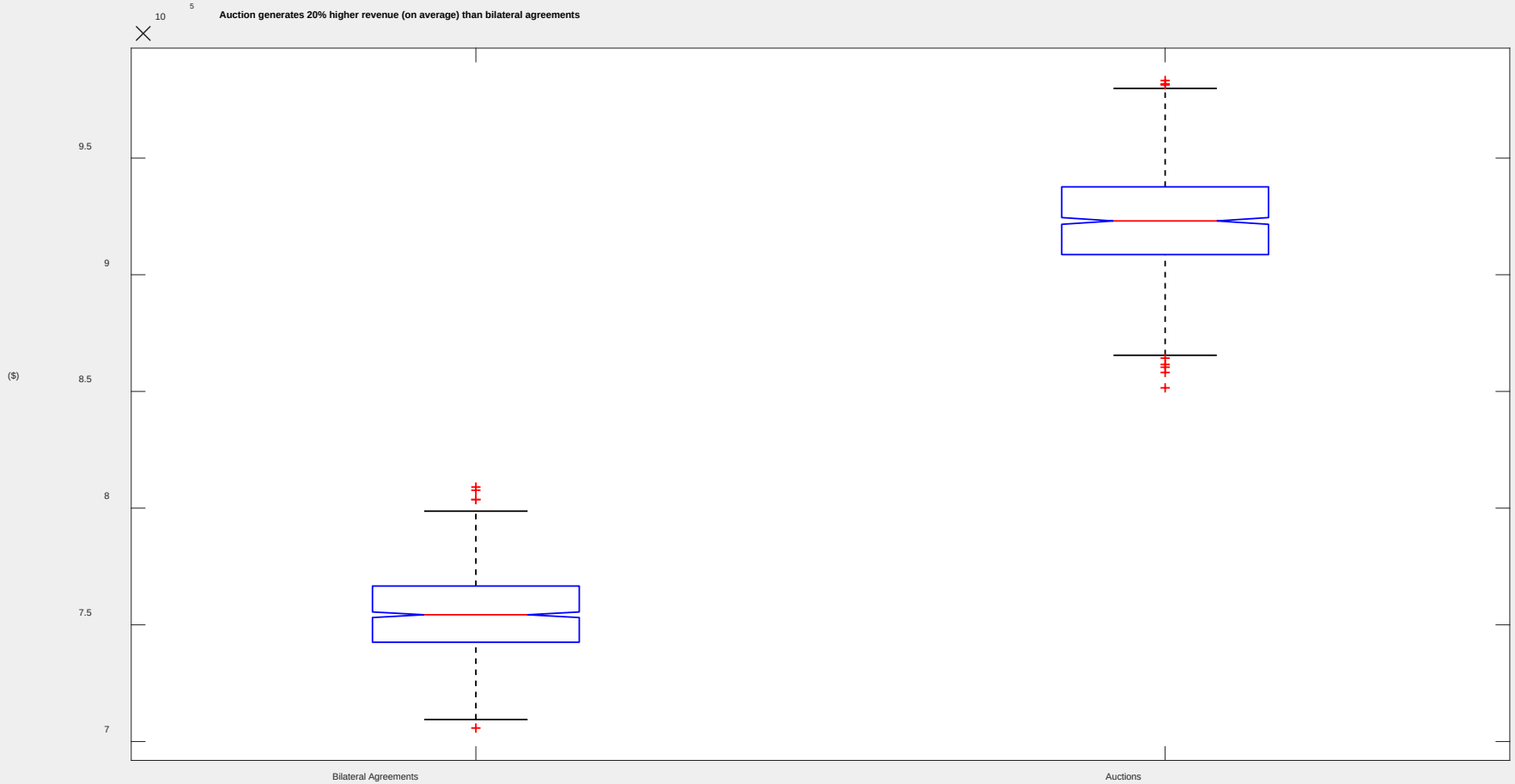


SCENARIO ANALYSIS

SCENARIO 3 ASSUMPTIONS:

- English auctions (species-lot level)
- 40 summer flounder quota lots of 10,000 lb. each
- 150 bidders (with bidding ring comprised of 20 individuals)
- Common auctions for recreational and commercial bidders
- Reserve price ($1.5/lb.)
- Low entry cost ($100/vessel) & admin fee (4% of auction proceeds)
- Bidding data & quota awards available to MAFMC

Scenario 3: Collusion

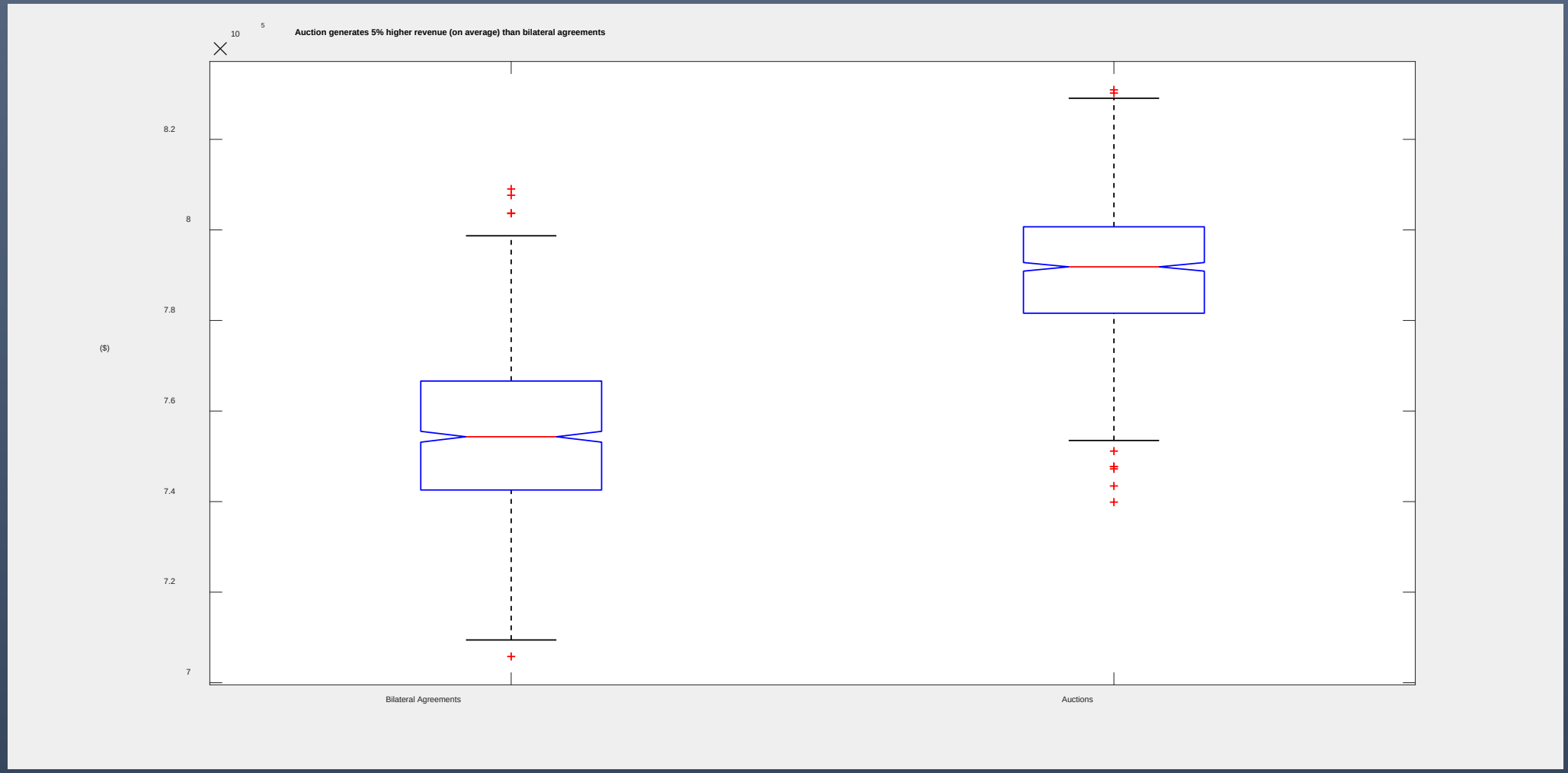


SCENARIO ANALYSIS

SCENARIO 4 ASSUMPTIONS:

