

Testimony before the House Natural Resources Committee, Subcommittee on Fisheries,
Wildlife, Oceans, and Insular Affairs

on the U. S. Fish and Wildlife Service's *National Fish Hatchery System: Strategic Hatchery and
Workforce Planning Report*, March 2013

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Good afternoon Chairman Fleming and Members of the Subcommittee, and thank you for inviting me to be with you today to share the perspectives of the state fish and wildlife agencies on the U.S. Fish and Wildlife Service's (Service) National Fish Hatchery System (NFHS) and the Strategic Hatchery and Workforce Planning Report. My name is Ed Carter, and I am the Executive Director of the Tennessee Wildlife Resources Agency, representing the Association of Fish and Wildlife Agencies (Association). I am a member of the Association's Executive Committee. I also serve as the current President of the Southeastern Association of Fish and Wildlife Agencies.

The Association, founded in 1902, is the professional association for the state fish and wildlife agencies, and our membership includes public agencies charged with the protection and management of North America's fish and wildlife resources. The Association's governmental members include the fish and wildlife agencies of the states, provinces, and federal governments of the U.S. and Canada, and we collaborate with Mexico. All 50 states are members. The Association has been a key organization in promoting sound resource management and strengthening federal, state, and private cooperation in protecting and managing fish, wildlife, and their habitats in the public interest.

The Association is very interested in the future of the National Fish Hatchery System and what changes to that system could mean to the state fish and wildlife agencies, the constituents they serve, and our nation's fisheries. Mr. Chairman, the state fish and wildlife agencies have a long and valued partnership with the federal agencies in fisheries management. Fish hatcheries have been and remain important components of many successful fishery restoration and management efforts. Given our shared responsibilities for the management of fish and other aquatic resources, and the diverse benefits derived by the American public from integrated and efficient hatchery production, we look forward to continuing to work closely with the Fish and Wildlife Service to ensure quality fish for restoration and to support diverse recreational and commercial use. Toward that end, we appreciate the opportunity to be here today to explore ways to maintain and improve upon an important tool in our conservation toolbox.

Federal fish hatchery closures and associated activity reductions or modifications, unless carefully coordinated with the states and Tribes and methodically approached, could degrade many invaluable fisheries management and conservation projects that are vital to sustaining important fish populations in our nation's waterways and the jobs the fishery resources support.

Healthy waterways and robust fish populations are vital to the well-being of our society and economy. They provide sustainable fisheries, provide jobs for our citizens, recreational enjoyment for millions, and support many local communities.

BACKGROUND

The National Fish Hatchery System was established in 1871 by Congress to conserve fishery resources for future generations of Americans. Today, the Service's NFHS includes 70 National Fish Hatcheries (NFHs), nine Fish Health Centers (FHCs), and six Fish Technology Centers (FTCs). These facilities are used extensively by some state fish and wildlife agencies. The federal hatchery system is a key ingredient in supporting state and federal fisheries management throughout the country. As stated in a recent report by the Service "the [federal fish hatchery system] is a complex and dynamic network of assets and expertise operating to support the Service's mission.¹"

The state fish and wildlife agencies are strong proponents of a healthy federal fish hatchery system. We believe the federal hatchery system should not operate or be managed in a vacuum. In effect, the federal system is a part of a more comprehensive national system that includes the hatcheries operated by state fish and wildlife agencies, other public agencies, and even private enterprise. When you then take into consideration Tribal hatcheries, it becomes clear how extensive the network of hatcheries is to meet federal, state, and Tribal needs for recreation, mitigation, and species recovery.

The state fish and wildlife agencies are partners with the Service and Tribes in producing fish for our nation's interests and needs. Some state fish and wildlife agencies rely heavily on federal hatchery grown fish or eggs to provide for recreational angling opportunities and restoration work. Other states may not use federal fish hatcheries at all, or will partner with federal fish hatcheries to address a specific need. I should mention that some state hatcheries produce threatened or endangered species to assist our federal partners in delisting efforts and help recover fisheries systems that are important to the state. Consequently, a shift in any federal fish hatchery will have broad implications for many more interests than just the Service and its workforce planning efforts. The Service should closely collaborate with the states and Tribes when the agency contemplates changes to a fish hatchery or fish health center including closures, change in production, or shifting priorities which, to date, has not occurred.

