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FISHERIES

Amendment 80 Program Cost Recovery for Fishing Year 2019



Sustainable
Fisheries

January 2020

Amendment 80 Program Cost Recovery for Fishing Year 2019

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 2019 fee percentage notice for the Amendment 80 program in the **Federal Register** on November 27, 2019 (84 FR 65357). 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 2019 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 total 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 Alaska Region (AKR) 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 2019.

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 2019 Amendment 80 direct program costs are:

- regulatory development for Amendment 80 including the deck sorting EFP (NMFS),
- reallocation of incidental catch allowance to directed fisheries (NMFS),
- inseason management of sideboards and non-sideboards (NMFS),
- operation of the cost recovery program (NMFS),
- patrols, investigations, outreach, 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 and video equipment inspections (NMFS),
- observer sampling station inspections, data quality assurance (AFSC),
- 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 2019 fee

The 2019 fee percentage for the Amendment 80 Program is **0.94 percent**. Table 1 shows the fee percentage computation.

Table 1. Detail of formula for calculating the 2019 fee percentage for the Amendment 80 Program.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 1,048,481	divided by
Total Fishery Value (V)	\$ 111,587,145	multiply by 100
=	0.94	yields
<i>Fee percentage for 2019 Amendment 80 Program = 0.94 percent</i>		

Payment of cost recovery fees

NMFS sends fee statements to cooperatives based on their 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

Overall, direct program costs increased in FY2019. The highest costs in the Amendment 80 Program were attributed to OLE and to the AFSC (Table 2). 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 included inseason operations, observer 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. For FY2019, some expenses previously allocated to the PSMFC grants were brought in-house to AFSC.

OLE costs are primarily driven by personnel. In FY2019, OLE costs increased due to more complete staffing, and the rent and utilities expenses required to support the additional personnel. 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 all fishing seasons under the Amendment 80 program.

The costs listed in Table 2 for NMFS AKR 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. The increased costs in this category for FY2019 are primarily resulted from required work on transitioning NMFS database applications to a more efficient system. 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. From this information, the algorithm calculates the proportion of eLandings tasks that can be attributed to the Amendment 80 program.

Table 2. Fiscal Year 2019 direct program costs for the Amendment 80 Program.

Cost-Category	NMFS AKR	NMFS OLE	NMFS AFSC	PSMFC	ADF&G	Total
Personnel Costs ^a	\$ 58,600	\$ 369,312	\$ 202,658	\$ 55,934	\$ 11,528	\$ 698,032
Travel ^b	\$ 14,300	-	\$ 5,595	\$ 2	-	\$ 19,897
Transportation ^c	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Contracts/Training	\$ 122,456	-	\$ 14,912	\$9,600	-	\$ 146,967
Supplies	\$ 2,000	-	-	\$82	-	\$ 2,082
Equipment	-	-	-	-	-	-
Rent/Utilities ^d	\$ 7,900	\$ 72,319	-	\$1,200	-	\$ 81,419
Other ^e	-	-	\$ 99,597	\$ 486	-	\$ 100,083
Total	\$ 205,256	\$ 441,631	\$ 322,762	\$ 67,304	\$ 11,528	\$ 1,048,481

^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 FY2017 to FY2019. Costs were higher and the fishery value was lower in FY2019 compared to FY2018, which resulted in the fee percentage increasing 0.19 percent. The primary drivers of increased costs were additional OLE personnel. Overall, Contracts/Training costs did increase as a result of work to transition databases to a more efficient system, however, some of that increase represents a reallocation of costs from the “Other” cost category.

**Table 3. Comparison of Direct Costs for Fiscal Years 2017 through 2019
 for the Amendment 80 Program**

Cost Category	FY 2017	FY 2018	FY 2019
Personnel/Overhead	\$ 622,897	\$ 507,243	\$ 698,032
Travel	\$ 16,879	\$ 16,068	\$ 19,897
Transportation	-	-	-
Printing	\$ 40	-	-
Contracts/Training	\$ 828	\$ 111,830	\$ 146,967
Supplies	\$ 2,200	\$ 1,300	\$ 2,082
Equipment	-	-	-
Rent/Utilities	\$ 58,258	\$ 64,833	\$ 81,419
Other	\$ 135,822	\$ 261,483	\$ 100,083
Total Direct Costs	\$ 836,924	\$ 962,757	\$ 1,048,481
Fishery Value	\$ 118,223,437	\$ 127,714,856	\$ 111,587,145
Fee Percentage	0.71	0.75	0.94



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American Fisheries Act Program Cost Recovery for Fishing Year 2019



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AFA Program Cost Recovery for Fishing Year 2019

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.

The National Marine Fisheries Service (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. Only the inshore cooperative is responsible for paying a fee for that sector's 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 2019 notice of the fee percentages for the AFA program was published in the **Federal Register** on November 27, 2019 (84 FR 65357).

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 2018 gross earnings data to calculate the standard price for 2019 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 Alaska Division (OLE). For the purposes of this report, OLE and AFSC costs are broken out into separate cost categories and all other NMFS Alaska Region (AKR) 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 2 and 3 display the 2019 direct program costs by category for the AFA inshore sector. **Only AFA direct program costs incurred by the inshore sector are included for the fee percentage calculation. AFA direct program costs that are attributable to the catcher/processor and mothership sectors are excluded.**

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 2019 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:

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

The annual fee percentage for the inshore 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 2019 fee

The 2019 fee percentage for the AFA inshore cooperatives is 0.23 percent.

Table 1 shows the 2019 values and fee percentage computation.

