



**NOAA
FISHERIES**

American Fisheries Act Program Cost Recovery for Fishing Year 2020

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AFA Program Cost Recovery for Fishing Year 2020

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 (LAPP) and the Community Development Quota 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.

The National Marine Fisheries Service (NMFS) manages the American Fisheries Act (AFA) Program as a Limited Access Privilege Program (LAPP). 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 Total Allowable Catch (TAC) to three sectors: inshore, catcher/processor, and mothership. Each sector has established cooperatives to harvest their pollock allocation. Only the inshore cooperative is responsible for paying a fee for that sector's Bering Sea pollock landed under the AFA, which is 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 annual fee 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 calculates the fee percentage each year according to the factors and methods described in this report and at 50 CFR 679.66(c)(2). The 2020 notice of the fee percentages for the AFA program was published in the **Federal Register** on December 1, 2020 ([85 FR 77180](#)).

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 using the most recent annual value information reported to the Alaska Department of Fish & Game in the Commercial Operator's Annual Report, which is compiled in the Gross Earnings database of the Alaska Commercial Fisheries Entry Commission. Due to filing deadlines and the time required to compile the data, there is a one-year delay between the most recent gross earnings data and the fishing year to which it is applied. For example, NMFS used 2019 gross earnings data to calculate the standard price for 2020 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 added 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, incremental costs are those 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 (PSFMC). 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), the Information Systems Division (ISD), the Alaska Fisheries Science Center (AFSC), and the Office of Law Enforcement Alaska Division (OLE). For the purposes of this report, OLE and AFSC costs are broken out into separate cost categories and all other NMFS Alaska Region (AKR) management unit costs are aggregated.

On an annual basis, each management unit calculates direct program costs through an established, systematic accounting system that allows staff to track labor, travel, contracts, rent, procurement, and other costs. These costs are tracked for the Federal fiscal year (October 1 through September 30) and are broken out by cost categories, which includes personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. Tables 2 and 3 display the 2020 direct program costs by category for the AFA inshore sector. **Only AFA direct program costs incurred by the inshore sector are included for the fee percentage calculation. AFA direct program costs that are attributable to the catcher/processor and mothership sectors are excluded.**

Cost recovery fees do not increase agency budgets or expenditures. They 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 2020 AFA direct program costs are:

- regulatory development for the AFA program (NMFS),
- publication of BS pollock allocations and sideboards in other fisheries (NMFS),
- management of AFA sideboards (NMFS),
- review of weekly inshore catch reports (NMFS),
- review of annual AFA cooperative reports (NMFS),
- maintenance of the catch accounting system (NMFS, ADF&G),
- programming and web design for online applications (NMFS),
- patrols, outreach and education, investigations, and compliance assistance (OLE)
- responding to questions about AFA permits (NMFS),
- at-sea scale inspections (NMFS),
- observer sampling station inspections, data quality assurance (AFSC),
- video equipment inspections (NMFS),
- fee determination and collection process (NMFS),
- deployment of second observer (AFSC), and
- Amendment 91 Chinook Salmon Bycatch Economic Data Reports (AFSC).

Calculating the annual fee percentage

NMFS calculates a fee percentage for the AFA CV sector by multiplying the AFA direct program costs (DPC) by 100, then dividing the total ex-vessel fishery value (V) of Bering Sea Pollock. Expressed as a formula, the fee percentage calculation is:

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

The annual fee percentage is published in the **Federal Register** by December 1 and is applied to AFA CV pollock landings that occurred in that year. A summary of the resulting fee liabilities are provided to AFA cooperatives by NMFS on or before 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 2020 fee

The 2020 fee percentage for the AFA inshore cooperatives is 0.21 percent.

Table 1 shows the 2020 values and fee percentage computation.

Table 1. Detail of formula for calculating the 2020 fee percentage for the AFA inshore sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 378,550	divided by
Total Fishery Value (V)	\$ 176,889,942	multiply by 100
=	0.21	yields
<i>Fee percentage for 2020 AFA Program inshore sector = 0.21 percent</i>		

Payment of cost recovery fees

NMFS sends fee statements to cooperatives based on reported landings for the most recent fishing year for all AFA Program Pollock volume and value. Cooperatives are 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 OMD may 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 may 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.

