



NOAA
FISHERIES

Amendment 80 Program Cost Recovery for Fishing Year 2018



Sustainable
Fisheries

March 2019

Amendment 80 Program Cost Recovery for Fishing Year 2018

Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (LAPP) and the Community Development Quota Program. Cost recovery fees recover the actual costs directly related to the management, data collection, and enforcement of the programs. Section 304(d) of the Magnuson-Stevens Act mandates that cost recovery fees not exceed three percent of the annual ex-vessel value of fish harvested by a program subject to a cost recovery fee, and that the fee be collected either at the time of landing, filing of a landing report, or sale of such fish during a fishing season, or in the last quarter of the calendar year in which the fish is harvested.

NMFS manages the Amendment 80 Program as a LAPP. Amendment 80 allocates a portion of the total allowable catches of specific Bering Sea and Aleutian Islands (BSAI) non-pollock groundfish species to cooperatives of trawl catcher/processors. On January 5, 2016, NMFS published a final rule to implement cost recovery payments for the Amendment 80 program (81 FR 150). The Amendment 80 cooperatives are responsible for paying the annual fee for groundfish landed under the Amendment 80 Program. The total dollar amount of the fee liability is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings made under the program made during the fishing year. NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.95(c)(2).

NMFS published the 2018 fee percentage notice for the Amendment 80 program in the **Federal Register** on November 30, 2018 (83 FR 61605). Payments are due on December 31 of the year in which the landings were made.

Amendment 80 Program cost recovery fee

Calculating the ex-vessel value of the Amendment 80 Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for the six species allocated under Amendment 80: BSAI rock sole, BSAI yellowfin sole, BSAI Pacific cod, BSAI flathead sole, AI Pacific ocean perch, and BSAI Atka mackerel.

NMFS calculates an annual standard price for BSAI yellowfin sole, BSAI flathead sole, AI Pacific ocean perch, and BSAI Atka mackerel based on volume and value information reported in the First Wholesale Volume and Value Report, which for 2018 included data from January 1 through October 31. For rock sole, NMFS calculates a standard price for two time periods—January 1 through March 31 and April 1 through October 31—also based on volume and value information reported in the First Wholesale Volume and Value Report.

For fisheries that are primarily harvested by catcher/processors, there is no reliable ex-vessel price generated from the sale of fish from a harvester to a processor. Therefore, NMFS estimates the ex-vessel price for those fishery species by using reported information on the first wholesale price from catcher/processors that harvest Amendment 80 species. The first wholesale price is the market price of the primary processed fishery product. The estimated standard ex-vessel price

is the value of processed products from catcher/processors divided by the retained round-weight (unprocessed weight) of catch and multiplied by a factor of 0.4 to correct for the value added to the fish product by processing.

NMFS calculates an annual standard price for Amendment 80 Pacific cod using volume and value data reported in the Pacific Cod Ex-Vessel Volume and Value Report, which includes data from January 1 through October 31.

Each landing made under the program is multiplied by the appropriate standard price to arrive at an ex-vessel value for each landing. These values are summed together to arrive at the ex-vessel value of the Amendment 80 program fisheries (fishery value).

Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental management costs of the Amendment 80 Program; that is, costs that would not have been incurred but for the Amendment 80 Program. These costs cover the management, data collection, and enforcement of the Amendment 80 Program by NMFS and ADF&G. The NMFS management units that incur direct program costs are: the Sustainable Fisheries Division (SFD), the Restricted Access Management Division (RAM), the Operations and Management Division (OMD), the Alaska Fisheries Science Center (AFSC), the Office of Law Enforcement (OLE), and the Information Systems Division (ISD). For the purposes of this report, OLE and AFSC costs are broken out separately and all other NMFS management unit costs are aggregated.

Throughout the year, each management unit calculates their Amendment 80 Program incremental costs through an established, systematic accounting system that allows staff to track labor, travel, contracts, rent, procurement, and other costs. These costs are tracked for the Federal fiscal year (October 1 through September 30) and are broken out by distinct cost categories, including personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. For 2016, direct program costs were calculated from February 4 to September 30 (the effective date of the final rule to implement the cost recovery program). For 2017 and onward, direct program costs include the full fiscal year. Table 2 displays the Amendment 80 direct program costs for 2018.

Cost recovery fees do not increase agency budgets or expenditures. They simply offset funds that would otherwise have been appropriated, except the ADF&G expenditures for which there is no direct appropriation. No budgetary advantage is gained by inflating direct program costs.

Examples of the types of tasks that are included under the 2018 Amendment 80 direct program costs are:

- regulatory development for Amendment 80 fisheries (NMFS)
- reallocation of incidental catch allowance to directed fisheries (NMFS),
- inseason management of sideboards and non-sideboards (NMFS),
- implementation of the cost recovery program (NMFS),
- patrols, investigations, outreach and education, and compliance assistance (OLE)
- maintenance of the catch accounting system (NMFS, ADF&G),
- programming and web design for online applications (NMFS),
- at-sea scale inspections (NMFS),
- observer sampling station inspections, data quality assurance (AFSC),
- video equipment inspections (NMFS),
- fee determination and collection process (NMFS),

- deployment of second observer (AFSC), and
- Economic Data Reports (AFSC).

Calculating the annual fee percentage

NMFS computes the annual fee percentage by multiplying the direct program costs (DPC) by 100 and dividing the result by the total ex-vessel value (V) of Amendment 80 landings in that year. The annual fee percentage expressed as a formula is as follows:

$$[100 \times (\text{DPC})/\text{V}]$$

The annual fee percentage is published in the *Federal Register* by December 1 and is applied to all landings of Amendment 80 species that occurred that year. NMFS provides a summary of fee liabilities to all Amendment 80 cooperatives by December 1. The summary explains the cost recovery fee determination for each cooperative, including the current fee percentage, details of pounds debited from Amendment 80 species allocations by permit and date, and the standard prices for the landings.

Calculating the 2018 fee

The 2018 fee percentage for the Amendment 80 Program is 0.75 percent. Table 1 shows the fee percentage computation.

Table 1. Detail of formula for calculating the 2018 fee percentage for the Amendment 80 Program.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 962,757	divided by
Total Fishery Value (V)	\$ 127,714,856	multiply by 100
=	0.75	yields
<i>Fee percentage for 2018 Amendment 80 Program = 0.75 percent</i>		

Payment of cost recovery fees

NMFS sends fee statements to cooperatives based on the cooperative's reported landings for the most recent fishing year for all Amendment 80 Program species and value, as computed for fee collection purposes. The cooperative is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If a cooperative fails to pay on time, OMD will issue an Initial Administrative Determination to which the cooperative must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties start to accrue. NMFS may take action against the Amendment 80 cooperative's quota allocations and assess additional monetary charges, fines, or permit sanctions. If after 120 days the fee remains unpaid, the unpaid balance is forwarded to the U.S. Department of the Treasury for collection.

Details on Cost Categories

Table 2 indicates that the highest costs in the Amendment 80 Program were attributed to the Office of Law Enforcement and to the Alaska Fisheries Science Center. In addition to Federal personnel costs, the AFSC reported costs associated with a grant to the Pacific States Marine Fisheries Commission (PSMFC) which provided support to fisheries observers deployed on Amendment 80 vessels. These activities include inseason operations, debriefing, data quality control, gear deployment, field office support, and travel. The costs associated with this grant to the PSMFC also support administration of the Amendment 80 Economic Data Report. These costs are combined and included in Table 2 under the AFSC “Other” cost category.

The Office of Law Enforcement costs are primarily driven by personnel costs. The Amendment 80 program enforcement costs are substantial due to the number of program participants, the diversity of fishery species, compliance risk associated with prohibited species bycatch sampling and fisheries management, the number of investigations, and the combined length of the fishing seasons under the Amendment 80 program.

The costs listed in Table 2 for NMFS include eLandings and eLogbook support, maintenance of the Catch Accounting System, and personnel costs for regulatory development. The largest cost category for NMFS is contracts/training, which primarily relates to eLandings and eLogbook support, as well as maintenance of the Catch Accounting Systems. NMFS ISD administers these tasks and has developed a formula for systematically tracking the time spent on each program. The formula includes weighting factors for the degree of complexity, amount of integration, time sensitivity, and other factors, then it calculates the proportion of eLandings tasks that can be attributed to the Amendment 80 program.

Table 2. Fiscal Year 2018 direct program costs for the Amendment 80 Program.

Cost-Category	National Marine Fisheries Service (NMFS)	NOAA Office of Law Enforcement (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept. Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 79,200	\$ 241,915	\$ 181,363	\$ 4,765	\$ 507,243
Travel ^b	\$ 14,000	\$ 1,349	\$ 719	-	\$ 16,068
Transportation ^c	-	-	-	-	-
Printing	-	-	-	-	-
Contracts/Training	\$ 111,830	-	-	-	\$ 111,830
Supplies	\$ 1,300	-	-	-	\$ 1,300
Equipment	-	-	-	-	-
Rent/Utilities ^d	\$ 8,300	\$ 56,533	-	-	\$ 64,833
Other ^e	-	-	\$ 261,483	-	\$ 261,483
Total	\$ 214,630	\$ 299,797	\$ 443,565	\$ 4,765	\$ 962,757

^a Personnel costs includes locality pay and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services.

^e Other costs for the AFSC are grants to the Pacific States Marine Fisheries Commission for Data Management Specialists that support the observer program and the Economic Data Report for the Amendment 80 program. NMFS is working to improve the cost categories tracked and reported.

Table 3 compares direct costs from FY2016 to FY2018. As noted above, costs were substantially higher in FY2017 and FY2018 due to the mid-year implementation of the program in FY2016 which resulted in only partial accounting of costs for that year. Both costs and fishery value were slightly higher in 2018 compared to 2017, resulting in a minor fee percentage increase. The primary drivers of increased costs were increases in grant costs to the Pacific Stages Marine Fisheries Commission. Both OLE and ADF&G reported lower costs in 2018, largely due to decreased personnel costs.

Table 3. Comparison of Direct Costs for Fiscal Years 2016, 2017, and 2018 for the Amendment 80 Program

Cost Category	FY 2016 *	FY 2017	FY 2018
Personnel/Overhead	\$ 130,298	\$ 622,897	\$ 507,243
Travel	\$ 830	\$ 16,879	\$ 16,068
Transportation	-	-	-
Printing	\$ 100	\$ 40	-
Contracts/Training	\$ 65,325	\$ 828	\$ 111,830
Supplies	-	\$ 2,200	\$ 1,300
Equipment	-	-	-
Rent/Utilities	-	\$ 58,258	\$ 64,833
Other	\$ 135,605	\$ 135,822	\$ 261,483
Total Direct Costs	\$ 332,158	\$ 836,924	\$ 962,757
Fishery Value	\$ 88,822,278	\$ 118,223,437	\$ 127,714,856
Fee Percentage	0.37	0.71	0.75

FY 2016 was the first year of the cost recovery program for the Amendment 80 fishery. The program was not implemented until mid-way into the fiscal year. As a result, management costs were calculated only for the period from February 4 to September 30, 2016. Costs were accounted for the entire fiscal year in both 2017 and 2018.



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American Fisheries Act Program Cost Recovery for Fishing Year 2018



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Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (LAPP) and the Community Development Quota Program. Cost recovery fees recover the actual costs directly related to the management, data collection, and enforcement of the programs. Section 304(d) of the Magnuson-Stevens Act mandates that cost recovery fees not exceed three percent of the annual ex-vessel value of fish harvested by a program subject to a cost recovery fee, and that the fee be collected either at the time of landing, filing of a landing report, or sale of such fish during a fishing season or in the last quarter of the calendar year in which the fish is harvested.

NMFS manages the AFA Program as a LAPP. On January 5, 2016, NMFS published a final rule to implement cost recovery for the AFA program (81 FR 150). The AFA allocates the Bering Sea directed pollock fishery TAC to three sectors: inshore, catcher/processor, and mothership. Each sector has established cooperatives to harvest their pollock allocation. The cooperatives are responsible for paying the fee for Bering Sea pollock landed under the AFA, which is due on December 31 of the year in which the landings were made. Cost recovery requirements for the AFA sectors are at 50 CFR 679.66. The total dollar amount of the annual fee is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings under the program made during the fishing year. NMFS calculates the fee percentage each year according to the factors and methods described in this report and at 50 CFR 679.66(c)(2). The 2018 notice of the fee percentages for the AFA program was published in the **Federal Register** on November 30, 2018 (83 FR 61605).

