

Agenda Item G.8.a  
Supplemental NMFS Presentation 1  
(Biegel)  
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**NOAA**  
**FISHERIES**


WEST COAST  
REGION

# 2018-2019 Cost Recovery Annual Report Trawl Rationalization Program

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# What is the cost recovery program?

- Cost recovery is the process by which NMFS recovers the incremental costs associated with the management, data collection and analysis, and enforcement of the Pacific coast groundfish trawl rationalization program.
- Cost recovery is required by the Magnuson-Stevens Fishery Conservation and Management Act (MSA) for all limited access privilege programs.
- Under MSA, cost recovery fees cannot exceed 3% of the value of the fishery.



# Who is covered by the West Coast Cost Recovery Program?

- At this time, all participants fishing in the Pacific coast Groundfish Trawl Rationalization Program, including:
  - Shorebased Individual Fishing Quota (IFQ) Program
  - Mothership (MS) Cooperative (Coop) Program
  - Catcher/Processor (C/P) Coop Program

# How are Cost Recovery Fees Collected?

- First receivers of fish caught under the Groundfish Trawl Rationalization Program (fish buyers) are required to submit the cost recovery fees collected to NMFS via Pay.gov (<https://www.pay.gov/paygov/>)
- Pay.gov can only collect fees using a credit/debit card or direct electronic bank transfers
- Fees must be paid through Pay.gov. NMFS cannot accept payment directly by cash or check

# 2019 Cost Recovery Fee Calculation

- Fee percentage = the lower of: 3% or  $(DPC/V) \times 100$ 
  - DPC - direct program costs, are the actual *incremental* costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector
  - V – total ex-vessel value of the fish landed by each sector
- Incremental costs means those net costs that would not have been incurred but for the implementation of the trawl rationalization program
- Ex-vessel value is determined by either actual prices from electronic reporting or based on the average price in the case of MS and C/P

# 2019 Cost Recovery Fee Percentages

Fee percentages are:

- Shorebased IFQ Program: 2.9%
- MS Coop Program: 0.0%
- C/P Coop Program: 0.0%

(announced in 83 FR 66251, 12/26/2018)

# Direct Program Costs (DPC) of Management, Data Collection, and Enforcement

- The DPCs for 2018 are based on the recoverable costs of employees' time.
  - This does not include expenses for travel, supplies, etc.
- The recoverable costs of employees' time are the incremental costs of those employees' time.
  - Time that would not have been incurred but for the implementation of the trawl rationalization program.
- NMFS employees have coded and tracked their time cards for time spent on the trawl rationalization program by sector (IFQ, MS, C/P) since 2011.

**Table 1. Incremental costs (DPC) associated with management, data collection, and enforcement of all sectors of the Trawl Rationalization Program, FY 2018 (October 1, 2017 to September 30, 2018).**

Cost Category <sup>1</sup>	West Coast Region (WCR)	Northwest Fisheries Science Center (NWFSC)	Office of Law Enforcement (OLE)	Total (before adjustment)
IFQ	\$654,822.52	\$997,189.43	\$101,641.62	\$1,753,653.57
MS	\$21,866.39	\$49,534.00	\$0.00	\$71,400.39
C/P	\$24,048.54	\$14,724.47 <sup>2</sup>	\$8,405.22	\$47,178.23
<b>Total</b>	<b>\$700,737.45</b>	<b>\$1,061,447.90</b>	<b>\$110,046.84</b>	<b>\$1,872,232.19</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. Actual costs were \$15,932; however they were reduced by \$1,207 as a result of an over charge in FY17.



# Updates from the 2019 Fee Calculation Determination

- While reviewing the DPCs, NMFS identified that the DPCs reported by OLE included costs for annual leave and did not include the benefits associated with the time charged.
- The WCR policy is that only incremental time and the associated benefits are included in the DPC.
- The adjusted OLE DPC, which does not include leave but does include benefits, will be included in the 2020 fee calculation.

