



NOAA
FISHERIES

American Fisheries Act Program Cost Recovery for Fishing Year 2018



Sustainable
Fisheries

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AFA Program Cost Recovery for Fishing Year 2018

Cost recovery

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

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

AFA Program cost recovery fee

Calculating the ex-vessel value of the AFA Program fisheries

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

Calculating the costs of management and enforcement

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

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

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

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

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

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

Calculating the annual fee percentage

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

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

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

Calculating the 2018 fee

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

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

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

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

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

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

Payment of cost recovery fees

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

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

Details on Cost Categories

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

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

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

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

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

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

^a Personnel costs includes locality pay and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

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

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

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

^a Personnel costs includes locality pay and overhead.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

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

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

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

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