

# Trawl Rationalization Program

## Cost Recovery Annual Report

Fee Calculation for 2018 and Fishing Year 2017 Payments



**October 2018**



## Overview

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires NOAA's National Marine Fisheries Service (NMFS) to collect fees to recover the costs directly related to the management, data collection, and enforcement of a limited access privilege program (LAPP) (16 U.S.C. 1854(d)(2)), also called "cost recovery." The Pacific coast groundfish trawl rationalization program is a LAPP and consists of three sectors: the Shorebased Individual Fishing Quota (IFQ) Program, the Mothership (MS) Coop Program, and the Catcher/Processor (C/P) Coop Program.

In accordance with the Magnuson-Stevens Act, and based on a recommended structure and methodology developed in coordination with the Council, NMFS collects mandatory fees of up to three percent of the ex-vessel value of groundfish by sector (IFQ Program, MS Coop Program, and C/P Coop Program). NMFS collects the fees to cover the incremental costs of management, data collection, and enforcement of the trawl rationalization program.

Cost recovery for the trawl rationalization program was implemented in January 2014. The details of cost recovery for the trawl rationalization program are in regulation at 50 CFR 660.115.

## What is in this annual report?

NMFS is committed to transparent cost accounting practices, including publishing this annual report detailing recoverable costs. This annual report includes information on the fee percentage calculation, program costs, ex-vessel value by sector, and total fees collected by NMFS from the previous year.

**Information on LAPPs in other Regions can be found online using the links below.**

- **Alaska Crab Rationalization -**  
<http://www.fakr.noaa.gov/sustainablefisheries/crab/crfaq.htm>
- **Alaska Halibut/Sablefish IFQ -** <https://alaskafisheries.noaa.gov/fisheries/ifq>
- **Central Gulf of Alaska Rockfish Program -**  
<https://alaskafisheries.noaa.gov/fisheries/central-goa-rockfish-program>
- **Alaska American Fisheries Act Pollack Program -**  
<https://alaskafisheries.noaa.gov/fisheries/AFA-pollock>
- **Aleutian Islands Pollock Program -** <https://alaskafisheries.noaa.gov/fisheries/ai-pollock>
- **Bering Sea and Aleutian Islands Amendment 80 Program-**  
<https://alaskafisheries.noaa.gov/fisheries/amendment-80>
- **Western Alaska Community Development Quota Program -**  
<https://alaskafisheries.noaa.gov/fisheries/cdq>
- **Greater Atlantic Golden Tilefish IFQ -**  
<https://www.greateratlantic.fisheries.noaa.gov/sustainable/species/tilefish/>
- **Greater Atlantic Scallop IFQ -**  
<https://www.greateratlantic.fisheries.noaa.gov/sustainable/species/scallop/quotas/scallopifqeeannualreport.html>
- **Great Atlantic Surf Clam and Ocean Quahog ITQ Program -**  
<https://www.greateratlantic.fisheries.noaa.gov/sustainable/species/clam/>
- **Gulf of Mexico Grouper-Tilefish IFQ Program -**  
<https://portal.southeast.fisheries.noaa.gov/cs/main.html#>
- **Gulf of Mexico Red Snapper IFQ Program -**  
<https://portal.southeast.fisheries.noaa.gov/cs/main.html#>
- **Wreckfish IFQ Program -** <https://portal.southeast.fisheries.noaa.gov/cs/main.html#>

## Details on Cost Recovery Calculations

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For cost recovery, NMFS must make two calculations during the last quarter of every calendar year, after each fiscal year ends, and announce those values in a *Federal Register* notice before they go into effect on January 1 of the following year. The calculations for these values and the data used are described further in this report. The two calculations are:

1. Fee Percentage Calculation by Sector
2. MS Pricing for the C/P Coop Program

### Fee Percentage Calculation by Sector

For the trawl rationalization program, NMFS calculates the fee percentage by sector using the best available information, not to exceed the Magnuson-Stevens Act three percent cap. To calculate the fee percentage by sector, NMFS uses the formula specified in regulation at § 660.115(b)(1), where the fee percentage by sector equals the lower of three percent of ex-vessel value or direct program costs (DPC) for that sector divided by total ex-vessel value (V) for that sector multiplied by 100.

$$\text{Fee percentage} = \text{the lower of 3\% or } (DPC/V) \times 100$$

“V” or ex-vessel value, specified in regulation at §660.115(b)(1)(ii), is the total ex-vessel value for each sector from the previous calendar year. The ex-vessel value for each sector is defined at §660.111 (see below) and includes the total ex-vessel value for all groundfish species.

*Ex-vessel value means, for the purposes of the cost recovery program specified at § 660.115, all compensation (based on an arm's length transaction between a buyer and seller) that a fish buyer pays to a fish seller in exchange for groundfish species (as defined in § 660.11), and includes the value of all in-kind compensation and all other goods or services exchanged in lieu of cash. Ex-vessel value shall be determined before any deductions are made for transferred or leased allocation, or for any goods or services.*

*(1) For the Shorebased IFQ Program, the value of all groundfish species (as defined in § 660.11) from IFQ landings.*

*(2) For the MS Coop Program, the value of all groundfish species (as defined in § 660.11) delivered by a catcher vessel to an MS-permitted vessel.*

*(3) For the C/P Coop Program, the value as determined by the aggregate pounds of all groundfish species (as defined in § 660.11) harvested<sup>1</sup> by the vessel registered to a C/P-endorsed limited entry trawl permit, multiplied by the MS Coop Program average price per pound as announced pursuant to § 660.115(b)(2).*

“DPC” or direct program costs, defined in regulation at §660.115(b)(1)(i), are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector. Actual incremental costs means those net costs that would not have been incurred but for the implementation of the trawl rationalization program, including both increased costs for new requirements of the program and reduced costs resulting from any program efficiencies. If the amount of fees collected by NMFS is greater or less than the actual net incremental costs incurred, the DPC will be adjusted accordingly for calculation of the fee percentage in the following year. The 2018 fee percentages, accounting for adjustments, are displayed below.

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<sup>1</sup> While the regulations say “harvested,” NMFS has clarified through a [2014 Public Notice](#) that the C/P ex-vessel value and fee amount due is based on retained catch.

For 2018 -

Fee percentages are:

- Shorebased IFQ Program: 3.0%
- MS Coop Program: 0.0%
- C/P Coop Program: 0.0%

(announced in 82 FR 61752, 12/29/2017)

#### *Cost of Management, Data Collection, and Enforcement*

As described earlier, DPC in the calculation are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector. In other words, they are costs that would not have been incurred but for the implementation of the trawl rationalization program.

