



2018 Annual Report of the Golden Tilefish Individual Fishing Quota Cost Recovery Program

June 2019

Prepared by:

National Marine Fisheries Service
Greater Atlantic Regional Fisheries Office
55 Great Republic Drive
Gloucester, MA 01930

Background

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires NOAA Fisheries to collect fees to recover the “actual costs directly related to the management, data collection, and enforcement” of an Individual Fishing Quota (IFQ) program (16 U.S.C. 1854(d)(2)). The law provides that we collect the fee from IFQ allocation shareholders, based on the ex-vessel value of fish landed under the program. Ex-vessel value is the price paid to the vessel per pound multiplied by the total weight landed. The fee may be up to, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the IFQ program.

Although the golden tilefish fishing year runs from November 1 through October 31, the cost recovery fee is based on expenses and landings made during each calendar year. The 2018 calendar year (January 1, 2018, through December 31, 2018) was the ninth year of the tilefish cost recovery program.

Use of Funds

Payments received as a result of the tilefish IFQ cost recovery program 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 defray the costs of management and enforcement of the fishery for which the fees were collected. Therefore, fees collected as part of this cost recovery program will be used for management and enforcement of the tilefish IFQ program.

Determining Ex-Vessel Value

Because the fee obligation must be based on a percentage of the ex-vessel value of the tilefish IFQ fishery, it is necessary to calculate those values based on landings and the price paid to the vessel. Federally permitted tilefish dealers are required to report the landed weight of and price paid for all tilefish purchased. Ex-vessel prices vary over the course of the year, but the small number of vessels and dealers participating in the tilefish IFQ fishery make it practical to use an exact total value from each landing of IFQ tilefish. For the 2018 calendar year, the total of all tilefish IFQ landings was 1,546,745 pounds (live weight) with a total ex-vessel value of \$4,766,450. This is an increase in both landed weight and total value from 2017, when live weight landings were 1,468,526 pounds and ex-vessel value was \$4,488,626.

Cost of Management and Enforcement

We have determined the recoverable costs associated with the management, enforcement, and data collection in the tilefish IFQ program only include the incremental (or attributable) costs of the IFQ program. Recoverable costs do not include costs that would have been incurred in the administration of the tilefish fishery if an IFQ program did not exist.

We calculated personnel costs by multiplying staff hours spent on tasks directly related to the IFQ program by the hourly salary rates for those individuals. Salary rates include the Government’s share of benefits on a prorated basis. We calculate contract expenses as the cost of contract employees prorated for the percentage of time the contract employees spent on tasks directly related to the IFQ program. In the 2018 fee period, the recoverable expenses primarily

consisted of time spent by personnel working on tasks related to the administration of the IFQ program in the following divisions in the Greater Atlantic Regional Fisheries Office:

Analysis and Program Support Division (APSD)

APSD is responsible for most of the tasks associated with the ongoing operation of the tilefish IFQ program. These include issuing annual IFQ allocation permits as well as processing and tracking both temporary leases and permanent quota share transfers. APSD handles cost recovery tasks, such as generating individual fees, mailing bills, tracking payments, and sending reminders or withholding permits for any late payments. APSD also conducts quality control of fishery-dependent data and tracks landings against tilefish IFQ allocations.

Sustainable Fisheries Division (SFD)

SFD has primary responsibility for the management and implementation of the Tilefish Fishery Management Plan (FMP), which includes the tilefish IFQ program. SFD staff monitor the IFQ program's allocation tracking and cost recovery components for consistency with the FMP and regulations, and generates this annual report. SFD is the principal point of contact with the Mid-Atlantic Fishery Management Council. SFD implements any needed and approved regulatory changes recommended by the Council.

Technology and Data Management Division (TDMD)

TDMD is responsible for development and maintenance of the technological infrastructure of the tilefish IFQ program. This includes the internal databases and computer systems for handling allocations, the Fish Online website, and the data connections with Centralized Receivables Service, which issues cost recovery bills and processes payments. These systems are critical to the monitoring of the IFQ program because they track the individual landings, IFQ leasing, and permanent allocation transfers that take place in the tilefish IFQ fishery. TDMD was previously known as the Information Resource Management division.

Operations and Stakeholder Engagement Division (OSED)

OSED ensures the calculations of program personnel and other costs are complete and correct, and that our billing and collections processes meet required standards. OSED coordinates the use of collected receipts to ensure that the money is used to support the management of the fishery in which it was collected. This division also contains port agents in the Greater Atlantic Region, as well as the communications team. Operations and Budget and Stakeholder Engagement were previously two separate divisions, but were combined into OSED during 2018.

Office of Law Enforcement (OLE)

OLE special agents and enforcement officers ensure compliance with the Nation's marine resource laws and take enforcement action when these laws are violated. OLE determined there were no increased enforcement activities as a result of the tilefish IFQ program and; therefore, there were no recoverable expenses during 2018.