Since at least 1995, we have revisited the concept of changes in federal fish hatchery modifications, priorities, closures, and the like several times either through Service proposals or the President's budget and each seemingly without due consideration of impacts on others outside the Service that could be affected by such actions.

ECONOMIC SIGNIFICANCE OF OUR NATION'S FISHERIES

Recreational fishing and fishery resources are significant contributors to the economic health of the nation. The 2011 National Survey of Fishing, Hunting and Wildlife Associated Recreation found 33.1 million individuals participating in recreational fishing. The economic impact from

¹ *National Fish Hatchery System: Strategic Hatchery and Workforce Planning Report*, March 2013, U.S. Fish and Wildlife Service, page 6.

recreational fishing alone supports more than 587,000 jobs and provides a total economic contribution exceeding \$61 billion.² The estimated economic impact of the Fish and Aquatic Conservation program of the FWS also provides a strong indication of the value of the United States' aquatic resource assets. In 2010 the program's activities yielded an estimated \$3.56 billion in economic output, supporting more than 68,000 jobs and \$301 million in substitution value for subsistence activity.³

Federal investment in fish hatcheries produces a strong return on investment and is a model of an economic multiplier effect. In the nine Southeastern states alone, for example, the \$5 million spent on NFH-stocked fish generates at least \$239 million in local economic output and supports 3,100 jobs with incomes totaling \$63 million. This activity generates \$14 million in state and federal taxes.⁴

The NFHS relies a great deal on volunteer work, which significantly cuts program costs and allows important funding dollars to be used directly for the rearing and release of hatchery fish. Additionally, these hatcheries are a career gateway for rural and Native American youth, helping to diversify Service staff and invest youth in the stewardship of our environment at an early age. Through the use of volunteers and the implementation of the Youth Conservation Corps initiative, these hatcheries are avenues for introducing people to outdoors, outdoor skills and conservation. They increase recruitment and retention in the participation of traditional outdoor activities.

Several of the agencies that rely on these fish stocking operations, including the Army Corps of Engineers (Corps) and the Bureau of Reclamation (BOR), have failed to fully reimburse the Service for its efforts. If the Service is not fully reimbursed by these two agencies, the large decrease in funding that is anticipated for the NFHS will be felt in local economies, as nationwide hatchery efforts support over 8000 jobs and result in almost \$35 million in state and local tax revenue every year.⁵ The best remedy for this unfortunate situation is for Congress to either mandate that these partner agencies fully reimburse the Service for their share of the hatchery operating costs or provide the Service with the necessary funding within the NFHS's budget to keep these facilities operating, complementary to the program's base funding, while reimbursements are negotiated. The Association supports 100% reimbursement to the Service by other federal agencies.

Finally, we would add that this is not an issue that has only federal level impacts. States depend on these hatcheries to provide fish and recreational fishing opportunities, which support jobs in rural areas that depend on the recreational angler for their livelihood. Over the years the Service

² Southwick Associates, 2011, *The Economics Associated with Outdoor Recreation, Natural Resources Conservation and Historic Preservation in the United States*. Report prepared for the National Fish and Wildlife Foundation, page 8.

³ Joseph J. Charbonneau and James Caudill, 2010, *An Assessment of Economic Contributions from Fisheries and Aquatic Resource Conservation*, U.S. Fish and Wildlife Service.

⁴ Sport Fishing & Boating Partnership Council, 2010. *Programmatic Evaluation: Activities of the U.S. Fish and Wildlife Service Fisheries Program, FY 2005-2009*, page 64.