Since 2014, the first year of cost recovery, NMFS has only recovered the costs of employees' time (salary and benefits) spent working on the program in the calculation of DPC rather than all incremental costs of management, data collection, and enforcement. Thus, the DPC for 2018 fee percentage calculations is an underestimate of costs compared to all incremental costs of management, data collection, and enforcement. NMFS has not included other categories of incremental costs, such as costs of travel, rent, and equipment in the fee calculation. NMFS also has not included any federal costs resulting from duties performed by the states of Washington, Oregon, or California in the calculation of DPC.

The recoverable costs of employees' time spent working on the trawl rationalization program are the incremental costs of those employees' time. In other words, it is the cost of employees' time that would not have been incurred but for the implementation of the trawl rationalization program. NMFS employees have coded and tracked their time card for time spent on the trawl rationalization program by sector (IFQ, MS, C/P) since 2011.

NMFS employees determine which tasks are incremental before attributing their time spent on these tasks to the cost recovery program. NMFS employees and their supervisors discuss the task and consult with the cost recovery coordinator, senior policy consultants and/or general counsel, if necessary. If they determine that the task would not have occurred if the trawl rationalization program were not in place, then NMFS employees record their time spent on the task with the appropriate cost recovery code. NMFS seeks to make this determination early in the process. For example, when the Council begins talking about a new groundfish action, NMFS would discuss whether the action would be considered incremental before any NMFS work on the task has begun.

When evaluating the incremental status of tasks, NMFS may determine that some tasks are partially incremental. If NMFS makes such a determination, NMFS staff would be instructed to allocate their time into incremental and non-incremental hours. For example:

1) NMFS can determine a ratio of a task is recoverable (i.e., 75% recoverable and 25% not recoverable) and split their time spent on the project by the ratio. For example, the West Coast Groundfish Observer Program (WCGOP) deducts 25% of the Shorebased IFQ Program observer costs to account for the observer coverage that existed prior to the implementation of the trawl rationalization program.

2) NMFS can have a project that is composed of both recoverable and non-recoverable tasks. NMFS employees would allocate their time based on the time spent on each task. For example, the 2017 inseason action involved modifying the at-sea allocations (recoverable for each sector) as well as changing the open access sablefish trip limits (not recoverable).

NMFS has determined the incremental cost of employees' time by using those recoverable costs directly attributable to management, data collection, and enforcement of the trawl rationalization program. The majority of employees included in this estimate are either employees directly hired to work on the trawl rationalization program or employees whose time has been directed away from other agency duties to work on the trawl rationalization program (e.g., less time spent on grant work, recreational fisheries issues, and open access issues).

Table 1 provides a summary of the total incremental costs from FY 2017 from each Financial Management Center (FMC) used to determine the DPC for each sector used in calculation of the 2017 fee percentages.

**Table 1. DPC associated with management, data collection, and enforcement of all sectors of the Trawl Rationalization Program by FMC, FY 2017 (October 1, 2016 to September 30, 2017).**

Cost Category	West Coast Region (WCR)	Northwest Fisheries Science Center (NWFS)	Office of Law Enforcement (OLE)	Total (before adjustment)
Personnel <sup>1</sup>	\$899,470.66	\$1,248,247.93	\$73,339.20	\$2,221,057.79
IFQ	\$833,598.38 <sup>2</sup>	\$1,114,961.16	\$67,228.15	\$2,015,787.69
MS	\$30,509.31	\$93,864.77	\$4,078.85	\$128,452.93
C/P	\$35,362.97	\$39,422.00	\$2,032.20	\$76,817.17
<b>Total</b>	<b>\$899,470.66</b>	<b>\$1,248,247.93</b>	<b>\$73,339.20</b>	<b>\$2,221,057.79</b>

1. Personnel costs include salary and benefits. The federal grant covering Pacific States Marine Fisheries Commission (PSMFC) personnel costs is included in the WCR column.

2. This value differs from the number published in the 2018 cost recovery fee Federal Register notice. The change is discussed later in this document.

Table 2 provides breakdowns of the total hours staff reported working on incremental tasks from each program office for each sector and the resulting personnel costs that contributed to the totals in Table 1. Note that, when split by sector, staff numbers are not additive; the same employee may have worked on more than one sector.

**Table 2. Incremental costs, hours, and number of staff, by program office, FY 2017.**

<b>WCR</b>				
<b>IFQ</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent<sup>1</sup></b>
<i>Groundfish</i>	\$121,463.24	2,227.5	5	1.1
<i>Permits</i>	\$142,254.78	1,725	4	0.8
<i>NWFSC Information Technology (IT)</i>	\$370,480.64	3,826 <sup>4</sup>	7 <sup>4</sup>	1.8
<i>PSMFC</i>	\$199,361.00	Na <sup>5</sup>	2	
<b>C/P</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Groundfish</i>	\$34,235.80	770.25	3	0.37
<i>Permits</i>	\$1,127.17	19	2	0.01
<i>NWFSC (IT)</i>	na	na	na	
<i>PSMFC</i>	na	na	na	
<b>MS</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Groundfish</i>	\$28,739.69	660.25	3	0.32
<i>Permits</i>	\$1,769.62	29.5	2	0.01
<i>NWFSC (IT)</i>	na	na	na	
<i>PSMFC</i>	na	na	na	
<b>Total</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Groundfish</i>	\$184,438.73	2,227.5	5	1.1
<i>Permits</i>	\$145,151.57	1,725	4	0.8
<i>NWFSC (IT)</i>	\$370,480.64	3,826 <sup>2</sup>	7 <sup>2</sup>	1.8
<i>PSMFC</i>	\$199,361.00	Na <sup>3</sup>	2	

<b>NWFSC</b>				
<b>IFQ</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Economics and Social Science Research (ESSR)</i>	\$262,100	3,944	5	1.9
<i>ESSR Contractors</i>	\$185,988	-	2	
<i>Fisheries Observation Science (FOS)<sup>4</sup></i>	\$187,229	3,530	11	1.7
<i>FOS Contractors</i>	\$52,567	-	1	
<i>PSMFC</i>	\$427,077	9027	-	4.3
<b>C/P</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Economics and Social Science Research</i>	\$10,369	149	3	0.07
<i>ESSR Contractors</i>	\$27,309	-	2	
<i>Fisheries Observation Science</i>	\$1,744	27.4	2	0.01
<i>FOS Contractors</i>	na	na	na	
<i>PSMFC</i>	na	na	na	
<b>MS</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Economics and Social Science Research</i>	\$33,554	491	4	0.24
<i>ESSR Contractors</i>	\$55,149	-	2	
<i>Fisheries Observation Science</i>	na	na	na	
<i>FOS Contractor</i>	\$848	-	1	
<i>PSMFC</i>	\$4,314	122	-	0.06
<b>Total</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>Economics and Social Science Research</i>	\$305,500	4,584	5	2.2
<i>ESSR Contractors</i>	\$268,446	-	2	
<i>Fisheries Observation Science</i>	\$187,229	3,564.4	11	1.7
<i>FOS Contractors</i>	\$53,415	-	1	
<i>PSMFC</i>	\$431,391	-	11	