Table 1. Detail of formula for calculating the 2019 fee percentage for the AFA inshore sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 430,649	divided by
Total Fishery Value (V)	\$ 187,025,402	multiply by 100
=	0.23	yields
<i>Fee percentage for 2019 AFA Program inshore sector = 0.23 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

Overall, direct program costs decreased approximately 2 percent in FY2019. The highest direct program costs were attributed to OLE, which incurs personnel costs for enforcement of the AFA inshore sector primarily driven by compliance risk associated with prohibited species bycatch sampling and fisheries management. OLE costs increased in FY2019 due to additional personnel and the rent and utilities expenses required to support them.

The second-largest cost category was the AFSC, which includes the Fisheries Monitoring and Analysis Division and the Economic and Social Sciences Research Program. The Fisheries Monitoring and Analysis Division (FMA) operates the North Pacific Observer Program, which deploys observers onboard fishing vessels and at shoreside processing plants to collect catch data, as well as provides quality control and quality assurance on 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 inshore sector costs associated with a grant to PSMFC which provides support to fisheries observers deployed on AFA inshore 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

EDRs. These costs are combined and included in Table 2 under the AFSC “Grants” cost category. Overall, AFSC costs decreased in FY2019.

NMFS AKR costs for the AFA inshore sector include eLandings support, eLogbook support, and maintenance of the Catch Accounting System, as well as required work to transition NMFS database applications to a more efficient 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 general program administration.

Table 2. Fiscal Year 2019 direct program costs for the AFA Program inshore sector.

	NMFS AKR	NMFS OLE	NMFS AFSC	ADF&G	Total
Personnel Costs ^a	\$ 20,498	\$ 119,487	\$ 96,074	\$ 33,561	\$ 269,620
Travel ^b	\$ 1,992	-	\$ 1,835	-	\$ 3,827
Transportation ^c	-	-	-	-	-
Printing	-	-	-	-	-
Contracts/Training	\$ 48,359	-	\$ 6,779	\$ 8,726	\$ 63,864
Supplies	\$ 566	-	-	\$ 49	\$ 615
Equipment	-	-	-	-	-
Rent/Utilities ^d	\$ 4,684	\$ 41,755	-	\$ 720	\$ 47,159
Grants	-	-	\$ 45,271	\$ 292	\$ 45,563
Total	\$ 76,099	\$ 161,242	\$ 149,959	\$ 43,349	\$ 430,649

^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

Table 3 compares direct costs between FY2017, FY2018, and FY 2019 for the inshore sector. Total program costs decreased in FY2019 compared to FY2018. Costs in the contract and training category related to support of the eLandings and the Catch Accounting System did increase, but were offset by corresponding decreases in the “Other” cost category which included grant costs to the PSMFC in support of the Observer Program and administration of EDRs. A reduction in direct program costs, combined with an increase in total fishery value resulted in a 0.01 percent decrease in the fee percentage relative to FY2018.

Table 3. Comparison of Direct Costs for Fiscal Years 2017, 2018, and 2019 for the Inshore Sector of the AFA Program

	Inshore Sector		
	FY2017	FY2018	FY 2019
Personnel/Overhead	\$ 224,568	\$232,988	\$ 269,620
Travel	\$ 350	\$3,972	\$ 3,827
Transportation	\$ 1,155	\$546	-
Printing	\$ 20	-	-
Contracts/Training	\$ 551	\$39,098	\$ 63,864
Supplies	\$ 233	\$400	\$ 615
Equipment	-	-	-
Rent/Utilities	\$ 30,805	\$ 40,687	\$ 47,159
Other	\$ 81,985	\$ 121,601	\$ 45,563
Total Direct Costs	\$ 339,667	\$ 439,292	\$ 430,649
Fishery value	\$ 178,146,112	\$ 180,025,222	\$ 187,025,402
Fee Percentage	0.19	0.24	0.23



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Aleutian Islands Pollock Program Cost Recovery for Fishing Year 2019



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Aleutian Islands Pollock Program Cost Recovery for Fishing Year 2019

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 AIP Program 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 2019 fee percentage notice for the Aleutian Islands Pollock program in the **Federal Register** on November 27, 2019 (84 FR 65357). Payments are due on December 31 of the year in which the landings were made.

Aleutian Islands Pollock Program cost recovery fee

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

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for Aleutian Islands 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 2018 gross earnings data to calculate the standard price for 2019 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 the Alaska Department of Fish and Game (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)

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 2019 AIP direct program costs are:

- reallocation of incidental catch allowance to directed fisheries (SFD),
- inseason management of sideboards and non-sideboards (SFD),
- implementation and operation 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),
- video equipment inspections (SFD),

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, with NMFS providing a summary of fee liabilities. 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 2019 fee

The 2019 fee percentage for the AIP 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 landings and their value, as computed for fee collection purposes. The 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. 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

All AIP program costs in 2019 were attributable to NMFS and ADF&G. As the calculated fee percentage exceeded the maximum allowed under the Magnuson-Stevens Act, the fee percentage was set nominally at three percent.



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CDQ Program Cost Recovery for Fishing Year 2019



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CDQ Program Cost Recovery for Fishing Year 2019

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, the National Marine Fisheries Service (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 27, 2019 (84 FR 65357). 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:

NMFS uses volume and value information reported in the First Wholesale Volume and Value Report from January 1 through October 31 to calculate 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. 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 2019, the Pacific Cod Ex-Vessel Volume and Value Report includes data from January 1 through October 31, 2019.

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 2019, the IFQ Buyer Report includes data from October 1, 2018 through September 30, 2019.

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 used to calculate the fee percentage.

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 Alaska Division (OLE). For the purposes of this report, OLE and AFSC costs are broken out into separate cost categories and all other NMFS Alaska Region (AKR) management unit costs are aggregated.

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 2019.

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 2019 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 2019 fee

The fee percentage for the CDQ Program is 0.70 percent. Table 1 shows the fee percentage computation.