AFA Program cost recovery fee

Calculating the ex-vessel value of the AFA Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for Bering Sea pollock using the most recent annual value information reported to the Alaska Department of Fish & Game in the Commercial Operator's Annual Report, which is compiled in the Gross Earnings database of the Alaska Commercial Fisheries Entry Commission. Due to filing deadlines and the time required to compile the data, there is a one-year delay between the most recent gross earnings data and the fishing year to which it is applied. For example, NMFS used 2017 gross earnings data to calculate the standard price for 2018 pollock landings. Each pollock landing made under the AFA Program is multiplied by the appropriate standard price to arrive at an ex-vessel value for each landing. These values are summed together to arrive at the ex-vessel value for the AFA Program (fishery value).

Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental management costs of the AFA Program; that is, incremental costs are those that would not have been incurred but for the AFA Program. These costs cover the management, data collection, and enforcement of the AFA Program by NMFS, Alaska Department of Fish and Game (ADF&G), and the Pacific States Marine Fisheries Commission (PSFMC). The NFMS management units that incur direct program costs are: the Sustainable Fisheries Division (SFD), the Restricted Access Management Division (RAM), the

Operations and Management Division (OMD), the Information Systems Division (ISD), the Alaska Fisheries Science Center (AFSC), and the Office of Law Enforcement (OLE). For the purposes of this report, OLE and AFSC costs are broken out separately and all other NMFS management unit costs are aggregated.

On an annual basis, each management unit calculates their AFA Program direct program costs through an established, systematic accounting system that allows staff to track labor, travel, contracts, rent, procurement, and other costs. These costs are tracked for the Federal fiscal year (October 1 through September 30) and are broken out by cost categories, which includes personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. Tables 3 and 4 display the 2018 direct program costs by category for the AFA inshore and mothership sectors.

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated, except the ADF&G expenditures for which there is no direct appropriation. No budgetary advantage is gained by inflating AFA Program management and enforcement costs.

Examples of the specific tasks that were included under the 2018 AFA direct program costs are:

- regulatory development for the AFA program (NMFS),
- publication of BS pollock allocations and sideboards in other fisheries (NMFS),
- management of AFA sideboards (NMFS),
- review of weekly inshore catch reports (NMFS),
- review of annual AFA cooperative reports (NMFS),
- maintenance of the catch accounting system (NMFS, ADF&G),
- programming and web design for online applications (NMFS),
- patrols, investigations, outreach and education, and compliance assistance (OLE)
- responding to questions about AFA permits (NMFS),
- at-sea scale inspections (NMFS),
- observer sampling station inspections, data quality assurance (AFSC),
- video equipment inspections (NMFS),
- fee determination and collection process (NMFS),
- deployment of second observer (AFSC), and
- Amendment 91 Chinook Salmon Bycatch Economic Data Reports (AFSC).

Calculating the annual fee percentage

NMFS calculates separate fee percentages for each AFA sector. The AFA direct program costs (DPC) for each sector are multiplied by 100, then divided by the sector's total ex-vessel fishery value (V) of Bering Sea pollock. Expressed as a formula, the fee percentage calculation is:

$$[100 \times (DPC)/V]$$

The annual fee percentage for each sector is published in the *Federal Register* by December 1 and is applied to all AFA Program pollock landings that occurred in that year. A summary of the resulting fee liabilities are provided to all the AFA cooperatives by NMFS on or before December 1. The summary explains the cost recovery fee determination for each cooperative, including the current fee percentage, details of pounds debited from allocations by permit, port or port-group, date, and prices.

Calculating the 2018 fee

The 2018 fee percentage for the AFA inshore cooperatives is 0.24 percent, and the fee percentage for the AFA mothership cooperative is 0.34 percent.

Tables 1 and 2 show the 2018 values and fee percentage computations for each sector.

Table 1. Detail of formula for calculating the 2018 fee percentage for the AFA inshore sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 439,292	divided by
Total Fishery Value (V)	\$ 180,025,222	multiply by 100
=	0.24	yields
<i>Fee percentage for 2018 AFA Program inshore sector = 0.24 percent</i>		

Table 2. Detail of formula for calculating the 2018 fee percentage for the AFA mothership sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 125,486	divided by
Total Fishery Value (V)	\$ 36,441,423	multiply by 100
=	0.34	yields
<i>Fee percentage for 2018 AFA Program mothership sector = 0.34 percent</i>		

Payment of cost recovery fees

NMFS sends fee statements to cooperatives based on the cooperative's reported landings for the most recent fishing year for all AFA Program pollock and value as computed for fee collection purposes. The cooperative is responsible for submitting payment to NMFS on or before the due date of December 31 of the year in which landings are made. Fees must be paid electronically.

If a cooperative fails to pay on time, the NMFS Operations and Management Division may issue an Initial Administrative Determination to which the cooperative must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties may accrue. NMFS may take action against the cooperative's AFA pollock allocation and assess additional monetary charges, fines, or permit sanctions. If after 120 days the fee remains unpaid, the unpaid balance is forwarded to the U.S. Department of the Treasury for collection.

Details on Cost Categories

In 2018, for all AFA sectors, the highest direct program costs were attributed to the Alaska Fisheries Science Center, which includes the Fisheries Monitoring and Analysis Division and the Economic and Social Sciences Research Program. The Fisheries Monitoring and Analysis Division operates the North Pacific Observer Program, which deploys observers onboard fishing vessels to collect catch data, and also at shoreside processing plants, for quality control and quality assurance of data provided by the observers. The Economic and Social Sciences Research Program administers the Chinook Salmon Economic Data Report (EDR) Program, which provides NMFS

with data to assess the effectiveness of the Chinook salmon bycatch management measures implemented under Amendment 91 to the Fishery Management Plan of the Bering Sea and Aleutian Islands Management Area. In addition to Federal personnel costs, the AFSC reports costs associated with a grant to the Pacific States Marine Fisheries Commission (PSMFC) which provides support to the Fisheries Monitoring and Analysis Division to support fisheries observers deployed on AFA vessels. Activities include inseason operations, debriefing, data quality control, gear deployment, field office support, and travel. The costs associated with this grant to the PSMFC also support administration of AFA Economic Data Reports. These costs are combined and included in Table 2 under the AFSC “Other” cost category.

The Office of Law Enforcement incurs personnel costs for enforcement of the AFA inshore sector primarily driven by compliance risk associated with prohibited species bycatch sampling and fisheries management. There are no OLE costs for the AFA mothership sector because of the small number of participants, and lack of contact with dockside enforcement resources. If boardings, investigations, or other enforcement activity related to AFA mothership sector vessels occur in future years, these costs would be attributed to the sector.

NMFS costs for both the AFA inshore and mothership sectors include eLandings support, eLogbook support, and maintenance of the Catch Accounting System. These costs are apportioned based on a formula that includes weighting factors for the degree of complexity, amount of integration, time sensitivity, and workload for eLandings maintenance tasks, then it calculates the proportion of eLandings tasks that can be attributed to each program sector. Additionally, there are NMFS personnel costs for regulatory development and administration.

Table 3. Fiscal Year 2018 direct program costs for the AFA Program inshore sector.

	National Marine Fisheries Service (NMFS)	Office of Law Enforcement (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept of Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 44,300	\$ 104,238	\$ 82,050	\$ 2,400	\$ 232,988
Travel ^b	\$ 2,900	\$809	\$263	-	\$ 3,972
Transportation ^c	-	-	-	\$ 546	\$ 546
Printing	-	-	-	-	\$ 0
Contracts/Training	\$ 39,098	-	-	-	\$ 39,098
Supplies	\$ 400	-	-	-	\$ 400
Equipment	-	-	-	-	\$0
Rent/Utilities ^d	\$ 6,767	\$ 33,920	-	-	\$ 40,687
Other ^e	-	-	\$ 121,601	-	\$ 121,601
Total	\$ 93,465	\$ 138,967	\$ 203,914	\$ 2,946	\$ 439,292

^a Personnel costs includes locality pay and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services

^e Other costs for the AFSC are grants to the Pacific States Marine Fisheries Commission for Data Management Specialists that support the Observer Program and the Economic Data Report for the AFA program. NMFS is working to improve the cost categories tracked and reported.

Table 4. Fiscal Year 2018 direct program costs for the AFA Program mothership sector.

	National Marine Fisheries Service (NMFS)	Office of Law Enforcement (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept of Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 31,100	-	\$ 17,862	\$2,400	\$ 51,362
Travel ^b	\$ 2,400	-	\$ 53	-	\$ 2,453
Transportation ^c	-	-	-	\$ 546	\$ 546
Printing	-	-	-	-	\$ 0
Contracts/Training	\$ 48,523	-	-	-	\$ 48,523
Supplies	\$ 600	-	-	-	\$ 600
Equipment	-	-	-	-	\$ 0
Rent/Utilities ^d	\$ 5,166	-	-	-	\$ 5,166
Other ^e	-	-	\$ 16,836	-	\$ 16,836
Total	\$ 87,789	\$ 0	\$ 34,751	\$ 2,946	\$ 125,486

^a Personnel costs includes locality pay and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services.

^e Other costs for the AFSC are grants to the Pacific States Marine Fisheries Commission for Data Manager Specialists that support the Observer Program and the Economic Data Report for the AFA program. NMFS is working to improve the cost categories tracked and reported.

Table 5 compares direct costs between FY2016, FY2017, and FY 2018. As noted above, costs were substantially lower in FY2016 due to the mid-year implementation which resulted in a partial year accounting of costs. Cost increases in FY2018 were driven by increased contract and training costs related to support of the eLandings and the Catch Accounting System, as well as grant costs to the PSMFC in support of the Observer Program and administration of Economic Data Reports.

Table 5. Comparison of Direct Costs for Fiscal Years 2016, 2017, and 2018 for the Inshore and Mothership Sectors of the AFA Program

	Inshore Sector			Mothership Sector		
	FY2016 *	FY2017	FY2018	FY2016 *	FY2017	FY2018
Personnel/Overhead	\$ 62,427	\$ 224,568	\$232,988	\$ 32,590	\$ 69,279	\$ 51,362
Travel	\$ 515	\$ 350	\$3,972	\$ 348	\$ 2,391	\$ 2,453
Transportation	-	\$ 1,155	\$546	-	-	\$ 546
Printing	-	\$ 20	-	-	\$ 20	-
Contracts/Training	\$ 22,068	\$ 551	\$39,098	\$ 22,068	\$ 551	\$ 48,523
Supplies	-	\$ 233	\$400	-	\$ 266	\$ 600
Equipment	-	-	-	-	-	-
Rent/Utilities	-	\$ 30,805	\$ 40,687	-	\$ 1,830	\$ 5,166
Other	\$ 81,144	\$ 81,985	\$ 121,601	\$ 5,289	\$ 5,866	\$ 16,836
Total Direct Costs	\$ 166,154	\$ 339,667	\$ 439,292	\$ 60,295	\$ 80,203	\$ 125,486
Fishery value	\$ 171,629,168	\$ 178,146,112	\$ 180,025,222	\$ 35,950,227	\$ 36,020,690	\$ 36,441,423
Fee Percentage	0.10	0.19	0.24	0.10	0.22	.034



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Aleutian Island Pollock Program Cost Recovery for Fishing Year 2018

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Aleutian Island Pollock Program Cost Recovery for Fishing Year 2018

Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (LAPP) including the Community Development Quota (CDQ) and Aleutian Island Pollock (AIP) Programs. Cost recovery fees recover the actual costs directly related to the management, data collection, and enforcement of the programs. Section 304(d) of the Magnuson-Stevens Act mandates that cost recovery fees not exceed three percent of the annual ex-vessel value of fish harvested by a program subject to a cost recovery fee, and that the fee be collected either at the time of landing, filing of a landing report, or sale of such fish during a fishing season or in the last quarter of the calendar year in which the fish is harvested.

NMFS manages the Aleutian Island Pollock Program (AIP) as a LAPP. On January 5, 2016, NMFS published a final rule to implement cost recovery payments for the AIP program (81 FR 150). The Aleut Corporation's designated representative for harvesting is responsible for paying the annual fee for pollock landed under the AIP Program. The total dollar amount of the fee liability is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings made under the program made during the fishing year. NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.95(c)(2).

NMFS published the 2018 fee percentage notice for the Aleutian Island Pollock program in the **Federal Register** on November 30, 2018 (83 FR 61605). Payments are due on December 31 of the year in which the landings were made.

Aleutian Island Pollock Program cost recovery fee

Calculating the ex-vessel value of the Aleutian Island Pollock Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for Aleutian Island pollock. NMFS calculates the standard price for pollock using the most recent annual value information reported to the Alaska Department of Fish & Game for the Commercial Operator's Annual Report and compiled in the Alaska Commercial Fisheries Entry Commission Gross Earnings data for Aleutian Islands pollock. Due to the time required to compile the data, there is a one-year delay between the gross earnings data year and the fishing year to which it is applied. For example, NMFS used 2017 gross earnings data to calculate the standard price for 2018 pollock landings.

Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental management costs of the AIP Program; that is, costs that would not have been incurred but for the AIP Program. These costs cover the management, data collection, and enforcement of the AIP Program by NMFS and ADF&G. The NFMS management units that incur direct program costs are: the Sustainable Fisheries Division (SFD), the Restricted Access Management Division (RAM), the Operations and Management Division (OMD), the Alaska Fisheries Science Center (AFSC), the Office of Law Enforcement (OLE), and the Information Systems Division (ISD).

Throughout the year, each management unit calculates their AIP incremental costs through an established accounting system that allows staff to track labor, travel, contracts, rent, and procurement. These costs are tracked for the Federal fiscal year (October 1 through September 30) 2018 is the first year that the Aleutian Island Pollock fishery has occurred since this cost recovery program was put in place in 2016.

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated.

Examples of the types of tasks that are included under the 2018 AIP direct program costs are:

- reallocation of incidental catch allowance to directed fisheries (SFD),
- inseason management of sideboards and non-sideboards (SFD),
- implementation of the cost recovery program (SFD, ISD, OMD),
- patrols, investigations, outreach and education, and compliance assistance (OLE)
- maintenance of the catch accounting system (ISD, ADF&G),
- programming and web design for online applications (ISD),
- at-sea scale inspections (SFD),
- observer sampling station inspections, data quality assurance (AFSC),
- video equipment inspections (SFD),
- fee determination and collection process (OMD),
- deployment of second observer (AFSC), and
- Economic Data Reports (AFSC).

Calculating the annual fee percentage

NMFS computes the annual fee percentage by multiplying the direct program costs (DPC) by 100 and dividing the result by the total ex-vessel value (V) of AIP landings in that year. The annual fee percentage expressed as a formula is as follows:

$$[100 \times (\text{DPC})/\text{V}]$$

The annual fee percentage is published in the *Federal Register* by December 1 and is applied to all AIP landings that occurred that year. NMFS provides a summary of fee liabilities by December 1. The summary explains the cost recovery fee determination, including the current fee percentage, details of pounds debited from the AIP allocation, and the standard prices for the landings.

Calculating the 2018 fee

The 2018 fee percentage for the Aleutian Island Pollock Program is 3.00 percent. Due to small harvest and limited participation in the fishery, the total fishery value and resulting amount of fee liability is confidential.

Payment of cost recovery fees

NMFS sends fee statements to the Aleut Corporation's designated representative based on reported landings for the most recent fishing year for all AIP fish and their value, as computed for fee collection purposes. The Aleut Corporation's designated representative is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If the Aleut Corporation's designated representative fails to submit full payment for the AIP fee liability on time, the Regional Administrator may at any time thereafter send an Initial Administrative Determination and will not issue the AIP fishery allocation to the Aleut Corporation for that calendar year. Upon final agency action determining that the Aleut Corporation has not paid its Aleutian Islands pollock fee liability, the Regional Administrator may continue to not issue the Aleutian Islands directed pollock fishery allocation for any subsequent calendar years until NMFS receives the unpaid fees. If payment is not received by the 30th day after the final agency action, the agency may pursue collection of the unpaid fees.

Details on Cost

The entire cost of the AIP program in 2018 was attributable to NMFS. As the calculated fee percentage exceeded the maximum allowed under the Magnuson-Stevens Act, the fee percentage was set nominally at three percent. Due to the infrequent occurrence of the AIP fishery, management costs that are typically incurred over time must be frontloaded in years the fishery does occur. If the AIP fishery begins to occur more frequently, it is expected that costs would decline relative to fishery value.



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CDQ Program Cost Recovery for Fishing Year 2018



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March 2019

CDQ Program Cost Recovery for Fishing Year 2018

Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (LAPP) and the Community Development Quota (CDQ) Program. Cost recovery fees recover the actual costs directly related to the management, data collection, and enforcement of the programs. Section 304(d) of the Magnuson-Stevens Act mandates that cost recovery fees not exceed three percent of the annual ex-vessel value of fish harvested by a program subject to a cost recovery fee, and that the fee be collected either at the time of landing, filing of a landing report, or sale of such fish during a fishing season or in the last quarter of the calendar year in which the fish is harvested.

On January 5, 2016, NMFS published a final rule to implement cost recovery for the CDQ program (81 FR 150). The CDQ Program allocates a portion of the total allowable catches of Bering Sea and Aleutian Islands (BSAI) groundfish species and halibut to CDQ groups. The CDQ groups are responsible for paying the fee for fish landed under the CDQ Program, due on December 31 of the year in which the landings were made. Cost recovery requirements for the CDQ groups are at 50 CFR 679.33. The total dollar amount of the fee due is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings under the program made during the fishing year.

NMFS published a notice of the fee percentages for the CDQ program in the **Federal Register** on November 30, 2018 (83 FR 61605). NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.33(c)(2). NMFS determines the fee percentage that applies to landings made during the year by dividing the total costs directly related to the management, data collection, and enforcement of each program (direct program costs) during the year by the fishery value.

CDQ Program cost recovery fee

Calculating the ex-vessel value of the CDQ Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for all CDQ species: BSAI arrowtooth flounder, BSAI Greenland turbot, BSAI rock sole, BSAI yellowfin sole, BSAI Pacific cod, BSAI flathead sole, AI Pacific ocean perch, BSAI sablefish, BSAI halibut, and BSAI Atka mackerel.

NMFS calculates an annual standard price for BSAI arrowtooth flounder, BSAI Greenland turbot, BSAI yellowfin sole, BSAI flathead sole, AI Pacific ocean perch, trawl-caught BSAI sablefish, and BSAI Atka mackerel based on volume and value information reported in the First Wholesale Volume and Value Report, which included data from January 1 through October 31. For BSAI rock sole, NMFS calculates a standard price for two time periods—February 4 through March 31 and April 1 through October 31—also based on volume and value information reported in the First Wholesale Volume and Value Report.

For fisheries that are primarily harvested by catcher/processors, there is no reliable ex-vessel price generated from the sale of fish from a harvester to a processor. Therefore, NMFS estimates the ex-vessel price for those fishery species by using reported information on the first wholesale price from trawl catcher/processors that harvest CDQ species. The first wholesale price is the market price of the primary processed fishery product. The estimated standard ex-vessel price is the value of processed products from catcher/processors divided by the retained round-weight (unprocessed weight) of catch and multiplied by a factor of 0.4 to correct for the value added to the fish product by processing.

NMFS calculates an annual standard price for CDQ Program trawl and fixed gear Pacific cod using volume and value data reported in the Pacific Cod Ex-Vessel Volume and Value Report by shoreside processors that receive BSAI Pacific cod landings. For 2018, the Pacific Cod Ex-Vessel Volume and Value Report includes data from January 1 through October 31, 2018.

NMFS calculates an annual standard price for CDQ fixed gear halibut and for CDQ fixed gear sablefish. The standard prices are the same as the Bering Sea port group prices calculated under the Observer Fee Program, which uses volume and value information reported annually on the IFQ Registered Buyer Ex-Vessel Volume and Value Report. For 2018, the IFQ Buyer Report includes data from October 1, 2017 through September 30, 2018.

Each landing made under the program is multiplied by the appropriate standard price to arrive at an ex-vessel value for each landing. These values are summed together to arrive at the ex-vessel value of the CDQ Program fisheries (fishery value).

Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental management costs of the CDQ Program, that is, costs that would not have been incurred but for the CDQ Program. These costs cover the management, data collection, and enforcement of the CDQ Program by NMFS and ADFG. The NMFS management units that incur direct program costs are: the Sustainable Fisheries Division (SFD), the Restricted Access Management Division (RAM), the Operations and Management Division (OMD), the Information Systems Division (ISD), the Alaska Fisheries Science Center (AFSC), and the Office of Law Enforcement (OLE).

Throughout the year, each management unit calculates their CDQ Program incremental costs through an established accounting system that allows staff to track labor, travel, contracts, rent, and procurement. These costs are tracked for the Federal fiscal year (October 1 through September 30) and broken out by cost categories including personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. Table 2 displays the direct program costs for the CDQ Program for 2018.

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated, except the ADFG expenditures for which there is no direct appropriation. No budgetary advantage is gained by inflating direct program costs.

Examples of the types of tasks that were included under the 2018 CDQ direct program costs are:

- analysis and rulemaking activities (NMFS),
- maintenance of the catch accounting system (NMFS, ADF&G),

- programming and web design for online applications (NMFS),
- patrols, investigations, outreach and education, and compliance assistance (OLE)
- responding to questions about permits (NMFS),
- at-sea scale inspections (NMFS),
- observer sampling station inspections (AFSC),
- video equipment inspections (NMFS),
- fee determination and collection process (NMFS)

Calculating the annual fee percentage

NMFS computes the annual fee percentage by dividing the direct program costs by the total fishery value of CDQ landings. The annual fee percentage is calculated using the following formula:

$$[100 \times (DPC)/V]$$

The formula shows that the direct program costs (DPC), multiplied by 100, and is then divided by the fishery value (V). The result is the *fee percentage*.

The annual fee percentage is published in the *Federal Register* by December 1 and is applied to all landings of CDQ species that occurred that year. NMFS provides a summary of fee liabilities to all CDQ groups by December 1. The summary explains the cost recovery fee determination for each group including the current fee percentage, details of CDQ Program pounds debited from allocations by permit and date, and the standard prices for the landings.

Calculating the 2018 fee

The fee percentage for the CDQ Program is 0.66 percent. Table 1 shows the fee percentage computation.

Table 1. Detail of formula for calculating the 2018 fee percentage for the CDQ Program.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 565,150	divided by
Total Fishery Value (V)	\$ 86,120,261	multiply by 100
=	0.66	yields
<i>Fee percentage for 2018 CDQ Program = 0.66 percent</i>		

Payment of cost recovery fees

NMFS sends fee statements to CDQ groups based on the group’s reported landings for the most recent fishing year for all CDQ Program species and value as computed for fee collection purposes. The CDQ group is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If a CDQ group fails to pay on time, OMD will issue an Initial Administrative Determination to which the group must respond within 30 days. If an account is unpaid for 30 days after the due

date, administrative fees, interest, and penalties start to accrue. NMFS may take action against the CDQ group's groundfish and halibut allocations and assess additional monetary charges, fines, or permit sanctions. If after 120 days the fee remains unpaid, the unpaid balance is forwarded to the U.S. Department of the Treasury for collection.

Details on Cost Categories

Table 2 indicates that in 2018, the highest direct program costs to the CDQ Program were attributed to NMFS. Over half of these costs stem from contracts and training which are primarily related to eLandings support, eLogbook support, and maintenance of the Catch Accounting System. Additionally, there were NMFS costs related to regulatory development.

The Office of Law Enforcement costs are primarily driven by personnel costs related to enforcement, compliance monitoring, and investigations relating to the CDQ program.

Alaska Fisheries Science Center costs for CDQ include the Fisheries Monitoring and Analysis Division (FMA). The FMA operates the North Pacific Observer Program, which deploys observers onboard fishing vessels to collect catch data, and also at shoreside processing plants, for quality control and quality assurance of data provided by the observers. In addition to Federal personnel costs, the AFSC reports costs associated with a grant to the Pacific States Marine Fisheries Commission (PSMFC) which provides support to fisheries observers deployed on CDQ vessels. Activities include inseason operations, debriefing, data quality control, gear deployment, field office support, and travel. These costs are combined and included in Table 2 under the AFSC "Other" cost category.

Table 2. Fiscal Year 2018 direct program costs for the CDQ Program.

	National Marine Fisheries Service (NMFS)	Office of Law Enfcmnt. (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept. Fish & Game (ADFG)	Total
Personnel Costs ^a	\$ 94,900	\$ 128,327	\$ 46,620	\$ 18,680	\$ 288,527
Travel ^b	\$ 1,800	-	\$ 211	\$ 188	\$ 2,199
Transportation ^c	-	-	-	-	-
Printing	-	-	-	-	-
Contracts / Training	\$ 161,267	-	-	\$ 136	\$ 161,403
Supplies	\$ 2,200	-	-	\$ 1,046	\$ 3,246
Equipment	-	-	-	-	-
Rent / Utilities ^d	\$ 11,500	\$ 30,930	-	-	\$ 42,430
Other ^e	-	-	\$ 67,345	-	\$ 67,345
Total	\$ 271,667	\$ 159,257	\$ 114,176	\$ 20,050	\$ 565,150

^a Personnel costs includes locality pay and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services.

^e Other costs for the AFSC are grants to the Pacific States Marine Fisheries Commission for Data Management Specialists that support the Observer Program for the CDQ program. NMFS is working to improve the cost categories tracked and reported.

Table 3 compares direct costs in FY 2016, FY 2017, and FY 2018. As noted above, costs were substantially higher after 2016 due to the mid-year implementation of the program in FY 2016 resulting in partial accounting of costs for that year. Higher costs in FY 2018 compared to FY 2017 were largely a result of increased contract costs related to eLandings/eLogbook support and maintenance of the Catch Accounting System.