<b>OLE</b>				
<b>IFQ</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>FTE</i>	\$62,765.16	1,153	8	0.55
<i>Contractor</i>	\$4,462.99	103	1	0.05
<b>C/P</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>FTE</i>	\$2,032.20	30	1	0.01
<i>Contractor</i>	na	na	na	
<b>MS</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>FTE</i>	\$4,078.85	79	3	0.04
<i>Contractor</i>	na	na	na	
<b>Total</b>	<b>Costs</b>	<b>Hours</b>	<b>Staff</b>	<b>Full time equivalent</b>
<i>FTE</i>	\$69,876.21	1,262	9	0.61
<i>Contractor</i>	\$4,462.99	103	1	0.05

1. This value is based on 40-hour workweeks
2. This covers half the grant
3. Hourly detail not requested in grant
4. Fisheries Observation Science = NWFSC Observer Programs

Further details of the incremental costs for management, data collection, and enforcement of the trawl rationalization program by sector are described below. The details are grouped by FMC within NMFS: West Coast Region, Northwest Fisheries Science Center, and Office of Law Enforcement.

#### West Coast Region (WCR)

The WCR manages the trawl rationalization program by working on policy issues, drafting and implementing regulations, tracking the fishery, and issuing permits. This includes work done by WCR Groundfish Branch and Permits and Monitoring Branch. It also includes WCR costs for work done by the Northwest Fisheries Science Center's Information Technology (IT) group for work on the online IFQ Catch Share web application, and for work done by the Pacific States Marine Fisheries Commission for the catch monitor program. The specific tasks identified to be recoverable are outlined in greater detail later in this document.

WCR employees track their time in timecards for work done on the trawl rationalization program with accounting codes by sector and in 15-minute increments. For many employees, only part of their time is for trawl rationalization. Supervisors review and approve timesheets on a bi-weekly basis. Employee time spent processing permits for which there are permit fees (i.e., first receiver site licenses (FRSL) and MS permits) are not included in the DPC. The WCR provided IT with \$370,480 for tasks in FY 2017, applied toward seven contract employees (this cost is only for the Shorebased IFQ Program). The PSMFC was provided \$199,361 from the WCR in FY 2017 for salaries and benefits for two catch monitor program coordinators (this cost is only for the Shorebased IFQ Program).



For FY 2017, the following contributed to the DPC for the WCR:

**Total cost from salaries + benefits = \$ 899,470.66**

(Contractors included in these totals)

IFQ - \$ 833,598.38

MS - \$ 30,509.31

C/P - \$ 35,362.97

Examples of WCR, PSMFC, and NWFSC IT, incremental tasks in FY2017 (October 1, 2016-September 30, 2017) and which sectors were charged are described below.

### **Groundfish Branch**

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the program and for which staff time fluctuates minimally.

- Rulemakings & Council Support – Developed rulemakings and participated in policy development at the Council for the trawl rationalization program and worked on associated implementation and analytical requirements, including:
  - Prepared inseason actions to reapportion bycatch and modify at-sea allocations, including a public notice (MS, CP).<sup>2</sup>
  - Cost recovery policy, fee percentage calculation and notice, preparation of annual report and presentation to Council (ALL).
- Program Support & Compliance – Provided support to constituents to understand and comply with program requirements.
  - Respond to requests for clarification of trawl rationalization program regulations by phone, email, and in person (IFQ).
  - Assisted the Permits Branch in the review of annual mothership and catcher/processor coop applications and reports (MS, CP).
  - Assisted Permits Branch, WCGOP, and OLE in monitoring and investigation of compliance with trawl program regulations (ALL, mostly IFQ).
- Website Updates – Prepare and update information for the [West Coast Groundfish Trawl Catch Share Program website](#).

*Ad-hoc, Periodic, or One-time Tasks* – these activities are driven by priorities and needs of the Council and NMFS or periodic requirements, such as rulemakings and program reviews, for which staff time would fluctuate from year to year.

- Rulemakings & Council Support – Developed rulemakings and participated in policy development at the Council for the trawl rationalization program and worked on associated implementation and analytical requirements for specific rulemakings, including:
  - Final rule to reallocate widow rockfish quota share (QS), including preparation of the final rule package, Paperwork Reduction Act package<sup>3</sup>, NEPA analysis, and outreach materials (IFQ).
  - Development and implementation of the 2017 and 2018 Trawl Gear Modifications Exempted Fishing Permits, including NEPA analysis, preparation of analysis and

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<sup>2</sup> Inseason actions to reapportion quota pounds as a result of finalization of Pacific whiting quotas (“top-up”) or tribal reapportionment are not charged to cost recovery.

<sup>3</sup> Federal agencies are required to prepare analysis of the burden to the public and government from new reporting requirements, for review by the public, NOAA, and the Office of Management and Budget.

- guidance for Council discussions, and implementation of monitoring and reporting procedures (IFQ).
  - Development of NEPA analysis to support the Trawl Gear Modifications Rule (IFQ).
  - Consideration for reallocating IFQ QP to the mothership sector - relayed implementation questions and issues to Council staff and advisory bodies (IFQ, MS).
- Five-year Review of the Pacific Coast Groundfish Trawl Rationalization Program (IFQ, MS, CP).
  - Co-led the project team with Council and NWFSC staff, holding project team meetings, coordinating analysis and development of the document.
  - Prepared analysis, wrote, and edited review document.
  - Presented at nine public hearings, as well as presented at CAB meetings. Prepared briefing materials and provided staff support for CAB and Council discussions.
  - Prepared and reviewed analysis and input on follow-on actions, preparing NMFS reports, and provided staff support for CAB meetings on these topics.

## **Permits & Monitoring Branch**

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the Program and for which staff time fluctuates minimally.

