



NOAA
FISHERIES

NMFS Cost Recovery Central Gulf Of Alaska Rockfish 2015



Sustainable
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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, NMFS is required to collect fees for the Rockfish Program. The MSA also limits the cost recovery fee so that it may not exceed 3 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; how the fee is determined; and the Rockfish Program management and enforcement costs subject to cost recovery.

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 rockfish primary species and rockfish secondary species CQ harvested by Rockfish Program cooperatives in the Central Gulf of Alaska and waters adjacent to the Central Gulf of Alaska 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 prohibit 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 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 results in NMFS action against the permit holder's Rockfish Program CQ holdings and can 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 will become nontransferable until the fee liability is satisfied, and he or she may not receive CQ by transfer. The NMFS, Alaska Region, Operations and Management Division (OMD) will issue 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:

- ✓ compiles a list of all Rockfish Program landings by species and month;
- ✓ uses Rockfish Program Ex-vessel Volume and Value data to calculate a set of standard ex-vessel prices for fish landed;
- ✓ applies the appropriate standard ex-vessel price to each landing, creating a standard ex-vessel value for each landing;
- ✓ sums the total standard ex-vessel values of all landings to derive the total ex-vessel value of the year's Rockfish Program fisheries;
- ✓ compiles all direct management, monitoring and enforcement costs (direct program costs) attributable to the Rockfish Program;
- ✓ uses direct program costs and total ex-vessel value to calculate the annual fee percentage;
- ✓ applies the fee percentage to the standard ex-vessel value of a landing to determine the fee owed for each landing;
- ✓ sums the fees owed for all landings on the Rockfish Program CQ permits held by each permit holder. This final figure is the *annual fee* liability each permit holder owes and is based on standard ex-vessel prices and values; and
- ✓ mails Rockfish Program CQ permit holders a summary that itemizes their landings and shows their calculated fee liability.

The 2015 Rockfish Program Cost Recovery Fee Percentage

NMFS announced that the 2015 IFQ fee percentage was set at 3.0 ([81 FR 10591, March 1, 2016](#)). Under cost recovery regulations, CQ permit holders who used their permits to make landings of Rockfish Program primary and secondary species during the 2015 Rockfish Program fishery were

obligated to pay 3.0 percent of the total ex-vessel value from the sale of their Rockfish Program fish. The fee percentage derives from two sources:

- The total ex-vessel value of the Rockfish Program fisheries for 2015; and
- The direct program costs for the Rockfish Program as measured by actual expenditures during Federal fiscal year 2015.

These sources are discussed below.

Ex-Vessel Value of the Rockfish Program Fisheries

Ex-vessel value is determined from ex-vessel prices for each Rockfish Program species throughout the fishing season. To account for price variability, NMFS calculates an average ex-vessel price for each species and month and uses these prices to calculate the total ex-vessel value of the Rockfish Program fisheries.

NMFS used the 2015 data submitted by rockfish processors on the Rockfish Ex-vessel Volume and Value Report to calculate the average ex-vessel price for each species by month. Then the amount of Rockfish Program species products landed by month was multiplied by this “standard” ex-vessel price to calculate the “standard” ex-vessel values. The total ex-vessel value of the Rockfish Program fisheries is the sum of standard ex-vessel values for each Rockfish Program species and month. The total ex-vessel value of the Rockfish Program fisheries based on standard ex-vessel values in 2015 was \$11,117,262.

Costs of Management, Data Collection, and Enforcement

Direct program costs are the costs NMFS incurs to manage, collect data from, and conduct enforcement for the Rockfish Program fisheries. 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.

To arrive at these annual costs, NMFS calculates its Rockfish Program direct program costs for the Federal fiscal year (FY), which is October 1 through September 30. NMFS accounts for costs by operating units including NMFS Restricted Access Management (RAM), NMFS Information Services Division (ISD), NMFS Office of Law Enforcement (OLE), NMFS Sustainable Fisheries (SF), NMFS Operations and Management Division (OMD), NMFS Alaska Fisheries Science Center (AFSC), and NMFS Regional Administrator Office (RA). Table 1 includes an overview of many of the management tasks that are included in the direct program costs by division. Table 2 details the FY15 direct program costs for the Rockfish Program. Figure 1 compares the direct program costs of each NMFS operating unit during FY 2015 and FY 2014.