Table 1. Detail of formula for calculating the 2019 fee percentage for the CDQ Program.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 544,438	divided by
Total Fishery Value (V)	\$ 77,677,591	multiply by 100
=	0.70	yields
<i>Fee percentage for 2019 CDQ Program = 0.70 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

Total CDQ Program costs decreased 3.6% in 2019. The largest category of direct program costs were attributed to NMFS AKR (Table 2). Over half of these costs are from contracts and training related to eLandings support, maintenance, and development, eLogbook support, and maintenance of the Catch Accounting System. For 2019, there was also contract work to carry out required upgrades to NMFS database applications.

OLE costs are primarily driven by personnel costs related to enforcement, compliance monitoring, and investigations relating to the CDQ program. These costs were lower in 2019.

ADFG costs are from eLandings program management. These costs increased in 2019 because positions that were vacant in 2018 were filled.

AFSC 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. The FMA activities also include quality control and quality assurance for the data provided by observers. In addition to Federal personnel costs, the AFSC reports costs associated with a grant to PSMFC which provides support to fisheries observers deployed on CDQ vessels. These activities include inseason operations, debriefing, data quality control, gear deployment, field office support, and travel. AFSC costs decreased in 2019.

Table 2. Fiscal Year 2019 direct program costs for the CDQ Program.

	NMFS AKR	NMFS OLE	NMFS AFSC	ADFG	Total
Personnel Costs ^a	\$ 60,600	\$ 93,755	\$ 61,555	\$ 54,712	\$ 270,622
Travel ^b	\$ 1,800	-	\$ 882	-	\$ 2,682
Transportation ^c	-	-	-	-	-
Printing	-	-	-	-	-
Contracts / Training	\$ 186,206	-	\$ 5,422	-	\$ 191,628
Supplies	\$ 2,500	-	-	-	\$ 2,500
Equipment	-	-	-	-	-
Rent / Utilities ^d	\$ 8,900	\$ 31,889	-	-	\$ 40,789
Grants	-	-	\$ 36,217	-	\$ 36,217
Total	\$ 260,066	\$ 125,644	\$ 104,076	\$ 54,712	\$ 544,438

^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.

Direct program costs for FY 2017, FY 2018, and FY 2019 are compared in Table 3. Costs were lower in FY 2019 compared to FY 2018. Some costs were reallocated from the “Other” category, which previously encompassed grants, to the “Contracts/Training” category. These contracting expenses are primarily for eLandings/eLogbook support and maintenance of the Catch Accounting System, as well as system upgrades to improve efficiency. While program costs were lower in FY2019, a decrease in fishery value resulted in a 0.04 percent increase to the cost recovery fee percentage.

Table 3. Comparison of Direct Costs for Fiscal Years 2017, 2018, and 2019 for the CDQ Program

Cost Category	FY 2017	FY 2018	FY 2019
Personnel/Overhead	\$ 366,775	\$ 288,527	\$ 270,622
Travel	\$ 5,208	\$ 2,199	\$ 2,682
Transportation	-	-	-
Printing	\$ 150	-	-
Contracts/Training	\$ 884	\$ 161,403	\$ 191,628
Supplies	\$ 1,800	\$ 3,246	\$ 2,500
Equipment	-	-	-
Rent/Utilities	\$ 61,032	\$ 42,430	\$ 40,789
Other	\$ 11,732	\$ 67,345	\$ 36,217
Total Direct Costs	\$ 447,580	\$ 565,050	\$ 544,438
Fishery Value	\$ 81,718,378	\$ 86,120,261	\$ 77,677,591
Fee Percentage	0.55	0.66	0.70



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IFQ Program Cost Recovery for Fishing Year 2019



Gdy Becken, IPHC

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January 2020

IFQ Halibut and Sablefish Cost Recovery for Fishing Year 2019

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 contributed to IFQ Program 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 2019 IFQ Program Cost Recovery Fee Percentage

The 2019 IFQ fee percentage was 3.0 percent ([84 FR 70153, December 12, 2019](#)). Therefore, under cost recovery regulations, IFQ permit holders who used their permits to make landings of IFQ halibut or IFQ sablefish during the 2019 IFQ Program fishery, or who leased halibut IFQ that was landed as GAF during the 2019 charter halibut fishery, are obligated to pay 3.0 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 2019; and
- The direct program costs for the IFQ Program, as compiled from actual expenditures during Federal fiscal year (FY) 2019.

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 2019, the total ex-vessel value of the combined IFQ Program fisheries, based on standard ex-vessel prices, was \$150,034,178. The halibut IFQ fishery accounted for \$87,362,334 of the total, while the value of the sablefish IFQ fishery was \$62,671,844.

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 Alaska Region separates costs by operating units, including NMFS Restricted Access Management (RAM), NMFS Information Services Division (ISD), NMFS Office of Law Enforcement Alaska Division (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 2019 IFQ direct program costs are:

- analysis and rulemaking activities; in particular, regulations to authorize a fish-up provision for Community Quota Entities in Area 3A, changes to the medical and beneficiary provisions, and authorizing harvest of IFQ halibut in the BSAI using pot gear (SFD),
- 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 2019 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 2019 fee percentage is as follows:

Table 1. Formula for calculating the 2019 fee percentage

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 4,488,393	DPC divide by V
Total Fishery Value (V)	\$ 150,034,178	multiply by 100
=	3.0	yields
<i>Fee percentage for 2019 IFQ Program 3.0 = percent</i>		

Summary of the Fee Percentages Over Time and Component Costs

Time Series of the Fee Percentage

Table 2 indicates the 2019 fee percentage is 3.0, which higher than the 2018 percentage and at the maximum allowable fee percentage. This resulted from a lower value in the IFQ fisheries in 2019. Direct program costs for FY 2019 were \$4.49 million, which is a 1.8% decrease from FY 2018. The value of the combined IFQ fisheries decreased by \$11.3 million (7%) from FY2018 to FY2019, which is primarily attributed to a decline in the price per pound of sablefish landings.