- Permits and Licenses – Process and administer permit and license applications and programs.
  - Review new applications and renewals for QS permits/accounts (IFQ), vessel accounts (IFQ), observer-catch monitor provider permits (ALL), and coop permits (MS, CP).
  - Work with applicants to understand requirements, and complete and submit required forms (ALL, mostly IFQ).
  - Enter data into database, issue permits, and establish new accounts. Maintain paper and electronic files associated with permits, licenses, and accounts (ALL, mostly IFQ).
- Program Support & Compliance – Provide support to constituents to understand and comply with program requirements.
  - Respond to constituents’ requests for information and assistance by phone, email, and in person (IFQ).
    - Clarified trawl rationalization program regulations.
    - Reset passwords and provide support for vessel and quota share accounts.
    - Trained new entrants on how to use IFQ account system.
    - Completed administrative transfers for deceased QS permit owners and worked with families to understand requirements.
  - Proactive outreach with constituents about deadlines and changes in regulation (IFQ).
    - Contacted constituents with an upcoming renewal, application, or quota pound transfer deadline.
    - Provided significant outreach (letters, emails, and phone calls) on divestiture deadlines.
    - Posted messages on the IFQ website.
  - Data entry and Quality Assurance/ Quality Control (QA/QC):
    - Entered and QA/QC all ownership interest data.
    - Reconciled data errors found in the IFQ account system (IFQ).
  - Updated catch monitor plan guidelines and template for first receivers (IFQ).
- Data Requests – Prepare trawl program data reports in response to various constituents (i.e., Council staff, industry, NGOs, Congressional, members of public) and internal NMFS requests (IFQ).

- Database Maintenance/Troubleshoot Reported System Errors – Work with NWFSC IT to maintain and make enhancements to the online IFQ systems (IFQ).
  - Prepare business rules and use cases for programming staff to code system enhancements/revisions, such as password reset functionality.
  - Work with programming staff to test new functionality of systems before release.
  - Carry out QA/QC of system.
- Quota Pound Allocations – Calculate and allocate quota pounds to QS accounts and carryover quota pounds to vessel accounts (IFQ).
  - Prepare a preliminary carryover calculation with total issuance amounts for the Groundfish Management Team (GMT)/Council. Brief GMT staff on carryover calculation and preliminary issuance amounts.
  - Prepare memos documenting QP allocation and carryover actions.
- Website Updates – Prepare and update information for the [West Coast Groundfish Trawl Catch Share Program website](#) (year-end notice, carryover notice, updated forms, etc.).

*Ad-hoc, Periodic, or One-time Tasks* – these activities are driven by priorities and needs of the Council and NMFS, such as rulemakings and program reviews, for which staff time would fluctuate from year to year.

- Rulemakings & Council Participation – Develop rulemakings and participate in policy development at the Council for the trawl rationalization program and work on associated implementation and analytical requirements, including:
  - Development of electronic monitoring (EM) program for the whiting and fixed gear fisheries, including participation in and preparation of analysis for the Groundfish EM Policy Advisory Committee (GEMPAC) and Council meetings (IFQ, MS).
  - Development of EM regulations for the bottom trawl and non-whiting midwater trawl fisheries, including preparation of analysis and presentations for the GEMPAC and Council, and staffing GEMPAC and Council discussions on these topics (IFQ).
  - Participated in five-year review of Trawl Program, including responding to data requests and preparing additional information for the review document, reviewing analysis and the draft review document, and staffing CAB meetings (ALL).
  - Responding to data requests and providing information for development and analysis of five-year review follow-on actions, including highlighting implementation concerns with proposed measures (ALL).
- Litigation – Preparation of supplement to the administrative record and briefs for Pacific Choice v. Pritzker litigation, preparation for court, and participation in mediation (IFQ).
- Implementation of New Programs – Implement new or changes to existing program processes and requirements associated with regulatory changes, specifically widow rockfish reallocation in FY 2017 (IFQ).
  - Reviewed final regulations and outreach materials.
  - Prepared and mailed applications and workbooks and assisted QS holders in completing and submitting applications.
  - Reviewed applications, prepared and issued Initial Administrative Decisions (IADs) and updated QS permits.
  - Reallocated widow rockfish QS in QS accounts.
- PRA Submission and Unit Cost Computation – Prepare and submit for approval of packages documenting forms and reporting requirements and associated fees to comply with the Paperwork Reduction Act and Unit Cost Computation policies, which includes development of new forms, revision of existing forms, and calculation of fees.

- Prepared and submitted for approval a unit cost computation for the FRSL application fee.

## **NWFSC IT**

The NWFSC IT team provides the user interface and database architecture that allows IFQ quota share and vessel account owners to manage quota share (QS) and quota pounds (QP) through transfers and balance reporting of fish landings and discards. NWFSC IT has developed and maintained the IFQ Catch Share web application since the initial launch on January 11, 2011, and continues to provide enhancements as user needs and regulations have warranted. NWFSC IT provides a data reporting interface available to key NMFS and state law enforcement agents, NMFS WCR Permits Office, NMFS economists, PSMFC staff, and PFMC staff.

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the Program and for which staff time fluctuates minimally.

- Database Enhancements, Maintenance, Troubleshoot Reported System Errors – Design and develop enhancements for the online IFQ and permit systems; revise user interface; prepare use cases for programming staff to code system enhancements/revisions; test new functionality of systems before release; on ongoing basis carry out QA/QC of system.
- This can include tasks such as:
  - Design, built, test, and implement functionality to allow electronic monitoring data (logbook and video review data) to directly debit from vessel accounts.
  - Initiated efforts to integrate OLE compliance data to vessel account system.
  - Created reset password functionality.
  - Entered and QA/QC all ownership interest data.
  - Widow reallocation.
  - Participating in 5-year review planning.
  - Administrative transfers – e.g., top-ups, QP allocations, carryover, reapportionment.
  - Posting messages to the system.

## **PSMFC**

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the Program and for which staff time fluctuates minimally.

- Compliance Monitoring (CM) Program Management and E-Tickets Support
  - Manage compliance monitor program, including training and overseeing CM certifications.
  - Debrief Compliance Monitors, manage and QA/QC CM data.
  - Review catch monitor plans for FRSL applications, conduct site inspections, work with applicants to revise and resubmit final CM plans.
  - Respond to constituent requests for information about the CM program and requirements.
  - Participate in development of policies and protocols for the CM program, including implementation of changes (e.g., as a result of regulatory actions).
  - Respond to constituent requests for assistance with e-tickets, train new users, manage and troubleshoot data entry and transmission.