NMFS incurs direct program costs for personnel that monitor Rockfish Program landings. The Rockfish Program Catch Monitoring Control Plan (CMCP) specialist monitors program deliveries to ensure compliance with the CMCP by any processor receiving Rockfish Program landings, assists processors with rockfish species identification to ensure accurate catch sorting and quota accounting, and reports the findings to NMFS. The CMCP specialist costs accrue to SF.

Table 1 Tasks or activities by NMFS division or section that are eligible for cost recovery. An “X” indicates that a division or section could have a recoverable cost associated with this task or activity.

Tasks/Activities Required for all Programs	RAM	SF	ISD	OMD	OLE	AFSC
At-sea scale inspections		X				
Video equipment inspections		X				X
Observer sampling station inspections						X
Observer training, debriefing, data management, and observer gear						X
Data requests specific to program (including assisting cooperatives to prepare applications, excluding FOIA requests)	X	X				X
Electronic reporting (landings, elog, etc.) support of servers, application development, training, user support, etc.		X	X			
Catch Accounting System (maintenance of system that support catch share program tracking, updates to system for program changes).		X	X			
Analysis and rulemaking to modify FMP or program regulations	X	X	X	X	X	X
Annual cost recovery fee notice, calculation of standard prices		X	X			
Renewal of approval for information collections (every 3 years), review of forms and instructions	X	X		X		
Attend workshops hosted by NMFS on program issues or attend meetings at request of industry	X	X		X	X	X
Attend Council meetings to participate in regulatory and policy discussions, provide reports, track issues specific to the program.	X	X			X	X
Conduct outreach, inspections, boardings, investigations, and enforcement actions related to a specific program					X	
Fee billing and support				X		

Calculation of the 2015 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 ex-vessel value (V) of the Rockfish Program fisheries, and then multiplies by 100 to calculate a percentage. The result, rounded to the nearest 0.1 percent, is the *fee percentage*. The detailed steps to calculate the 2015 fee percentage are as follows:

Detail of formula for calculating the 2015 fee percentage

Factor	Value	Activity
Cost (DPC)	\$361,790	divide by V
Total Ex-Vessel Value (V)	\$11,117,262	multiply by 100
=	3.3*	round to nearest 0.1 percent

Rate for 2015 Rockfish Program = 3.0 percent

* The fee liability percentage cannot exceed 3 percent.

The 2015 fee percentage calculation resulted in a fee percentage of 3.3 percent. However, the Magnuson-Stevens Act limits the fee liability to 3 percent, therefore the fee percentage was set at 3 percent.

Summary of Direct Program Costs from 2012 through 2015

Direct program costs for FY 2015 (\$361,790) increased compared to FY 2014 (\$345,948), FY 2013 (\$224,060), and FY 2012 (\$194,561). Some operating units had high initial costs at the beginning of the Rockfish Program (such as the RAM division) due to management activities such as permit issuance that require significant time initially and then relatively fewer costs after program implementation. Other operating units have had an increase in management costs. Costs for ISD have increased due to infrastructure needs such as software upgrades needed to maintain the catch accounting system necessary to track quota allocation and use, and sideboard limits implemented under the Rockfish Program. The OMD also had an increase in management costs attributable to the Rockfish Program after the first year because of their role in overseeing the billing and collection of cost recovery fees. Those oversight costs did not accrue during the first fiscal year (FY 2012). The AFSC did not submit management costs for the first two years of the Rockfish Program (FY 2012 and FY 2013), but began collecting management costs for observer deployment and debriefing beginning with FY 2014; costs associated with the additional observer coverage and monitoring requirements implemented as part of the Rockfish Program. Figure 1 shows the direct program costs by operating unit for all years since implementation of the Rockfish

Program in 2012. Tables 2 through 5 show the program costs for FY 2012 through FY 2015. The program costs are shown by operating unit and broken down into budget line items.

In FY 2015, SFD and ISD incurred the highest cost of operations. Between FY 2014 and FY 2015, personnel costs increased significantly for ISD (from \$39,314 in FY14 to \$62,079) while for RA, the personnel costs decreased significantly (from \$29,418 in FY14 to \$8,505). In FY 2015, SF also had increased costs for personnel (\$114,969 as compared to \$106,510 in FY 2014). Between years, costs fluctuated due to changes such as new contracts, required trainings, personnel changes, increased salaries due to performance and cost-of-living adjustments, and purchases of equipment.