- English auctions (species-lot level)
- 40 summer flounder quota lots of 10,000 lb. each
- Separate auctions for recreational and commercial bidders
- 60 bidders in rec. auction & 90 bidders in comm. auction
- Reserve price ($1.5/lb.)
- High entry cost ($500/vessel) & admin fee (12.5% of auction proceeds)
- Bidding data & quota awards available to MAFMC

Scenario 4: Sector-Specific Auctions with High Admin & Entry Costs



SCENARIO ANALYSIS: SUMMARY

SCENARIO	COMPARISON (EXCESS REVENUE IN THE AUCTION)
BASELINE CASE	28%
SEPARATE COM. & REC. RSA AUCTIONS	15%
AUCTION WITH HIGH ADMIN. AND ENTRY COSTS	17%
AUCTION WITH COLLUSION	20%
SEPARATE COM. & REC. AUCTIONS WITH HIGH ADMIN. AND ENTRY COSTS	5%

- The performance of the preferred mechanism will critically depend on design & implementation!

ANCILLARY BENEFITS OF MARKETS (AUCTIONS)

ANCILLARY BENEFITS

- Beyond revenue generation, competitive markets (auctions) for RSA quota may generate additional benefits and information valuable for management

ANCILLARY BENEFITS (AUCTIONS)
INFORMATION ON QUOTA DEMAND FROM REC. AND COMMERCIAL SECTOR
INFORMATION ON SPECIES' HARVEST COMPLEMENTARITIES
WILLINGNESS TO PAY FOR ALTERNATIVE REGULATORY WAIVERS
HIGHER LIKELIHOOD RSA QUOTA GETS USED EACH SEASON
INCREASED EFFICIENCY

Questions on Part Two of Presentation

Appendix IV. Presentation: How Should the Auction System or Other Similar Funding Mechanism be Revised to Improve RSA?

National Fisheries Institute-Scientific Monitoring Committee RSA Auction

by

Eleanor A. Bochenek, Ph.D

Consultant, Retired

Rutgers University

National Fisheries Institute-Scientific Monitoring Committee (NFI-SMC)

- NFI-SMC created in 1997 by Mid-Atlantic commercial fishermen, docks, and processors to raise money to pay for science
  - Chair Daniel Cohen until 2018
  - Chair Greg DiDomenico 2018-present
- All funds were kept in an account managed by the NFI accountant in Washington D.C. area
  - Account was audited
- Universities did not know what to do with pounds of fish allocated to fund an RSA project
  - Daniel Cohen developed the auction

- NFI-SMC conducted an auction from 2001-2014
  - Total 14 auctions

Auction Structure

- To participate in the auction a commercial fishing vessel had to
  - Pay annual dues ranged from early auctions $2,000 to $250/boat later
    - Smaller boats paid less in dues some years
  - Dues were returned to all vessels did not win a bid
- Vessels were told to check with NMFS, GARFO and their state about any fishing violations
- Prior to auction, had a conference call with potential bidders about the minimum bid and pounds allocated to each lot to be auctioned
- Met with NMFS law enforcement to improve auction to prevent issues with harvesting RSA

- Boat **did not pay dues or not paid** in full from any previous auction not allowed to participate in current or future auctions
- Early years from 10-20 commercial boats participated in the auction as more pounds became available (especially NEAMAP) more boats including for-hire vessels won bids
  - 2014 total 96 boats both for-hire and commercial won bids
  - Boats were primarily from NY
  - Some boats from RI, MA, CT, VA and NJ
- Early years fishermen called in to participate in the auction using an 800 number
- Later years in-person auction plus 800 call- in number
- Each lot was bid separately starting with the minimum bid

- Boat won a bid the boat owner signed a subcontract to agree to pay NFI-SMC for pounds.
- Agree to permit NFI-SMC to view RSA pounds harvested in the NMFS GARFO database
  - NFI-SMC kept track of pounds harvested by species by boat
- NFI-SMC applied for federal RSA EFP for each vessel, mailed them their permits, created invoices, tracked payment of invoices
- Any vessel transfers were reported to GARFO and the appropriate state for any valid reason

- Later years permitted for-hire vessels to bid
  - In 2007 first for-hire boat participated in auction from NY
    - Purchased scup lots
- Conducted separate auction for them after 2007 with smaller lot sizes
  - Pounds allocated to for-hire or commercial vessels for a given species were broken down by quota percentages in FMP (Fluke 60-40 split)
  - Species scup, black sea bass, and summer flounder
  - Any unused lots from for-hire sector were then bid in the commercial auction
- Lot sizes tended to vary from year to year. A few times auctioned off combined lots with more than one species.
  - Ranged from 1,000 to over 20,000 lbs depending upon the species

2014 $ PER POUND PER SPECIES					
POUNDS	**SPECIES**	**REC/ COM**	**AVG $/LB**	**# F/V**	**EXT $**
28000	FLUKE	REC	$1.50	27	$42,000.00
25300	BSB	REC	$2.59	12	$65,450.00
13000	SCUP	REC	$0.20	17	$2,600.00
66300	**ALL**	**REC**	**TOTALS**	**33**	**$110,050.00**
POUNDS	**SPECIES**	**REC/ COM**	**AVG $/LB**	**# F/V**	**EXT $**
509825	FLUKE	COM	$2.41	39	$1,226,363.80
26386	BSB	COM	$3.87	17	$102,000.00
864281	SCUP	COM	$0.20	38	$173,556.20
760000	LOLIGO	COM	$0.05	27	$38,000.00
99000	BLUEFISH	COM	$0.06	9	$5,450.00
10000	BUTTERFISH	COM	$0.05	2	$500.00
30000	SPINY DOGFISH	COM	$0.01	1	$300.00
2299492	**ALL**	**COM**	**TOTALS**	**61**	**$1,546,170.00**

Costs to Run the Auction

- Supervisor-about 3.5-4 months
- Secretary about 8 months
- NFI Accountant about $10,000
- Other costs supplies, travel, 800 phone number, etc
  - Cost varied from year to year
- Most of the vessels were from New York so NFI-SMC funded a technician through Cornell Coop. Ext to work at the NYDEC office
  - Cost $39,000-$49,000/year since 2009
- NFI-SMC charged 12% overhead rate to pay for the cost of the auction

Costs to Run the Auction

- In 2009, monies raised through the auction did not cover the projected amount
  - NFI-SMC gave NEAMAP $89,000 and Cornell Cooperative Extension Marine Program $13,000 of their own funds to support these projects
  - Vessels could not sell fish for the prices bid on so could not raise enough funds due to economic conditions that year
- One of Rutgers University's first project was given many pounds of Loligo and even Illex squid
  - Since no closure these species were not worth much money and most lots were not harvested
  - Project could not be conducted because of insufficient monies raised