### Northwest Fisheries Science Center (NWFSC)

NWFSC collects and analyzes data on the trawl rationalization program through observers on vessels and through economic and social surveys. This includes work done by the NWFSC Fishery Resource Assessment and Monitoring Program (FRAM) and additional employees paid through PSMFC contracts and grants.

For FRAM employees, timecards were coded with project and task codes by sector in a similar manner as those from the WCR. Only costs attributable to the implementation of the 2011 catch share program were included. Because the motherships (processing vessels not the mothership catcher vessels) and C/P vessels were fully observed with mandatory observers and debriefers from the At-Sea Hake Observer Program (A-SHOP) before the trawl rationalization program, these debriefer costs were not included. The A-SHOP manages observers for the at-sea whiting processors; motherships (not the catcher vessels) and the C/Ps. The West Coast Groundfish Observer Program (WCGOP) administers the observer program for the shorebased catcher vessels (IFQ) and the catcher vessels fishing for and delivering to motherships. 25% of the costs attributed to the WCGOP for the Shorebased IFQ Program were deducted to account for observer coverage of the limited entry trawl program by the WCGOP prior to the implementation of the trawl rationalization program. This percentage was determined by using observer sea days from 2010 (pre-catch shares) and observer sea days from 2013 (post catch shares) as representative years, resulting in 1,658 and 6,909 sea days respectively.

The PSMFC observer costs are only for catch share program activities. Costs are only tracked at the catch shares and non-catch shares level; however, the bulk of these costs are for the Shorebased IFQ Program. The PSMFC observer costs include the salary and benefits (same as for NOAA costs) for PSMFC observer staff working on catch share program activities. These values only cover staff time for observer program activities, not catch monitor program activities or any other PSMFC activities. In addition to the IFQ Program, some of the cost is also attributable to the MS fishery for debriefing and training observers deployed on MS/CVs but not for activities onboard the vessels. To determine how much of these costs should be apportioned to the MS fishery, NMFS looked at the sea days spent as a percentage of MS/CVs vs Shorebased IFQ. In FY17, this was 1% to 99% respectively. As with the other NWFSC observer estimates, 25% of the hours and costs were deducted from the IFQ amounts to account for coverage of the limited entry trawl fishery prior to the implementation of catch shares.

For FY 2017, the following contributed to the DPC for the NWFSC:

**Total cost from salaries + benefits = \$1,248,247.93**

- IFQ: \$1,114,961.16
- MS: \$93,864.77
- C/P: \$39,422.00

### **Fisheries Observation Science**

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the Program and for which staff time fluctuates minimally.

- Catch share data review, reporting and observer debriefings (WCGOP only, no A-SHOP costs reported) (IFQ, MS).
  - Debrief observers, error check observer data, and provide guidance to observers deployed in the catch share fishery.
  - QA/QC observer data to ensure it is of the highest quality.
  - Maintain nightly automated reporting of discard data to the vessel account system.

- Prepare, package, file, and archive observer catch share data.
- Catch share observer trainings and briefings (WCGOP only, no A-SHOP costs reported) (IFQ, MS).
  - Conduct high-quality annual trainings and briefings (refresher training) to deploy observers in the catch share fishery. Develop and modify manuals and lesson plans to meet observer sampling needs in the catch share fishery.
    - In FY17, WCGOP provided 3 full three-week trainings and 6 one-week briefings (refresher training) available for catch share observers.
  - Document and track observer certifications for catch share deployments as established in regulation. Review observer candidate applications to ensure they meet minimum standards and maintain appropriate records.
- Support to constituents with their vessel accounts with regard to observer discards (IFQ).
  - Maintain phone and email service to constituents in order to address questions regarding observer discard debits from vessel accounts. Explain how discard is calculated in specific circumstances based on observer sampling. Provide data as requested to support debits.
  - Manually calculate discard estimates using best available data for unforeseen instances such as gear loss or improper catch handling.
- Managed and error checked trawl catch data with PSMFC, WCGOP, and OLE (ALL).
  - Provide data and support as requested by OLE or EM program to support the catch share program.
- Cost recovery planning, data analysis and reporting (ALL).
  - Query, aggregate, modify, and provide recoverable cost data to cost-recovery coordinator.
  - Determine and provide annual guidance regarding cost recoverable activities and time-keeping.

### **Economics and Social Science Research**

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the Program and for which staff time fluctuates minimally.

- Economic Data Collection Program (EDC) form administration and mailings (IFQ, MS, CP).
  - Updating paper surveys to reflect general survey upkeep from year-to-year.
  - Designing and implementing survey updates and improvements based on feedback from participants and users of data and data products.
  - Acquiring Paperwork Reduction Act approval of surveys.
  - Ordering paper copies of surveys and other supplies needed for annual mailing of survey packets.
  - Identifying entities that owe an EDC survey in a given year.
  - Updating survey packets, which include cover letters and instructions as well as the current year's EDC survey.
  - Compiling and mailing survey packets as well as creating new file folders for current year's incoming surveys.
- EDC development and maintenance of web-based forms (IFQ, MS, CP).
  - Updating web-based forms (via XML code) to reflect general survey upkeep from year-to-year.
  - Adding any survey updates (including new questions) to web-based forms by updating XML code.
  - Testing web-based forms each year to ensure forms are functioning properly and data is recorded.

- General updates to web-based forms to increase usability (including identifying incorrect entries, and preventing submission of incomplete forms).
- Generating new unique form IDs for each survey that is owed.
- EDC data QA/QC (IFQ, MS, CP).
  - Double-key entry of any surveys submitted via paper forms.
  - Updating and improving automated QA/QC business rules.
  - Data validation using external data sources, including PacFIN, AKFIN, At-Sea Hake Observer Program, and the West Coast Regional Permit Office.
  - Data validation using internal data sources, including data submitted by participants in other years and data submitted by other participants.
  - Communicating QA/QC items to participants and working with them to clarify any items that have been flagged (via phone calls, emails, and letters).
  - Mailing audit letters to participants that have not clarified existing items.
  - Recording electronic and paper logs of communications with participants.
- EDC database maintenance (IFQ, MS, CP).
  - Cleaning and transforming raw data into data files for analyses.
  - Designing and implementing updates and improvements to data cleaning process, including cost disaggregation, fishery designations, categorizing entities, etc.
- Produce annual EDC reports (IFQ, MS, CP).
  - General upkeep of code to generate annual EDC reports, including updating language to reflect current year, additional formatting associated with including an additional year of data, etc.
  - Update report overviews to reflect current year's data. Report overviews focus on presenting the most recent year of data, so from year-to-year the language and discussions must be updated.
  - Designing and implementing updates and improvements to data presentation, including generating new figures and tables.
- Regularly coordinating and providing OLE information to determine actions pertaining to delinquent and inaccurate submissions, which include delinquency letters, audit letters, warnings, site visits, and fines.

