



NOAA
FISHERIES

Tab B, No. 9

Gulf of Mexico IFQ Programs

Goals and Objectives

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Amendment 60

- Motion: To direct staff to initiate a plan amendment that evaluates options for equitably distributing shares currently held by NMFS, and recovering and redistributing shares associated with inactive accounts.
- Consider the motion's why, who, how, and when (how often) as we walk through the presentation.
- Prior to discussion, let's review some key terms covered in this presentation:
 - Equity
 - Shares
 - Allocation
 - Inactive
 - Distribution



Key Term: Equity

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- NMFS's EEJ Strategy (2023)
 - "**Equity** is the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment" - from EO13985 and EO14091
 - National Academy of Sciences (NAS) study & report (2024)
 - NMFS requested NAS provide a review of the data and information needs including availability to assess equity in the distribution of benefits derived from current fisheries management practices
 - Equity is *multi-dimensional* and is more likely to be realized through an approach that *accounts for each dimension*

Equity Dimensions

Equity can be thought of as consisting of multiple elements: distributional equity, procedural equity, recognitional equity, and a cross-cutting element referred to as contextual equity (Figure S-1).

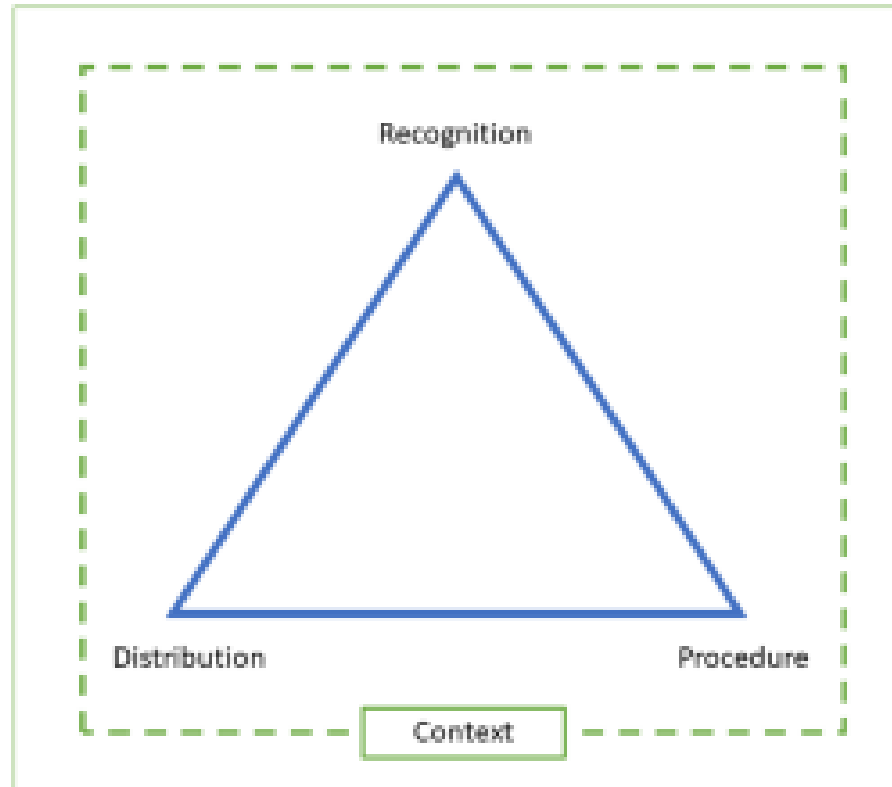


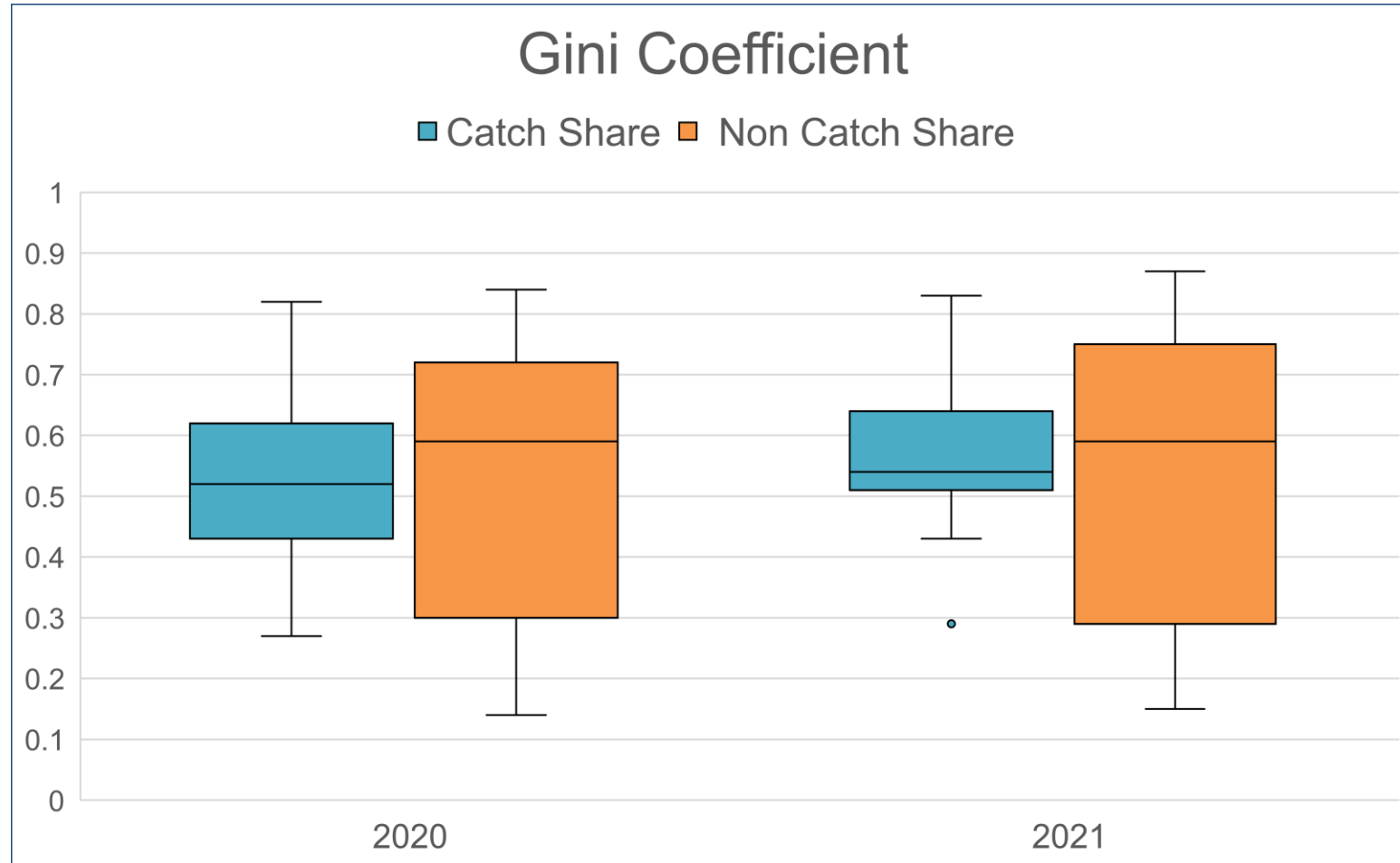
FIGURE S-1 Key components of multidimensional equity.
SOURCE: Adapted from Franks and Schreckenberg (2016) and Schreckenberg et al. (2016). See McDermott et al. (2013) and Pascual et al. (2014) for alternative visualizations.

- **Distributional equity**: considers the distribution of benefits and costs to individuals and groups at various scales
- **Procedural equity**: requires the consideration of who is involved in the decision making processes (and who is missing from the room)
- **Recognitional equity**: involves acknowledging the rights, knowledge, values, interests, and priorities of a diverse array of individuals and groups and incorporating them into management considerations
- **Contextual equity**: cutting across the other elements of equity, considers the social, economic, environmental, cultural, and political history and circumstances that affect other forms of equity