Positive Aspects

- Most years raised sufficient funds to conduct the research and some years raised more funds for the researcher
- Many vessels converted their discards into landings
- Vessels supported scientific research
- Helped for-hire vessels to make trips when their season was closed for their target species and other trips could harvest more than the bag limit
- Need cooperation and support from various states in which vessels are landing RSA
- RSA monies will be raised especially if the species has a closure or small trip limits (Fish are worth more)

Negative Aspects

- Time consuming and costly to run the auction
- If fishery did not close or entire quota was not caught then those species were not worth much in the auction
  - Loligo was not worth much unless the fishery closed rarely could raise funds for those pounds
    - Same issue for *Illex*, butterfish, bluefish, spiny dogfish, and Atlantic Mackerel
- For one RSA Loligo project (about 2003) could not raise enough funds because were given predominately Loligo pounds that were not worth much money because fishery did not close. Project could not be completed

Negative Aspects

- In 2009 due to financial circumstances of both commercial and for-hire fishermen and markets could not raise enough funds for two RSA research projects
  - Cannot predict when this issue will arise
- If no closed season or small trip limit sizes for a particular species than difficult to get boats to bid on those fish
    - No problem with BSB, fluke, and scup
      - Issues with Loligo squid, butterfish, and bluefish
        - Some years could not give pounds away to bidders
        - Often min. bid was the price and no auction especially for bluefish and Loligo
        - Today Loligo should be worth more since have seasonal

Negative Aspects

- Solve issue of enforcement with harvest of RSA pounds
  - Need to have commercial vessels land at certain dock within certain hours so they can be inspected
  - If have future auction, the person handling the auction must have good people skills and capability of interacting with commercial and for-hire fishermen or auction will fail

Future

- Suggest future vessels win bids should have to carry an observer

Future

- Based on my experience as a researcher and running the auction, the best scenario would be to have an annual auction to raise funds and then allocate those funds in future years to fund research projects.
  - Currently researchers must convert pounds to dollars in the same year he/she conducts the research. Auction does not have upfront money to start the research project. No guarantee raise sufficient funds to complete the project
    - Most years auction was successful in raising the funds

Appendix V. Presentation: Pros and Cons of Compensation Fishing

Rutgers Black Sea Bass Tagging Study (2011 – 2014)

Olaf Jensen – UW Madison

People

- **Graduate Student**
  - Mikaela Provost
- **Fishing Industry Partners**
  - E. Burcaw and R. Burcaw of the Rachel Marie
  - A. Nowalsky of the Karen Ann II
  - J. Mick of the Evelyn Ann
  - F. Camarda, B. Whittaker, and the mates of Miss Beach Haven
- **Volunteers**
  - Jacques Cousteau National Estuarine Research Reserve
- **Principal Investigators**
  - Olaf Jensen
  - David Berlinsky
  - Eleanor Bochenek
  - Thomas Grothues

Black sea bass assessment and management challenges

- “Data Poor” stock – assessment rejected
- Protogynous hermaphrodite
- Structure-associated (adequately sampled by trawl survey?)
- Long-distance migrations but incomplete mixing

Research questions

- When does sex change occur (seasonally)?
- What are the sex change rates by size and age?
- How do selectivity patterns vary by sex and gear?

Photo credit: Orion Weldon

Field sampling

Photo credit: Orion Weldon

Field sampling

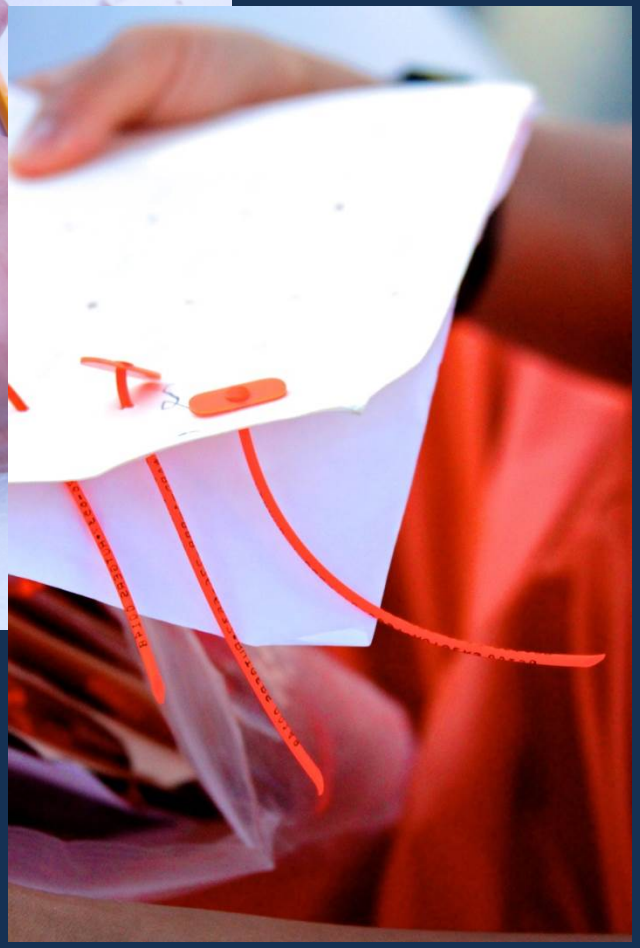


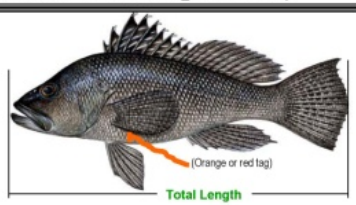
Photo credit: Orion Weldon

Tag return program

REWARD

Reward offered for the return of **tagged black sea bass**
(whole fish or filleted carcass with guts intact)

Fisheries scientists from Rutgers University are working in cooperation with commercial and recreational fishermen to study sex change and reproductive biology of black sea bass. From May through August, 2011 the project will be releasing more than 1,500 tagged fish off the coast of New Jersey.



The tags are a 3 ½ " section of orange or red plastic tubing, inserted into the left side of the fish. Each tag contains a unique number which is necessary to claim a reward. Fishermen are asked to follow instructions below to claim a reward.

What to do if you catch a (legal size) tagged fish:

- Put whole fish or filleted carcass (with guts intact) with tag in freezer

Call toll free: 1-888-776-6537 **OR**
Email: blackseabassproject@gmail.com

- Call toll free # (or email) and provide the following information:
  - Name, address, phone #, and best location to pick up the fish
  - Date of recapture
  - Location of recapture (latitude/longitude preferred)

Don't have the fish? You can still help! In addition to the above information:

- Please tell us total length of fish (tip of head to end of tail, excluding the filament)
- tag number
- Disposition and fate (whether the fish was kept or released)

Orange Tag Reward	Red Tag Reward	Orange or Red Tag +fish
Baseball cap with logo	$100 (must return tag)	(Cap or $100 reward) PLUS entry into annual lottery for $1,000

For more information: http://marine.rutgers.edu/~ojensen/RBSB.html
Questions? Email: blackseabassproject@gmail.com

R

Photo credit: Kistine Carolan, Orion Weldon

Budget

Table 2. Estimated budget

Field Program		
Vessel time (commercial pot vessel)	$	38,000
Vessel time (party boat)	$	22,500
Ultrasound equipment	$	9,000
Travel	$	4,250
Supplies	$	3,140
Personnel		
Graduate student - 6 months	$	24,016
Technician- 49 days	$	15,549
Data analysis and project management - 3 months	$	28,985
Laboratory Analysis		
Gonad histology	$	1,400
Hormone analysis	$	12,000
Supplies	$	1,600
Administration		
Laboratory Fee (Haskin Shellfish Research Lab 7%)	$	6,366
NFI - SMC Administration of Fish Sales (10% of direct costs)	$	16,681
NFI - SMC Secretary (2% of direct costs)	$	3,336
NY Dept. of Env. Cons. (5% of direct costs)	$	8,340
Total	**$**	**195,163**