Table 3. Comparison of Direct Costs for Fiscal Years 2016, 2017, and 2018 for the CDQ Program

Cost Category	FY 2016 *	FY 2017	FY 2018
Personnel/Overhead	\$ 121,010	\$ 366,775	\$ 288,527
Travel	\$ 2,057	\$ 5,208	\$ 2,199
Transportation	-	-	-
Printing	-	\$ 150	-
Contracts/Training	\$ 69,737	\$ 884	\$ 161,403
Supplies	\$ 3	\$ 1,800	\$ 3,246
Equipment	-	-	-
Rent/Utilities	-	\$ 61,032	\$ 42,430
Other	\$ 10,578	\$ 11,732	\$ 67,345
Total Direct Costs	\$ 203,384	\$ 447,580	\$ 565,050
Fishery Value	\$ 68,979,512	\$ 81,718,378	\$ 86,120,261
Fee Percentage	0.29	0.55	0.66

*FY 2016 was the first year of the cost recovery program for the CDQ fisheries. The program was not implemented until mid-way into the fiscal year. As a result, management costs were calculated only for the reduced period from February 4 to September 30, 2016.



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Crab Rationalization Program Cost Recovery for Fishing Year 2017/2018



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March 2018

Crab Rationalization Program Cost Recovery for Fishing Year 2017/2018

Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (LAPPs) and the Community Development Quota Program. The North Pacific Fishery Management Council developed a LAPP for Bering Sea and Aleutian Islands (BSAI) crab fisheries that allocates a percentage of the total allowable catch to participants in the Crab Rationalization Program (CR Program). NMFS published final regulations implementing the CR Program in 2005 (70 FR 0174, March 2, 2005).

NMFS implemented a cost recovery program for the CR Program in 2005 (70 FR 10174, March 2, 2005). The CR cost recovery program authorizes the collection of actual management and enforcement costs up to three percent of ex-vessel gross revenues. Under the regulations implementing the CR cost recovery program, cost recovery fees must be paid in equal shares by the harvesting and processing sectors. The processing sector, specifically registered crab receivers (RCRs), are responsible for collecting the fee from the harvesters and submitting this and their own self-collected fee amount to NMFS. Catcher/processors – vessels that harvest and process crab – pay the full fee.

Use of funds

Receipts from the cost recovery fee collection are deposited into two accounts. Up to twenty-five percent of the collections are deposited into the U.S. Treasury and are available to Congress for annual appropriations to support the BSAI Crab Quota Share Loan Program described below. The other remaining funds are deposited into the Limited Access System Administrative Fund. Funds in this account are available only to the Secretary and must be spent on CR Program management and enforcement.

BSAI Crab Quota Share Loan program

The BSAI Crab Quota Share Loan Program was implemented in 2011 (75 FR 78619, December 16, 2010). The program provides low interest loans to assist captains and crew in the purchase of quota shares (QS) for the CR Program. The loan program is accessible only to active fishery participants and can be used to purchase either CR Program QS or Crew QS. The NMFS Financial Services Branch administers the BSAI Crab Quota Share Loan Program and additional information is available by calling 206-526-6122.

CR Program cost recovery fee

NMFS computes the annual fee percentage that applies for each crab fishing year (July 1 through June 30). Fees are based on the total value of crab landings in money, goods, or services. For crab delivered raw for processing, each RCR's fee is estimated by multiplying the annual fee percentage needed to recover costs (up to three percent) by the ex-vessel value of CR Program crab. Catcher/processors participate in both the harvesting and processing sectors, so vessel owners or operators of catcher/processors must be RCRs and are responsible for paying the entire fee liability, based on standard prices derived from information reported for raw crab deliveries.

Prior to the start of the crab fishing year, NMFS publishes the annual fee percentage in the *Federal Register* ([83 FR 34119: July 19, 2018](#)). The fee percentage is used by RCRs to collect fee liabilities from harvesters, and then self-collect, throughout the fishing year. Due to the fact that the fee percentage is projected forward prior to management costs being finalized, any overpayment or underpayment is adjusted for in the next year's fee percentage. The sections below describe the process by which the fee percentage is calculated.

Calculating the ex-vessel value of the CR Program fisheries

NMFS calculates the ex-vessel value of the CR Program fisheries using information from the Ex-vessel Volume and Value Report that is submitted annually by RCRs (due May 31). This report includes the pounds of CR Program crab purchased and the ex-vessel value paid. The overall ex-vessel value of the CR Program fisheries is calculated by summing the value of all pounds purchased of CR Program crab. Additionally, the Ex-vessel Volume and Value Report is used to calculate standard prices by month and by crab species. These standard prices are multiplied by the landings of catcher/processors to determine the ex-vessel value for that sector.

Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental costs of managing the CR Program, that is, costs that would not have been incurred but for the CR Program. These costs cover the management, data collection, and enforcement of the CR Program by NMFS, the Alaska Department of Fish and Game (ADF&G), and the Pacific States Marine Fisheries Commission (PSMFC). The NMFS operating units that incur direct program costs include the Restricted Access Management Program (RAM), the Information Services Division (ISD), the Office of Law Enforcement (OLE), and the Sustainable Fisheries Division (SFD), the Regional Administrator/Appeals Office (RA/OAA), the Alaska Fisheries Science Center (AFSC), and the Financial Service Division (FSD). To arrive at these costs, every operating unit calculates CR Program direct program costs, broken out by cost categories including personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment and rent/utilities. The ADF&G and PSMFC track and report direct program costs in similar categories. Direct program costs are tracked from mid-April to mid-April of each calendar year.

Calculating the annual fee percentage

NMFS computes the annual fee percentage by dividing the direct program costs by the total ex-vessel value of crab landings in money, goods, or services. The annual fee percentage is calculated using the following formula:

$$[100 \times (DPC)/V]$$

The formula shows that the direct program costs of management and enforcement (DPC), multiplied by 100, is then divided by the fisheries value (V). The result, rounded to the nearest 0.1 percent, is the *fee percentage*. The direct program costs also reflect any adjustments due to underpayment or overpayment from previous year's projection of management costs.

The annual fee percentage is published in the *Federal Register* at the start of the crab fishing year (July 1 through June 30) and is applied to all landings of CR Program crab by CR Program permit holders and RCRs to collect cost recovery fees as they occur throughout the season.

NMFS provides a summary of fees due to all RCR permit holders during the last quarter of the crab fishing year. The summary explains the cost recovery fee determination for each individual RCR including the current fee percentage, details of raw crab pounds debited from CR allocations by permit, port or port-group, species, date, and prices. Funds collected under the CR Program vary yearly because annual ex-vessel value and direct program costs fluctuate.

Calculating the 2017/2018 fee

The fee percentage for the 2017/2018 CR Program fishing year was set at 1.85 percent. This figure derives from these sources:

- The total ex-vessel value of the CR Program fisheries; and
- The direct program costs for the CR Program (by actual expenditures during the Federal fiscal year).

The total standard ex-vessel value of the 2017/2018 CR Program fisheries was \$163,998,853, which was 13 percent lower than the total standard ex-vessel value of the 2016/2017 fisheries of \$188,017,358. This value derives from price information submitted by the RCRs.

Using the fee percentage formula, the estimated percentage of costs to value for the 2017/2018 crab fishery was 1.85 percent. Therefore, NMFS applied the fee percentage of 1.85 percent to the 2017/2018 crab fishing year. Table 1 shows the 2017/2018 fee percentage computation.

Table 1. Formula for calculating the 2017/2018 fee percentage

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 3,038,830	divided by
Total Fishery Value (V)	\$ 163,998,853	multiply by 100
=	1.85	yields
<i>Fee percentage for 2017/2018 CR Program = 1.85 percent</i>		

During 2017/2018 (FY 2017), direct program costs (\$3,038,830) increased 3 percent compared with FY 2016 (FY 2016) program costs (\$2,950,043). The most significant change in program expenses is due to increases in direct program costs incurred by ADF&G. These costs were due to higher personnel, contracting, and administrative expenses related to managing the program in the 2017/2018 period. Additionally, the value of crab harvested under the CR Program decreased by \$24.0 million. Overall, increases in direct program costs and decreases in the value of the fishery contributed to an elevated fee percentage in FY 2017 relative to FY 2016.

Examples of the specific tasks that were included under the 2016/2017 CR Program direct program costs are:

- management and stock assessment needs resulting from rationalization (ADF&G)
- fishery monitoring and observer support above pre-rationalized levels (ADF&G)
- maintenance of the catch accounting system (ISD, ADF&G)

- programming and web site design for online applications (ISD)
- issuing and responding to questions about CR Program permits (RAM)
- training and outreach for electronic reporting of crab harvest (SF)
- transfers of QS and IFQ, responding to questions about transfers (RAM)
- fee determination and collection process (OMD)
- inspections, boardings, investigations, and enforcement activities (OLE)
- administration of CR Program Economic Data Reports (AFSC, PSMFC)

Table 2 shows the FY 2017 program costs by agency and operating unit, and Figure 1 is a comparison of those costs from FY 2015 to FY 2017. The two highest cost components are OLE and the ADF&G respectively. Between fiscal years, management and enforcement costs fluctuate due to changes within the agency and operating units, such as new contracts, required trainings, personnel changes, and equipment purchases.

Payment of cost recovery fees

NMFS sends fee statements to RCRs based on the RCRs' reported landings for the previous crab fishing year for all CR Program crab and value as computed for fee collection purposes. The RCR permit holder is responsible for submitting payment to NMFS on or before the due date of July 31, of the crab fishing year in which payment for the crab is made.

If an RCR fails to pay on time, OMD will issue an Initial Administrative Determination to which the permit holder must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties start to accrue. NMFS may take action against the permit holder's QS holdings and assess additional monetary charges, fines, or permit sanctions. Additionally, the Regional Administrator may disapprove any transfer of IFQ, individual processing quota, QS, or processor quota shares to or from the RCR permit holder. The RCR may not be issued IFQ or individual processing quota for that crab fishing year if they fail to submit payment. If after 180 days the fee remains unpaid, the unpaid balance is forwarded to the U.S. Department of the Treasury for collection.

Details on Cost Categories

Management of CR fisheries is delegated to the State of Alaska, as a result, ADF&G incurs the highest costs of all management units involved in the program. ADF&G's largest cost component is personnel which support the added duration and complexity of management, stock assessment, and monitoring programs implemented through rationalization. Additionally, cost recovery supports increased levels of observer coverage and infrastructure, catch accounting, and eLandings. The "other" cost category for ADF&G supports administrative support for these program activities.

The Office of Law Enforcement incurs primary costs for the IFQ data clerk contract and personnel costs for enforcement monitoring and investigations of the CR program due to the number of participants (75-80 boats), complexity of the program, and duration of CR fisheries.

NMFS costs for the CR program includes eLandings and eLogbook support, maintenance of the Catch Accounting System, and personnel costs for regulatory development in the ISD and SFD operating units. NMFS RAM costs primarily result from the issue of permits and transfer of quota. PSMFC costs support administration of Economic Data Reports for the CR program.

Figure 1. Crab Rationalization Program expenses by agency and NMFS operating unit FY 2015/16 to FY 2017/18.