*Ad-hoc, Periodic, or One-time Tasks* – these are activities that are driven by priorities and needs of the Council and NMFS or periodic requirements, such as rulemakings and program reviews, for which staff time would fluctuate from year to year.

- Development, coordination, and production of the West Coast Groundfish Catch-Share Program five-year review, which includes the following tasks (IFQ, MS, CP).
  - Develop outline “Blueprint” and make six presentation regarding the outline to CAB, Council, and its advisory bodies.
  - Produce and give seven presentations on the results of the 5-year review to the CAB, Council, and its advisory bodies.
  - Lead biweekly meetings with PFMC staff and WCR to coordinate production of the document.
  - Perform economic analyses and write the economic section.
  - Author Executive summary.
  - Created approach to examine the effects of the gear switching provision in the IFQ fishery that was approved by the SSC.

NOAA's Office of Law Enforcement (OLE)

OLE enforces the requirements of the trawl rationalization program. OLE tracks labor costs by one project/task code, but employees track their daily hours by activity codes on their timecards (1 for each sector – IFQ, MS, C/P).

Trawl rationalization enforcement technicians' time was included in the 2017 fee calculation. Enforcement technicians activities include, but are not limited to, tracking QS and vessel account balances, contacting vessel owners if an account is negative, assisting with fishery declarations, and tracking fishing status through the vessel monitoring system.

For FY 2017, the following contributed to DPC for OLE:

**Total cost from salaries + benefits = \$73,339.20**

- IFQ: \$67,228.15
- MS: \$4,078.85
- C/P: \$2,032.20

Examples of OLE incremental tasks considered recoverable include:

*Ongoing and Annual Tasks* – these activities are performed on an annual or ongoing basis to administer the Program and for which staff time fluctuates minimally

- Evaluate enforcement issues related to permit renewals and new applications (e.g., coop permits, QS and vessel accounts, FRSL) (ALL, mostly IFQ).
- Monitor QS and vessel accounts for regulatory compliance (IFQ).
- Monitor trawl catch data on a daily basis to ensure compliance with regulations (IFQ). Take enforcement action where appropriate to include verbal communication, correction letters, summary settlements, and formal investigation leading to the issuance of written warnings and Notice of Violation Assessments (NOVA) by General Counsel Enforcement Section (GCES).
- Analysis and evaluation of EDC report submittals for regulation compliance, inclusive of issuing compliance correction letters, and conducting investigations leading to the issuance of written warning and NOVAs by GCES (ALL).
- Ongoing monitoring and subsequent investigations of alleged violations of Trawl Rationalization regulations by vessels owners, operators, processors, and First Receivers (FRs) (IFQ).
- Actively engaged in the evaluation of numerous regulation complexities specific to IFQ midwater and bottom trawl fishing activity that have emerged because of the implementation of the IFQ program (IFQ).
- Participate in the analysis, creation, and QA/QC of IFQ program outreach materials; i.e., compliance guides (IFQ).
- Investigation of alleged Observer and Compliance Monitoring harassment violations (IFQ).
- Monitor regulatory compliance of ownership interest for the IFQ trawl fleet across permits and vessels.<sup>4</sup>
- Develop procedures and processes of monitoring, analyzing, and investigating alleged excessive Quota Share (QS) holdings.

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<sup>4</sup> Activities associated with enforcement of QS accumulation limits, divestiture requirements, and ownership interest requirements, were new in FY 2016, but will now be ongoing tasks.



*Ad-hoc, Periodic, or One-time Tasks* – these activities are driven by priorities and needs of the Council and NMFS or periodic requirements, such as rulemakings and program reviews, for which staff time would fluctuate from year to year.

- Participate in designing programming updates for the online IFQ system to improve monitoring and investigative capabilities.
- Evaluate related enforcement implications in regards to new rulemaking, reviewed proposed and final rules.
- Engaged in Trawl Rationalization 5-year review planning, attending conference calls and planning meetings, reviewed documents, helped develop metrics and outlines with the exception of the CAB which OLE did not participate in.

#### Northwest Section of General Counsel

NMFS did not include the cost of employees from the Northwest Section of General Counsel in the cost recovery calculation. Of the other Regions around the country collecting cost recovery fees for LAPPs under the MSA, no other Region includes General Counsel in recoverable costs. The Alaska Region did recover their General Counsel costs in the past, but has stopped doing so.

#### **Redetermination of Past DPCs**

On August 10, 2016, the U.S. Court of Appeals for the Ninth Circuit issued its opinion in *Glacier Fish Co. LLC v. Pritzker*, 832 F.3d 1113 (9th Cir. 2016), a case involving a challenge to NMFS' authority to recover cost recovery fees from members of the C/P Coop Program and the reasonableness of NMFS' calculation of the C/P Coop Program's 2014 fee percentage. The court held that the calculation of the 2014 CP Coop Program fee was inconsistent with NMFS' cost recovery regulations and the court remanded to NMFS to re-determine the 2014 fee.

In response, NMFS re-valuated and modified the methodology used to determine the C/P Coop Program's DPC for the 2014 fee calculation. NMFS elected to apply a similar revised methodology for all sectors for 2014-2016 to redetermine the DPC for those years and to use the revised methodology for all sectors going forward, including the 2017 and 2018 fee calculations.

#### **Adjusted DPCs**

Cost recovery regulations at § 660.115(b)(1)(i) specify that, if the amount of fees collected by NMFS is greater or less than the actual net incremental costs incurred, the DPC will be adjusted accordingly for calculation of the fee percentage in the following year. The adjustments to the 2018 DPCs are below:

- Shorebased IFQ Program: No adjustment
- MS Coop Program: -\$261,060.01
- C/P Coop Program: -\$188,439.24

The resulting adjusted DPC values are below:

- Shorebased IFQ Program: \$2,015,787.69
- MS Coop Program: -\$132,607.08
- C/P Coop Program: -\$111,622.07

### *Changes from the Notice for the 2018 Fee Calculation Determination (82 FR 61752)*

While reviewing the DPCs, NMFS identified that a contracting cost had been included in the DPC that was not recoverable. NMFS removed \$74,480.64 from the direct program costs, because these contracting costs were to fund a database that supports both catch share and non-catch share data and is not considered incremental. In addition, NMFS identified that some staff used a time sheet task code intended for cost recovery for non-recoverable tasks, so NMFS removed all costs associated with the task code (\$89,133.77). Both of these costs were only associated with the IFQ sector and their removal does not affect the 2018 fee percentage for that sector because the sector cost remains above the three percent cap.