	FY18 DPC Used for 2019 Fee Calculation	Adjusted FY18 DPC for 2020 Fee Calculation	Amount to be added to 2020 Fee Calculation
IFQ	\$101,641.62	\$114,799.77	\$13,158.15
MS	\$0.00	\$0.00	\$0.00
CP	\$8,405.22	\$9,492.46	\$1,087.24

# DPC for management, data collection and analysis, and enforcement of the trawl rationalization program by sector

## West Coast Region

- The West Coast Region (WCR) manages the trawl rationalization program by working on policy issues, drafting and implementing regulations, tracking the fishery, and issuing permits.
  - Includes work done by WCR Groundfish Branch and Fisheries Permits Office.
  - Includes WCR costs for work done by the Northwest Fisheries Science Center's Scientific Data Management (SDM) and Information Technology (IT) groups for work on the online IFQ system.
  - Includes work done by the Pacific States Marine Fisheries Commission (PSMFC) for the catch monitor program.



# DPC for management, data collection and analysis, and enforcement of the trawl rationalization program by sector continued

## 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.
  - Includes work done by the NWFSC Fishery Resource Assessment and Monitoring Program (FRAM) and additional employees paid through PSMFC contracts and grants.

# DPC for management, data collection, and enforcement of the trawl rationalization program by sector continued

## NOAA's Office of Law Enforcement (OLE)

- OLE enforces the requirements of the trawl rationalization program. Trawl rationalization enforcement technicians' time was included in the 2018 fee calculation.
- Enforcement technician's activities include, but are not limited to:
  - Tracking Quota Share and vessel account balances
  - Contacting vessel owners if an account is negative
  - Assisting with fishery declarations
  - Tracking fishing status through the vessel monitoring system

## *Changes in task level detail*

- In response to comments from industry, we have included both a more detailed breakdown of costs by group and added more detail to the task level section of the report.
- The first is shown in Table 2, starting on page six of the report, which details the incremental costs, hours, and number of staff, by program office.
- The second begins on page nine of the report with tasks broken down by Group, Branch, and “Ongoing and Annual Tasks” and “Ad-hoc, Periodic, or One-time Tasks.”

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

## WCR example of Table 2

WCR				
IFQ	Costs	Hours	Staff	Full time equivalent <sup>1</sup>
<i>Groundfish</i>	\$46,833.62	942	6	0.45
<i>Permits</i>	\$35,571.89	595.25	4	0.29
<i>NWFSC Information Technology (IT)</i>	\$370,535.00	3,395.15	5	1.6
<i>PSMFC</i>	\$201,882.00	<i>Na</i>	2	
C/P	Costs	Hours	Staff	Full time equivalent
<i>Groundfish</i>	\$22,252.95	477	3	0.23
<i>Permits</i>	\$1,795.59	29.25	3	0.01
<i>NWFSC (IT)</i>	<i>na</i>	<i>na</i>	<i>na</i>	
<i>PSMFC</i>	<i>na</i>	<i>na</i>	<i>na</i>	
MS	Costs	Hours	Staff	Full time equivalent
<i>Groundfish</i>	\$17,706.37	660.25	3	0.32
<i>Permits</i>	\$4,160.02	62.25	2	0.03
<i>NWFSC (IT)</i>	<i>na</i>	<i>na</i>	<i>na</i>	
<i>PSMFC</i>	<i>na</i>	<i>na</i>	<i>na</i>	
Total	Costs	Hours	Staff	Full time equivalent
<i>Groundfish</i>	\$86,792.95	1,827.77	7	0.88
<i>Permits</i>	\$41,527.50	686.75	4	0.33
<i>NWFSC (IT)</i>	\$370,535.00	3,395.15	5	1.6
<i>PSMFC</i>	\$201,882.00	<i>Na</i>	2	

## *Groundfish Branch Example of Ongoing and Annual Tasks*

- Program Support & Compliance – Provided support to constituents to understand and comply with program requirements (ALL).
- Website Updates – Prepare and update information for the [West Coast Groundfish Trawl Catch Share Program website](#).
- Assisted Permits Branch (ALL, mostly IFQ).
- Cost recovery policy (ALL).

