

## GROUND FISH ADVISORY SUBPANEL REPORT ON COST RECOVERY REPORT AND FINAL REGULATIONS

The Groundfish Advisory Subpanel (GAP) received an overview of this agenda item from Dr. Jim Seger, Pacific Fishery Management Council (Council) staff, and a summary of the National Marine Fisheries Service (NMFS) reports from Ms. Keeley Kent, NMFS staff.

### Annual Cost Recovery Report

The GAP would like to thank NMFS staff for providing greater detail and specificity on cost recovery, both in the annual report and in response to GAP questions during the NMFS presentation at this meeting. We also appreciate the determinations NMFS has been including at the outset of a project about whether they plan to consider elements recoverable or not. We believe these are positive steps forward towards increased transparency.

With an understanding that this agenda item provides the Council an opportunity to review the cost recovery levels established by NMFS, the GAP offers the following comments. The main outstanding issue for the GAP that is fundamental to establishing the annual cost recovery fees for each sector is having NMFS provide a calculation of actual incremental costs, including program efficiencies. The U.S. Court of Appeals Ninth Circuit regarded this calculation as being essential for cost recovery implementation under NMFS regulations. At the September and November 2020 Council meetings, the GAP recommended reconvening the cost recovery committee to work through specific incremental cost examples and develop a cost recovery matrix that would include a baseline of pre-catch share costs or units. We continue to recommend this as an approach that could result in the incremental cost calculation that is necessary for determining annual fees for each sector. The cost recovery committee could be tasked with reviewing specific items that the GAP has identified a need for greater transparency on, such as:

- Pre-catch share baseline costs and post-catch share efficiencies (such as reduced in-season management, and at-sea cooperatives) that were used to calculate actual incremental costs;
- The apportionment of partially incremental or ratio-based costs;
- Specific category costs over time for the Scientific and Data Management grant, the Pacific States Marine Fisheries Commission grant, as well as for Fisheries Observation Science and Economic and Social Sciences Research (ESSR); and
- Cost reduction goals.

As a starting point, one direct program cost area that the GAP believes is suitable for consideration of future program efficiencies and cost savings is the ESSR program, for which the direct program costs during the October 1, 2019 through September 30, 2020 period were approximately \$370,000. (Please note that value does not include database modification costs incurred by the

Scientific Data Management (SDM) team for the Economic Data Collection (EDC) quota share owner survey, which were counted separately in the SDM total.) The GAP understands the EDC program costs to be a significant portion of the ESSR total. We wish to emphasize that the EDC team has done an excellent job collecting, analyzing, and reporting useful data on each of the three catch share sectors, as was requested by the Council during program development.

However, in the eleventh year of the program, with EDC implementation continuing to be a significant recoverable cost, the GAP believes it is time for the Council to consider removing or reducing the amount of data collected and/or the frequency with which it is collected. For example, the GAP discussed whether it might make sense to survey only a subset of participants in each year, so that individual participants would only be surveyed every other or every third year. This approach would maintain some level of data collection and analysis to support Council decision-making, while reducing recoverable costs. Another approach would be to simplify the survey itself. Outside of cost recovery, another benefit would be the reduction of burden and time costs for each participant to complete the lengthy survey(s) each year.

Moreover, the North Pacific Fishery Management Council is currently considering ways “to reduce burden and improve the practical utility of the information collected” from their four Economic Data Reporting (EDR) programs (<https://www.npfmc.org/edr/>), which are less onerous than the EDCs on our coast. The GAP recommends that the Council take up similar considerations for the West Coast EDC and/or other ESSR activities such as social science research. From our initial conversations with Council and NMFS staff, the GAP understands that one appropriate vehicle for EDC consideration might be the Council’s next trawl catch share program review, which is slated to begin in 2022. However, since any follow-on actions from that review could take several years to implement, members of the GAP wondered if kicking off these conversations in NMFS/industry meetings or through a reconvening of the cost recovery committee may lead to more timely considerations and outcomes.

## Mothership and Catcher/Processor Sector Cost Recovery Calculations

The GAP continues to support using the value of Pacific whiting for annual cost recovery fee calculations for the at-sea sectors. As we described in our November 2020 statement ([Agenda Item G.2.c, Supplemental GAP Report 1](#)), the GAP and Council had initially recommended using the value of Pacific whiting, but in November 2012 NMFS requested that the Council change course and use the value of all groundfish. The regulatory change now proposed by NMFS seeks to return to the approach that was originally recommended by the Council. The GAP therefore requests that the Council specify that agency time spent on this regulatory fix should not be billed to cost recovery.

PFMC  
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