#### IFQ DPC adjustment from the Federal Register notice (82 FR 61752)

\$2,179,402.10	-IFQ DPC total from Federal Register notice
<u>-163,614.41</u>	-Adjustment (removal of \$74,480.64 and \$89,133.77 from IFQ DPC)
\$2,015,787.69	-Adjusted IFQ DPC total

### *Determining the Value of the Fishery (V)*

The cost recovery program regulations define ex-vessel value slightly differently for each sector (IFQ, MS, and C/P). This results in slightly different methods to calculate “V” for each sector. For the Shorebased IFQ program, NMFS used the ex-vessel value (defined at §660.111 and above in this report under “fee percentage calculation by sector”) for calendar year 2016 as reported in Pacific Fisheries Information Network (PacFIN) from electronic fish tickets to determine “V.” The electronic fish ticket data in PacFIN is for the Shorebased IFQ Program. The MS Coop Program and the C/P Coop Program values are calculated using the average price of Pacific whiting as reported in PacFIN from the Shorebased IFQ Program in 2016. This average price (\$0.07) and the retained catch estimates (weight) from the observer data (as reported in PacFIN from NORPAC) were used to calculate the “V” for the MS and C/P Coop Programs.

The DPC is calculated on the fiscal year, “V” is calculated on the calendar year. NMFS considered calculating “V” on the fiscal year, but had concerns that the data available right after the fiscal year ends may not be accurate. Ex-vessel value for the Shorebased IFQ Program is reported in PacFIN from fish ticket data. PacFIN reports often have a time delay, with data continuing to update in the PacFIN system for several months. Therefore, pulling data based on a fiscal year, right after the fiscal year has closed, may not result in the best available data. NMFS will continue to calculate “V” using the previous calendar year’s ex-vessel value. There is no concern with calculating DPC on the fiscal year and “V” on the calendar year as long as it remains consistent between years (i.e., “V” does not switch between 2 years from calendar year to fiscal year).

To determine “V” by sector for calendar year 2016, NMFS queried the PacFIN database on October 29, 2017. Shorebased IFQ landings and revenue estimates (including all groundfish species) were taken from the PacFIN Comprehensive FT table where nominal ticket species categories are distributed to individual rockfish species at the daily level (using area and species composition proportions supplied by the state sampling programs). For the MS and C/P fisheries, retained catch estimates and corresponding values (whiting only) were taken from the NORPAC Comprehensive table within PacFIN. While all groundfish species are included in the Shorebased IFQ ex-vessel value, values for non-whiting species are not calculated for the MS and C/P fisheries, since the vast majority of them do not result in revenue.

**Table 2. Retained catch estimates by month and sector. IFQ includes all landed species; at-sea sectors include only hake. Hake value estimates for at-sea sectors were queried from the NORPAC comprehensive table in PacFIN. IFQ estimates were queried from the PacFIN Comprehensive FT table.**

2016	IFQ lbs	IFQ value	CP lbs.	CP value	MS lbs.	MS value
Jan	2,298,710	\$1,583,094	0	\$0	0	\$0
Feb	4,962,972	\$3,227,166	0	\$0	0	\$0
Mar	3,498,802	\$2,209,216	0	\$0	0	\$0
Apr	4,745,248	\$2,882,092	0	\$0	0	\$0
May	10,799,701	\$2,648,826	71,797,835	\$5,189,537	28,855,186	\$2,154,036
Jun	33,478,853	\$3,767,036	32,730,621	\$2,484,840	30,389,534	\$2,072,946
Jul	44,455,477	\$5,166,863	0	\$0	13,978,581	\$1,163,295
Aug	44,787,316	\$5,420,008	0	\$0	11,123,008	\$881,866
Sep	39,803,871	\$6,174,159	41,502,603	\$4,708,532	31,368,157	\$3,292,021
Oct	31,469,173	\$6,335,596	57,996,551	\$5,873,258	26,736,517	\$2,650,127
Nov	5,928,613	\$3,225,700	35,753,931	\$3,058,711	0	\$0
Dec	4,020,848	\$3,567,133	0	\$0	0	\$0
<b>Sum</b>	<b>230,249,584</b>	<b>\$46,206,889</b>	<b>239,781,541</b>	<b>\$21,314,878</b>	<b>142,450,983</b>	<b>\$12,214,291</b>

#### *Calculating the Fee as a Percentage of Total Fishery Value*

Using the formula described above in “Fee Percentage Calculation by Sector” and the values for V and adjusted DPC, the fee percentage by sector is as follows:

$$\text{Fee percentage} = \text{the lower of 3\% or } (DPC/V) \times 100$$

- Shorebased IFQ Program:  $3.0\% = \text{the lower of 3\% or } (\$2,015,787.69/\$46,206,889.00) \times 100$
- MS Coop Program:  $-1.1\% = \text{the lower of 3\% or } (-\$132,607.08/\$12,214,290.70) \times 100$
- C/P Coop Program:  $-0.5\% = \text{the lower of 3\% or } (-\$111,622.07/\$21,314,877.96) \times 100.$

As a fee cannot be set using a negative percentage, the 2018 fee percentages for the MS Coop Program and the C/P Coop Program will be set at 0.0%.

**Table 3. 2018 fee percentage based on NMFS's costs for Pacific coast groundfish trawl catch share program by sector.**  
*(cost of employees' time (salary + benefits) from FY 2017 attributable to trawl rationalization; ex-vessel value from calendar 2016)*

<b>Trawl Sector</b>	<b>WCR*</b>	<b>NWFSC</b>	<b>OLE</b>	<b>Total by sector</b>	<b>2017 Fee Adjustment</b>	<b>Final Sector Totals</b>	<b>ex-vessel value</b>	<b>fee percentage by sector</b>	<b>fee percentage by sector (max 3%)</b>
Shorebased IFQ Program	\$833,598.38	\$1,114,961.16	\$67,228.15	\$2,015,787.69	\$0.00	\$2,015,787.69	\$46,206,889.00	4.4%	3.0%
MS Coop Program	\$30,509.31	\$93,864.77	\$4,078.85	\$128,452.93	-\$261,060.01	-\$132,607.08	\$12,214,290.70	-1.1%	0.0%
C/P Coop Program	\$35,362.97	\$39,422.00	\$2,032.20	\$76,817.17	-\$188,439.24	-\$111,622.07	\$21,314,877.96	-0.5%	0.0%
<b>Total</b>	\$899,470.66	\$1,248,247.93	\$73,339.20	\$2,221,057.79		\$1,771,558.54	\$79,736,057.66		

The 2017 fee adjustment column has been added to the “total by sector” to give the “final sector totals.” The “final sector totals” column of the table is divided by the values in the “ex-vessel value” column to determine the “fee percentage by sector.” Additionally, the fee percentage must not be greater than 3% as shown in the “fee percentage by sector (max 3%)” column. Finally, the fee percentage cannot be less than 0.0% so the 2018 fee percentages for the MS and CP sectors have been set at 0.0%

## MS Pricing for the C/P Coop Program

For 2018, NMFS has calculated the MS pricing for the C/P Coop Program to use as a proxy is \$ 0.09/lb for Pacific whiting.