Economic mechanism to analyze equity

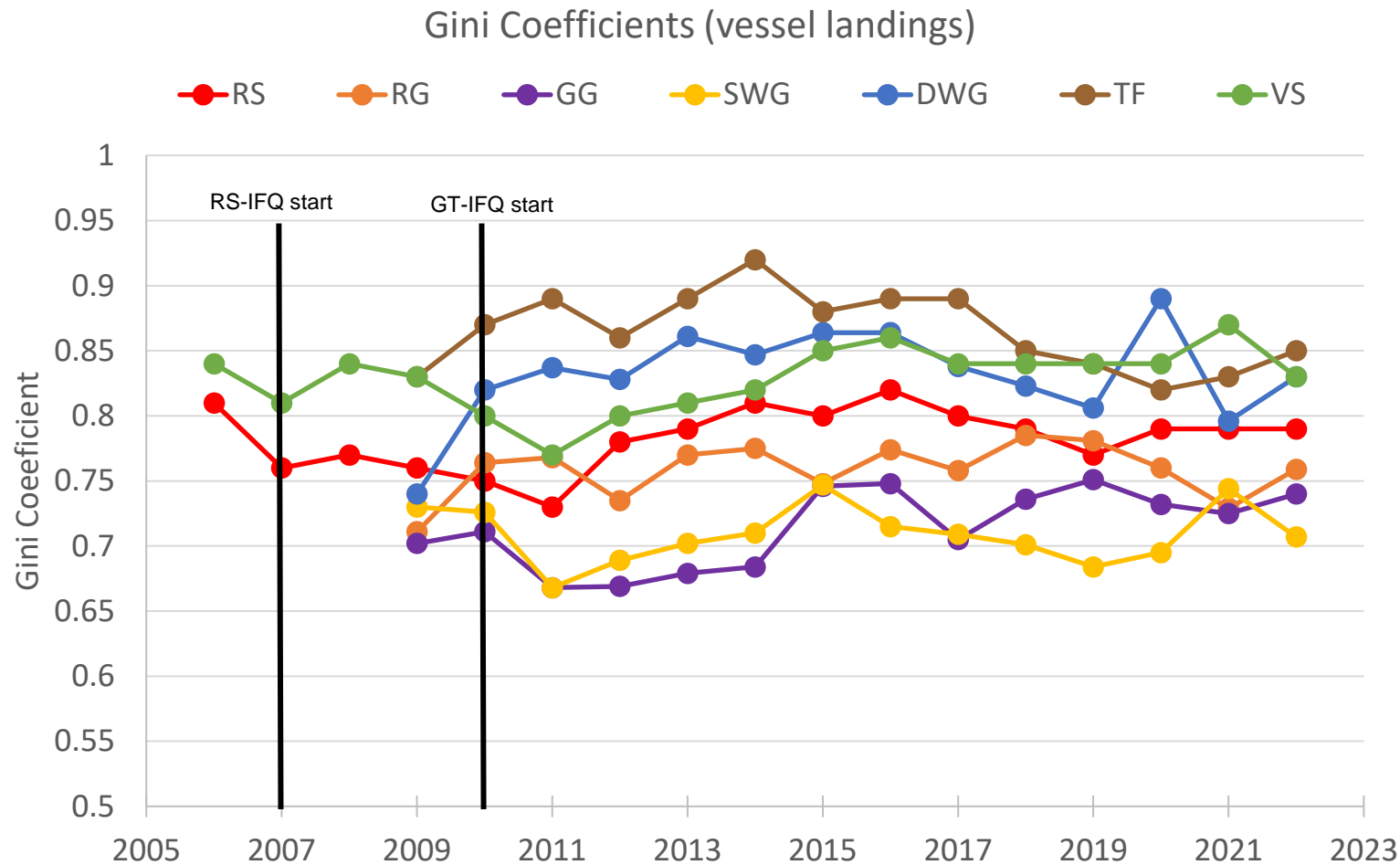
- An economic mechanism is the Gini coefficient - a statistical measure of economic inequality in a population and measure of the dispersion of income or distribution of wealth
 - Gini coefficient of zero is perfect equality (everyone has the same 'income')
 - Gini coefficient of 1 is full inequality (one person has all the 'income')
- More equitable distribution should lower the Gini coefficient
 - How close to zero is appropriate?
 - How do pre- and post-IFQ compare?
 - How do non-IFQ to IFQ fisheries compare?

Gini Coefficients Comparison



- Only a limited subset of non-catch shares were available for analysis
- This shows that both catch share fisheries and non-catch share fisheries can have a wide range of Gini Coefficients










Gulf Gini Coefficients Across Time



- Our fisheries were considered highly unequal prior to the IFQ programs
- Catch shares in the Gulf reef fish fishery have had little influence on Gini coefficients over time



Distributions

- Past Distributions
 - Original shares were distributed based on catch history associated with the reef fish permit
 - Quota increases (start of year and in-season) are distributed proportionally based on share holdings
 - Potential alternative ways of distributions
 - Inverse proportional based on shares
 - Proportional based on landings
 - Inverse proportional based on landings
 - Create a reserve pool (quota bank) to distribute allocation each year to eligible candidates (e.g., replacement fishermen, fishermen heavily reliant on leasing allocation)
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Key Terms: Shares, Allocation, & Inactive

Shares

A percentage of the IFQ quota that distributes allocation to shareholders.

