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American Fisheries Act Program Cost Recovery for Fishing Year 2017



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 and the 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.

NMFS manages the AFA Program as a limited access privilege program. 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 2017 notice of the fee percentages for the AFA program was published in the **Federal Register** on November 30, 2017 (81 FR 85522).

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 2016 gross earnings data to calculate the standard price for 2017 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 (PSMFC). For 2016, the costs of the PSMFC were included under the AKFSC 'Contracts' and 'Other' cost categories. For future years, PSMFC direct costs will be

reported separately. 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).

On an annual basis, each management unit calculates their AFA Program direct program 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 are broken out by cost categories, which includes personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. For 2016, direct program costs were calculated from February 4 (the effective date of the final rule to implement the program) to September 30. In 2017 and in future years, direct program costs will include the full fiscal year. Tables 4, 5, and 6 display the direct program costs by category for 2017 for the AFA inshore, catcher/processor, and mothership sectors.

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 AFA Program management and enforcement costs.

Examples of the specific tasks that were included under the 2017 AFA direct program costs are:

- implementation of new cost recovery program (SFD, ISD, OMD)
- publication of BS pollock allocations and sideboards in other fisheries (SFD),
- management of AFA sideboards (SFD),
- review of weekly inshore catch reports (SFD),
- review of annual AFA cooperative reports (SFD),
- maintenance of the catch accounting system (ISD, ADF&G),
- programming and web design for online applications (ISD),
- patrols, investigations, outreach and education, and compliance assistance (OLE)
- responding to questions about AFA permits (RAM),
- at-sea scale inspections (SFD),
- observer sampling station inspections, data quality assurance (AFSC),
- video equipment inspections (SFD),
- fee determination and collection process (OMD),
- 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 2017 fee

The 2017 fee percentage for the AFA inshore cooperatives is 0.19 percent; the fee percentage for the AFA catcher/processor sector is 0.21 percent, and the fee percentage for the AFA mothership cooperative is 0.22 percent.

Tables 1, 2, and 3 show the 2017 values and fee percentage computations for each sector.

Table 1. Detail of formula for calculating the 2017 fee percentage for the AFA inshore sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$339,667	multiply DPC by 100
Total Fishery Value (V)	\$178,146,112	divide by value
=	0.19	yields
<i>Fee percentage for 2017 AFA Program inshore sector = 0.19 percent</i>		

Table 2. Detail of formula for calculating the 2017 fee percentage for the AFA catcher/processor sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$307,762	multiply DPC by 100
Total Fishery Value (V)	\$145,799,999	divide by value
=	0.21	yields
<i>Fee percentage for 2017 AFA Program catcher/processor sector = 0.21 percent</i>		

Table 3. Detail of formula for calculating the 2017 fee percentage for the AFA mothership sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$80,203	multiply DPC by 100
Total Fishery Value (V)	\$36,020,690	divide by value
=	0.22	yields
<i>Fee percentage for 2017 AFA Program mothership sector = 0.22 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 2017, for all three AFA sectors, the highest direct program costs were attributed to the Alaska Fisheries Science Center, which includes the Fisheries Monitoring and Analysis Program and the Economic and Social Sciences Research Program. The Fisheries Monitoring and Analysis Program, which accounts for approximately 70% of the total AFSC direct costs, operates the North Pacific Observer Program, which deploys observers onboard fishing vessels to collect catch data, and also at onshore 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.

Table 7 compares direct costs between FY2016 and FY2017. As noted above, costs were substantially higher in FY2017 due to the mid-year implementation of the program in FY2016 and the resulting partial accounting of costs for that year. In some cases, specific costs were disproportionately affected by the timing of the partial-year accounting, such as the SFD at-sea scale inspections and video equipment inspections, which occur near the end of the calendar year. Increases in costs from FY2016 to FY2017 for AFSC are again attributed to FY2016 partial-year accounting, as well to as added personnel costs that came from the addition of two staff members in the Fisheries Monitoring and Analysis Program branch of AFSC. OLE costs also rose substantially in FY2017. OLE implemented comprehensive methodologies in 2017 for the accounting of direct program costs in the American Fisheries Act Program, and in the Amendment 80 and Community Development Quota Programs as well.

Table 4. Fiscal Year 2017 direct program costs for the AFA Program catcher/processor sector.

	Operations & Management Division (OMD)	Restricted Access Management (RAM)	Regional Administrator (RA)	Sustainable Fisheries Division (SFD)	Information Systems Division (ISD)	Office of Law Enforcement (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept of Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 1,993	-	\$ 231	\$ 19,725	\$ 15,182	\$ 66,988	\$ 96,734	\$ 9,493	\$ 210,345
Personnel Benefits	\$ 631	-	\$ 99	\$ 6,451	\$ 5,834		-	-	\$ 13,015
Travel ^b	\$ 198	-	-	\$ 12,655	-		\$ 189	-	\$ 13,042
Transportation ^c	-	-	-	-	-		-	-	-
Printing	-	-	-	-	-		-	\$ 20	\$ 20
Contracts/Training	-	-	-	-	-		-	\$ 551	\$ 551
Supplies	-	-	-	-	\$ 133		-	-	\$ 866
Equipment	-	-	-	-	-		-	-	-
Rent/Utilities ^d	\$ 172	-	-	-	-	\$ 19,317	-	-	\$ 19,489
Grant	-	-	-	-	-		\$ 50,434	-	\$ 50,434
Total	\$ 2,994	-	\$ 330	\$ 39,564	\$ 21,149	\$ 86,304	\$ 147,357	\$ 10,064	\$ 307,762

^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 5. Fiscal Year 2017 direct program costs for the AFA Program inshore sector.