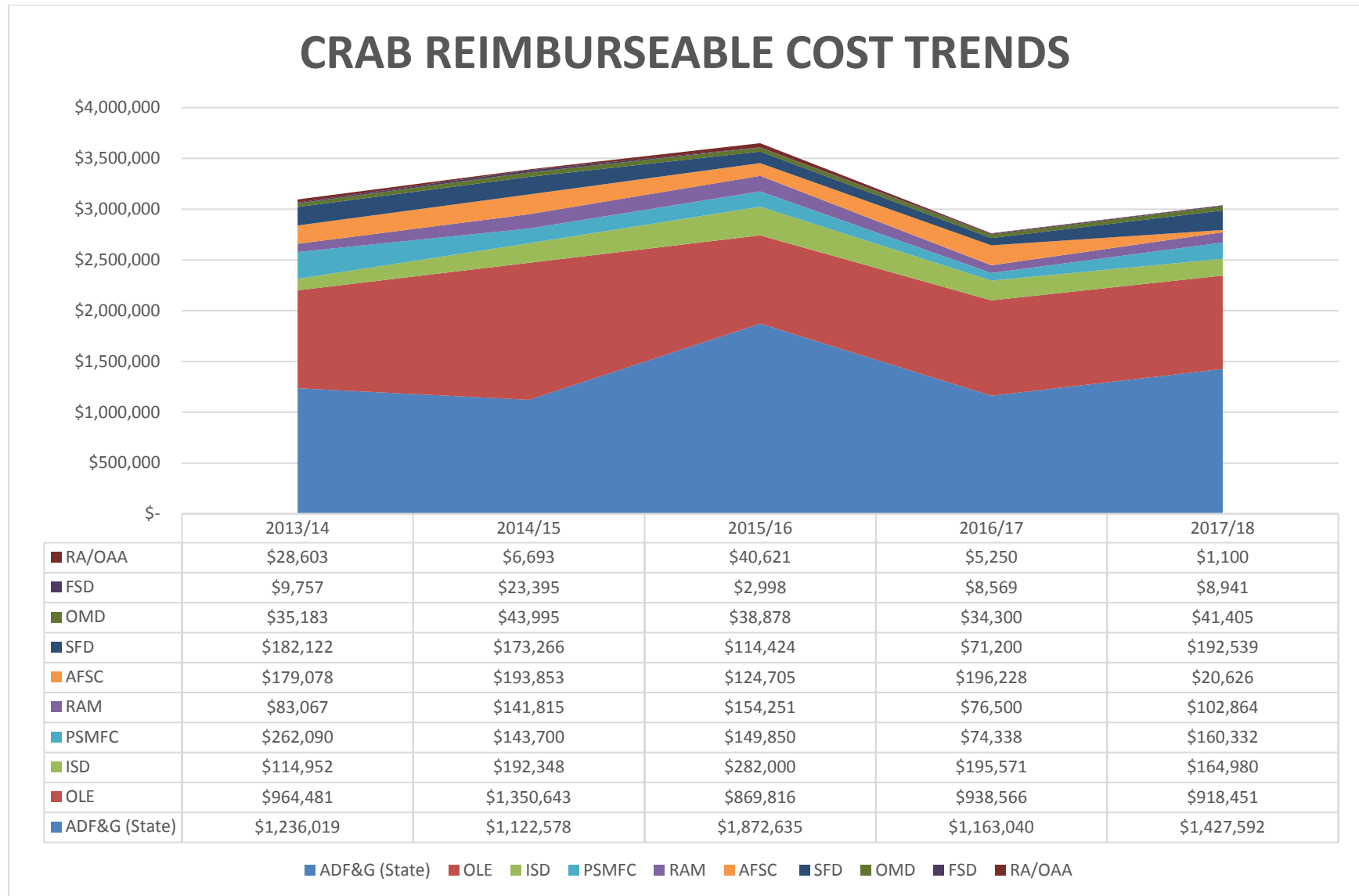


Table 2. Fiscal Year 2017 direct program for the CR Program (Fishing Year 2017/2018).

Cost Category	NMFS RAM	NMFS ISD	NMFS OLE	NMFS SFD	NMFS FSD	NMFS OMD	NMFS RA/OAA	NMFS AFSC	PSMFC	ADF&G	Total
Personnel Costs/ Overhead ^a	\$ 62,400	\$ 98,700	\$ 371,747	\$ 19,500	\$ 8,941	\$ 36,900	\$ 1,100	\$ 20,626	\$ 108,471	\$ 861,829	\$ 1,590,214
Travel ^b	-	\$ 800	\$ 722	\$ 6,700	-	\$ 700	-	-	-	\$ 49,133	\$ 58,055
Transportation ^c	-	-	\$ 7,771	-	-	-	-	-	-	-	\$ 7,771
Printing	\$ 1,200	-	-	-	-	-	-	-	-	-	\$ 1,200
Contracts/Training	\$ 29,564	\$ 52,680	\$ 469,426	\$ 160,839	-	\$ 405	-	-	\$ 42,300	\$ 303,011	\$ 1,058,225
Supplies	\$ 700	\$ 1,700	-	\$ 100	-	-	-	-	\$ 3,638	\$ 13,974	\$ 20,112
Equipment	-	-	\$ 19,896	-	-	-	-	-	-	-	\$ 19,896
Rent/Utilities ^d	\$ 9,000	\$ 11,100	\$ 48,889	\$ 5,400	-	\$ 3,400	-	-	\$ 5,296	\$ 5,839	\$ 88,924
Other ^e	-	-	-	-	-	-	-	-	\$ 627	\$193,806	\$ 194,433
<i>Percentage of costs (%)</i>	3 %	5 %	30 %	6 %	< 1 %	1 %	< 1 %	1 %	5%	47 %	100 %
Total	\$ 102,864	\$ 164,980	\$ 918,451	\$ 192,539	\$ 8,941	\$ 41,405	\$ 1,100	\$ 20,626	\$ 160,332	\$ 1,427,592	\$ 3,038,830

^a Personnel Costs/Overhead includes locality pay and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services.

^e Other includes administrative costs associated with eligible CR program management and observer activity.

Conclusion

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated, except the PSMFC and ADF&G expenditures for which there is no direct appropriation. No budgetary advantage is gained by inflating CR Program management and enforcement costs. Although some costs are controlled by “economies of scale,” other costs will decrease with the number of CR Program participants. Table 3 shows the management costs and ex-vessel value of the CR Program fisheries for the purposes of cost recovery since the CR Program was initiated.

Table 3. CR Program cost recovery over time

Crab Fishing Year	Fishery Value ^a	Total Program Costs	Annual Fee Percentage ^b	RCR Permit Holders w/ Billable Landings
2017/2018	\$163,998,853	\$3,038,830	1.85	17
2016/ 2017	\$188,017,358	\$2,950,043	1.57	18
2015/ 2016	\$227,733,902	\$3,650,178	1.60	16
2014/ 2015	\$229,198,504	\$3,392,286	1.48	19
2013/ 2014	\$209,386,273	\$3,095,352	0.69	20
2012/ 2013	\$231,535,032	\$3,516,592	0 ^c	20
2011/ 2012	\$286,752,062	\$3,364,442	1.23	20
2010/ 2011	\$261,747,837	\$3,210,189	2.67	21
2009/ 2010	\$147,188,073	\$3,927,062	0 ^c	18
2008/ 2009	\$212,412,973	\$3,195,760	1.05	22
2007/ 2008	\$202,719,417	\$2,133,758	3.0 ^d	20
2006/ 2007	\$119,652,929	\$3,939,841	3.0 ^d	22
2005/ 2006	\$138,888,840	\$4,270,881	3.0 ^d	17

a Fishery Value is the projected ex-vessel value of the catch subject to the crab cost recovery fee liability for the current year. For this table, the value amount is rounded.

b Fee liability percentages are noted here for the crab fishing year from which they were derived. The fee percentage was applied to the following crab fishing year.

c For each fiscal year, the amount collected is rounded. Due to a revenue surplus, no billing/collection occurred in the 2009/10 and 2012/13 (Years 5 and 8, respectively) fishing year.

d These billed percentages were limited by the Magnuson-Stevens Act statutory three percent cap of the ex-vessel value of the fishery in any Program year.

Fees collected under the BSAI King and Tanner Crab Fishing Capacity Reduction Program

Under section 312(b) of the Magnuson-Stevens Act, NMFS has the authority to conduct a fishing capacity reduction program if funds are provided and such a program is necessary to prevent or end overfishing, rebuild stocks of fish, or achieve measurable or significant improvements in the conservation and management of a fishery. A capacity reduction program must be consistent with any state and Federal fishery management plans in place for a fishery. Funding for such programs is authorized under section 312(c) of the Magnuson-Stevens Act and allows NMFS to obtain funding through specific appropriations from industry fee systems and public, private, or nonprofit sources. Under this authority, regulations implementing the BSAI King and Tanner Crab Fishing Capacity Reduction Program was implemented in 2005 (68 FR 69331, January 12, 2004). Under administration of the FSD, NMFS bought back 25 BSAI crab fishing vessels, associated fishery histories, and 62 licenses to achieve the maximum sustained reduction in BSAI crab fishing capacity at the least cost and in minimum time. In the BSAI King and Tanner Crab Fishing Capacity Reduction Program, the FSD administers an industry-funded, 30-year loan of \$97,399,357.00 at a fixed rate of 6.54 percent. Additional information on the BSAI King and Tanner Crab Fishing Capacity Reduction Program is available on the NMFS web site at http://www.nmfs.noaa.gov/mb/financial_services/bsai_crab_buyback.html.

Fees for repayment of the loan are authorized under section 312(d)(2)(C) of the Magnuson-Stevens Act and are to be paid on harvests of the CR Program crab species. Harvesters are required to pay the fee and all parties making the first ex-vessel purchase of the crab (“fish buyers”) are required to collect the fee based on the crab’s full delivery value, and account for and forward the fee revenue to repay the loan. The current fee rates are shown in Table 4. By regulation, the fee rate may not exceed five percent of the delivery value.

Fee collection to repay the loan began on October 17, 2005. BSAI Crab Buyback Loan Fees are due by the 7th day of the month after the month in which landings occurred. Buyback fees received after that date are subject to a 1.5 percent per month (or portion thereof) late charge fee. NMFS may withhold annual crab permits if buyback fees are outstanding.

Table 4 shows the principal balance for each of the “subloans” allocated to each fishery by the BSAI King and Tanner Crab Fishing Capacity Reduction Program. Loan balances are current as of November 16, 2018. The Aleutian Islands Golden (Brown) King Crab subloan was repaid in 2016, therefore all buyback fees collected for Aleutian Island (Brown) King Crab landings ceased after October 31, 2016. The Western Aleutian Islands red king crab and Pribilof Islands king crab fisheries have remained closed since the start of the loans. By November 2018, fishermen had reduced the original loan amount (\$97.4 million) to \$69.7 million, with an interest balance of \$6.9 million.

Table 4. Fishery loan status of the BSAI King and Tanner Crab Fishing Capacity Reduction Program, November 16, 2018.

Crab Fishery	Original Loan Amount	Principal Balance	Interest Balance	Fee Rate
Bering Sea Snow Crab and Tanner Crab	\$66,410,767.20	\$55,174,041.81	\$1,387,832.57	5.0 %
Bristol Bay Red King Crab	\$17,129,957.23	\$5,020,551.91	\$2,698.71	2.5 %
Aleutian Islands Golden (Brown) King Crab	\$6,380,837.19			
St. Matthew Island Blue King Crab	\$5,668,991.10	\$5,668,991.10	\$3,959,686.13	5.0 %
Pribilof Islands Red and Blue King Crab	\$1,571,216.35	\$1,571,216.35	\$1,423,951.16	5.0 %
Aleutian Islands Red King Crab	\$237,588.04	\$237,588.04	\$215,319.66	5.0 %
Total	\$97,399,357.11	\$69,672,389.21	\$6,989,488.23	



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IFQ Program Cost Recovery for Fishing Year 2018



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Cost Recovery

Section 304(d)(2)(A) of the Magnuson–Stevens Fishery Conservation and Management Act (MSA), enacted in late 1996, obligates the National Marine Fisheries Service (NMFS) to recover the actual costs of management, data collection, and enforcement of the Individual Fisheries Quota (IFQ) Program for the Fixed-Gear Commercial Fisheries for Pacific halibut and sablefish in waters in and off Alaska. The law provides that the fee be paid by IFQ fishermen and that the fee shall be based on the ex-vessel value of fish landed under the IFQ Program. The MSA limits the fee liability for IFQ fishermen to 3.0 percent of the annual ex-vessel value in dollars, goods, and services.

The funds collected from cost recovery are deposited in the Limited Access System Administrative Fund (LASAF). Funds in this account are available only to the Secretary of Commerce and must be spent on IFQ Program management, data collection, and enforcement. This report reviews the cost recovery requirements and responsibilities of fishery participants and of NMFS. It describes how the fee is determined, what IFQ Programs contributed to costs, and compares cost recovery fees over time.

Requirements and Responsibilities

For IFQ Permit Holders

IFQ permit holders are responsible for fees owed for all landings recorded on their permit(s). This includes IFQ pounds from their own quota share (QS) and from QS that was leased from another QS holder. It also includes landings made by hired skippers. IFQ permit holders are also responsible for fees associated with halibut that were landed using their IFQ in the guided angler fish (GAF) program by persons who hold a Charter Halibut Permit issued by NMFS.

IFQ permit holders must pay their fee no later than January 31 of the year after the calendar year of their landings. There are two options for calculating the fee liability: permit holders may make their payment based upon NMFS' calculations, which are based on standard ex-vessel prices and values; or they can pay an amount based in whole or in part upon their own records of actual ex-vessel value from the sale of their IFQ halibut or sablefish. If they choose the second option, permit holders must be prepared to demonstrate, with written documentation, the actual value they received from their IFQ landings.

Penalties: Failure to pay may result in NMFS action against the permit holder's QS holdings and monetary charges, fines, and/or permit sanctions. If a permit holder fails to pay by January 31, their QS/IFQ automatically becomes nontransferable until the fee liability is satisfied. In addition, the permit holder is prohibited from receiving QS or IFQ by transfer. Before penalties are issued, NMFS Operations and Management Division (OMD) delivers a letter of Initial Administrative Determination (IAD) outlining the permit holder's right to an appeal.