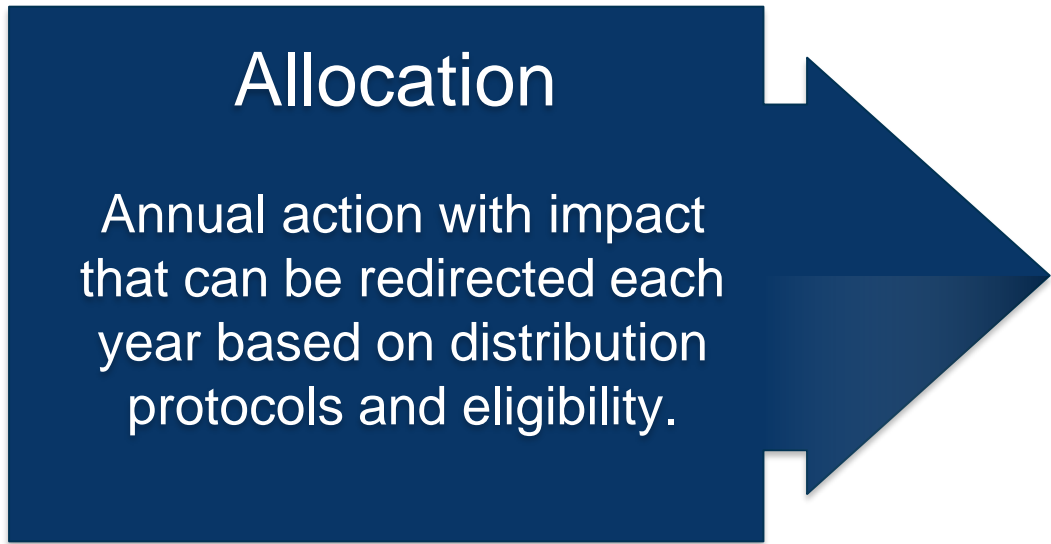
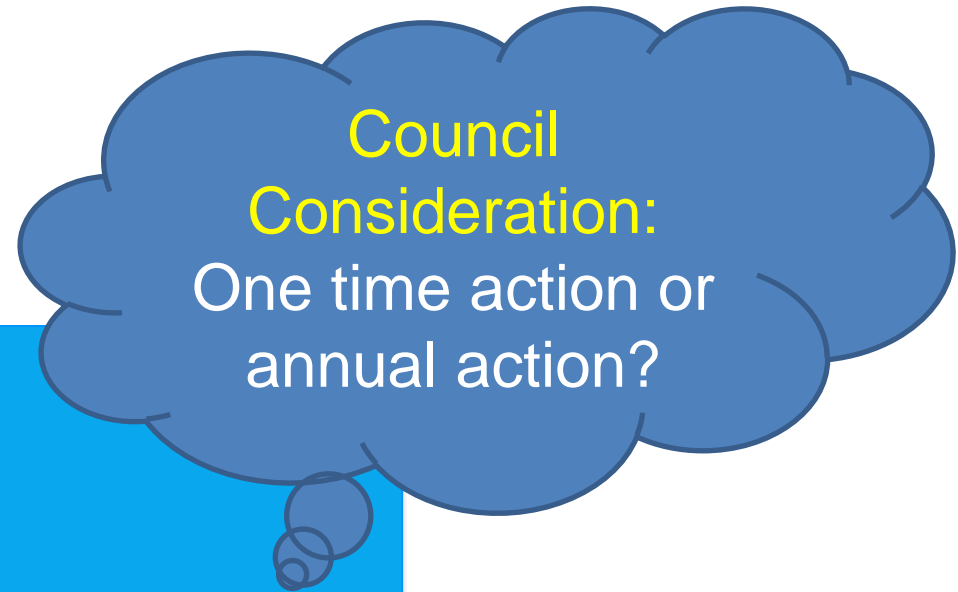
Allocation

Annual amount of pounds (gutted weight) that allows you to posses, land, and sell IFQ species.