Budget

- Less than a third of the budget was vessel time
- Composed of RSA quota from multiple species, largest component was summer flounder

  Scup rec $1.40/lb comm $0.80/lb

  Fluke rec $1.68/lb comm $2.06/lb

  BSB rec $3.77/lb comm $4.30/lb
- Actual budget was much higher because of the auction results (~$375K vs $195K requested)
  - Increased tagging (more vessel time)
  - Added tag reward program (achieved 33% tag return rate)
  - Additional grad student support
- Significant budget reallocations – easy process and quick approval

Budget benefits of Industry/Academic partnership

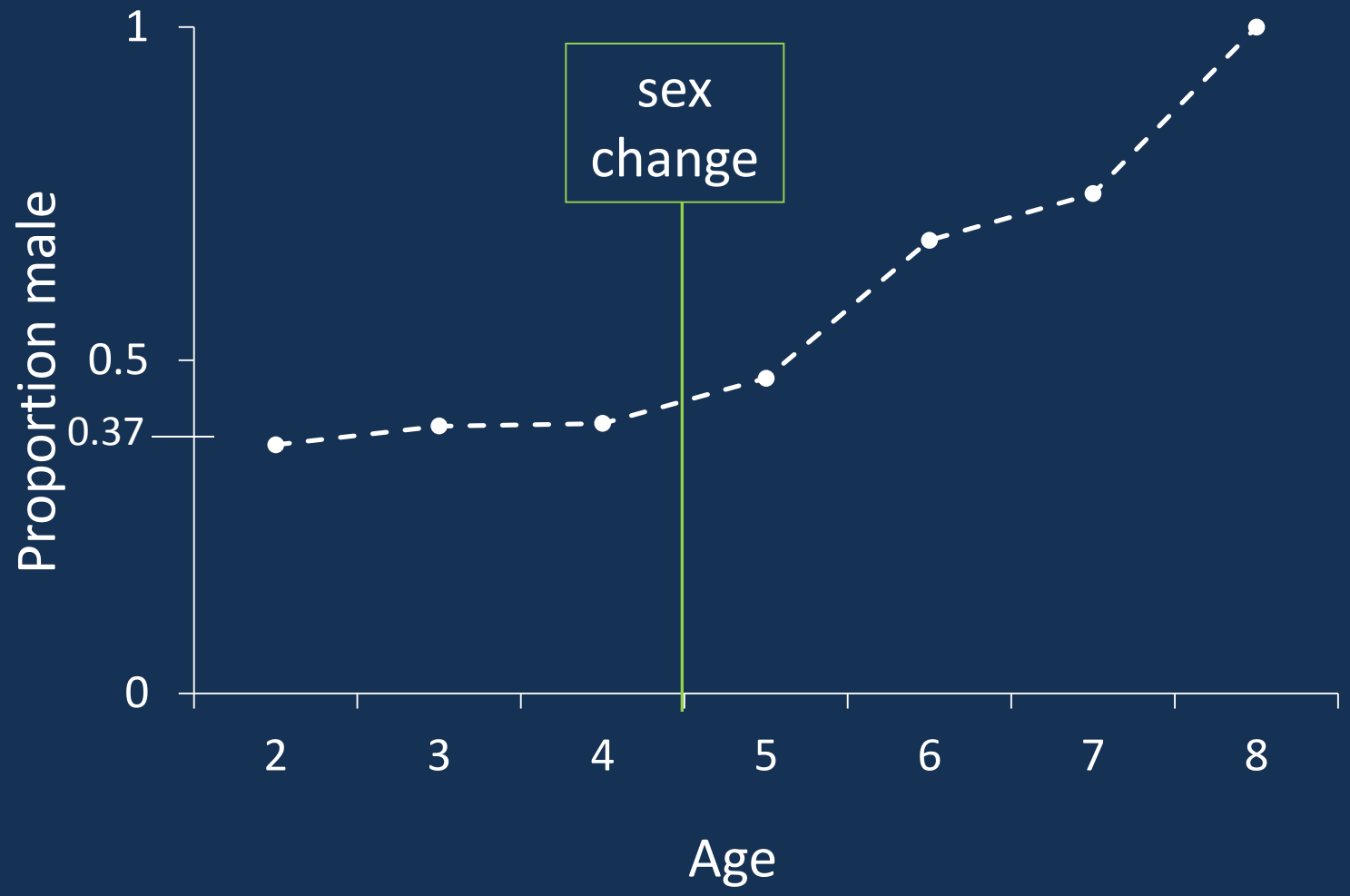
- Partnering with a fishing industry organization (NFI):
  - Reduced overhead compared to university rate (~55%) for non-personnel costs
  - Expedited equipment purchasing and vessel payments
  - Trusted organization
  - Informal outreach channels helped increase tag returns
- University benefits:
  - Salary already covered for some (not all) PIs
  - Student salaries subsidized (graduate fellowship, undergrad research experience)
  - University research vessels available as a backup or for short or last minute trips

Was RSA the best way of accomplishing this research?

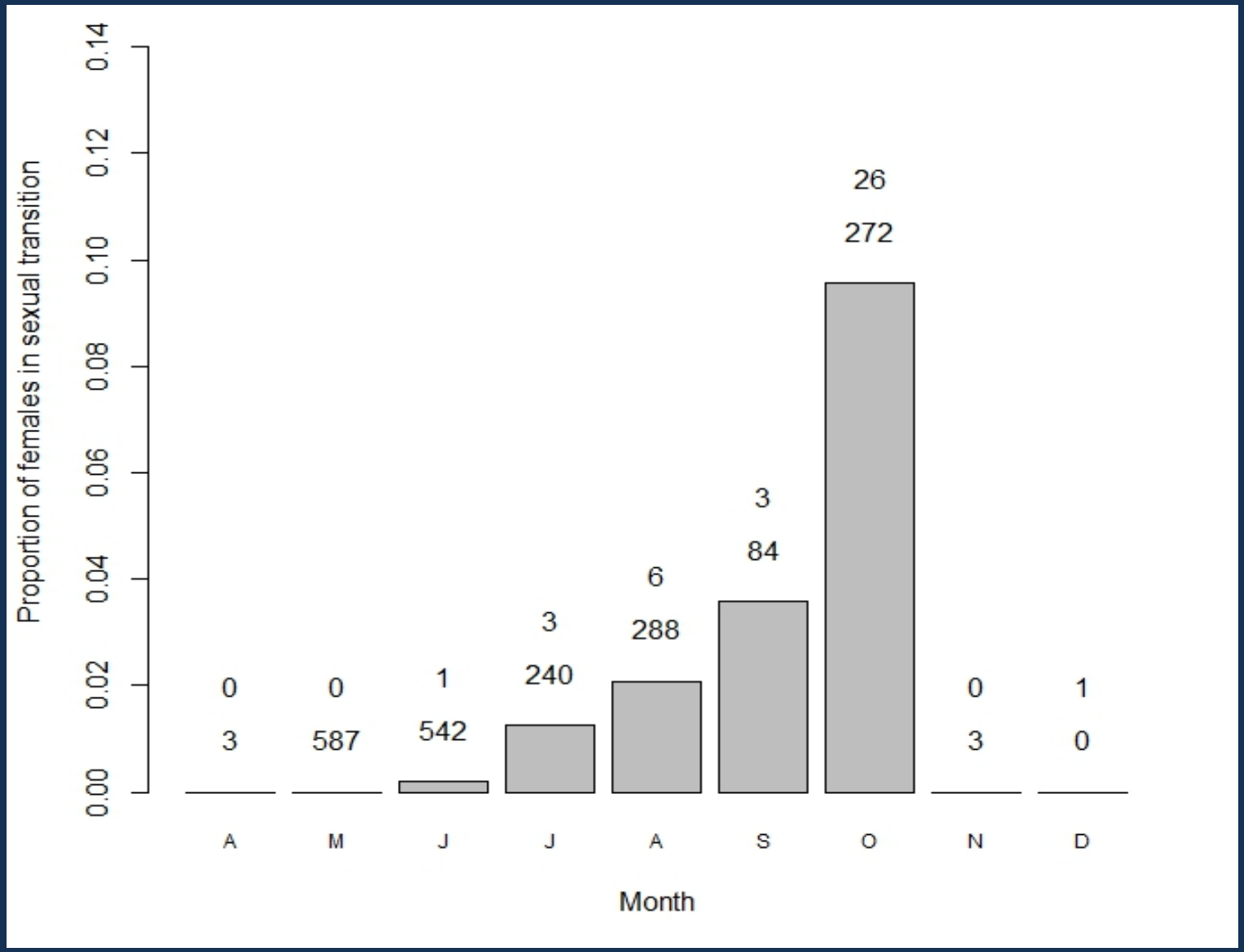
- Likely similar or somewhat lower costs to research contract
- Project could scale up or down depending on budget
- Slow timeline:
  - Proposal submitted in 2010
  - Tagging in 2011 and 2012
  - Recaptures through 2014
  - Information contributed to BSB stock assessment in 2016
  - First peer-reviewed journal publication in 2017
- Continuing and unanticipated benefits – data used in other analyses
  - A game theory model of BSB life history (Robinson et al. 2017) – protogynous hermaphrodites generally not more vulnerable to exploitation than non-hermaphroditic species. Mentioned in SSC discussion of uncertainty in BSB OFL.
  - Estimation of sex-specific natural mortality rates