Details on Cost Categories

Overall, direct program costs decreased approximately 14 percent between FY 2019 and FY 2020.

The highest direct program costs were attributed to the AFSC, in large part due to an increase in federal personnel costs for the Fisheries Monitoring and Analysis (FMA) division and the Resource Ecology and Fisheries Management (REFM) division. The FMA division operates the North Pacific Observer Program, which deploys observers onboard fishing vessels to collect catch data. The Observer Program also provides quality control and quality assurance on data provided by the observers. The REFM division operates the Economic and Social Sciences Research Program which administers the Chinook Salmon Economic Data Report (EDR) Program, providing NMFS with data to assess the effectiveness of the Amendment 91 Chinook salmon bycatch management measures.

The second highest direct program costs were attributed to OLE. OLE costs declined 84 percent from FY 2019 to FY 2020 due to a shift in cost attribution amongst AFA Sectors. OLE personnel costs support enforcement and are primarily driven by compliance risk associated with prohibited species bycatch sampling and fisheries management.

NMFS AKR costs include eLandings support, maintenance of the Catch Accounting System, and required work to transition NMFS database applications to a more efficient system. These costs are apportioned based on a formula that includes weighting factors for the degree of complexity,

amount of integration, time sensitivity, and workload for eLandings maintenance tasks. These are then used to calculate the proportion of eLandings tasks that can be attributed to each program sector. Additionally, there are NMFS personnel costs for regulatory development and general program administration. Costs in the contracts/training category related to the support of the eLandings and the Catch Accounting System decreased between FY 2019 and FY 2020.

PSMFC costs are for personnel that support data collection and analysis as well as the administration of AFA EDRs. ADF&G costs are for personnel that support management of eLandings.

Table 2. Fiscal Year 2020 direct program costs for the AFA Program inshore sector.

	NMFS AKR	NMFS OLE	NMFS AFSC	PSMFC	ADF&G	Total
Personnel Costs ^a	\$ 37,139	\$ 31,669	\$ 128,021	\$ 28,065	\$ 8,590	\$ 233,484
Travel ^b	\$ 315	-	-	\$ 7	-	\$ 322
Transportation ^c	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Contracts/Training	\$ 21,395	-	\$ 7,010	\$ 748	-	\$ 29,152
Supplies	-	-	\$ 2,177	-	-	\$ 2,177
Equipment	-	-	\$ 26,028	-	-	\$ 26,028
Rent/Utilities ^d	\$ 1,157	\$ 40,545	-	\$ 497	-	\$ 42,200
Other	-	-	\$ 45,187	-	-	\$ 45,187
Total	\$ 60,006	\$ 72,213	\$ 208,423	\$ 29,317	\$ 8,590	\$ 378,550

^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 3 compares direct costs between FY 2018, FY 2019, and FY 2020. A lower direct program cost combined with a lower fishery value decreased the fee percentage from 0.23 to 0.21, an approximate 8.7 percent change.

Table 3. Comparison of Direct Costs for Fiscal Years 2018, 2019, and 2020 for the Inshore Sector of the AFA Program

Cost Category	Inshore Sector		
	FY2018	FY 2019	FY 2020
Personnel/Overhead	\$232,988	\$ 269,620	\$ 233,484
Travel	\$3,972	\$ 3,827	\$ 322
Transportation	\$546	-	-
Printing	-	-	-
Contracts/Training	\$39,098	\$ 63,864	\$ 8,380
Supplies	\$400	\$ 615	\$ 2,177
Equipment	-	-	-
Rent/Utilities	\$ 40,687	\$ 47,159	\$ 42,200
Other	\$ 121,601	\$ 45,563	\$ 45,187
Total Direct Costs	\$ 439,292	\$ 430,649	\$ 378,550
Fishery Value	\$ 180,025,222	\$ 187,025,402	\$ 176,889,942
Fee Percentage	0.24	0.23	0.21