



NOAA
FISHERIES

Sustainable
Fisheries

American Fisheries Act Program Cost Recovery for Fishing Year 2016



December 2016

AFA Program Cost Recovery for Fishing Year 2016

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 the sector's pollock allocation. These cooperatives are responsible for paying the fee for Bering Sea pollock landed under the AFA, 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 fee due 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 published this notice of the fee percentages for the AFA program in the **Federal Register** on November 28, 2016 (81 FR 85522). NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.66(c)(2). NMFS determines the fee percentage that applies to landings made during the year by dividing the direct program costs by the fishery value.

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. NMFS calculates the standard price for pollock using the most recent annual value information reported to the Alaska Department of Fish & Game for the Commercial Operator's Annual Report and compiled in the Alaska Commercial Fisheries Entry Commission Gross Earnings data for Bering Sea pollock. Due to the time required to compile the data, there is a one-year delay between the gross earnings data year and the fishing year to which it is applied. For example, NMFS used 2015 gross earnings data to calculate the standard price for 2016 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, costs 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 PSMFC were included under the AFSC ‘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), and the Information Systems Division (ISD). To arrive at these costs every year, 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 broken out by 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 (the effective date of the final rule to implement the program) to September 30. In subsequent years, direct program costs will include the full fiscal year. Tables 4, 5, and 6 display the direct program costs for 2016 by sector for the AFA inshore sector, AFA catcher/processor sector, and AFA mothership sector.

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 2016 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),
- responding to questions about AFA permits (RAM),
- at-sea scale inspections (SFD),
- observer sampling station inspections (FRAM),
- video equipment inspections (SFD),
- fee determination and collection process (OMD),
- deployment of second observer (FRAM), and
- Amendment 91 Chinook Salmon Bycatch Economic Data Reports (ESSRP).

In 2016, 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 operates the North Pacific Observer Program, which deploys observers to catch data onboard fishing vessels and at onshore processing plants and 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.

Calculating the annual fee percentage

NMFS computes the annual fee percentage by dividing the AFA direct program costs by the total fishery value of Bering Sea pollock landings in money, goods, or services. NMFS calculates separate fee percentages for each AFA sector. The annual fee percentage is calculated using the following formula:

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

The formula shows that the direct program costs of management and enforcement (DPC), multiplied by 100, is then divided by the fishery value (V). The result is the *fee percentage*.

The annual fee percentage is published in the *Federal Register* by December 1 and is applied to all landings of AFA Program pollock that occurred that year. NMFS provides a summary of fee liabilities to all AFA 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 allocations by permit, port or port-group, date, and prices.

Calculating the 2016 fee

The fee percentage for the 2016 AFA Program fishing year derives from these sources:

- The total fishery value of Bering Sea pollock by sector; and
- The direct program costs for the AFA Program by sector (by actual expenditures during the Federal fiscal year).

The fee percentage for the AFA inshore cooperatives is 0.10 percent, for the AFA catcher/processor sector is 0.10 percent, and for the AFA mothership cooperative is 0.17 percent.

Tables 1, 2, and 3 show the 2016 fee percentage computation for each sector.

Table 1. Detail of formula for calculating the 2016 fee percentage for the AFA inshore sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$166,154	times 100
Total Fishery Value (V)	\$171,629,168	divided by
=	0.10	yields
<i>Fee percentage for 2016 AFA Program inshore sector = 0.10 percent</i>		

Table 2. Detail of formula for calculating the 2016 fee percentage for the AFA catcher/processor sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$140,239	times 100
Total Fishery Value (V)	\$145,566,573	divided by
=	0.10	yields
<i>Fee percentage for 2016 AFA Program catcher/processor sector = 0.10 percent</i>		

Table 3. Detail of formula for calculating the 2016 fee percentage for the AFA mothership sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$60,295	times 100
Total Fishery Value (V)	\$35,950,227	divided by
=	0.17	yields
<i>Fee percentage for 2016 AFA Program mothership sector = 0.17 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 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 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.

Table 4. Fiscal Year 2016 direct program costs for the AFA Program catcher/processor sector.

	Operations & Management Division	Sustainable Fisheries Division	Information Systems Division	Alaska Fisheries Science Center	Alaska Department of Fish & Game	Total
Personnel Costs ^a	\$ 900	\$ 5,333	\$ 4,367	\$ 50,573	\$ 6,075	\$ 67,248
Personnel Benefits	\$ 300	\$ 1,933	\$ 1,800	-	-	\$ 4,033
Travel ^b	-	\$ 333	-	-	\$ 15	\$ 348
Transportation ^c	-	-	-	-	-	-
Printing	-	\$ 100	-	-	-	\$ 100
Contracts/Training	-	-	\$ 21,498	-	\$ 571	\$ 22,068
Supplies	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Rent/Utilities ^d	-	-	-	-	-	-
Other	-	-	-	\$ 46,441	-	\$ 46,441
Total	\$ 1,200	\$ 7,700	\$ 27,664	\$ 97,014	\$ 6,662	\$ 140,239

^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 2016 direct program costs for the AFA Program inshore sector.

	Operations & Management Division	Restricted Access Management Division	Sustainable Fisheries Division	Information Systems Division	Alaska Fisheries Science Center	Alaska Department of Fish & Game	Total
Personnel Costs ^a	\$ 900	\$ 2,000	\$ 4,333	\$ 4,367	\$ 40,317	\$ 6,076	\$ 57,993
Personnel Benefits	\$ 300	\$ 800	\$ 1,533	\$ 1,800	-	-	\$ 4,433
Travel ^b	-	-	\$ 500	-	-	\$ 15	\$ 515
Transportation ^c	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-
Contracts/Training	-	-	-	\$ 21,498	-	\$ 571	\$ 22,068
Supplies	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Rent/Utilities ^d	-	-	-	-	-	-	-
Other	-	-	-	-	\$ 81,144	-	\$ 81,144
Total	\$ 1,200	\$2,800	\$ 6,367	\$ 27,664	\$ 121,462	\$ 6,662	\$ 166,154

^a Personnel 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 2016 direct program costs for the AFA Program mothership sector.

	Operations & Management Division	Sustainable Fisheries Division	Information Systems Division	Alaska Fisheries Science Center	Alaska Department of Fish & Game	Total
Personnel Costs ^a	\$ 900	\$ 3,833	\$ 4,367	\$ 13,880	\$ 6,075	\$ 29,056
Personnel Benefits	\$ 300	\$ 1,433	\$ 1,800	-	-	\$ 3,533
Travel ^b	-	\$ 333	-	-	\$ 15	\$ 348
Transportation ^c	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Contracts/Training	-	-	\$ 21,498	-	\$ 571	\$ 22,068
Supplies	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Rent/Utilities ^d	-	-	-	-	-	-
Other	-	-	-	\$ 5,289	-	\$ 5,289
Total	\$ 1,200	\$ 5,600	\$ 27,664	\$ 19,169	\$ 6,662	\$ 60,295

^a Personnel 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.