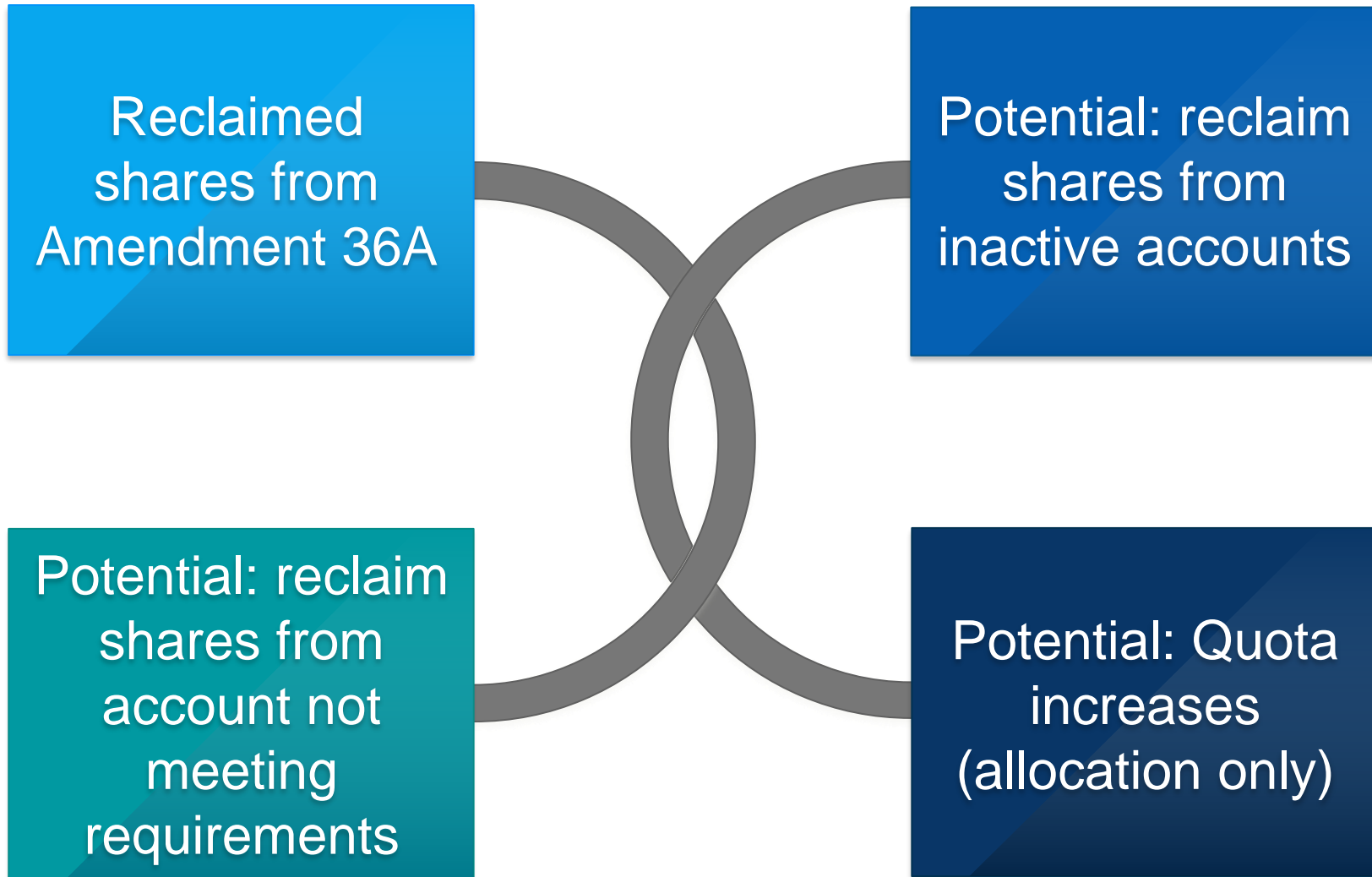
Inactive Accounts

Determined annually as an account that has not landed or transferred allocation. The account may have transferred shares.

Key Term: Distribution



Share or Allocation Sources



Share or Allocation Sources

Reclaimed shares from Amendment 36A

Category	Amount	2024 Quota	Equiv. Pounds
RS	0.0788000%	7,493,784	5,905
DWG	0.0284050%	1,024,000	291
RG	0.1069740%	2,790,000	2,985
GG	0.1826210%	147,000	268
SWG	0.4518210%	525,000	2,372
TF	0.0550810%	582,000	321

Share or Allocation Sources

Determined annually as an account that has not landed or transferred allocation. The account may have transferred shares.