Questions?

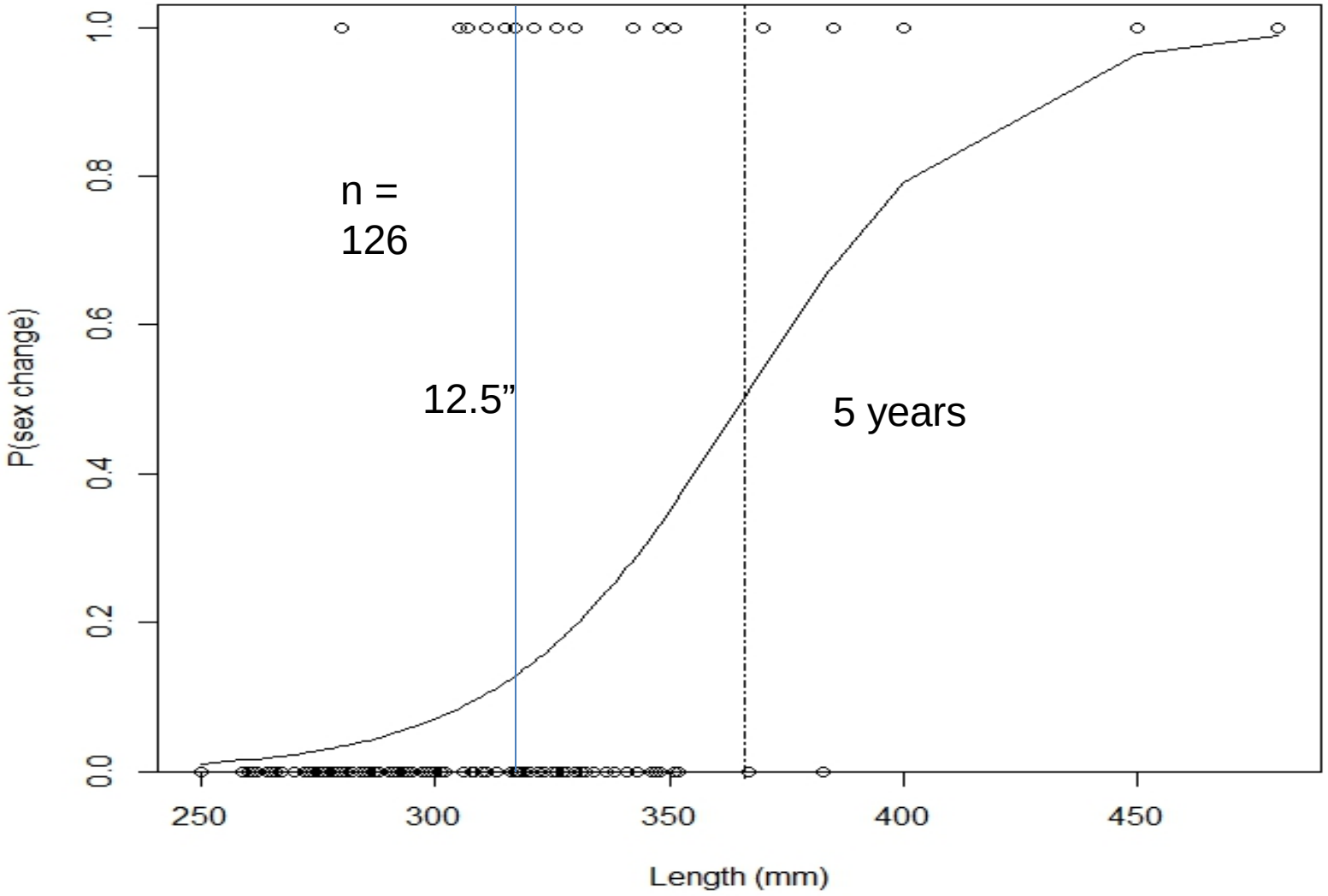
Sex ratio at age



Sex change as a function of season



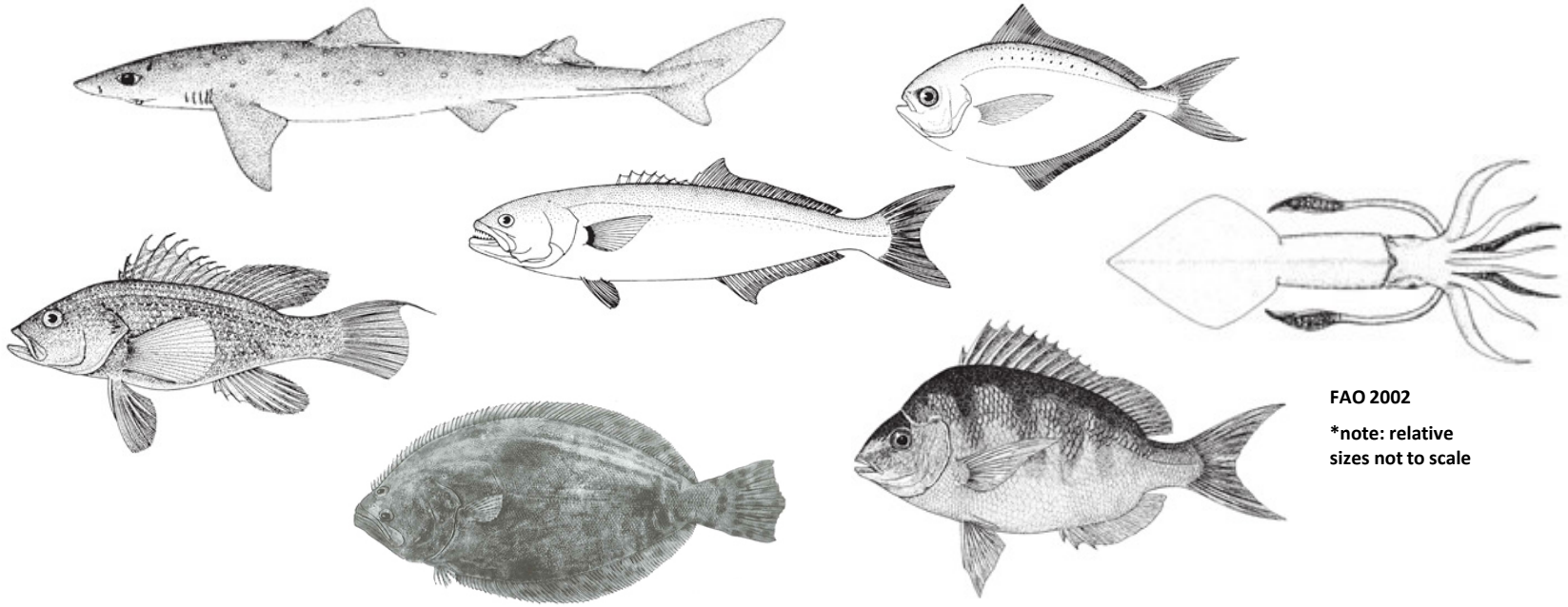
Sex change as a function of body size



Appendix VI. What are the Pros and Cons of a Fixed price Funding Mechanism?

NEAMAP Trawl Survey

RSA History, Perspectives, & Fixed-Price Funding



FAO 2002

*note: relative sizes not to scale

Jim Gartland

Virginia Institute of Marine Science

August 31, 2021

VIMS | William & Mary
Virginia Institute of Marine Science

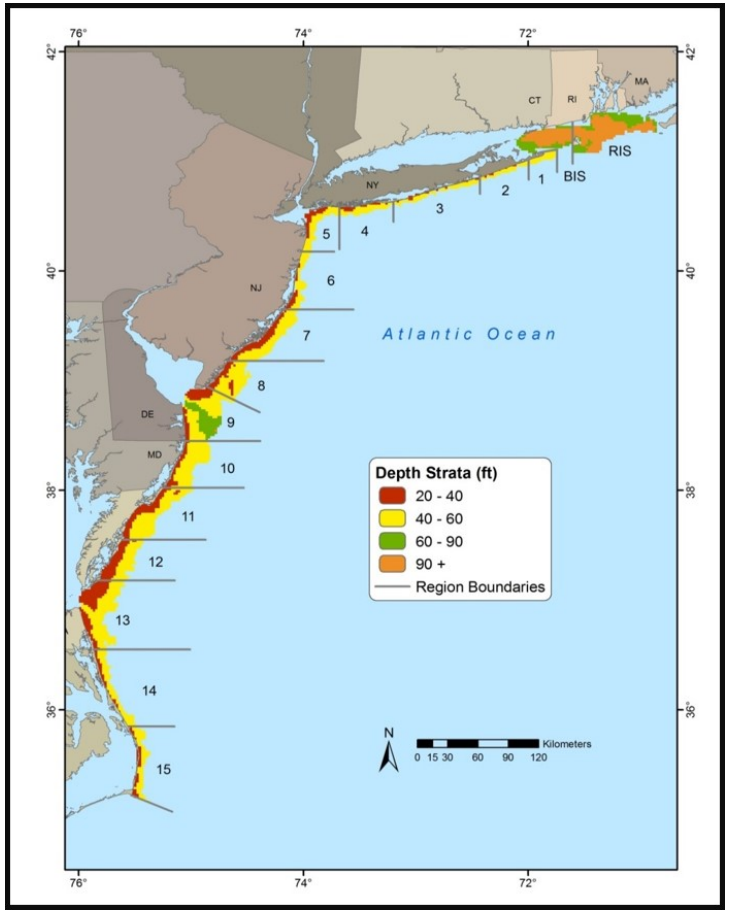
NEAMAP Overview

Objective

Fishery-independent trawl monitoring of nearshore Mid-Atlantic & S. New England

Background

- Initiated 2007
- Spring (Apr/May) & Fall (Sep/Oct)
- 150 sites/cruise
- Stratified random sampling design
- Count, length, weight, sex, maturity, diet, age, etc.
- Collaborative research (*F/V Darana R*)
- Programmatic peer review in 2008



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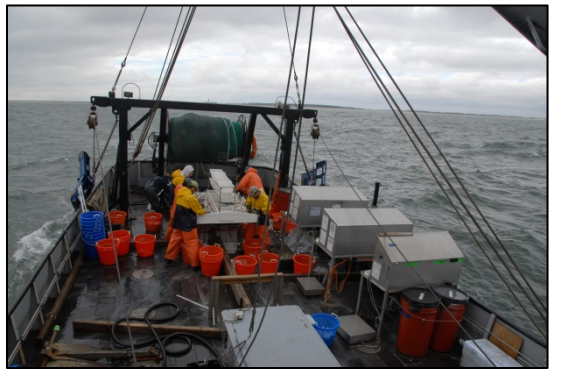
NEAMAP Funding History

- 2007 – ASMFC 'Leftover funding'
- 2008 – ASMFC, NEFSC Cooperative Research, Mid-Atlantic RSA
- 2009 & 2010 – Mid-Atlantic RSA
