

Amendment 80 Program Cost Recovery for Fishing Year 2016

Sustainable
Fisheries



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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 and the 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.

NMFS manages the Amendment 80 Program as a limited access privilege program. On January 5, 2016, NMFS published a final rule to implement cost recovery for the Amendment 80 program (81 FR 150). 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. These cooperatives are responsible for paying the fee for groundfish landed under the Amendment 80 Program, due on December 31 of the year in which the landings were made. Cost recovery requirements for the Amendment 80 cooperatives are at 50 CFR 679.95. 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 this notice of the fee percentages for the Amendment 80 program in the **Federal Register** on November 28, 2016 (81 FR 85522). NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.95(c)(2). NMFS determines the fee percentage that applies to landings made during the year by dividing the direct program costs by the fishery value.

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 all Amendment 80 species: 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 2016 included data from February 4 through October 31. NMFS calculates a standard price for rock sole 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 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 February 4 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), and the Information Systems Division (ISD). To arrive at these costs every year, each management unit calculates their Amendment 80 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. 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). In subsequent years, direct program costs will include the full fiscal year. Table 2 displays the Amendment 80 direct program costs for 2016.

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 ever gained by inflating direct program costs.

In 2016, the highest costs were attributed to the Alaska Fisheries Science Center, which includes the Fisheries Monitoring and Analysis Program and the Economic and Social Sciences Research Program. Examples of the types of tasks that are included under the 2016 Amendment 80 direct program costs are:

- reallocation of incidental catch allowance to directed fisheries (SFD),
- inseason management of sideboards and non-sideboards (SFD),
- implementation of new cost recovery program (SFD, ISD, OMD),
- 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 (FRAM),
- video equipment inspections (SFD),
- fee determination and collection process (OMD),

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

Calculating the annual fee percentage

NMFS computes the annual fee percentage by dividing the direct costs by the total fishery value of Amendment 80 landings. The annual fee percentage is calculated using the following formula:

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

The formula shows that the direct program costs of management and enforcement (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 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 2016 fee

The fee percentage for the 2016 Amendment 80 Program fishing year derives from these sources:

- The total fishery value of the Amendment 80 Program fisheries by sector; and
- The direct program costs for the Amendment 80 Program (by actual expenditures during the Federal fiscal year).

The fee percentage for the Amendment 80 Program is 0.37 percent. Table 1 shows the fee percentage computation.

Table 1. Detail of formula for calculating the 2016 fee percentage for the Amendment 80 Program.

Factor	Value	Activity
Direct Program Cost (DPC)	\$332,158	times 100
Total Fishery Value (V)	\$88,822,278	divided by
=	0.37	yields
<i>Fee percentage for 2016 Amendment 80 Program</i>		
<i>= 0.37 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.

Table 2. Fiscal Year 2016 direct program costs for the Amendment 80 Program.

	Operations & Management Division	Restricted Access Management	Regional Administrator	Sustainable Fisheries Division	Information Systems Division	Alaska Fisheries Science Center	Alaska Department of Fish & Game	Total
Personnel Costs ^a	\$ 2,500	\$ 500	\$ 500	\$ 8,300	\$ 5,800	\$ 96,605	\$ 9,793	\$ 123,998
Personnel Benefits	\$ 800	\$ 200	\$ 200	\$ 2,800	\$ 2,300		-	\$ 6,300
Travel ^b	-	-	-	\$ 800	-	-	\$ 30	\$ 830
Transportation ^c	-	-	-	-	-	-	-	-
Printing	-	-	-	\$ 100	-	-	-	\$ 100
Contracts/Training	-	-	-	-	\$ 64,494		\$ 831	\$ 65,325
Supplies	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Rent/Utilities ^d	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	\$ 135,605	-	\$ 135,605
Total	\$ 3,300	\$ 700	\$ 700	\$ 12,000	\$ 72,594	\$ 232,210	\$ 10,654	\$ 332,158

^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.