



NOAA
FISHERIES

Rockfish Program Cost Recovery for Fishing Year 2019



Sustainable
Fisheries

January 2020

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.