

U.S. Social Security and Fishermen's exit decisions

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Human Side of Fisheries Adjustment

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Old-age benefits in the U.S.

- ◆ Implemented through the Social Security Administration
- ◆ Benefits based upon individual's lifetime contributions
- ◆ Contributions to Social Security made on only two forms of income:
 - Wages & Salary
 - Net Earnings from Sole Proprietorships
- ◆ Full Benefits (2006): monthly benefits capped at \$2,053

Commercial Fishermen and Social Security

Fishing is often considered a non-traditional labor force:

- Crew shares
- Seasonal work
- Cyclical industry (boom or bust)

Research Question & Policy Implications

RESEARCH QUESTION:

- ◆ Are commercial fishermen likely to receive full social security benefits?

POLICY IMPLICATIONS:

- Vessel owners: older vessel owners not qualifying for (full) benefits may be more likely to stay active in a fishery longer
- Fishing Communities/States: if older fishery participants (vessel owners, captains & crew) do not qualify for (full) benefits, may result in a more dependent population

Rephrasing the Research Question to fit Data Constraints.....

*Will older vessel owners fish longer due to
lack of social security benefits?*

◆ Approach:

- Assess to what extent average vessel owner's income differs from state average

◆ Data:

- Tax returns from Capital Construction Fund (CCF) participants
- Focus on Alaska

Commercial Fishing in Alaska

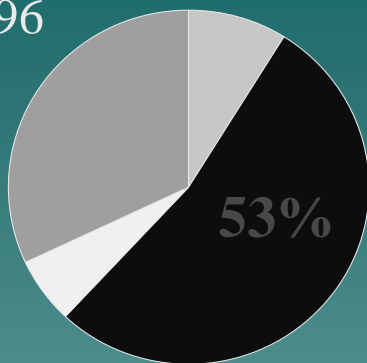
- ◆ Alaska: 57% of total US landings by weight and 33% by value
- ◆ Employment: Commercial fishing industry #1 private employer in Alaska
- ◆ Fishing Communities
 - half of the fishing communities have unemployment rates twice the national average and poverty rates 30% higher than the national average.
 - few of Alaska's coastal communities are economically diversified.

Study Data: *currently, very limited*

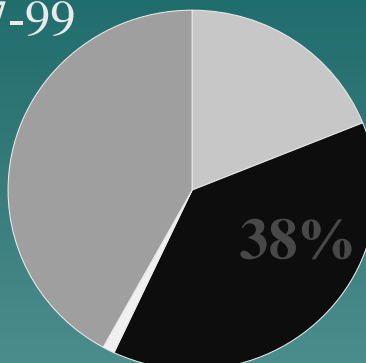
- ◆ Information from 60 individuals
 - Includes only those living in Alaska
 - Also limited to those living in communities designated as fishing communities
 - Geographic coverage: 19 fishing communities covered
- ◆ Panel of 309 observations