⁵ Joseph J. Charbonneau and James Caudill, 2010, *An Assessment of Economic Contributions from Fisheries and Aquatic Resource Conservation*, U.S. Fish and Wildlife Service

has cut hatcheries through closures and transfers to states. The hatchery program has for some years been at the minimum staffing and size necessary to fulfill responsibilities, as well as recreational opportunities and in some states any additional losses would be devastating.

TENNESSEE: AN EXAMPLE

Tennessee relies on Service hatcheries to maintain trout fisheries across the state. The federal hatcheries have become a critical component of statewide trout management providing over half the trout produced for the state. Most of these fish are provided for stocking into waters associated with federal water development projects. In a typical year federal hatcheries provide about 300,000 pounds or 1.3 million trout to fisheries that have been permanently altered by federal power projects. Fisheries for native fish no longer exist at these locations due to habitat loss associated with project operations. Trout are stocked to mitigate for this loss. The mitigation trout fisheries include 8 large reservoirs and 13 rivers located in middle to East TN. Many of Tennessee's most famous rivers, like the Caney Fork, Hiwassee, Clinch, Watauga, South Holston, and Tellico Rivers rely on the federal mitigation stocking program.

Tennessee's view is that the federal government is responsible for mitigation stocking at federal water development projects, operated by the US Army Corps of Engineers (USACE) and the Tennessee Valley Authority (TVA). Private power companies are held to these standards throughout the nation, and the federal government should be a model participant in the mitigation model, not an objector. The Service once had a proud tradition of performing the mitigation role for the federal government. The Service's strategic plans and annual reports rightfully touted these successful stocking programs for decades. Dale Hollow National Fish Hatchery in Celina, TN was built in 1965 to perform this role that it continues to this day. Erwin National Fish Hatchery, in Erwin, TN provides eggs for mitigation trout at both federal and state hatcheries across the nation.

The *2013 Strategic Hatchery and Workforce Planning Report* states that the Service has chosen to discontinue this role. This decision should not give the federal government as a whole a pass on its mitigation responsibility. The funding could come from federal appropriations to the Service or by payments from USACE and TVA. The mechanism for this funding is a federal matter that the states should not need to design or negotiate.

The federal government should pay for mitigation. If it is decided that the Service will no longer produce mitigation trout, then those hatcheries and an annual allocation to operate those hatcheries should be transferred to the states or private hatcheries to perform that role for the federal government. Any conveyance of federal mitigation hatcheries to state agencies should include legislation that ensures annual operating funds for that facility will be provided by the federal government. The states and anglers that support them should not pay to operate these federal mitigation hatcheries.

Aside from the mitigation responsibility, the Service hatcheries should be operated to maintain the economic benefits that have been created over the decades. These fisheries benefit a variety of local businesses and stimulate tourism in Tennessee. The economic analysis of Dale Hollow National Fish Hatchery reports that for every dollar spent the economic return is \$88.76, nearly all of this is realized in TN. The program annually supports 867 jobs, \$22.5 million in wages,

\$41.7 million in retail sales, and \$5.1 million in federal and state taxes. Erwin National Fish Hatcheries influences a broader region of the country and as such is an even greater economic driver. Erwin returns \$72.95 for each tax dollar spent and supports 3,442 jobs, \$89.5 million in wages, \$166 million in retail sales, and \$20.7 million in taxes.

AREAS OF CONCERN

The Association has a record of raising issues through the years about the role of the Service in operating and managing federal fish hatcheries. I will outline these issues briefly and then return to elaborate on each point.

