

# American Fisheries Act Program Cost Recovery Report

Fishing Year 2021



**NOAA**  
**FISHERIES**  
Alaska Region  
January 2022

# Contact information:

For more information about cost recovery and the CR Program please visit <https://www.fisheries.noaa.gov/alaska/commercial-fishing/cost-recovery-programs-fee-collection-and-fee-payment-alaska>.

For general questions contact Sustainable Fisheries Division at (907) 586-7228.

For cost recovery billing questions contact the Fee Coordinator at (907) 586-7105.

Cover: Photo Courtesy of Alaska Seafood.

**Disclaimer:** Accessibility of this Document: Every effort has been made to make this document accessible to individuals of all abilities and compliant with Section 508 of the Rehabilitation Act. The complexity of this document may make access difficult for some. If you encounter information that you cannot access or use, please email us at [alaska.webmaster@noaa.gov](mailto:alaska.webmaster@noaa.gov) or call us at 907-586-7228 so that we may assist you.

# AFA Program Cost Recovery for Fishing Year 2021

## 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 Western Alaska 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 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 2021 notice of the fee percentages for the AFA program was published in the **Federal Register** on November 30, 2021 ([86 FR 67921](#)).

## 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 (ADF&G) 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 2020 gross earnings data to calculate the standard price for 2021 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, ADF&G, and the Pacific States Marine Fisheries Commission (PSFMC).



The NMFS Alaska Region (NMFS AKR) divisions 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, NMFS AKR management unit costs are aggregated and OLE and AFSC costs are broken out into separate cost categories.

On an annual basis, each management unit calculates direct program costs through an established and 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. Table 2 displays the 2021 direct program costs by category for the AFA inshore sector. Table 3 compares costs across years, starting in 2019. **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 2021 AFA direct program costs are:

- Observer sampling station inspections, data quality assurance (AFSC),
- Chinook Salmon Bycatch Economic Data Reports (AFSC),
- Patrols, outreach and education, investigations, and compliance assistance (OLE),
- Publication of BS pollock allocations and sideboards in other fisheries (NMFS AKR),
- Management of AFA sideboards (NMFS AKR),
- Review of weekly inshore catch reports (NMFS AKR),
- Review of annual AFA cooperative reports (NMFS AKR),
- Maintenance of eLandings and the catch accounting system (NMFS, ADF&G),
- Programming and web design for online applications (NMFS AKR),
- Responding to questions about AFA permits (NMFS AKR),
- Fee determination and collection process (NMFS AKR), and
- At-sea scale and video equipment inspections (NMFS AKR).

### 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:

$$[100 \times (\text{DPC})/\text{V}]$$

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 2021 fee

The 2021 fee percentage for the AFA inshore cooperatives is 0.25 percent. Table 1 shows the 2021 values and fee percentage computation.

**Table 1. Detail of formula for calculating the 2021 fee percentage for the AFA inshore sector.**

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 481,120	divided by
Total Fishery Value (V)	\$ 190,527,567	multiply by 100
=	0.25	yields
<i>Fee percentage for 2021 AFA Program inshore sector = 0.25 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, 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 increased between FY 2020 and FY 2021. Table 2 displays the AFA inshore sector direct program costs for FY 2021. Table 3 compares direct program costs between FY 2019, FY 2020, and FY 2021. Higher overall direct program costs increased the fee percentage from 0.21 to 0.25, despite a higher fishery value.

The highest direct program costs were attributed to the AFSC, however AFSC costs decreased by 17 percent overall between FY 2020 and FY 2021. Costs were used to support the Fisheries Monitoring and Analysis (FMA) and Resource Ecology and Fisheries Management (REFM) Divisions. 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 AKR with data to assess the

effectiveness of the Amendment 91 Chinook salmon bycatch management measures. A portion of costs were used to support a grant with the PSMFC for Data Management Specialists.

The second highest direct program costs were attributed to OLE. Costs accrue to support personnel engaged in enforcing fines, investigation, and outreach efforts. OLE officers and agents have dynamic and unpredicted work schedules so labor costs associated with OLE will vary from one fiscal year to the next. There were lower costs for FY 2020 than in FY 2021. However, FY 2021 was in alignment with the historical costs claimed by OLE for this program.

NMFS AKR, the third highest contributor incurred higher costs in FY 2021 than in FY 2020, largely due to changes in contract costs. Increased contract costs are related to development, support, and maintenance of data flow for the trawl electronic monitoring (EM) and cost recovery programs. Personnel category costs support eLandings and maintenance of the Catch Accounting System. These costs were 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 at-sea scale inspections and general program administration.

PSMFC costs are for personnel that support data collection, analysis, the administration of AFA EDRs and time spent on updates to the website. ADF&G costs are for personnel that support management of eLandings.

**Table 2. Fiscal Year 2021 Direct Program Costs for the AFA Program Inshore Sector.**

<b>Cost Category</b>	<b>AKR NMFS</b>	<b>ADF&amp;G</b>	<b>PSMFC</b>	<b>AFSC</b>	<b>OLE</b>	<b>Total (\$)</b>
Personnel Costs <sup>a</sup>	10,089	-	30,668	131,857	114,905	287,516
Travel <sup>b</sup>	-	-	-	664	-	664
Transportation <sup>c</sup>	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Contracts/Training	98,597	-	1,554	7,108	11,433	118,692
Supplies	-	-	-	-	-	-
Equipment	-	-	210	-	-	210
Rent/Utilities <sup>d</sup>	-	-	430	-	10,778	11,208
Other <sup>e</sup>	21,131	8,712	5	32,982	-	62,830
<b>Total</b>	<b>129,816</b>	<b>8,712</b>	<b>32,867</b>	<b>172,611</b>	<b>137,116</b>	<b>481,120</b>

<sup>a</sup> *Personnel Costs* includes locality pay, benefits, and overhead

<sup>b</sup> *Travel* includes per diem payments.

<sup>c</sup> *Transportation* includes shipment of items.

<sup>d</sup> *Rent/Utilities* includes costs of space and utilities and shared common space and services

<sup>e</sup> *Other* includes costs allocated for grants & other/misc. category costs

**Table 3. Comparison of Direct Costs for Fiscal Years 2019, 2020,  
and 2021 for the AFA Program Inshore Sector**

Cost Category	Inshore Sector		
	FY 2019	FY 2020	FY 2021
Personnel/Overhead	\$ 269,620	\$ 233,484	\$ 287,518
Travel	\$ 3,827	\$ 322	\$ 644
Transportation	-	-	-
Printing	-	-	-
Contracts/Training	\$ 63,864	\$ 29,152	\$ 118,691
Supplies	\$ 615	\$ 2,177	-
Equipment	-	\$ 26,028	\$ 210
Rent/Utilities	\$ 47,159	\$ 42,200	\$ 11,208
Other	\$ 45,563	\$ 45,187	\$ 62,830
<b>Total Direct Costs</b>	\$ 430,649	\$ 378,550	\$ 481,120
<b>Fishery Value</b>	\$ 187,025,402	\$ 176,889,942	\$ 190,527,567
<b>Fee Percentage</b>	0.23	0.21	0.25