NMFS uses the best information available from other sectors to estimate the ex-vessel value of whiting in the C/P Coop Program. In regulation, this is called “MS pricing,” and is the MS Coop Program’s average price. The MS pricing will be used by the C/ P Coop Program to determine their fee amount due (MS pricing multiplied by the value of the aggregate pounds of all groundfish species harvested by the vessel registered to a C/P-endorsed limited entry trawl permit, multiplied by the C/P fee percentage, equals the fee amount due). MS pricing for cost recovery has been based on the average price per pound of Pacific whiting as reported in PacFIN from the Shorebased IFQ Program. In other words, data from the IFQ fishery was used as a proxy for the MS average price per pound to determine the “MS pricing” used in the calculation for the C/P sector’s fee amount due. True MS average price per pound was planned to be calculated from the MS Coop Program Annual Reports. However, because the MS cost recovery fee has been set to zero percent, there were no reports to submit and the previous method was used again for the 2018 MS pricing.

## Fees Collected during Fishing Year 2017

The following sector-specific fees have been paid through *pay.gov* for 2017 catch.

	<b>2017 Fees collected</b>
<b>Shorebased IFQ Program</b>	\$1,714,857.13
<b>MS Coop Program</b>	\$0.00
<b>C/P Coop Program</b>	\$0.00
<b>Total</b>	<b>\$1,714,857.13</b>

## Use of Funds

Payments received by NMFS as a result of cost recovery are deposited in the Limited Access System Administrative Fund as required by the Magnuson-Stevens Act. Funds deposited in this account are available only to the Secretary of Commerce and may only be used to administer and implement the Magnuson-Stevens Act in the fishery in which the fees were collected. Therefore, all cost recovery fees collected by the WCR to date will be used for current and future management, data collection, and enforcement of the trawl rationalization program similar to as described in the fee calculation section of this report.

## Pre-Catch Share Program Cost Estimates

During discussions with industry members as well as the Groundfish Advisory Subpanel (GAP), NMFS was asked to provide a pre-trawl rationalization (catch share) program costs estimate, in detail, and details on cost saving provided by the program.

Currently the WCR uses a “but for” approach when determining the DPC as specified in 50 CFR 660.115(b)(1)(i). This approach looks at incremental costs that would not have been incurred but for the implementation of the catch share program and is consistent with the “with and without” language in “The Design and Use of Limited Access Privilege Programs” tech memo (NOAA, 2007), which states:

“The relevant costs to recover are the incremental costs, i.e., those costs that would not have been incurred but for the IFQ program (NMFS, 2003). Conceptually, measuring these costs involves a “with and without” comparison, i.e., What is the cost of running the management program for the specified fishery under the status quo regime, and what is the cost of running the management program under the LAP program? The difference is the incremental costs attributable to implementing the LAP program...”

“The reason for a with-without comparison rather than a before-after comparison is to keep all other factors equal. This becomes tricky for any currently unmanaged fisheries. Here the baseline to use as a reference for the cost comparison is the estimated cost of basic data collection and analysis, management and enforcement under a traditional non-LAP method for that fishery. This means that if the status quo management system is incomplete or insufficient to meet current objectives and just happens to be adjusted concurrent with the introduction of the LAP program, the costs of satisfying the insufficiency should not be attributable to the LAP program. For example, a newly managed fishery would need some form of a stock assessment regardless of whether the management strategy was a LAP or non-LAP approach. The stock assessment cost would not be a recoverable cost in this case. Another example is the general recognition that observers are necessary in a multi-species fishery managed with a non-LAP program. However, consider the case where observers were not part of the initial management program and a decision was subsequently made to require observers. Even though the decision to introduce observer might coincide with the start of a LAP program, the observer costs would not necessarily be eligible for cost recovery unless they were directly related to and in support of the LAP program...”

We have evaluated how to calculate pre-catch share program costs, and after discussions with WCR and NWFSC staff, including the SFD economist, and NMFS Headquarters staff, we have decided that an attempt to determine sector specific costs pre-catch share at this point would be time-consuming, inaccurate, and not informative. Before the implementation of the cost recovery time codes, staff time was not tracked using the current methods and NMFS did not necessarily track staff time by sector or fishery. For example, for the pre-catch share period, time spent on the sablefish fishery cannot be differentiated from time spent on the groundfish fishery, so looking at funds spent by the groundfish or permits branch does not reflect the cost of managing the groundfish fishery alone. In addition, many of the staff who worked on the groundfish fisheries are no longer with NMFS and are therefore unable to provide any insight on how much of their time was spent on various projects. Given these limitations, it would be difficult to reconstruct the pre-catch share program costs for a quantitative comparison to current program costs.

NMFS can, however, look at other information sources to get a general sense of the changes in program costs. For example, we can look at staffing levels and funding and see that they have increased since implementation of the catch share program. We also can look at the number and types of actions such as proposed/final rules and inseason actions on an annual basis. The table below shows actions five years prior to and after rationalization. While the total number of actions, and the associated National Environmental Policy Act (NEPA) documents, produced each year has not changed dramatically, there has been something of a reduction in inseason actions. This analysis, however, does not demonstrate how much time NMFS staff invested in each action. Some regulatory actions can require a significant time investment from NMFS staff, whereas other actions require a smaller time investment.

Year	Notice of Availability	Corrections	Proposed Rules	Final Rules	total actions	Inseason
2007	0	2	2	12	16	6
2008	0	1	3	10	14	6
2009	0	1	2	12	15	3
2010	1	2	5	13	21	6
2011	1	1	4	12	18	4
2012	1	1	4	9	15	5
2013	0	0	5	10	15	3
2014	0	4	7	9	20	3
2015	0	1	6	13	20	5
2016	0	0	7	8	15	2
2017	0	1	5	7	13	3