In FY 2015, using the standard ex-vessel prices calculated for the purposes of cost recovery, NMFS valued Rockfish Program landings (45,152,020 pounds) at \$11,117,262. This figure is significantly higher than the value calculated for FY 2014, which was \$6,265,656 (for 25,618,470 pounds). NMFS incorrectly excluded the landings and value attributable to catcher/processors in FY 2014, which inflated the fee percentage. The original 2014 fee percentage was calculated to be 5.5 percent; which, due to the statutory cap, was adjusted to 3 percent.

NMFS discovered the calculation error in April 2016 during the process of calculating the 2015 fee percentage. NMFS recalculated the 2014 ex-vessel value of the Rockfish Program and determined that with the catcher/processor sector landings included, the ex-vessel value of the fishery was \$10,505,776 (for 44,016,252 pounds). The corrected fee percentage was 3.29 percent. In spite of this error, it did not affect the total costs or the fee percentage due. By law, NMFS cannot collect more than 3 percent of the ex-vessel value. The 2014 billing summaries mailed to CQ permit holders were correct. NMFS has modified the accounting system to correct the calculation error for 2015 and future years. Table 5 shows the fee percentages from the implementation of the Rockfish Program to the current year.

Calculation of the annual fee percentage relies on good reporting of price per pound of Rockfish Program landings by processors. For 2015, processors and cooperatives complied well with cost recovery fee program requirements.

Figure 1 Rockfish Program costs by operating unit during fiscal years 2012 through 2015.

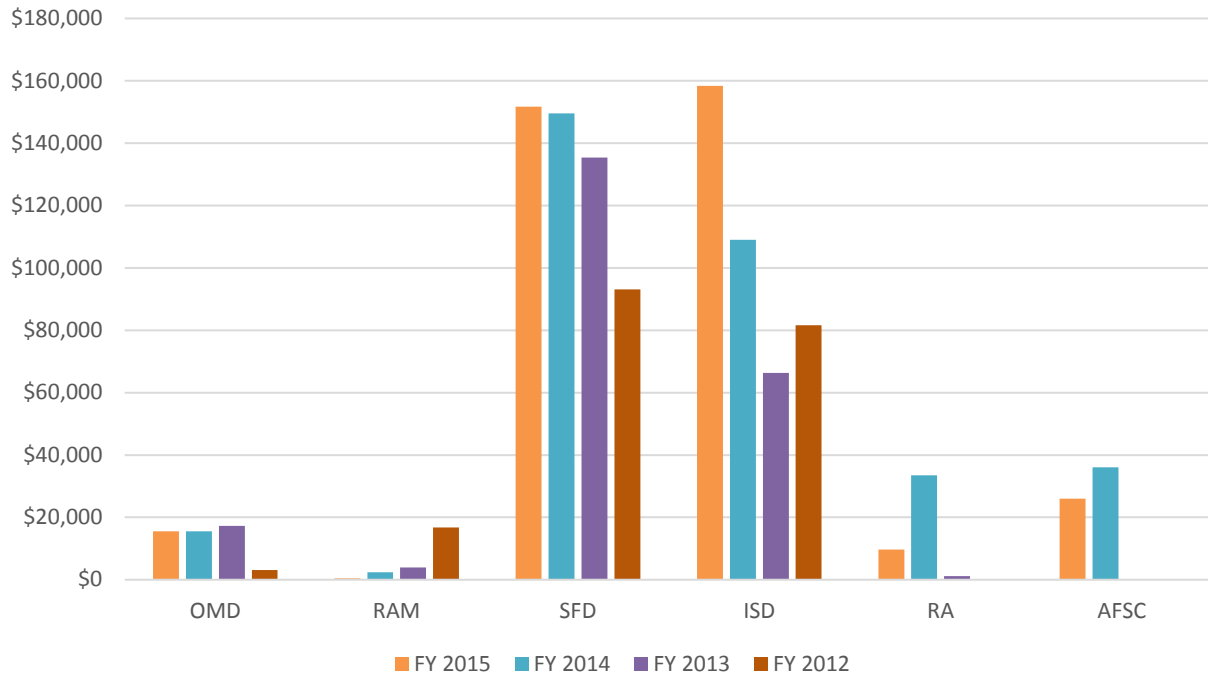


Table 2 Fiscal year 2015 Rockfish Program costs by cost recovery component and operating unit.