- 2011 & 2012 – Mid-Atlantic RSA (80%) & RI CFRF (20%)
- 2013 & 2014 – Mid-Atlantic RSA
- 2015 to Present – ASMFC (NOAA Cooperative Agreement)

NEAMAP & Mid-Atlantic RSA

- Spanned 2008 - 2014
- Funding priority in FFO 2010-2014
- Revenue via NFI Auction
  - Survey lacked capacity to land fish
  - Encouraged to use established auction
- Sold to ~50-60 boats/year

Species	Mean Allocation (lb) 2009-2014
Black Seabass	38,781
Summer Flounder	485,744
Scup	534,946
Longfin Squid	498,740
Bluefish	210,204
Butterfish	28,851
Spiny Dogfish	33,000



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NEAMAP & Mid-Atlantic RSA

- Spanned 2008 - 2014
- Funding priority in FFO 2010-2014
- Revenue via NFI Auction
  - Survey lacked capacity to land fish
  - Encouraged to use established auction
- Sold to ~50-60 boats/year
- Green made money, yellow sometimes, & red were low fixed-price

Species	Mean Allocation (lb) 2009-2014
Black Seabass	38,781
Summer Flounder	485,744
Scup	534,946
Longfin Squid	498,740
Bluefish	210,204
Butterfish	28,851
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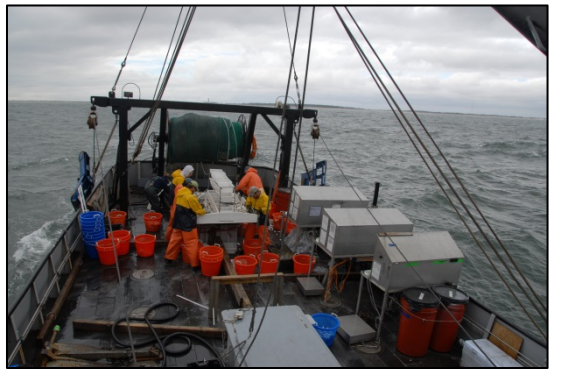

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Mid-Atlantic RSA Funding Cycle