1. The Service has federal responsibility for meeting the mitigation needs of federal water development projects. Since before the Fish and Wildlife Coordination Act of 1934, the Service has had statutory responsibility to mitigate fisheries losses and loss of recreational fishing opportunities which result from federal water development projects. We want to ensure that the Service does not abdicate this responsibility and that the water development project agencies fund these activities fully.
2. Federal hatcheries are not just about mitigation. The states rely on federal fish hatchery production to support recreational fishing and species recovery. The Association's member states are willing to work with the Service on a national approach to coordinate fish production, taking into account the fish produced by the 50 state fish and wildlife agencies and the fish produced by the Service to ensure the most efficient methods for producing fish for recreation, mitigation, and species conservation. We must have a robust and collaborative national effort to meet the nation's fish production needs and restoration potential now and into the future. Furthermore, Service fish health centers are frequently used by states to test for diseases, pathogens and genetic characteristics which is critical information for fisheries managers.
3. Proposals to close or transfer fish hatcheries or reduce their production happen every several years. From our perspective these cycles seem to signal that the Service places a low priority on fish production compared to other non-fishery program areas. From the states' perspective, the Service's fish and aquatic programs are a significant priority. Hatchery production is one of the three legs of the fishery management stool alongside habitat conservation and harvest management.
4. The Association has always expressed concern about using Federal Aid in Sport Fish Restoration Act (or Wallop-Breaux) administrative (non-project) funds to transition divested hatcheries to the states. Fortunately, there are no recent discussions about using Sport Fish Restoration funds to transfer hatcheries to the states, but the suggestion was made in the past during similar proposed hatchery changes, and we want to ensure that any future discussion avoids this trap. The Wallop-Breaux user pay/user benefit system was designed to enhance fisheries and recreational fisheries opportunities but not to divest federal agencies of their mitigation responsibilities. We believe that non-project funds were intended to be used for federal administration of the Sport Fish restoration program to the states, *not* to substitute for fish and aquatic conservation operational funding deficits at the federal level.

5. A big part of meeting the nation's fish production requirements is the availability of drugs that prevent disease or safely sedate fish during handling. . Under the Aquatic Animal Drug Approval Partnership run by the Service from its offices in Bozeman, Montana, state agencies collaborate with the Service and the Food and Drug Administration to approve drugs for fish culture. This program is a high priority to the state fish and wildlife agencies and we remain concerned that the Service intends to turn this federal program into a cost-recovery center using the states as primary funders. Drug approval efforts are a federal requirement and this program should be fully-funded by the agency.

Federal Responsibility for Fisheries Mitigation

Statutory mandates for the Service's efforts to mitigate the impacts of federal water development projects, as well as activities authorized under FERC licenses or by Section 9, 10, 13 and 404 permits, are very broad. The Fish and Wildlife Coordination Act requires that fish and wildlife be given *equal* consideration with other project purposes in making decisions about federal water projects and license or permit applications. Other mandates and authorities for the Service's involvement in mitigation activities associated with federal water projects as well as with federally licensed or permitted alteration of navigable waters include the Fish and Wildlife Act of 1956, the Watershed Protection and Flood Prevention Act, the Rivers and Harbors Act of 1899, the Federal Power Act, the Clean Water Act, the Mitchell Act, the Water Resources Development Act of 1976, and other statutes. In addition to these statutory requirements and authorities, NEPA regulations also require that mitigation measures be considered in environmental impact statements for significant federal activities and development initiatives. Hence there is a substantial mandate for the Service's involvement in identifying mitigation requirements for all federal water development initiatives as well as federally licensed or permitted activities and in ensuring that mitigation measures are included in projects when they are planned, constructed and become operational.⁶

The Association is concerned with the Service's apparent withdrawal from these statutorily mandated mitigation responsibilities. The quid pro quo for these federal water development projects has been that losses to local fisheries and diminished recreational opportunities would be mitigated by the establishment, funding, and administration (by the federal government) of fish hatcheries. Longstanding federal policy has been that the mitigation must be continued for the life of the project and as long afterwards as the effects of the project persist. In some cases, then, the mitigation should continue in perpetuity. The Service's proposal seems to signal an abdication of these responsibilities or, at a minimum, an attempt to transfer those responsibilities (without funding) to the states or others.