Cost Recovery Component	NMFS OMD	NMFS RAM	NMFS SFD	NMFS ISD	NMFS RA	NMFS AFSC	Total
Personnel Costs ^a	13,737	405	114,969	62,076	8,505	16,367	216,059
Travel ^b	-	-	4,622	2,843	-	-	7,465
Transportation ^c	-	-	3,212	-	-	-	3,212
Printing	-	-	2,499	-	-	-	2,499
Contracts/Training	-	-	7,930	69,273	-	4,676	81,879
Supplies	103	-	335	15,650	-	-	16,088
Equipment	-	-	-	75	-	-	75
Rent/Util/Overhead ^d	1,729	39	17,953	7,300	1,206	4,936	33,163
Other	-	-	225	1,125	-	-	1,350
Total	\$15,570	\$443	\$151,745	\$158,341	\$9,711	\$25,979	\$361,790

^a Personnel includes costs of locality pay and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

Table 3 Fiscal year 2014 Rockfish Program costs by cost recovery component and operating unit.

Cost Recovery Component	NMFS OMD	NMFS RAM	NMFS SFD	NMFS ISD	NMFS RA	NMFS AFSC	Total
Personnel Costs ^a	13,667	2,183	106,510	39,314	29,418	24,509	215,602
Travel ^b	-	-	6,794	2,062	-	-	8,856
Transportation ^c	-	-	2,709	-	-	-	2,709
Printing	-	-	-	-	-	-	-
Contracts/Training	-	-	7,866	62,195	-	9,371	79,432
Supplies	64	-	707	899	-	-	1,670
Equipment	-	-	-	-	-	-	-
Rent/Util/Overhead ^d	1,759	178	17,489	4,549	4,042	2,163	30,180
Other	-	-	7,500	-	-	-	7,500
Total	\$15,490	\$2,361	\$149,575	\$109,019	\$33,460	\$36,043	\$345,949

^a Personnel includes costs of locality pay and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

Table 4 Fiscal year 2013 Rockfish Program costs by cost recovery component and operating unit.

Cost Recovery Component	NMFS OMD	NMFS RAM	NMFS SFD	NMFS ISD	NMFS RA	Total
Personnel Costs ^a	14,786	3,551	105,150	42,412	1,091	166,990
Travel ^b	-	-	6,353	4,789	-	11,142
Transportation ^c	22	-	6,886	-	-	6,908
Printing	12	-	-	-	-	12
Contracts/Training	-	-	415	11,988	-	12,403
Supplies	888	-	104	3,197	-	4,189
Equipment	-	-	-	-	-	-
Rent/Util/Overhead ^d	1,550	330	16,447	3,987	101	22,415
Other	-	-	-	-	-	-
Total	\$17,258	\$3,881	\$135,355	\$66,373	\$1,193	\$224,059

^a Personnel includes costs of locality pay and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

Table 5 Fiscal year 2012 Rockfish Program costs by cost recovery component and operating unit.

Cost Recovery Component	NMFS OMD	NMFS RAM	NMFS SFD	NMFS ISD	Total
Personnel Costs ^a	2,619	14,973	68,257	45,219	131,069
Travel ^b	-	-	13,798	3,760	17,558
Transportation ^c	-	-	2,730	-	2,730
Printing	-	-	162	7,267	7,429
Contracts/Training	-	-	-	21,166	21,166
Supplies	207	-	875	-	1,082
Equipment	-	-	-	-	-
Rent/Util/Overhead ^d	251	1,735	7,303	4,239	13,527
Other	-	-	-	-	-
Total	\$3,077	\$16,708	\$93,125	\$81,651	\$194,562

^a Personnel includes costs of locality pay and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

Table 6 Rockfish Program cost recovery from 2012 through 2015.

Year	Pounds landed	Fishery Value	Total Program Costs	Calculated Fee Percentage	Actual Fee Percentage
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 three percent cap of the ex-vessel value of the fishery in any Program year.

^b The pounds landed and fishery value for 2014 are included as reported in the Federal Register notice, however, it was later determined that the landings and value from the catcher/processor sector was incorrectly excluded for 2014. However, the fee percentage remained at the 3 percent cap.