For IFQ Registered Buyers

Registered Buyers acting as shoreside processors must report the monetary value and amount of purchased pounds of IFQ halibut and sablefish by species, month, and port. This information is used to calculate standard ex-vessel prices, and to estimate the overall ex-vessel value of the

fisheries. Reports are due to NMFS by October 15 each year and can be submitted on-line or on paper forms.

For NMFS

At the end of each IFQ Program fishing season, NMFS is responsible for these actions:

- ✓ compiling a list of all IFQ Program landings by species, month, and port or port group;
- ✓ using shoreside IFQ Registered Buyer data to calculate a set of standard ex-vessel prices for IFQ fish landed;
- ✓ applying the appropriate standard ex-vessel price to each landing, creating a standard ex-vessel value for the landing;
- ✓ summing the total standard ex-vessel values of all landings to derive the total ex-vessel value (total fishery value) of the year's IFQ fisheries;
- ✓ compiling all direct management, data collection, and enforcement costs (direct program costs) attributable to the IFQ Program;
- ✓ using direct program costs and total fishery value to calculate the annual fee percentage;
- ✓ applying the fee percentage to the standard ex-vessel value of a landing on an IFQ Program permit to determine the fee owed for each landing;
- ✓ summing the fees owed for all landings on all IFQ Program permits held by each permit holder. This final figure is the *annual fee* each permit holder owes; and
- ✓ mailing IFQ permit holders a summary that itemizes their landings and shows their calculated fee.

The 2018 IFQ Program Cost Recovery Fee Percentage

The 2018 IFQ fee percentage was 2.8 percent ([83 FR 63834; December 12, 2018](#)). Therefore, under cost recovery regulations, IFQ permit holders who used their permits to make landings of IFQ halibut or IFQ sablefish during the 2018 IFQ Program fishery, or who leased halibut IFQ that was landed as GAF during the 2018 charter halibut fishery, are obligated to pay 2.8 percent of the total ex-vessel value from the sale of their IFQ Program fish. The fee percentage is calculated from two sources:

- The total fishery value of the IFQ Program fisheries for 2018; and
- The direct program costs for the IFQ Program, as compiled from actual expenditures during Federal fiscal year (FY) 2018.

These sources are discussed below.

Total fishery Value of the IFQ Program Fisheries

As noted above, the total fishery value is determined from ex-vessel prices that are applied to the pounds of IFQ fish landed. To account for price variability, standard ex-vessel prices are weighted averages, calculated for each species, port of landing, and month. In 2018, the total ex-vessel value of the combined IFQ Program fisheries, based on standard ex-vessel prices, was \$161,400,657. The halibut IFQ fishery accounted for \$84,918,759 of the total, while the value of the sablefish IFQ fishery was \$76,481,898.

Direct Program Costs for the IFQ Program

Direct program costs are expenses necessary to manage, collect data from, and enforce the IFQ Program. The costs considered are incremental: they would not have been incurred but for the IFQ Program. Cost recovery fees do not increase agency budgets or expenditures. The fee offsets funds that would otherwise have been appropriated, except International Pacific Halibut Commission (IPHC) and Alaska Department of Fish and Game (ADF&G) expenditures, for which there is no direct appropriation. No budgetary advantage is gained by inflating costs.

To determine annual costs, each October NMFS, IPHC, and ADF&G each calculate their direct program costs for the IFQ Program. NMFS separates costs by operating units, including NMFS Restricted Access Management (RAM), NMFS Information Services Division (ISD), NMFS Office of Law Enforcement (OLE), NMFS Sustainable Fisheries (SFD), NMFS Financial Service Division (FSD), NMFS Operations and Management Division (OMD), and NMFS Regional Administrator Office/Office of Administrative Appeals (RAO/Appeals).

Examples of the types of tasks that were included under the 2018 IFQ direct program costs are:

- analysis and rulemaking activities; in particular, regulations to authorize IFQ leasing by CDQ groups, regulations to authorize the formation of recreational quota entities to hold commercial halibut quota share for use by the charter halibut sector, and analysis of potential revisions to IFQ program rules, including changes to the medical and beneficiary provisions and to authorize harvest of IFQ halibut in the BSAI using pot gear.
- maintenance of the electronic reporting systems, including the catch accounting system (ISD, ADF&G),
- programming, web design, and maintenance of online applications (ISD),

- issuance of approximately 2,600 annual IFQ permits, 200 registered buyer permits, and 1,300 hired master permits, which includes responding to questions about those permits (RAM),
- processing approximately 1,200 transfers of QS and/or IFQ. This includes medical transfers, transfers with right of survivorship, and Guided Angler Fish transfers. Processing transfers also includes responding to questions about the transfers (RAM),
- producing an annual transfer report (RAM),
- determining standard ex-vessel prices using value and volume reports submitted by IFQ Registered Buyers (RAM),
- fee determination and collection process (OMD),
- port sampling (IPHC), primarily personnel costs, but also includes travel and supplies
- processing North Pacific IFQ loan program applications (FSD)
- inspections, boardings, investigations, outreach and education, and compliance assistance by approximately 20 officers and 10 agents. Additionally, a staff of 6-8 data technicians are contracted annually for 7-day per week processing of required reports, such as Product Transfer, Prior Notice of Landing, IFQ Departure, IFQ Overage, and Vessel Activity Reports (OLE).

More details on particular cost components can be found below, on page 8.

Calculating the 2018 Fee Percentage

The annual fee percentage is calculated using the following formula:

$$[100 \times (DPC/V)]$$

NMFS divides the direct program cost (DPC) by the total fishery value (V) of the IFQ Program fisheries, and then multiplies by 100 to calculate a percentage. The result is the *fee percentage*. The calculation of the 2018 fee percentage is as follows:

Table 1. Formula for calculating the 2018 fee percentage

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 4,573,407	DPC divide by V
Total Fishery Value (V)	\$ 161,400,657	multiply by 100
=	2.8	yields
<i>Fee percentage for 2018 IFQ Program = 2.8 percent</i>		

Summary of the Fee Percentages Over Time and Component Costs

Time Series of the Fee Percentage

Table 2 indicates the 2018 2.8 percent fee liability is higher than the 2017 percentage, but below the 3% cap, which occurred in 2016 and 2015. This resulted from a lower value in the IFQ fisheries in 2018, combined with relatively static program costs between 2017 and 2018. Direct program costs for FY 2018 were \$4.57 million, which is a 2% decrease from FY 2017. The value of the combined IFQ fisheries decreased by \$46.6 million (22%) from FY2017 to FY2018, which is attributed to a decline in the price per pound of halibut and sablefish landings.

Table 2. IFQ Program cost recovery fee percentage
2000 through 2018

Year	Direct Program Costs	Combined IFQ Fisheries Value	Fee Percentage
2000	\$ 3,474,111	\$ 195,882,332	1.80%
2001	\$ 3,430,357	\$ 167,368,176	2.00%
2002	\$ 3,513,827	\$ 180,276,723	2.00%
2003	\$ 3,407,118	\$ 236,536,464	1.40%
2004	\$ 3,326,607	\$ 235,431,066	1.30%
2005	\$ 3,743,630	\$ 235,865,140	1.60%
2006	\$ 2,789,047	\$ 268,403,752	1.00%
2007	\$ 2,739,602	\$ 234,866,119	1.20%
2008	\$ 3,468,590	\$ 244,854,438	1.40%
2009	\$ 4,302,026	\$ 209,893,255	1.60%
2010	\$ 5,203,411	\$ 276,175,760	1.40%
2011	\$ 5,065,748	\$ 318,077,388	1.60%
2012	\$ 4,896,232	\$ 246,067,580	2.10%
2013	\$ 4,920,803	\$ 177,746,256	2.80%
2014	\$ 4,530,572	\$ 176,983,090	2.60%
2015	\$ 5,593,603	\$ 183,896,787	3.04%*
2016	\$ 5,902,497	\$ 189,455,394	3.12%*
2017	\$ 4,659,869	\$ 208,013,345	2.20%
2018	\$ 4,573,407	\$ 161,400,657	2.80%

*Actual fee liability percentage before the mandatory adjustment to the 3.0% maximum.

Components of Total Fishery Value

Figures 1 and 2 provide more detail on the individual components of values for the halibut and sablefish IFQ fisheries by illustrating harvests and ex-vessel prices over the most recent nine-year period. Standard ex-vessel prices that are indicated in the figures are weighted averages, taken across all ports over the entire season.

Halibut landings (Figure 1) decreased substantially from 2010 to 2014, but have since remained relatively flat, declining slightly in 2018. Annual average ex-vessel price was stable from 2014 to 2017, ranging from \$6.32 to \$6.67, but dropped significantly to \$5.35 in 2018.

Figure 1. Total pounds landed of IFQ halibut and standard ex-vessel price per pound from 2010 to 2018.

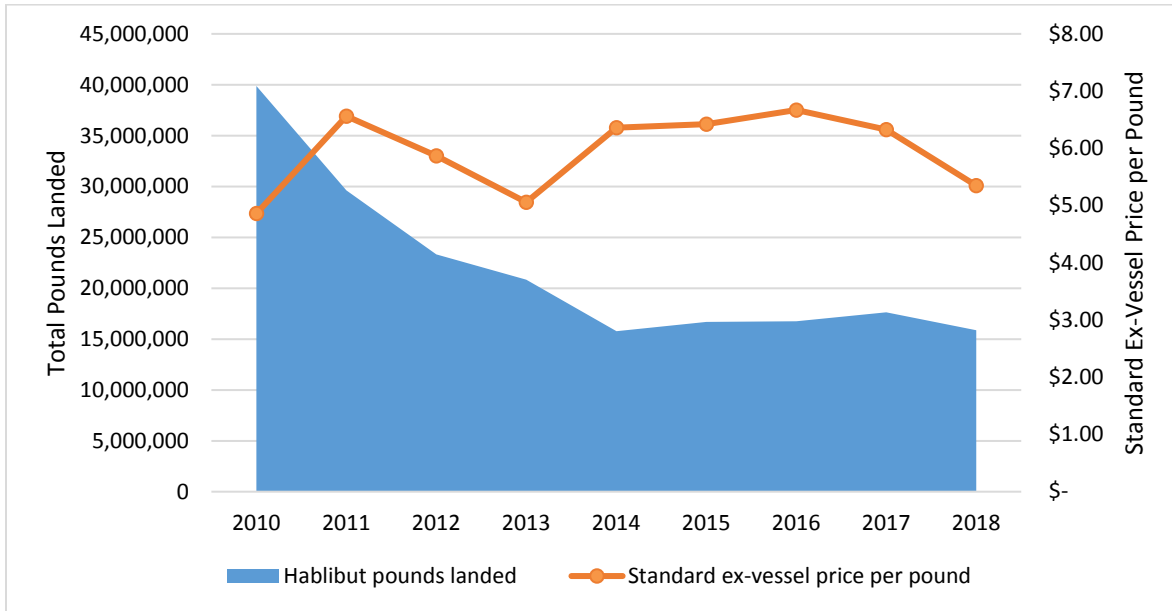
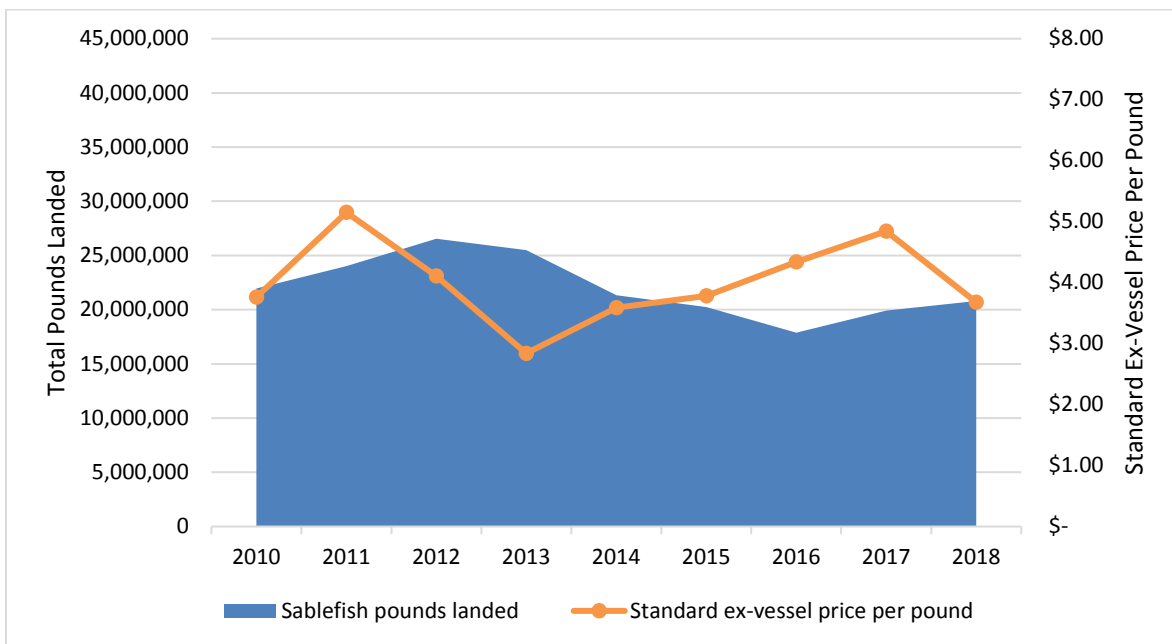


Figure 2. Total pounds landed of IFQ sablefish and standard ex-vessel price per pound from 2010 to 2018.