Table 2. IFQ Program cost recovery fee percentage
 2000 through 2019

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%
2019	\$ 4,488,393	\$ 150,034,178	3.00%

*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 in 2018, and increasing slightly again in 2019. 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 and to \$5.30 in 2019.

Figure 1. Total pounds landed of IFQ halibut and standard ex-vessel price per pound from 2010 to 2019.

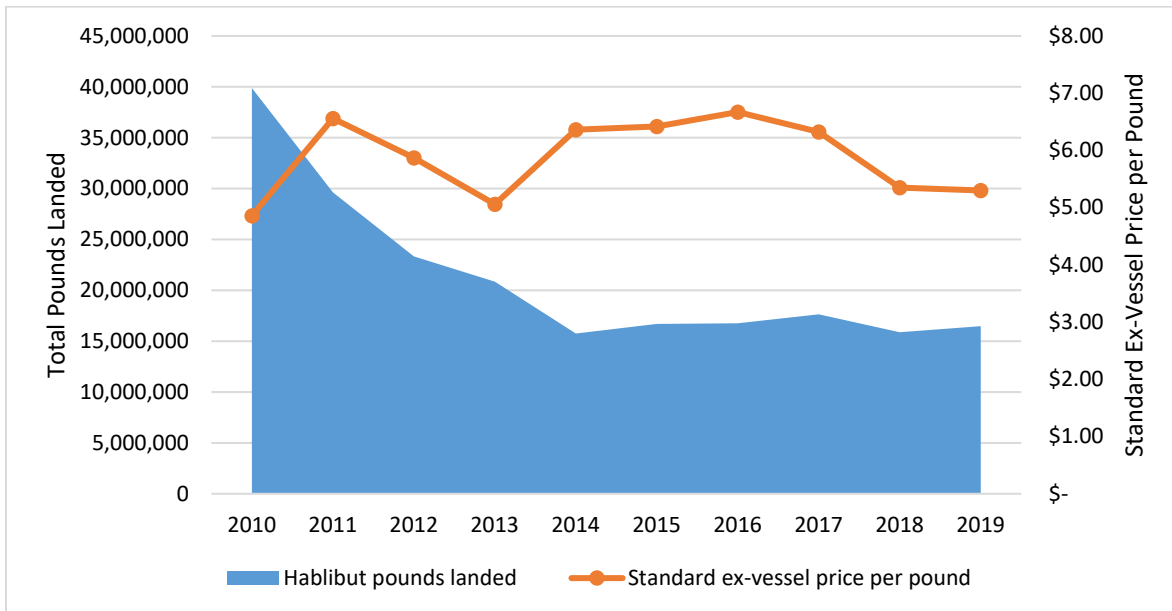
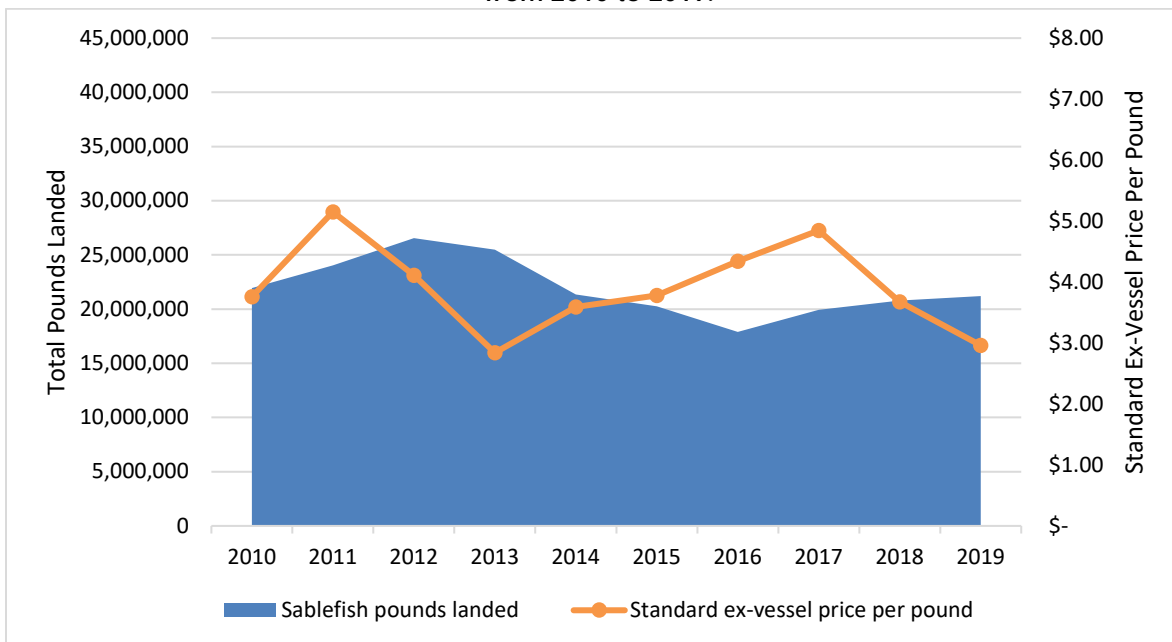


Figure 2. Total pounds landed of IFQ sablefish and standard ex-vessel price per pound from 2010 to 2019.



Sablefish landings (Figure 2) have continued to increase since 2016, with 21.2 million pounds landed in 2019. Standard ex-vessel prices for sablefish increased from 2013 to 2017, but declined to \$2.96 in 2019.