Potential: reclaim shares from inactive accounts.

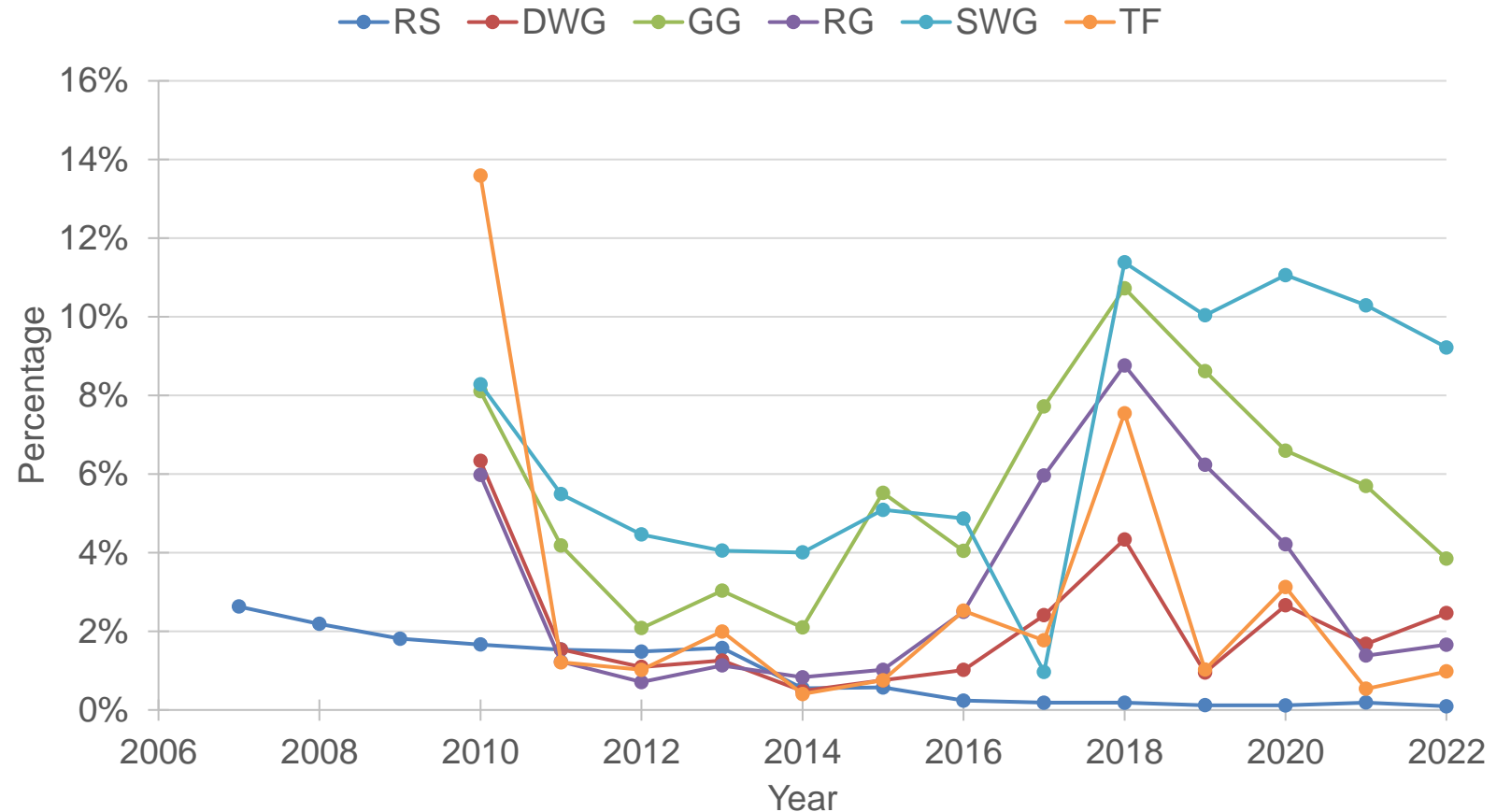
Could potentially provide NMFS authority to do this on a reoccurring basis.