Vessel Owners Earnings by Source

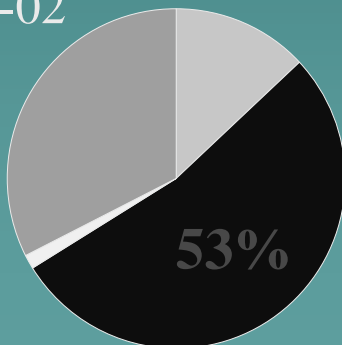
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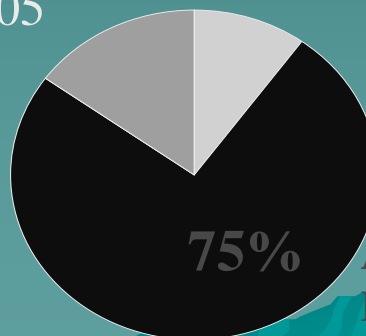
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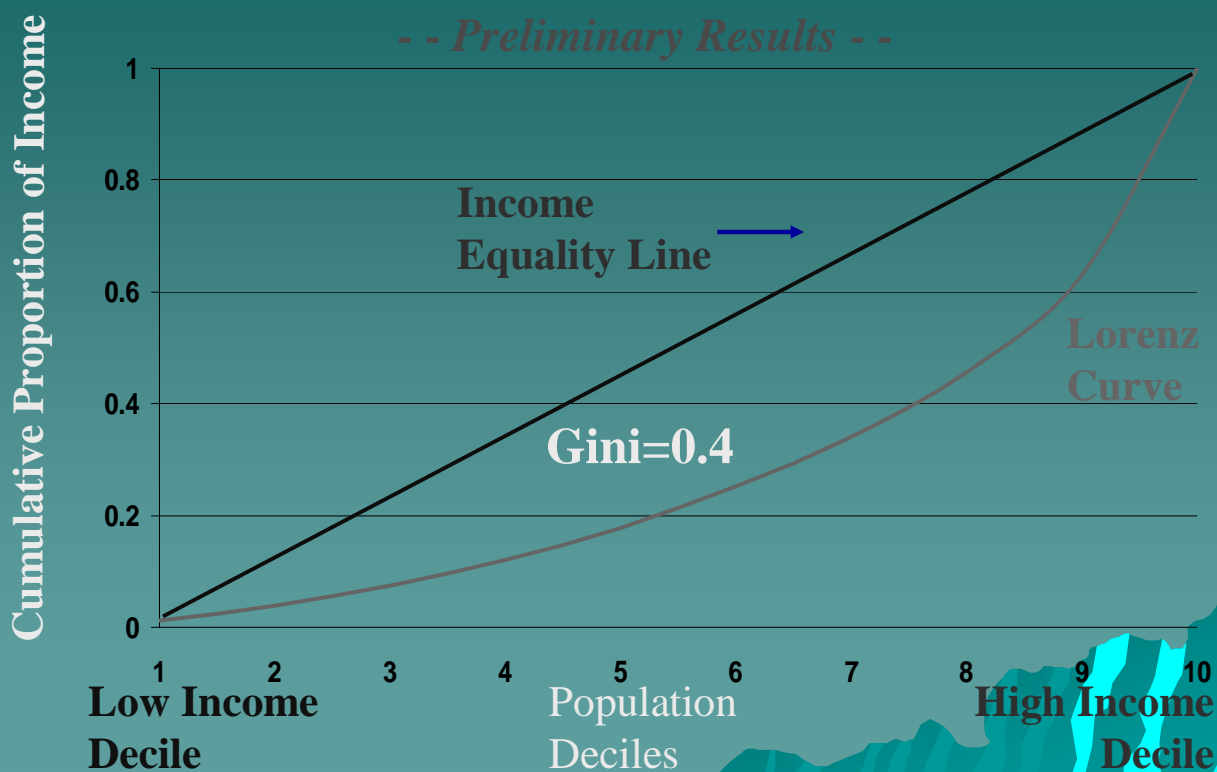


- Sole Proprietorship
- ITQ, Permit Boat Sale
- Wages & Salary
- All Other

ALL RESULTS PRELIMINARY

Alaska Commercial Vessel Owners' Lorenz Curve: 1994-2005

- - Preliminary Results - -



Alaska Vessel Owners vs. State Averages

Average Vessel Owner Household

Wages & Salary:	\$ 4,462
Sole Proprietorship:	\$77,580
Total	\$85,210

Average Alaska Household

Wages & Salary:	\$51,536
Sole Proprietorship:	\$ 3,085
Total	\$67,105

RESEARCH QUESTION #1:

Do older vessel owners fish longer due to lack of social security?

- ◆ Based on limited data, **NO.**

Alaska vessels owners are not likely to stay in fishery longer due to receiving reduced / no old-age benefits

- ◆ *However, they may stay in fishery due to lack of comparable economic opportunities*

Going beyond the data.... What about the crew?

- ◆ ~10% of households of vessel owners in this study are below poverty line
- ◆ Poverty rates of fishing communities in which these vessel owners reside is ~30%
 - Suggests crew are worse off than vessel owners
 -
 - If true, may suggest crew may be at risk in terms of old-age benefits

Future Work

- ◆ Within existing framework:
 - Expand sample within AK region
 - Expand to cover all regions
 - Representativeness: need to determine whether CCF representative of vessel owners
- ◆ Entry/Exit model development; financial econometric modeling
- ◆ Crew: Need to expand data collections to include information on crews

Future Challenges / Food for Thought

- ◆ In many U.S. fisheries, individuals serving as crew are not documented as workers
- ◆ Challenge for designing effective fisheries adjustment programs for fishermen when those most in need of transitional support cannot prove their participation in fishing

Thank you!