Comparing 2018 to 2019, the decrease in the combined IFQ fishery value was due to lower prices for sablefish, as landing volumes both increased relative to 2018.

Details of Direct Program Costs

Table 3 provides more detail on the 2019 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 2019 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	\$76,300	\$253,000	\$33,500	\$125,900	\$140,052	\$1,771,262	\$384,317	\$124,218	\$2,908,549
Travel ^b	-	\$800	\$11,000	\$2,700	-	-	\$17,110	-	\$31,610
Transportation ^c	-	-	-	-	-	-	\$23,343	-	\$23,343
Printing	\$2,900	-	-	-	-	-	-	-	\$2,900
Contracts/Training	-	\$388,818	\$382,298	\$101,025	-	\$412,872	\$32,874	-	\$1,317,887
Supplies	\$500	\$18,500	\$100	\$200	-	\$2	\$23,230	-	\$42,532
Equipment	-	-	-	-	-	\$824	-	-	\$824
Rent/Utilities ^d	\$7,700	\$37,700	\$9,700	\$25,500	-	\$69,048	\$2,222	-	\$151,870
Other	-	-	-	-	-	\$8,879	-	-	\$8,879
Total	\$87,400	\$698,818	\$436,598	\$255,325	\$140,052	\$2,262,887	\$483,096	\$124,218	\$4,488,393

^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, monitor fishing, detect violations, conduct compliance inspections, and 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.

In addition to also supporting a significant portion of contracts related to eLandings operation, SFD incurs administrative and regulatory development costs for the IFQ Program. For FY 2019, this included work on the CQE “Fish-Up” proposed rule and Amendment 118 to allow halibut retention in pot gear.

Figure 3 indicates the cost components for all NMFS units and external partners. This illustrates the costs for FY2019 relative to the preceding years. There was a slight drop in costs in FY 2019 primarily resulting from a reduction in personnel expenses.

Figure 3. Direct Program Costs for FY 2016 through FY 2019.

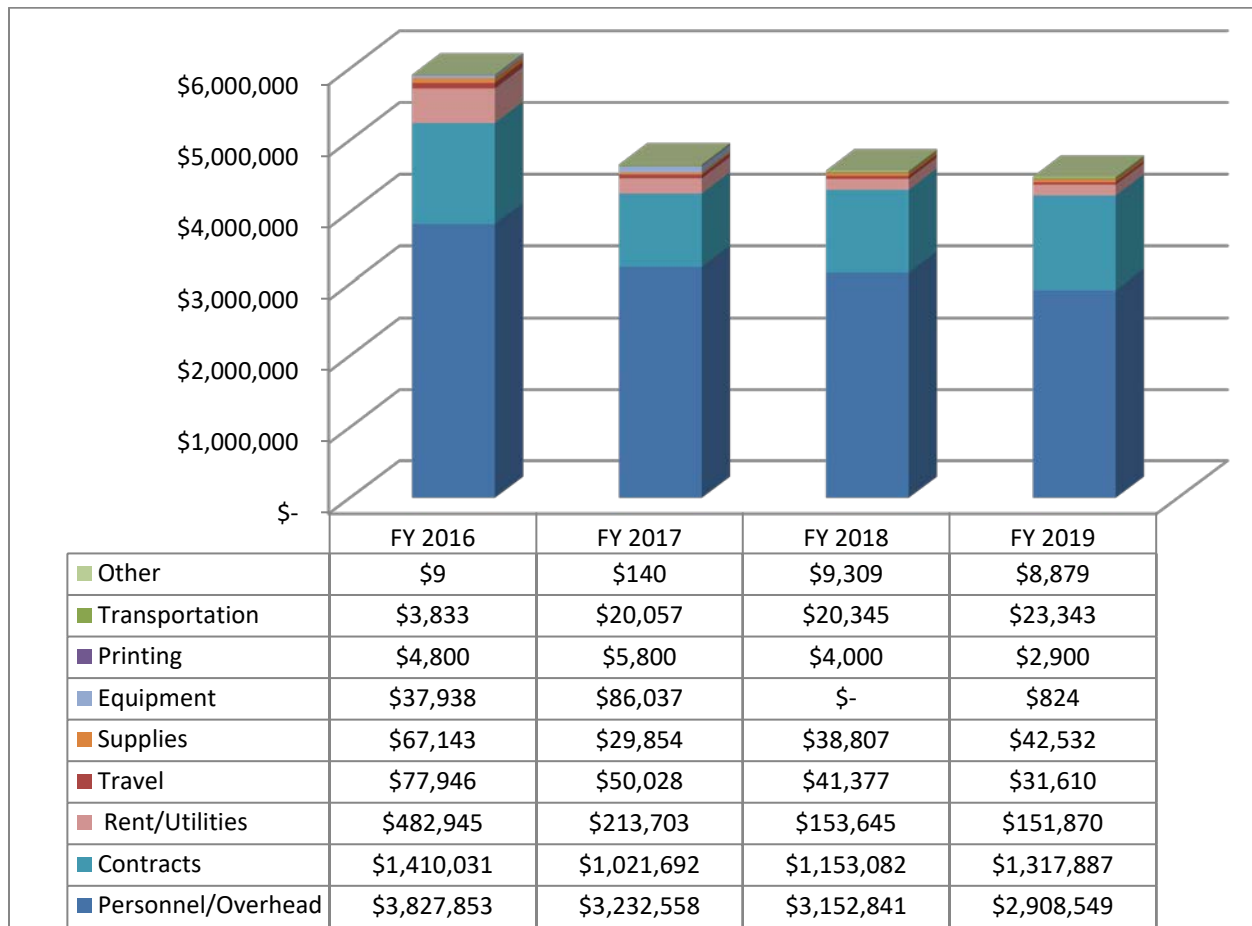
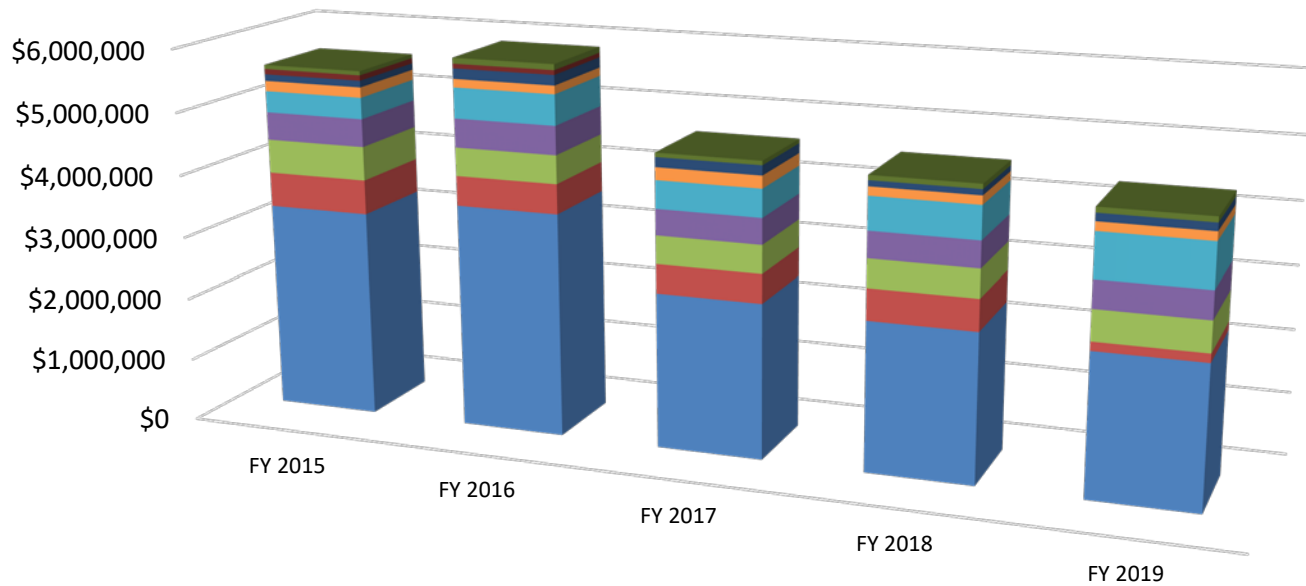