	Operations & Management Division (OMD)	Restricted Access Management (RAM)	Regional Administrator (RA)	Sustainable Fisheries Division (SFD)	Information Systems Division (ISD)	Office of Law Enforcement (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept of Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 1,693	\$ 2,050	\$ 231	\$ 9,525	\$ 13,682	\$ 100,481	\$ 77,298	\$ 9,493	\$ 214,453
Personnel Benefits	\$ 531	\$ 800	\$ 99	\$ 3,451	\$ 5,234		-	-	\$ 10,115
Travel ^b	\$ 198	-	-	\$ 1,155	-		\$ 152	-	\$ 350
Transportation ^c	-	-	-	-	-		-	-	\$ 1,155
Printing	-	-	-	-	-		-	\$ 20	\$ 20
Contracts/Training	-	-	-	-	-		-	\$ 551	\$ 551
Supplies	-	-	-	\$ 100	\$ 133		-	-	\$ 233
Equipment	-	-	-	-	-		-	-	-
Rent/Utilities ^d	\$ 172	\$ 73	-	\$ 268	\$ 1,318	\$ 28,975	-	-	\$ 30,805
Grant	-	-	-	-	-		\$ 81,985	-	\$ 81,985
Total	\$ 2,594	\$ 2,923	\$ 330	\$ 14,499	\$ 20,367	\$ 129,457	\$ 159,435	\$ 10,064	\$ 339,667

^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 6. Fiscal Year 2017 direct program costs for the AFA Program mothership sector.

	Operations & Management Division (OMD)	Restricted Access Management (RAM)	Regional Administrator (RA)	Sustainable Fisheries Division (SFD)	Information Systems Division (ISD)	Office of Law Enforcement (OLE)	Alaska Fisheries Science Center (AFSC)	Alaska Dept of Fish & Game (ADF&G)	Total
Personnel Costs ^a	\$ 1,693	\$ 350	\$ 231	\$ 7,625	\$ 13,582	-	\$ 27,690	\$ 9,493	\$ 60,664
Personnel Benefits	\$ 531	\$ 100	\$ 99	\$ 2,751	\$ 5,134	-	-	-	\$ 8,615
Travel ^b	\$ 198	-	-	\$ 2,155	-	-	\$ 38	-	\$ 2,391
Transportation ^c	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	\$ 20	\$ 20
Contracts/Training	-	-	-	-	-	-	-	\$ 551	\$ 551
Supplies	-	-	-	\$ 133	\$ 133	-	-	-	\$ 266
Equipment	-	-	-	-	-	-	-	-	-
Rent/Utilities ^d	\$ 172	\$ 73	-	\$ 268	\$ 1,318	-	-	-	\$ 1,830
Grant	-	-	-	-	-	-	\$ 5,866	-	\$ 5,866
Total	\$ 2,594	\$ 523	\$ 330	\$ 12,932	\$ 20,167	-	\$ 33,594	\$ 10,064	\$ 80,203

^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 7. Comparison of Direct Costs for Fiscal Years 2016 and 2017
For the Inshore, Mothership, and Catcher/Processor Sectors of the AFA Program**

	Inshore Sector		Mothership Sector		Catcher/Processor Sector	
	FY2016 *	FY2017	FY2016 *	FY2017	FY2016 *	FY2017
Personnel Costs	\$ 56,938	\$ 212,821	\$ 28,001	\$ 59,032	\$ 66,194	\$ 208,713
Personnel Benefits	\$ 4,433	\$ 10,115	\$ 3,533	\$ 8,615	\$ 4,033	\$ 13,015
Overhead	\$ 1,054	\$ 1,632	\$ 1,054	\$ 1,632	\$ 1,054	\$ 1,632
Travel	\$ 515	\$ 350	\$ 348	\$ 2,391	\$ 348	\$ 13,042
Transportation	-	\$ 1,155	-	-	-	-
Printing	-	\$ 20	-	\$ 20	\$ 100	\$ 20
Contracts/Training	\$ 22,068	\$ 551	\$ 22,068	\$ 551	\$ 22,068	\$ 551
Supplies	-	\$ 233	-	\$ 266	-	\$ 866
Equipment	-	-	-	-	-	-
Rent/Utilities	-	\$ 30,805	-	\$ 1,830	-	\$ 19,489
Other	\$ 81,144	\$ 81,985	\$ 5,289	\$ 5,866	\$ 46,441	\$ 50,434
Total Direct Costs	\$ 166,154	\$ 339,667	\$ 60,295	\$ 80,203	\$ 140,239	\$ 307,762
Fishery value	\$ 171,629,168	\$ 178,146,112	\$ 35,950,227	\$ 36,020,690	\$145,566,573	\$145,799,999
Fee Percentage	0.10	0.19	0.10	0.22	0.17	0.21

FY 2016 was the first year of the cost recovery program for the AFA sectors. The program was not implemented until mid-way into the fiscal year. As a result, management costs were calculated only for the period from February 4 to September 30, 2016.