	2020		2021		2022	
	Accts	Lb	Accts	Lb	Accts	Lb
Red Snapper	34	8,427	31	13,272	26	6,611
Deep water grouper	119	27,248	111	17,220	110	25,222
Gag	221	61,945	212	53,499	200	36,116
Red grouper	199	126,335	163	41,509	156	46,417
Shallow water grouper	215	58,045	202	54,016	184	48,387
Tilefish	66	18,187	52	3,140	62	5,704

Share or Allocation Sources

Potential: reclaim shares from inactive accounts

Pounds from inactive account as a percentage of the quota



- How many years of inactivity should result in reclamation?

Share or Allocation Sources

Potential: reclaim shares from accounts not meeting requirements

- Depends on the requirements to hold shares in Amendment 59
- Potential sources:
 - Shareholder accounts without a permit
 - Shareholder accounts without activity
- Potential source from decision on deceased shareholder (see later slides)
- Generally, it is assumed this source of shares or allocation will be limited in volume and timing – consider this rare and with small values

Share or Allocation Sources

Potential: Quota
increases
(allocation only)

- This option only provides allocation
- Provides allocation each year
- Only provides allocation in years when quota is greater than a set value
- Alternative is to take a set percentage to take off the top every year

Re-occurrence of reclaimed and distributed shares

Potential: reclaim shares from inactive accounts

Potential: reclaim shares from account not meeting requirements

- Shares could continuously be reclaimed from either of these two sources over time
 - Moves this from a once and done activity to a reoccurring activity
- Does the Council wish to grant NMFS the authority to redistribute these shares perpetually?
- Redistribution could be triggered:
 - Every X amount of years
 - When a threshold of shares have been reclaimed



Deceased Shareholders

- NMFS must be informed of the death of the shareholder
 - NMFS is often not informed until permit renewal (annual) or citizenship renewal (every 2 years)
- Any actions must take into consideration if the deceased shareholder is the sole account holder, member of partnership, shareholder in a business, or if the account is held by a trust.
 - Sole proprietorships – the personal representative, executor, or administrator must provide documentation to SERO:
 - Copy of court order appointing the representative
 - Notarized statement requesting access
 - Accounts with multiple shareholders or owners – any surviving shareholder or owner’s with the USERID and PIN can access the account.
 - Required to update ownership with IFQ and Permits (if applicable)

What should “equity” in the IFQ programs mean?

- What is the Council trying to achieve with this motion? This will drive the purpose and needs, actions and alternatives.
 - What sources of privileges are appropriate for distribution?
 - Who are you trying to assist with equitable distribution?
 - Which methods of distribution will best suit the intended stakeholders?
 - Intersection with Amendments 58 and 59

What sources of privileges should be consider?

- **Potential action:** Reclaim shares from inactive accounts and accounts that will not meet the requirements to hold shares for equitable redistribution.
 - Alternatives could consider consecutive years of inactivity.
- **Potential action:** For any quotas above X, utilize the allocation for a quota bank or distribute in a way that is not proportional to shareholdings.
 - Alternatives would include which share categories to include and the quota level set to trigger excess allocation distribution.
- Council may choose options for both shares and allocation
- Note agency will need to inform stakeholders prior to reclamation and may need an appeals process.

Who should be eligible for distribution?

- **Potential Action:** Include the following criteria for being eligible to receive shares or allocation from reclaimed privileges.
 - Alternatives could consider:
 - small shareholders (by category),
 - allocation only shareholders,
 - replacement fishermen,
 - ways to address fishery discards
 - Others criteria?
- Consider if options should be by share category, across all share categories, or some mixture of share categories.
- Options to consider may differ by share category, such as categories with higher discard mortality.

Methods of distribution?

- **Potential actions** to distribute shares
 - Distribute shares to eligible participants using landings history.
 - Alternatives could consider proportional or inverse proportional.
 - Alternatives could consider time period for landings history (e.g., 3, 4, or 5 years).
 - Set triggers for redistribution of reclaimed shares in the future without Council action
 - Alternative could consider a set number of years or set percentage
- **Potential action** to distribute allocation:
 - Create a quota bank to allow for equitable distribution of allocation each year.