Figure 4 (next page) provides more detail on direct program costs, broken out by NMFS management unit and external partners. Costs incurred by the IPHC are primarily attributed to the extensive port sampling program. Nearly all the ADF&G costs are related to maintaining the eLandings catch accounting 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 2019.



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
NMFS OMD	\$65,270	\$91,800	\$68,000	\$78,200	\$87,400
NMFS RAO/Appeals	\$85,468	\$73,600	\$0	\$0	\$0
ADF&G	\$105,919	\$162,784	\$155,690	\$92,395	\$124,218
NMFS FSD	\$165,139	\$133,547	\$198,559	\$139,697	\$140,052
NMFS RAM	\$342,523	\$487,283	\$445,497	\$523,592	\$698,818
NMFS SFD	\$445,830	\$457,489	\$412,345	\$416,282	\$436,598
IPHC	\$539,832	\$452,397	\$447,551	\$449,562	\$483,096
NMFS ISD	\$549,549	\$475,676	\$460,510	\$498,382	\$140,052
NMFS OLE	\$3,294,075	\$3,567,920	\$2,471,718	\$2,375,297	\$2,262,887



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Rockfish Program Cost Recovery for Fishing Year 2019



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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, the National Marine Fisheries Service (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 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 an itemized invoice.

The 2019 Rockfish Program Cost Recovery Fee Percentage

NMFS announced that the 2019 Rockfish Program fee percentage was set at 3.00 (85 FR 3647, [January 22, 2020](#)). The actual percentage of program costs for 2019 is 3.08 percent of the standard ex-vessel value; however, as described above, the fee percentage amount must not exceed 3.0 percent. Therefore, under cost recovery regulations, CQ permit holders who used their permits to make landings of Rockfish Program primary and secondary species during the 2019 Rockfish Program fishery are obligated to pay 3.00 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 2019; and
- The direct program costs for the Rockfish Program as measured by actual expenditures during Federal fiscal year 2019.

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 2019 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 2019 was \$10,383,136.

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 by NMFS Alaska Region (AKR), the Alaska Department of Fish and Game (ADF&G), and the Pacific States Marine Fisheries Commission (PSFMC). 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), and the Alaska Fisheries Science Center (AFSC). For the purposes of this report, AFSC costs are broken out into separate cost categories and all other NMFS AKR management unit costs are aggregated. 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 AFSC and ADF&G.

Examples of tasks included under the 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 CQ and PSC (NMFS),
- issuance and transfers of CQ, responding to questions about CQ (NMFS),
- observer debriefing (AFSC),
- catch monitoring control plan specialist (NMFS),
- monitoring 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, collection, and reporting (NMFS),
- analysis and rulemaking activities (NMFS).