Activity	Year 1 (Pre-Award)												Year 2 (Award)												Year 3	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Mid-Atlantic RSA FFO																										
RSA Proposals Due Quota Requests & Price Projections																										
Funding Awards Announced Quota Negotiations & Trade-Offs																										
NFI Auction Prices *Typically* Set Here																										
NEAMAP Trawl Surveys																										
Revenue Collections																										

Key Points

- 26 months from FFO to completion
- Quota & price projections (guesses!) 13 mos pre-auction; 16-24 mos before landings
- Appreciable research expenses prior to any revenue generation

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Mid-Atlantic RSA: NEAMAP ROI

- Incorporated into 28 stock assessments
  - MAFMC, NEFMC, ASMFC
- Supported 49 external data requests; 36 investigators
- Completed 21 sample requests; 15 investigators
- Provided extensive presentations to MAFMC
  - 2007, 2008, 2010 (at sea), 2013
- Established comprehensive outreach effort
  - Demonstration tows, dockside exhibits, presentations to fishing organizations

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Mid-Atlantic RSA, NEAMAP, & The Auction

Advantages

- Funded NEAMAP start-up (see ROI)
- Developed working relationship w/Council members & staff
- Established extensive & lasting network w/comm & rec stakeholders
- Forced NM PIs to understand & track the markets
- Sufficient revenue 5.5 / 6.5 years

Challenges

- NEAMAP viewed w/suspicion: large quotas & quasi-ITQ system
- Enforcement actions
- Heavy admin: survey, auction, compensation fishing
- Estimate quota amts & prices >1 yr prior to sale
- Large expenses prior to revenue
- 2009 revenue shortfall

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Mid-Atlantic RSA: Fixed-Price Funding

Framework

- Quota of a species allocated to researcher (50,000 lb. bluefish)
- Researcher sets some price-per-pound ($0.05 / lb.)
- All of that quota sold at the no-haggle, fixed-price ($2,500 revenue)

NEAMAP essentially sold bluefish, butterfish, longfin squid, & spiny dogfish at fixed-price due to low demand

Fixed-Price Funding

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Advantages

- Potential to dampen price fluctuations (researcher)
- May lower admin costs (researcher)
- Greater transparency in sale price (researcher & industry)
- Increase pool of potential buyers (industry, esp. smaller boats)
- Sales could occur over a broader time period (industry)

Challenges

- Who sets the prices?
  - NOAA? MAFMC? Researchers?
- When & how are prices set?
  - Too high – won't sell
  - Too low – lost revenue/2º market
- All risk/reward on the industry
- How to ensure equitable distribution among buyers?
- Create unintended competition in areas other than price?

Thank you

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Appendix VII. United National Fishermen's Association Proposal

Research Set Aside Program
Mid Atlantic Fisheries Council
800 North State St. suite 201
Dover DE !9901

Research set aside MONEY!

The United National Fishermen's Associations offers to collect all research moneys; FOR fisheries with state based landing limits based on pounds. {LANDING LIMITS BASED ON POUNDS THAT A VESSEL CAN LAND PER TRIP.
The question: Can the Mid Atlantic Fisheries Management Council Contract with private organizations to collect research set aside monies. {YES} Based on past history:
Mid Atlantic Fishery Management Council Contracted with Garden State Seafood & others to collect Research Set Aside funds through an so called auction that ONLY GSFA & NFI NEMBERS WERE ALLOWED TO BENEFIT & PARTICIPATE IN THE SYSTEM!

The proposed system to collect Research Set Aside is designed to allow ALL FISHERMEN LANDING FISH WITH A STATE QUOTA TO BENEFIT PROVIDED THE FISHERMAN & DEALER ARE ENROLLED IN THE COLLECTION OF Research Set Aside FUNS.

PROPOSED SYSTEM IS FAIR TO ALL FISHERMEN. It allows all participants to land the entire quota amount without fear of penalty for poundage over the state quota.
The participant fisherman will have on board a catch slightly higher than the quota.
Participant fishermen will Boat Tracs NMFS they have over the limit of the species and that they are participants in the Research Set Aside collection system. NMFS will then contact UNFA that boat X is going to dealer Y to pack RSA fish. Dealer will pack the fisherman's quota & the overage. Dealer will write fisherman a check. Dealer will write separate check to a bank specified by UNFA The specified bank CAN NOT RELEASE ANY OF THE ORIGINAL FUNDS TO United National Fisherman's Association or it's members.
The specified bank can only release money to the Mid Atlantic Fishery Management Council for research set aside funds WHEN COSIGNED BY UNFA.

All law enforcement concerns will be addressed.
UNFA will verify RSA is landed because check is sent to bank, IF no RSA funds are deposited then fisherman & or dealer made false statement to NMFS. Fisherman is subject to prosecution. For making false deceleration / statement.
All RSA money will be available to the Council for RSA projects as soon as approved by Council & NMFS or what ever agency.

KISS [KEEP IT SIMPLE STUPID] principle is applied. 1. FISHERMAN NOTIFIES NMFS & UNFA HE HAS OVER QUOTA TO BE APPLIED TO RSA. 2. DEALER PACKS RSA & SENDS CHECK TO BANK. UNFA VERIFIES DEALER SENT CHECK TO BANK. & NUMBER OF POUNDS TO BE SUBTRACTED FROM RSA.
MONEY IS THEN AVAILABLE TO COUNCIL TO PAY RSA PROJECTS.
Should Mid Atlantic Fishery Management Council require further explanation it will be provided.
THIS SYSTEM ALLOWS ALL FISHERMEN TO LAND ENTIRE TRIP QUOTA WITHOUT FEAR OF BEING OVER. THUS RECEIVING A TICKET.
SYSTEN COULD ALSO BE CONSIDERED A BY CATCH REDUCTION PLAN.

James Fletcher 2/19/ 2016

P1

DRAFT FOR CONSIDERATION / DISCUSSION
NEW ENGLAND FISHERY MANAGEMENT COUNCIL
MID ATLANTIC FISHERY MANAGEMENT COUNCIL

Dear Sir,

PROBLEM STATEMENT: Converting research set aside quota from pounds of scallops / fish to dollars, approved for research projects!
Proposed method for converting research set aside quota to dollars; benefiting fishermen is being offered by United National Fisherman's Association.

1. Allows fishermen to land total trip limit poundage; without fear of overage thus enforcement action!
2. Allows utilization of by-catch while preventing discarding of overage of target species.
3. Provides law enforcement two methods of verification concerning landing of research set aside.
4. Allows researchers access to dollars at any stage of the project approved by council.

United National Fisherman's Association offers the following services. Converting research set aside quota to dollars from limited access fisheries, and State Limited Landing Quotas to dollars.

Every vessel holding a limited access permit or every dealer with permits to buy limited access fish; could apply for an overage exemption letter from United National Fisherman's Association.
Conditional upon notifying National Marine Fisheries through Vessel Tracking System that an overage of landing poundage would occur with an good faith estimate of the poundage of overage.
The vessel would then off load the catch, the vessel would receive payment for the allowable poundage. The dealer would sell the overage and send a check for the overage to an account in a specified bank Under United National Fisherman's account. The Vessel Trip Report in the kept discard (19) would enter species # *RSA*.
The Dealer would note on dealer Report species # *RSA*
Three checks in the system exist,

1. Vessel Tracking System notification of overage prior to landing.
2. Overage listed (19) on Vessel Trip Report
3. Overage listed on Dealer Report.