Sablefish landings (Figure 2) have remained relatively stable, increasing slightly relative to 2017 with 20.8 million pounds landed in 2018. Standard ex-vessel prices for sablefish increased from 2013 to 2017, but dropped significantly to \$3.68 in 2018.

Comparing 2017 to 2018, the decrease in the combined IFQ fishery value was due to lower prices for both halibut and sablefish, as landing volumes remained similar.

Details of Direct Program Costs

Table 3 provides more detail on the 2018 direct program costs for NMFS operating units and external partners by breaking out individual cost categories. The sum of direct personnel and personnel contracting costs account for approximately 94% of the total. Among operating units, OLE expenses accounted for roughly half of the program costs.

Table 3. Fiscal year 2018 IFQ Direct program costs by cost recovery component for NMFS operating units, IPHC, and ADF&G.

Cost Recovery Component	NMFS OMD	NMFS RAM	NMFS SFD	NMFS ISD	NMFS FSD	NMFS OLE	IPHC	ADFG	Total
Personnel Costs ^a	\$ 69,400	\$ 308,600	\$ 65,900	\$ 255,500	\$ 139,697	\$ 1,858,433	\$ 368,041	\$ 87,270	\$ 3,152,841
Travel ^b	-	\$ 300	\$ 14,500	-	-	\$ 3,586	\$ 22,866	\$ 125	\$ 41,377
Transportation ^c	-	-	-	-	-	-	\$ 20,345	-	\$ 20,345
Printing	\$ 1,900	\$ 1,700	\$ 400	-	-	-	-	-	\$ 4,000
Contracts/Training	-	\$ 146,292	\$ 325,482	\$ 212,282	-	\$ 431,945	\$ 32,082	\$ 5,000	\$ 1,153,083
Supplies	-	\$ 25,800	\$ 100	\$ 6,600	-	\$ 4,444	\$ 1,863	-	\$ 38,807
Equipment	-	-	-	-	-	-	-	-	-
Rent/Utilities ^d	\$ 6,900	\$ 40,900	\$ 9,900	\$ 24,000	-	\$ 67,580	\$ 4,365	-	\$ 153,645
Other	-	-	-	-	-	\$ 9,309	-	-	\$ 9,309
Total	\$ 78,200	\$ 523,592	\$ 416,282	\$ 498,382	\$ 139,697	\$ 2,375,297	\$ 449,562	\$ 92,395	\$ 4,573,407

^a Personnel includes costs of locality pay, benefits, and overhead.

^b Travel includes per diem payments. IPHC uses a scalar to determine costs so IPHC travel expenses reflect costs derived by a separate cost formula.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services.

OLE has high direct costs for the IFQ Program due to the high number of participants and regulatory complexity. OLE's primary cost is personnel for enforcement monitoring and investigations of the IFQ program due to the high number of participants (1100+ vessels), landings (5000+), and offload ports (34), as well as the duration of IFQ fisheries. Secondary cost is for the IFQ data clerk contract. Further, OLE is responsible for shoreside enforcement and provides after-hours surveillance.

The US Coast Guard (USCG) also refers labor costs to OLE for at-sea enforcement; when the USCG documents at sea violations, it refers the offence to OLE for final action. Additionally, the IFQ Program does not require the use of vessel monitoring systems when fishing for halibut, which contributes to higher enforcement costs. VMS would be a useful tool for OLE to assess fishing activity in IFQ regulatory areas.

OLE employs a multifaceted strategy to maximize compliance in the IFQ fisheries. This strategy includes educational outreach, partnerships, patrols, inspections, and investigations. OLE spends thousands of hours annually providing marine resource users with compliance assistance, including staffing booths at organized events, daily contacts in communities, ports, harbors, and at-sea to ensure that the most current and accurate regulatory information is widely distributed and understood. OLE also spends thousands of hours annually conducting patrols to provide a visible deterrence, to monitor fishing and other marine activities, to detect violations, to conduct compliance inspections, and to provide compliance assistance. OLE personnel investigate reports or complaints of IFQ violations as well as regularly analyze IFQ data that may lead to investigations of abnormal activity and missing or questionable information.

An additional source of management costs for the IFQ Program are attributed to ISD. This relates to how costs associated with maintaining the electronic landings system (eLandings) are distributed to the IFQ program. Because eLandings is used for multiple fisheries, ISD has developed a formula for tracking the time spent by computer programmers to maintain the system. The formula includes weighting factors for the degree of complexity, amount of integration, time sensitivity, and workload for eLandings maintenance tasks, then it calculates the proportion of eLandings tasks that can be attributed to each fishery program. This formula is reevaluated every year. For 2018, the formula resulted in 36.45% of the ISD work in eLandings could be attributed to the IFQ program.

Figure 3 indicates the cost components for all NMFS units and external partners. This illustrates the costs for FY2018 relative to the preceding years. There was a slight drop in costs in FY 2018 due to no equipment costs being incurred, combined with other reductions, primarily in rent and utilities.

Figure 3. Direct Program Costs for FY 2015 through FY 2018.

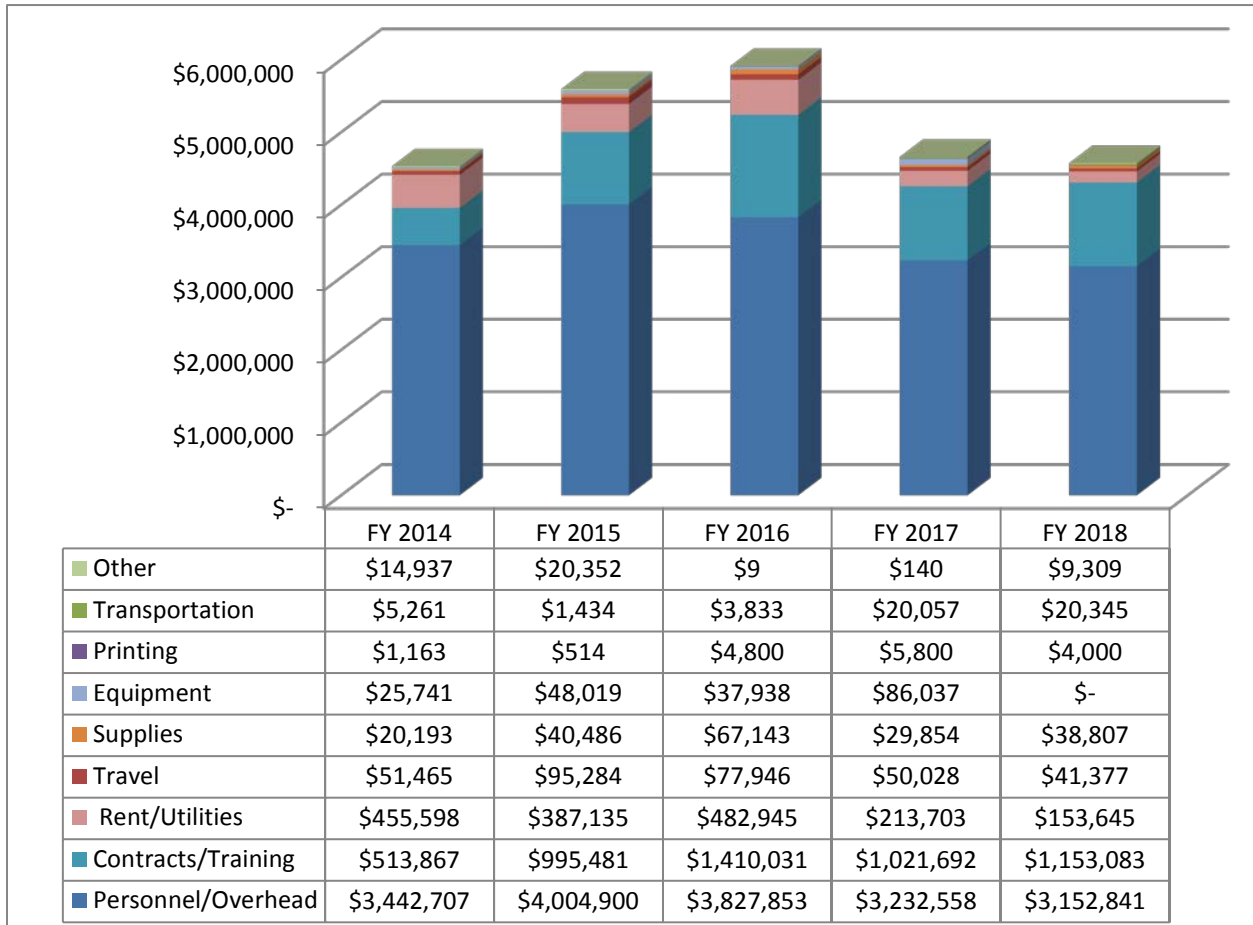
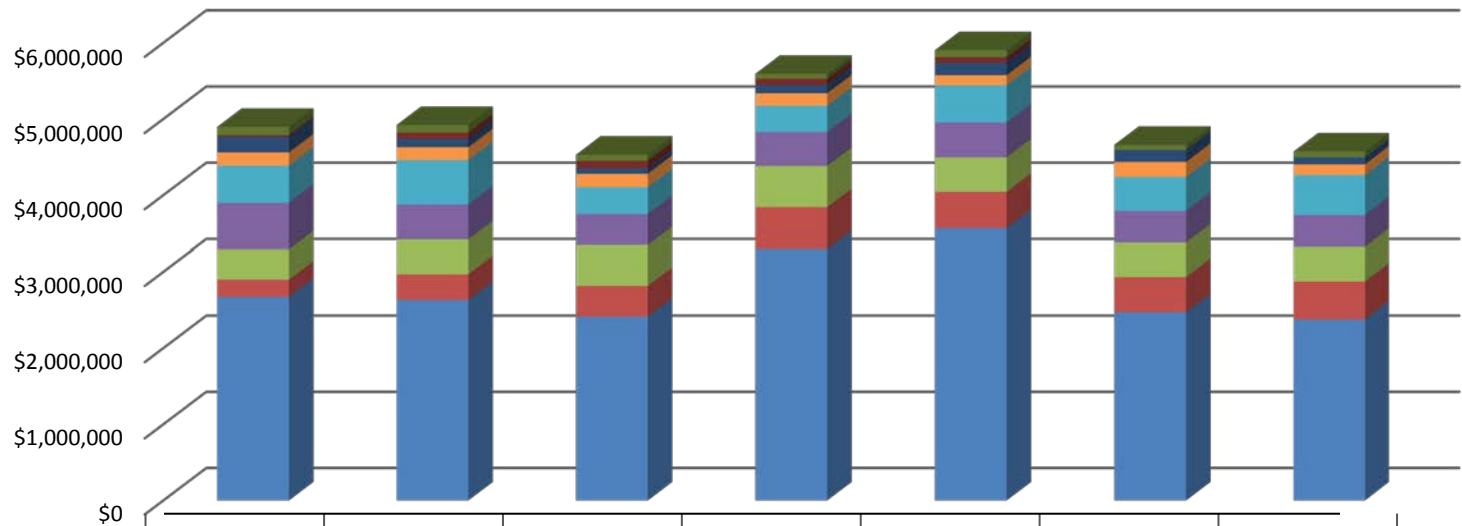


Figure 4 (next page) provides more detail on direct program costs, broken out by NMFS management unit and external partners. Costs incurred by the IPHC are primarily attributed to the extensive port sampling program. Nearly all the ADF&G costs are related to maintaining the eLandings catch accounting program. NMFS RAM division incurs significant personnel costs issuing the large number of IFQ permits and processing transfers of quota shares, including transfers related to medical leases and right of survivorship.

Figure 4. IFQ Direct program costs for NMFS operating units, IPHC, and ADF&G during fiscal years 2015 through 2018.