Calculation of the 2019 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 2019 fee percentage are as follows:

Table 1. Detail of formula for calculating the 2019 fee percentage

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 319,324	DPC divide by V
Total Fishery Value (V)	\$ 10,383,136	multiply by 100
=	3.08*	yields
<i>Fee percentage for 2019 Rockfish Program = 3.00 percent</i>		

Summary of Direct Program Costs for 2019

Table 2 shows details of the program costs for FY 2019. 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 FY2019 (\$319,324) were lower than in FY 2018 (\$321,211). The FY 2019 fee liability percentage of 3.00 is 0.14 percent higher than the FY 2018 fee percentage of 2.86 percent (Table 3). Despite decreased direct program costs, the FY 2019 fee percentage increased due to a decrease in fishery value. When comparing the fee percentage to previous years, it should be noted that the costs and fee percentage for FY 2017 are partially due to an accounting error which underrepresented NMFS’s Rockfish Program costs in FY 2017.

Costs in FY 2019 are primarily attributed to NMFS AKR personnel for catch accounting, inspections, permit issuance, and regulatory development including the Rockfish Program reauthorization. The other major cost category is contracts and training which is related to software upgrades and required maintenance for the Catch Accounting System. This includes work to move NMFS database applications to a more efficient system as a major recent project. The AFSC and ADF&G both had slightly higher costs for FY 2019, though they are only a small percentage of total program costs.

Calculation of the annual fee percentage relies on accurate reporting of price per pound of Rockfish Program landings by processors. For 2019, processors and cooperatives filed timely and accurate reports and satisfied cost recovery fee program requirements.

Table 2. Fiscal year 2019 Rockfish Program direct program costs by cost recovery component and operating unit.

Cost Recovery Component	NMFS AKR	NMFS AFSC	ADF&G	Total
Personnel Costs ^a	\$ 153,600	\$ 3,140	\$ 9,394	\$ 166,134
Travel ^b	\$ 3,700	-	-	\$ 3,700
Transportation ^c	\$ 4,800	-	-	\$ 4,800
Printing	\$ 5,800	-	-	\$ 5,800
Contracts/Training	\$ 127,475	\$ 678	-	\$ 128,153
Supplies	\$ 1,900	-	-	\$ 1,900
Equipment	-	-	-	-
Rent/Utilities ^d	\$ 6,900	-	-	\$ 6,900
Other	-	\$ 1,937	-	\$ 1,937
Total	\$ 304,175	\$ 5,755	\$ 9,394	\$ 319,324

^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 2019.

Year	Pounds landed	Fishery Value	Total Program Costs	Calculated Fee Percentage	Actual Fee Percentage
2019	46,685,583	\$ 10,383,136	\$ 319,324	3.08%	3.00% ^a
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.



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Crab Rationalization Program Cost Recovery for Fishing Year 2018/2019



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Crab Rationalization Program Cost Recovery for Fishing Year 2018/2019

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).

The National Marine Fishery Service (NMFS) implemented a cost recovery program for the CR Program in 2005 (70 FR 10174, March 2, 2005). CR Program cost recovery 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 (defined at 50 CFR § 680.2 as 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* ([84 FR 43792: August 22, 2019](#)). 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 accounted 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 Alaska Region operating units that incur direct program costs include the Restricted Access Management Program (RAM), the Information Services Division (ISD), the Office of Law Enforcement Alaska Division (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, and 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. RCRs collect cost recovery fees as landings 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 2018/2019 fee

The fee percentage for the 2018/2019 CR Program fishing year was set at 1.70 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 2018/2019 CR Program fisheries was \$177,868,964, which was 8.4 percent higher than the total standard ex-vessel value of the 2017/2018 fisheries of \$163,998,853. This value derives from price information submitted by the RCRs.

Using the fee percentage formula, the estimated percentage of costs to value for the 2018/2019 crab fishery was 1.70 percent. Therefore, NMFS applied the fee percentage of 1.70 percent to the 2018/2019 crab fishing year. Table 1 shows the 2018/2019 fee percentage computation.

Table 1. Formula for calculating the 2018/2019 fee percentage

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 3,017,069	divided by
Total Fishery Value (V)	\$ 177,868,964	multiply by 100
=	1.70	yields
<i>Fee percentage for 2018/2019 CR Program = 1.70 percent</i>		

During 2018/2019 (FY 2018), direct program costs (\$3,017,069) decreased 0.7 percent compared with FY 2017 program costs (\$3,038,830). Additionally, the value of crab harvested under the CR Program increased by \$13.9 million. Overall, decreases in direct program costs and increased fishery value contributed to a reduced fee percentage in FY 2018 relative to FY 2017.

Examples of the specific tasks that were included under the 2018/2019 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)
- regulatory development for the CR Program (SF)

- 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 processes (OMD)
- inspections, boardings, investigations, and enforcement activities (OLE)
- administration of CR Program Economic Data Reports (AFSC, PSMFC)

Table 2 shows the FY 2018 program costs by agency and operating unit, and Figure 1 is a comparison of those costs from FY 2013 to FY 2018. 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. Personnel expenses, and the associated administrative overhead decreased in FY2018. Contract and training expenses increased in FY2018 to support crab observer deployment and training. Additionally, CR Program cost recovery supports incremental costs of eLandings and the port sampling program.

OLE 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. Reduced staff time allocated to the CR Program fisheries reduced OLE costs for FY 2018.

NMFS costs for the CR Program includes eLandings and eLogbook support, required 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 from FY 2013 to FY 2018.