IFQ Amendment Interactions

- Amendment 58 is considering potential changes to share categories for Other Shallow-water Grouper (SWG).
 - The potential modification of the SWG into 2 new share categories may impact criteria used for equitable distributions.
- Amendment 59 is considering changes to participation within the IFQ program.
 - May set up a continuous process to reclaim shares for participants who do not meet the eligibility requirements to hold shares.
 - Amendment 59 and deceased shareholder:
 - May eliminate need for action to reclaim shares from deceased shareholder, as permit may be required to hold shares
 - Would Amendment 59 need some special dispensations for accounts held by a deceased shareholder before reclamation occurred? (probate can be years)

An aerial photograph of a dark blue ocean with white-capped waves. The water is a deep, rich blue, and the waves are small and frequent, creating a textured surface. The white foam of the wave crests is scattered across the water, particularly on the right side of the frame. The overall scene is dynamic and captures the natural movement of the sea.

Questions?



Bonus Material

NAS Equity continued

- All four dimensions are important and linked
- Within the environmental field, when equity has been assessed, distribution of benefits and costs have received the most attention.
- The focus on distribution is challenged by many authors who argue the procedural and/or recognitional equity are a prerequisite to multiple, culturally informed understandings of distributional equity.
- Equity is not a universally understood social good to be delivered through well-designed policy. Instead, equity is political and often emerges as a policy priority based on concerns about inequity.

NAS Equity continued

- Criteria or principles for assessing distributional equity vary, and there is no rational way to prefer, a priori, one fairness criteria over another.
- Ideas of equity vary and are often culturally embedded.
- Attention to procedural, recognitional, and contextual equity can support the identification of criteria that may be acceptable to a broader range of stakeholders.

BOX 2-1

Example Criteria and Principles for Distributional Equity








































Criteria, listed alphabetically, for assessing the equitable distribution of costs and benefits include:

- **Basic needs:** against a baseline that must be achieved by everyone
- **Compensation:** in a way that compensates for previous harms to group members
- **Egalitarian:** equally among group members
- **Future use:** accounting for potential future group members
- **Needs-based:** also called max/min, i.e., maximizing benefits or minimizing costs to the most disadvantaged
- **Proportionality**, according to:
 - o *Accountability:* positive and negative contributions to system (rewards and demerits)
 - o *Investment:* levels of investment (capital, labor, etc.)
 - o *Effort:* level of activity
 - o *Importance:* level of importance, measured in economic, cultural, social, or other terms
- **Rights-based:** in a way that recognizes rights-based claims of some users (e.g., Indigenous Peoples, Tribal Nations)
- **Status quo:** to maintain existing relative distribution among group members
- **Utilitarian:** by averages, e.g., among sub-groups

SOURCE: Burch et al. 2021, Gurney et al. 2021, Pascual et al. 2020, 2010.

Share Cap Calculations In IFQ

Share caps are calculated for the account level and entity levels (both business and individual).

IFQ Account Holder	100% 	100% 	50% 50%  	50% 50%  	100% 	100% 
Ownership	 100%	 75%  25%	 100%  100%	 75%  25%  30%  70%	 100%	 25%  75%
Second Tier Ownership	N/A	N/A	N/A	N/A	 50%  50%	 30%  70%  50%  50%
Final Individual Percentages	 100%	 75%  25%	 50%  50%	 37.5%  47.5%  15%	 50%  50%	 7.5%  55%  37.5%

Share Cap Calculations In IFQ

Share caps are calculated for the account level and entity levels (both business and individual).

IFQ Account Holder	100% 	100% 	50% 50% 	50% 50% 	100% 	100%
Individual	100% 	75% 25% 	50% 50% 	37.5% 47.5% 15% 	50% 50% 	7.5% 55% 37.5%
Acct RS Shares (Cap = 0.6020300)	0.000500	0.000250	0.010000	0.004500	0.000500	0.000080

$(1 * 0.000500) + (0.75 * 0.000250) + (0.50 * 0.010000) + (0.375 * 0.004500) + (0 * 0.000500) + (0 * 0.000080) = \mathbf{0.007375}$

$(0 * 0.000500) + (1 * 0.000250) + (0 * 0.010000) + (0.5 * 0.004500) + (0 * 0.000500) + (0 * 0.000080) = \mathbf{0.002500}$

$(0 * 0.000500) + (0 * 0.000250) + (0 * 0.010000) + (0.5 * 0.004500) + (0 * 0.000500) + (0.25 * 0.000080) = \mathbf{0.002270}$

$(0 * 0.000500) + (0 * 0.000250) + (0 * 0.010000) + (0 * 0.004500) + (1 * 0.000500) + (0.75 * 0.000080) = \mathbf{0.000560}$