



NOAA
FISHERIES

Amendment 80 Program Cost Recovery for Fishing Year 2019



Sustainable
Fisheries

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Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (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 (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