A forth verification could exist; provided a method existed to notify United National Fisherman's Association of any announcement from the Vessel Tracking System. (Email Etc.) United National Fisherma n's Association would have incentive to verify a deposit

had been made from the dealer with the vessel name / or identification (permit I.D.) into the research set aside account in the dealer name & vessel name for the date in question. If and when the research set aside poundage was to be reached. As recorded from Vessel Trip Report (19) or Dealer Report then a message could be sent Via Vessel Tracking vendors THE OVERAGE ALLOWANCE FOR X SPECIES WOULD END 00/00/00.

United National Fisherman's Research Set Aside Account would be in a separate Bank and totally Separate Account. Every deposit & withdrawal would be accounted for & traceable. Upon notification from the Council OR Marine Fisheries a check for the designated / negotiated amount could be sent to whomever. PROVIDED SUFFICENT FUNDS EXISTED.

POSSIBLE ADVANTAGES!!!
The possibility exist, to remove Marine Fisheries & Councils from Research Set Aside Grants dollars. A process where Councils & Marine Fisheries approve projects but not the dollars to be paid. Council proposes a possible range of dollars, the grantee could receive, the grantee would then negotiate within the range provided by Council; with United National Fisherman's Association for the final amount within the possible range. Thus the Councils and National Marine Fisheries are not giving grants in dollars. (PROVIDED THE COUNCIL WANTED TO BE REMOVED FROM THE DOLLARS)

Fishermen would not be worried concerning citations for slight overages of quota limited landings. Vessels could receive allowed dollar amount for catch.

Regulatory discards would be eliminated.
All vessels could participate in the process.
All Dealers could participate in the process.
Fishermen could have slight say in process. (We think it is a good project give the Researcher, the maximum amount).

United National Fisherman's Association is compensated for it's participation in the process by the interest the money generates while in the account. Plus the economic benefit all fishermen who chose to participate gain for their personal accounts.
Every dollar paid into the Research Set Aside account will be available for pay out.

THIS PROPOSAL IS NOT A RESEARCH PROJECT: It is an offer to covert research set aside pounds to dollars while benefiting all fishermen whom chose to participate.

James Fletcher Director

United national Fisherman's Association
123 Apple Rd Manns Harbor NC 27953
5/27 2008

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RESEARCH SET ASIDE DOLLARS REPLY TO JOHN HOEY & HARRY MEARS:

In response research set aside $.

United National Fishermen's proposal is intended to convert all research set aside pounds into dollars. Main point: fishermen landing on state or Federal (scallop) quotas will land total allowable quota without fear of fines or loss of trip for being as little as one pound in excess of quota. Vessels landing scallops from closed area can land 18,000 # exactly without fear of loss of trip. A vessel which catches a species for which it does not have a permit can land the species if a research set aside exist (by catch reduction).
FISHERMEN WILL BE ALLOWED GREATEST DOLLAR AMOUNT POSSIBLE WITHOUT FEAR OF FINES OR LOSS OF TRIP. LAW ENFORCEMENT WILL KNOW: TRIP WILL HAVE AN OVERAGE ON TRIP REPORT & DEALER REPORT FROM NOTIFICATION!
The proposal: Allows for species of fish to be in the market year around even if the season is closed; thus the greatest price for resource at no benefit to fishermen, The dealer research set aside science & consumer benefit; presently the species is discarded at no benefit to anyone with the consumer buying imports.

Answer to Harry Mears: 1-8

1. The proposal is nothing like NFI; it reduces by catch discarding, it reduces stress on vessel masters, it allows Captains & crews the maximum dollar return per trip on quota landed species, it informs law enforcement that a research set aside landing will occur with VTS or phone in notification. Research set aside comes from all fishermen so all fishermen can participate. Recreational research only need to apply for dollars, they would not need a method to convert pounds to dollars. Even with a closed season the dealer & public would have legal access to a limited supply of fish species.
2. A petition for federal rulemaking will be initiated BUT frame working could allow the process as it; reduces by catch; increases benefit to fishermen; allows product for consumers all year; reduces regulatory discarding. I do not see the need for public comment or comment from NMFS or council staff Research set aside is already an approved fact. The problem is converting POUNDS TO DOLLARS! This proposal converts pounds to dollars while benefiting the vessels crews dealers & consumers. The proposal ask that council & NMFS propose a range of dollars for the research. Thus the fishermen can have some say in amount allowed the research. {fishermen now have no say in research or funding) Funding could not be less than council & NMFS proposed but it could be more.
3. Tracking RSA would be accomplished by the bank. Every dollar received will be paid back out for research. Council & NMFS only propose a range for each {approved} research project. Recreational and water quality groups would have a vehicle to research dollars. The council & NMFS would only need to approve sufficient research to match RSA dollars in bank. The bank does all accounting. Dollars in against dollars out simple math. Council & NMFS approve a range of dollars for each project, Fishermen review range, decide on amount inform council, bank sends check to researcher for 90%, council is informed by bank &

Appendix VIII. Workshop2 Registrants

First Name	Last Name	Affiliation
Panelists		
John	Almeida	NOAA General Counsel
Lee	Anderson	MAFMC Scientific and Statistical Committee (Econ WG)
Chris	Batsavage	MAFMC Research Steering Committee
Bob	Beal	MAFMC Research Steering Committee
Eleanor	Bochenek	NFI-SMC, Retired Rutgers University
Patrick	Campfield	ASMFC Staff
Geret	DePiper	MAFMC Scientific and Statistical Committee (Econ WG)
Michelle	Duval	MAFMC Research Steering Committee
Travis	Ford	NOAA Fisheries
Jim	Gartland	VIMS/NEAMAP
Matt	Gates	ASMFC Commissioner - CT
Emily	Gilbert	NOAA Fisheries
Laura	Hansen	NOAA Fisheries
Emerson	Hasbrouck	Cornell Univ.
Dewey	Hemilright	Council Member (Law Enforcement Committee)
Mark	Holliday	MAFMC Scientific and Statistical Committee (Econ WG)
Jorge	Holzer	MAFMC Scientific and Statistical Committee (Econ WG)
Shannah	Jaburek	NOAA GARFO Sustainable Fisheries Division
Olaf	Jensen	MAFMC Scientific and Statistical Committee (Econ WG)
Yan	Jiao	MAFMC Scientific and Statistical Committee (Econ WG)
Scott	Lenox	Council Member (Law Enforcement Committee)
Michael	Luisi	Council Member - Chair
Dan	McKiernan	ASMFC Commissioner – MA
Adam	Nowalsky	MAFMC Research Steering Committee
Jonathon	Peros	NEFMC Staff
Eric	Powell	Successful applicant/SCEMFIS
Paul	Rago	MAFMC Scientific and Statistical Committee (Econ WG)
Sean	Reilly	NYSDEC Police
Paul	Risi	MAFMC Research Steering Committee
Mary	Sabo	MAFMC Staff
Matthew	Seeley	MAFMC Staff
Ryan	Silva	MAFMC Research Steering Committee
Todd	Smith	NOAA Office of Law Enforcement
Jason	Snellbaker	NJ Marine Enforcement Unit/ASMFC LEC
Kate	Wilke	MAFMC Research Steering Committee

General Public and Other Participants		
Katie	Almeida	The Town Dock
David	Bethoney	Commercial Fisheries Research Foundation
Kevin	Collins	NOAA Office of General Counsel. Northeast Section
Scott	Curatolo-Wagemann	Cornell Cooperative Extension of Suffolk County
Cynthia	Ferrio	GARFO
James	Fletcher	
Melanie	Griffin	MA DMF
Jay	Hermsen	GARFO
Cheri	Patterson	NH Fish and Game Dept.
Robert	Ruhle	F/V Darana R
Judith	Weis	Rutgers University