NOAA General Counsel (GC)

The Northeast Section of the NOAA Office of General Counsel provides legal advice to NOAA Fisheries and the Councils and reviews management actions for consistency with applicable legal requirements. GC determined that there were no recoverable expenses associated with the tilefish IFQ program during 2018.

Table 1 provides details of the recoverable costs by division within the Greater Atlantic Regional Fisheries Office.

Table 1. Recoverable Costs for the Tilefish IFQ Program, 2018.

| | APSD | SFD | TDMD | OSED | Total |
|--------------------|----------------|----------------|----------------|----------------|-----------------|
| Personnel † | \$8,468 | \$1,300 | \$5,229 | \$5,118 | \$20,118 |
| Printing & Postage | \$17 | | | | \$17 |
| Supplies | \$1 | | | | \$1 |
| Other | | | | \$23 | \$23 |
| Total | \$8,488 | \$1,300 | \$5,229 | \$5,141 | \$20,160 |

SFD (Sustainable Fisheries); APSD (Analysis and Program Support); TDMD (Technology and Data Management); OSED (Operations and Stakeholder Engagement).

†Personnel costs include all benefits and contractor costs

Calculating the Fee Percentage

The calculated 2018 tilefish IFQ fee percentage was 0.4229%. We calculated the fee percentage based on the total fishery ex-vessel value of \$4,766,450 and total recoverable program costs of \$20,160 using the following formula:

$$\frac{\$20,160}{\$4,766,450} \times 100 = 0.4229\%$$

Calculating IFQ Allocation Fees

To determine the appropriate fee for each IFQ shareholder, we use the ex-vessel value of each specific tilefish IFQ landing and multiply the sum of those values by the fee percentage. Under the tilefish IFQ program regulations, an IFQ shareholder is responsible for the IFQ fee based on the value of the landings of tilefish authorized under his/her initial allocation of tilefish quota. This includes landings made on any quota that he/she may have leased to another IFQ permit holder. The IFQ tracking program that we developed is able to identify all tilefish IFQ leases and attribute landings to the original shareholder. If a vessel landing tilefish has IFQ available from both an initial allocation and from a lease, we attribute tilefish landings to the leased quota first. If there is quota from multiple leases, we attribute landings based on the order the leases were processed, on a first-in, first-out basis.

Payment Due Date

We issued bills for the 2018 tilefish IFQ fee on May 23, 2019. Allocation shareholders have 45 days (until July 7, 2019) to pay the balance due through Pay.gov. Failure to pay the balance due on time may result in suspension of the tilefish IFQ permit, which would prohibit transferring or leasing IFQ allocation or landing tilefish in excess of the incidental limit.

Changes from Previous Years

We have recently transitioned parts of our cost recovery process to the U.S. Treasury Department's Centralized Receivables Service (CRS). CRS provides billing and collections services to federal agencies. As a result of the change, cost recovery bills now use a different format and include more detail regarding potential penalties for failure to pay the bill by the due date, including late fees and interest charges. The new bills include a different process for making payments. Electronic payments are now made directly through the Pay.gov website instead of logging onto the Fish Online website. Full payment instructions are provided with the bill. As an added convenience, CRS allows payments over the phone, which we did not previously support.

The 2018 bills were issued later in the year than in previous years. This delay was due, in part, to the partial government shutdown that occurred during December 2018 and January 2019. Total recoverable costs can fluctuate from year to year. Some management tasks may need to be done every year, and some tasks may require more time and effort in some years. Table 2 shows the tilefish IFQ recoverable costs, value of the fishery, and fee percentage in 2018 compared to previous years.

Table 2. Tilefish IFQ Recoverable Costs, Fishery Value, and Fee Percentage by Year, 2010-2018

| Fee Year | Recoverable Costs | Total Fishery Value | Fee Percentage |
|-----------------|--------------------------|----------------------------|-----------------------|
| 2010 | \$21,438 | \$5,054,073 | 0.424 % |
| 2011 | \$21,353 | \$5,566,543 | 0.3835 % |
| 2012 | \$14,242 | \$5,372,291 | 0.2650 % |
| 2013 | \$35,966 | \$5,787,335 | 0.6214 % |
| 2014 | \$14,662 | \$5,501,343 | 0.2665 % |
| 2015 | \$20,744 | \$5,075,467 | 0.4087 % |
| 2016 | \$56,166 | \$4,180,838 | 1.3434 % |
| 2017 | \$25,420 | \$4,488,626 | 0.5663 % |
| 2018 | \$20,160 | \$4,766,450 | 0.4229 % |

Expectations for the 2019 Fee Year

The Tilefish IFQ Program Review contributed to the 2016 and 2017 recoverable costs. The review was completed in December 2017, and is not part of 2018 recoverable costs. At this time, 2019 appears to be a typical year as far as recoverable costs. As always, we will work to keep the Council and tilefish IFQ shareholders updated on any anticipated changes to recoverable costs.