	2012	2013	2014	2015	2016	2017	2018
■ NMFS OMD	\$109,580	\$100,021	\$79,574	\$65,270	\$91,800	\$68,000	\$78,200
■ NMFS RAO/Appeals	\$20,951	\$82,405	\$98,946	\$85,468	\$73,600	\$0	\$0
■ ADF&G	\$204,605	\$109,616	\$71,541	\$105,919	\$162,784	\$155,690	\$92,395
■ NMFS FSD	\$174,544	\$169,236	\$175,664	\$165,139	\$133,547	\$198,559	\$139,697
■ NMFS RAM	\$488,954	\$581,993	\$353,240	\$342,523	\$487,283	\$445,497	\$523,592
■ NMFS SFD	\$607,473	\$456,060	\$403,740	\$445,830	\$457,489	\$412,345	\$416,282
■ IPHC	\$392,023	\$453,615	\$532,095	\$539,832	\$452,397	\$447,551	\$449,562
■ NMFS ISD	\$224,715	\$336,497	\$403,361	\$549,549	\$475,676	\$460,510	\$498,382
■ NMFS OLE	\$2,673,387	\$2,631,358	\$2,412,411	\$3,294,075	\$3,567,920	\$2,471,718	\$2,375,297



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Rockfish Program Cost Recovery for Fishing Year 2018



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March 2019

Cost Recovery

Under section 303A(e) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), costs for management and enforcement of individual fishing quota and other limited access privilege programs (LAPPs) are recoverable from participants. The Central Gulf of Alaska Rockfish Program (Rockfish Program) is a LAPP established under the provisions of section 303A of the Magnuson-Stevens Act; therefore, NMFS is required to collect fees for the Rockfish Program. The MSA also limits the cost recovery fee so that it may not exceed three percent of the ex-vessel value of the fish harvested under the Rockfish Program.

This report reviews the cost recovery requirements and responsibilities of fishery participants and NMFS. It also provides details on how the cost recovery fee is determined, along with specific information on Rockfish Program management and enforcement component costs.

Requirements and Responsibilities

NMFS issues cooperatives an annual cooperative quota (CQ) permit to fish under the Rockfish Program. Therefore, Rockfish Program cooperatives are responsible for paying cost recovery fees. Cost recovery fees are assessed on the ex-vessel value of primary and secondary species harvested under CQ in the Central Gulf of Alaska and adjacent waters when rockfish primary species caught by vessels in the cooperative are deducted from the Federal total allowable catch. The cost recovery fees do not apply to halibut prohibited species catch CQ since that halibut cannot be retained for sale and, therefore, does not have an ex-vessel value. The cost recovery fees do not apply to the Rockfish Program entry level longline fishery and opt-out vessels because those participants do not receive rockfish CQ.

For CQ Permit Holders

CQ permit holders are responsible for fees owed for all Rockfish Program CQ landings on their permit. A CQ permit holder must submit any Rockfish Program cost recovery fee liability payment(s) to NMFS no later than February 15 of the year following the calendar year in which the CQ landings were made. Payment must be made electronically in U.S. dollars by automated clearing house, credit card, or electronic check drawn on a U.S. bank account.

Penalties: Failure to pay on time may result in NMFS action against the permit holder's Rockfish Program CQ holdings and could result in additional monetary charges, fines, and/or permit sanctions. If a permit holder fails to pay by the February 15 due date, the permit holder's CQ automatically becomes nontransferable until the fee liability is satisfied. In addition, the permit holder may not receive CQ by transfer. Before penalties are issued, NMFS Operations and Management Division (OMD) delivers an Initial Administrative Determination (IAD), to which the permit holder must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties start to accrue.

If the account is not paid within the 30 days provided by the IAD, in addition to fees, interest, and penalties, the permit holder's CQ permit account will be sanctioned and the permit holder will be unable to fish until the fee liability is satisfied. Additionally, no Rockfish Program CQ may be

issued based on the Rockfish Program QS held by the members of that cooperative to any other CQ permit for that calendar year. Additional fines may also apply.

For Rockfish Processors

A rockfish processor that receives and purchases landings of Rockfish Program CQ must annually submit to NMFS a complete Rockfish Ex-vessel Volume and Value Report for each reporting period for which the processor receives Rockfish Program CQ species. The reporting period of the Rockfish Ex-vessel Volume and Value Report extends from May 1 through November 15 of each year. A complete Rockfish Ex-vessel Volume and Value Report must be received by the NMFS not later than December 1 of the year in which the rockfish processor received the Rockfish Program CQ species.

For NMFS

At the end of each Rockfish Program fishing season, NMFS is responsible for these actions:

- ✓ compiling a list of all Rockfish Program landings by species and month;
- ✓ using Rockfish Program Ex-vessel Volume and Value Report data to calculate a set of standard ex-vessel prices for fish landed;
- ✓ applying the appropriate standard ex-vessel price to each landing, creating a standard ex-vessel value for each landing;
- ✓ summing the total standard ex-vessel values of all landings to derive the fishery value of the year's Rockfish Program fisheries;
- ✓ compiling all direct management, data collection, and enforcement costs (direct program costs) attributable to the Rockfish Program;
- ✓ using direct program costs and fishery value to calculate the annual fee percentage;
- ✓ applying the fee percentage to the value of a landing to determine the fee owed for each landing;
- ✓ summing the fees owed for all landings on the Rockfish Program CQ permits held by each permit holder. This final figure is the *annual fee* each permit holder owes; and
- ✓ mailing Rockfish Program CQ permit holders a summary that itemizes their landings and shows their calculated fee.

The 2018 Rockfish Program Cost Recovery Fee Percentage

NMFS announced that the 2018 IFQ fee percentage was set at 2.86 (84 FR 1709, February 5, 2019). Under cost recovery regulations, CQ permit holders who used their permits to make landings of Rockfish Program primary and secondary species during the 2018 Rockfish Program fishery are obligated to pay 2.86 percent of the total ex-vessel value from the sale of their Rockfish Program fish. The fee percentage derives from two sources:

- The fishery value of the Rockfish Program fisheries for 2018; and

- The direct program costs for the Rockfish Program as measured by actual expenditures during Federal fiscal year 2018.

These two components of the fee percentage are discussed below.

Fishery Value of the Rockfish Program Fisheries

Fishery value is determined from ex-vessel prices for each Rockfish Program primary and secondary species throughout the fishing season. NMFS used the 2018 data submitted by rockfish processors on the Rockfish Ex-vessel Volume and Value Report to calculate the standard ex-vessel prices. To account for price variability, standard ex-vessel prices are calculated as weighted averages for each species and month. NMFS multiplied the amount of Rockfish Program species landed by month by the standard prices to calculate the standard ex-vessel values. The fishery value of the Rockfish Program fisheries is the sum of standard ex-vessel values for each Rockfish Program species and month. The fishery value of the Rockfish Program fisheries based on standard ex-vessel prices in 2018 was \$11,231,239.

Direct Program Costs for the Rockfish Program

Direct program costs are the costs incurred to manage, collect data from, and conduct enforcement for the Rockfish Program fisheries. Note that direct program costs are incremental: the costs would not have been incurred except for the Rockfish Program. Cost recovery fees do not increase agency budgets or expenditures. The fee offsets funds that would otherwise have been appropriated for management of the Rockfish Program. No budgetary advantage is gained by inflating costs.

NMFS calculates Rockfish Program direct program costs through an established, systematic accounting system for the Federal fiscal year (FY), which is October 1 through September 30. NMFS tracks internal program costs as well as program costs from the Alaska Fisheries Science Center (AFSC), and the Alaska Department of Fish and Game (ADF&G).

Examples of the types of tasks that were included under the 2018 Rockfish Program direct program costs are:

- maintenance of electronic reporting systems, including the catch accounting system (NMFS, ADF&G),
- programming and web design for online applications (NMFS),
- determination of annual cooperative allocations of cooperative fishing quota (CQ) and prohibited species catch (PSC) (NMFS),
- issuance of (CQ), responding to questions about CQ applications (NMFS),
- transfers of CQ, responding to questions about transfers (NMFS),
- observer debriefing (AFSC),
- catch monitoring control plan specialist (NMFS),
- monitor cooperative fisheries CQ and PSC, answer questions on cooperative activities, respond to data requests (NMFS),
- determination of standard ex-vessel prices using value and volume reports submitted by rockfish processors (NMFS),
- fee determination and collection process (NMFS),
- cost recovery report (NMFS),

- analysis and rulemaking activities (NMFS).

Calculation of the 2018 Fee Percentage

The annual fee percentage is calculated using the following formula:

$$[100 \times (DPC/V)]$$

NMFS divides the direct program cost (DPC) by the fishery value (V) of the Rockfish Program fisheries, and then multiplies by 100 to calculate a percentage. The result is the *fee percentage*. The component details to calculate the 2018 fee percentage are as follows:

Table 1. Detail of formula for calculating the 2018 fee percentage

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 321,211	DPC divide by V
Total Fishery Value (V)	\$ 11,231,239	multiply by 100
=	2.86	yields
<i>Fee percentage for 2018 Rockfish Program = 2.86 percent</i>		

Summary of Direct Program Costs for 2018

Table 2 shows details of the program costs for FY 2018. Table 3 provides a time series summary of Rockfish Program annual harvest pounds, ex-vessel value, total program costs, and fee percentages for each year since the inception of the Rockfish Program cost recovery fee program.

Overall, direct program costs for FY2018 (\$321,211) were higher than in FY 2017 (\$208,666), but lower than in FY 2014 (\$345,948) and FY 2015 (\$361,790). The FY 2018 fee liability percentage of 2.86 is 0.82 percent higher than the FY 2017 fee percentage of 2.04 percent (Table 3). This substantial fee percentage increase relative to FY 2017 is partially due to an accounting error which resulted in an underrepresentation of NMFS’s Rockfish Program costs in FY 2017. As a result, the FY 2017 fee percentage published was lower than actual costs and NMFS did not recover all direct costs as authorized in FY 2017. The increase in the FY 2018 fee percentage was offset somewhat by an 8.7% increase in fishery value.

The increased costs in FY 2018 are primarily attributed to NMFS contracts and training expenses related to software upgrades and maintenance for the Catch Accounting System. Other NMFS costs include personnel costs related to catch accounting, inspections, permit issuance, and regulatory development. The Alaska Fisheries Science Center and the Alaska Department of Fish & Game both had marginally lower costs for FY 2018.

Calculation of the annual fee percentage relies on accurate reporting of price per pound of Rockfish Program landings by processors. For 2018, processors and cooperatives filed timely and accurate reports and satisfied, cost recovery fee program requirements.

Table 2. Fiscal year 2018 Rockfish Program direct program costs by cost recovery component and operating unit.

Cost Recovery Component	National Marine Fisheries Service (NMFS)	Alaska Fisheries Science Center (AFSC)	Alaska Dept. Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 176,200	\$ 3,309	\$ 4,765	\$ 184,274
Travel ^b	\$ 8,100	-	-	\$ 8,100
Transportation ^c	\$ 5,300	-	-	\$ 5,300
Printing	-	-	-	-
Contracts/Training	\$ 114,567	-	-	\$ 114,567
Supplies	\$ 1,300	-	-	\$ 1,300
Equipment	-	-	-	-
Rent/Utilities ^d	\$ 6,500	-	-	\$ 6,500
Other	-	\$ 1,370	-	\$ 1,370
Total	\$ 311,967	\$ 4,679	\$ 4,765	\$ 321,411

^a Personnel includes costs of locality pay, all benefits, and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities includes costs of space and utilities and shared common space and services.

Table 3. Rockfish Program cost recovery summary from 2012 through 2018.

Year	Pounds landed	Fishery Value	Total Program Costs	Calculated Fee Percentage	Actual Fee Percentage
2018	47,261,765	\$ 11,231,239	\$ 321,411	2.86%	2.86%
2017	40,587,961	\$ 10,248,424	\$ 208,666	2.04%	2.04%
2016	49,777,303	\$ 12,009,975	\$ 304,684	2.54%	2.54%
2015	45,152,020	\$ 11,117,262	\$ 361,790	3.3%	3.0% ^a
corrected 2014	44,016,252	\$ 10,505,776	\$ 345,948	3.3%	3.0% ^a
2014 ^b	25,618,470	\$ 6,265,656	\$ 345,948	5.5%	3.0% ^a
2013	36,222,525	\$ 8,716,340	\$ 224,059	2.5%	2.5%
2012	40,963,090	\$ 14,340,362	\$ 194,562	1.4%	1.4%

^a These billed percentages were limited by the Magnuson-Stevens Act statutory 3 percent cap of the ex-vessel value of the fishery in any Program year.

^b The pounds landed and fishery value for 2014 as reported in the *Federal Register* notice (80 FR 6053; February 4, 2015), however, NMFS subsequently determined that the landings and value from the catcher/processor sector were incorrectly excluded for 2014. However, the fee percentage remained at the 3 percent cap.