## *Groundfish Branch Example of Ad-hoc, Periodic, or One-time Tasks*

- 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 (ALL).
  - Development of rulemaking to change restrictions on the use of groundfish bottom and midwater trawl gear (IFQ).
  - Changes of allocations of darkblotched and Pacific Ocean perch to set-asides for the Pacific whiting at-sea sectors (Amendment 21-3; MS, CP).





## *Determination of incremental tasks*

- NMFS employees determine which tasks are incremental through a discussion on the task with supervisors and a consultation with cost recovery coordinator and/or general counsel, if necessary.
- This happens as soon as possible in the process to ensure that time is being recorded appropriately.
- Some tasks are partially incremental. If this is the case staff allocate their time into incremental and non-incremental hours.

## Determining the Value of the Fishery (V)

- "V" is calculated for each sector using Shorebased IFQ Program ex-vessel price from electronic fish ticket data in the Pacific Fisheries Information Network (PacFIN) and on the retained catch estimates (weight) from the observer data (as reported in PacFIN from NORPAC observer data).

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

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

- Shorebased IFQ Program: 2.9% = the lower of 3% or  $(\$1,753,653.57/\$60,624,195) \times 100$
- MS Coop Program: -0.7% = the lower of 3% or  $(-\$73,928.46/\$11,350,916) \times 100$
- C/P Coop Program: -0.3% = the lower of 3% or  $(-\$69,385.25/\$24,656,732) \times 100$ .

## MS Pricing for the C/P Coop Program

- For 2019, NMFS has calculated the MS pricing for the C/P Coop Program to use as a proxy is \$ 0.07/lb for Pacific whiting.
- The average price per pound of Pacific whiting as reported in PacFIN from the Shorebased IFQ Program was used as a proxy for the MS pricing.

## Fees Recovered from Fishing Year 2018

- The following sector-specific fees have been paid through *pay.gov* for 2018 catch.

	<b>2018 Fees recovered</b>
<b>Shorebased IFQ Program</b>	\$1,223,033.92
<b>MS Coop Program</b>	\$0.00
<b>C/P Coop Program</b>	\$0.00
<b>Total</b>	<b>\$1,223,033.92</b>

## Use of cost recovery 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 recovered.
- Therefore, all cost recovery fees recovered by the WCR to date will be used for current and future management, data collection and analysis, and enforcement of the trawl rationalization program similar to as described in the fee calculation section of the annual report.



## Pre-Catch Share Program Cost Estimates

- NMFS was asked to provide a pre-trawl rationalization (catch share) program costs estimate, and possible cost saving provided by the program.
- WCR uses a “but for” approach when determining costs.
- We have evaluated how to calculate pre-catch share program costs, and have decided that an attempt to determine sector specific costs pre-catch share at this point is not feasible.
- This is due to the estimations that would have to be made.

# Pre-Catch Share Program Cost Estimates

- The table below was provided in the report shows actions four years prior to and after rationalization.

Year	Corrections	Proposed Rules	Final Rules	Inseason	total actions
2007	3	2	4	7	16
2008	1	3	1	9	14
2009	1	2	5	7	15
2010	2	5	7	6	21
2011	2	4	5	5	18
2012	1	5	1	7	15
2013	0	5	5	5	15
2014	4	7	5	4	20
2015	1	6	7	6	20
2016	0	7	3	4	14
2017	1	4	2	5	12
2018	2	2	3	4	11



# Pre-Catch Share Program Cost Estimates

- This table contains the yearly averages before and after rationalization.

	Pre-Rationalization 2007-2010	Post-Rationalization 2011-2018
Corrections	1.8	1.4
Proposed Rules	3.0	5.0
Final Rules	4.3	3.9
Inseason	7.3	5.0
Total actions	16.5	15.6



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Thank You

Questions?

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