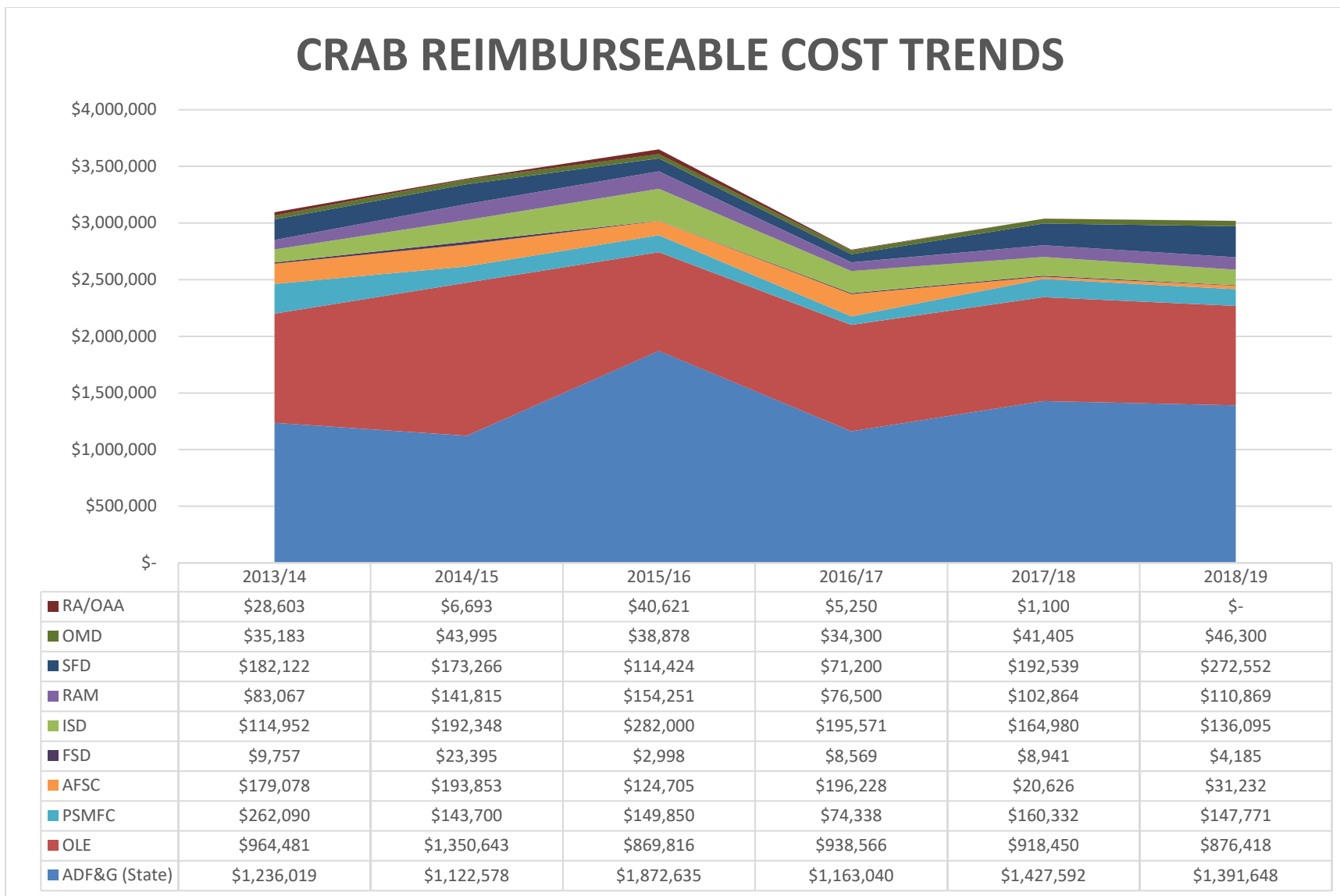


Table 2. Fiscal Year 2018 direct program for the CR Program (Fishing Year 2018/2019).

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	\$69,100	\$70,400	\$344,759	\$31,900	\$4,185	\$41,500		\$26,910	\$64,753	\$950,225	\$1,603,732
Travel ^b	\$1,600	\$1,100		\$9,000				\$4,322		\$27,819	\$43,841
Transportation ^c											
Printing	\$100										\$100
Contracts/Training	\$31,269	\$50,995	\$493,412	\$225,852					\$80,769	\$392,157	\$1,274,453
Supplies	\$400	\$3,300								\$17,135	\$20,835
Equipment											
Rent/Utilities ^d	\$8,400	\$10,300	\$38,246	\$5,800		\$4,800			\$1,678	\$4,311	\$73,535
Other ^e									\$571		\$571
<i>Percentage of costs (%)</i>	4%	5%	29%	9%	0%	2%	0%	1%	5%	46%	100%
Total	\$110,869	\$136,095	\$876,418	\$272,552	\$4,185	\$46,300	\$-	\$31,232	\$147,771	\$1,391,648	\$3,017,069

^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. 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
2018/2019	\$177,868,964	\$3,017,069	1.70	17
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: <https://www.fisheries.noaa.gov/national/funding-and-financial-services/bering-sea-and-aleutian-islands-king-and-tanner-crab-buyback-program>.

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 September 30, 2019. 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.

Table 4. Fishery loan status of the BSAI King and Tanner Crab Fishing Capacity Reduction Program, September 30, 2019.

Crab Fishery	Original Loan Amount	Principal Balance	Interest Balance	Fee Rate
Bering Sea Snow Crab and Tanner Crab	\$66,410,767.20	\$53,761,456.19	\$560,641.11	5.0 %
Bristol Bay Red King Crab	\$17,129,957.23	\$4,888,026.46	\$156,659.22	2.5 %
Aleutian Islands Golden (Brown) King Crab	\$6,380,837.19	\$0	\$0	n/a
St. Matthew Island Blue King Crab	\$5,668,991.10	\$5,668,991.10	\$4,282,697.47	5.0 %
Pribilof Islands Red and Blue King Crab	\$1,571,216.35	\$1,571,216.35	\$1,513,476.91	5.0 %
Aleutian Islands Red King Crab	\$237,588.04	\$237,588.04	\$228,857.10	5.0 %
Total	\$97,399,357.11	\$66,127,278.14	\$6,742,331.81	