Recreational Fish and Species Recovery Production

The responsibility for management of many fish populations rests with states. However, the migratory nature of many native species, recovery needs of species listed under the Endangered Species Act and mitigation obligations resulting from federal water development actions place considerable responsibilities in the hands of federal fisheries management agencies. Shared jurisdiction that has evolved over many decades, under the almost constant pressure of budget constraints at state and federal levels, has created an efficient system that delivers quality fish for

⁶ U.S. Fish and Wildlife Service. 1985. Fisheries Resources Program. *Statement of Responsibilities and Role*, page 6.

a variety of purposes. State hatcheries focus heavily, but not exclusively, on fish production to supplement stocks for recreational fishing purposes. Some state hatcheries produce federally threatened or endangered species for restoration and recovery efforts. Federal hatcheries focus on native species restoration, rehabilitation through the stocking of fish and eggs, meeting mitigation responsibilities for federal water development projects, federally threatened or endangered species for restoration and recovery efforts, and developing and maintaining brood stocks of various and sometimes unique genetic strains. Over the years, the states have also come to rely on the federal hatcheries, fish health centers, and fish technical centers for technical assistance and scientific expertise in a variety of areas. While it may appear at first glance that the system includes redundancy among agencies this is not the case. Neither the states nor the federal hatcheries and facilities alone could geographically or functionally satisfy the diverse needs for fish, or provide the collective expertise currently supplied by the sum total of the current system.

Looking forward, we anticipate continued need to focus on public fish hatcheries as an essential tool in sound fisheries management. Hatcheries will continue to play a role in protection and restoration of native fish populations and supplementation of natural populations to support valuable recreational and commercial fisheries. Today, the states, federal partners and others are launching ambitious new efforts to protect and enhance fish habitat. While we have seen the declines of much fish habitat across the country, we have also seen examples where habitat previously lost to fish has recovered to the point where it once again supports valuable fisheries. In many of those cases, population enhancement through hatcheries has played a critical role in restoring those stocks and the fisheries that depend upon them.

One close by example is that of shad recovery in the Chesapeake Bay. Following fish passage and water quality improvements, waters once lost to anadromous shad runs were reopened. Yet fish populations had declined to the point where active restoration was required to take full advantage of potential habitats. Through a scientific, careful and consistent restocking effort, native runs of naturally reproducing American and hickory shad have been restored to many tributaries of the Chesapeake Bay. Now, recovering populations in rivers like the Potomac are being utilized to gather eggs for further restoration work in the James and Rappahannock Rivers. Much of this work has occurred at the Harrison Lake National Fish Hatchery in Virginia. Similar success stories are unfolding on the Great Lakes with lake trout and coaster brook trout, in the southwest, where endangered Apache trout populations in Arizona could become the first native fish species to be removed from the endangered species list, and in many other places around the United States.

In addition to filling ecological niches once almost lost, these and other species support revived and growing recreational fisheries that provide real local economic benefits. In addition, recovering fish populations instill in anglers and other conservationists a sense of progress. Recovering fish populations reward difficult conservation choices and pave the way for continued commitment to cleaning up our waterways and protecting the integrity of watersheds all across the country.

The current diversity of federal fish hatcheries and facilities, functions and fish they produce appears to meet the intent of Congress -- to conserve fishery resources for future generations of

Americans. Healthy fisheries and aquatic ecosystems depend upon the diversity of species within a system to survive and thrive. Collective propagation efforts that solely focus on one end of the spectrum, without attention paid to other species critical to the system as a whole, will not recover and thrive to ensure healthy fish resources for generations to come.

Prioritization of Fish Production

The Association realizes the current fiscal challenges our nation faces is great, and priorities need to be established to maximize every taxpayer dollar spent, which includes setting priorities for the federal fish hatchery system. Some federal fish hatcheries serve multiple purposes and multiple states, even in areas outside their Fish and Wildlife Service Region. This requires a more holistic evaluation and discussion about the future of our federal hatcheries. By working together we can determine what changes are appropriate for warm and cold water federal hatcheries when considering the fisheries needs of those areas. To avoid unintended consequences, efficiently use taxpayer dollars, smartly integrate state hatcheries when possible, and address the needs of the states, Tribes and federal agencies we must initiate a national dialogue across regions and borders to develop a well-informed plan for the future of our nation's state and federal fish hatcheries and health centers and ultimately our nation's fisheries. Only by working together with our federal partners can we find opportunities, solutions and overcome the challenges that face our current fisheries to conserve these precious resources for the benefit of our nation's future.

Conveyance: Is It an Option?

One apparent solution to some of our nation's federal funding challenges and the federal fish hatchery situation, in particular, is to convey some of the responsibilities to the states. While it may seem logical to transfer a federal fish hatchery to state management control for continued operation, in reality it is not always an option. Some states may wish to assume responsibility of a federal hatchery; others do not have the funds, capacity, or ability to do so. Because of the age of most of the federal fish hatcheries, some states may wish to add to existing infrastructure of their own state hatcheries rather than assume the maintenance requirements of older Service facilities. Therefore, the option of conveyance from the Service to a state will vary from state to state. However, if a state does choose to assume management and production responsibilities of a federal fish hatchery, the state and the Service must concur on the transfer specifications.

The Aquatic Animal Drug Approval Partnership

The Aquatic Animal Drug Approval Partnership Program (AADAP) of the Service serves an essential and unique federal role in drug approvals for public and tribal activities in aquaculture and fisheries management. AADAP currently provides 21 Investigational New Animal Drugs (INAD) that would not be otherwise available to control stress in our nation's fish hatcheries and in the wild, initiate spawning for key species, and reduce preventable disease outbreaks. The program provides services to 48 states including 237 public programs and 38 state fish and wildlife agencies.

The national INAD program managed by AADAP is also essential to the restoration, recovery, and management activities of state, federal and tribal fish and wildlife agencies for 40 threatened and endangered (T&E) species and numerous other native species of concern. For example, the states assist the Service in managing its federal obligations under the Endangered Species Act

and use drugs to treat federally-listed threatened and endangered species while they are propagated in state operated hatcheries and in field based fishery management. Federally recognized Treaty Tribes use drugs to manage fish production for subsistence and traditional uses.

The state fish and wildlife agencies believe AADAP is an irreplaceable partner in a collaborative aquatic drug approval effort that includes state fish and wildlife agencies, the Service, the U.S. Geological Survey (USGS), the National Oceanic and Atmospheric Administration–National Marine Fisheries Service (NOAA-NMFS), the Food and Drug Administration (FDA), private aquaculture and numerous drug companies.

In 2013, the Sport Fishing and Boating Partnership Council released its Strategic Vision for Fish and Aquatic Resource Conservation in the Fish and Wildlife Service which reinforced the “essential and unduplicated services” AADAP provides to the FWS and its partners.

The Association encourages the committee to ensure that any effort to maintain the hatchery system also maintains the drug approval program that is essential to federal, state, and tribal hatchery production.

CLOSING

In summary Mr. Chairman, the Association is very concerned about the potential divestiture of a major portion of the National Fish Hatchery program, and is concerned about the perceived retreat from sport fisheries partnerships with state agencies needing federal hatcheries support. Major hatchery closures will seriously disrupt ongoing federal -state cooperative fishery management programs, local economies, and the system of funding Sport Fish conservation itself. We also believe that this report provides a departure from the federal responsibility to ensure mitigation for federal water related development projects.

If divestiture of hatcheries is required due to budget redirection or transfer of funds to other Service programs, these reasons must be openly discussed and defended. If closure is unavoidable, strong transitional support must be offered to states and Tribes. The Association would like to work with the states, Tribes, and Service on a national approach to our fish hatchery system as a whole, including fish health centers and AADAP, to ensure the collective structure meets the needs of current and future conservation efforts.

Mr. Chairman, we appreciate the attention you are devoting to maintaining and enhancing a system crucial to fishery conservation work across the country. We strongly believe that the states, anglers, and the whole American public benefit from the good work of the national fish hatcheries. Thank you for the opportunity to share our perspectives with you today, and I would be pleased to respond to any questions.