



**NOAA**  
**FISHERIES**

# American Fisheries Act Program Cost Recovery for Fishing Year 2019



Sustainable  
Fisheries

-----  
January 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 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 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 2019 notice of the fee percentages for the AFA program was published in the **Federal Register** on November 27, 2019 (84 FR 65357).

## 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 2018 gross earnings data to calculate the standard price for 2019 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 summed 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 their AFA Program 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 2019 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 2019 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, investigations, outreach and education, 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 separate fee percentages for each AFA sector. The AFA direct program costs (DPC) for each sector are multiplied by 100, then divided by the sector's total ex-vessel fishery value (V) of Bering Sea pollock. Expressed as a formula, the fee percentage calculation is:

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

The annual fee percentage for the inshore sector is published in the *Federal Register* by December 1 and is applied to all AFA Program pollock landings that occurred in that year. A summary of the resulting fee liabilities are provided to all the 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 2019 fee

The 2019 fee percentage for the AFA inshore cooperatives is 0.23 percent.

Table 1 shows the 2019 values and fee percentage computation.

Table 1. Detail of formula for calculating the 2019 fee percentage for the AFA inshore sector.

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 430,649	divided by
Total Fishery Value (V)	\$ 187,025,402	multiply by 100
=	0.23	yields
<i>Fee percentage for 2019 AFA Program inshore sector = 0.23 percent</i>		

## Payment of cost recovery fees

NMFS sends fee statements to cooperatives based on the cooperative's reported landings for the most recent fishing year for all AFA Program pollock and value as computed for fee collection purposes. The cooperative is 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 Operations and Management Division 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 2 percent in FY2019. The highest direct program costs were attributed to OLE, which incurs personnel costs for enforcement of the AFA inshore sector primarily driven by compliance risk associated with prohibited species bycatch sampling and fisheries management. OLE costs increased in FY2019 due to additional personnel and the rent and utilities expenses required to support them.

The second-largest cost category was the AFSC, which includes the Fisheries Monitoring and Analysis Division and the Economic and Social Sciences Research Program. The Fisheries Monitoring and Analysis Division (FMA) operates the North Pacific Observer Program, which deploys observers onboard fishing vessels and at shoreside processing plants to collect catch data, as well as provides quality control and quality assurance on data provided by the observers. The Economic and Social Sciences Research Program administers the Chinook Salmon Economic Data Report (EDR) Program, which provides NMFS with data to assess the effectiveness of the Chinook salmon bycatch management measures implemented under Amendment 91 to the Fishery Management Plan of the Bering Sea and Aleutian Islands Management Area. In addition to Federal personnel costs, the AFSC reports inshore sector costs associated with a grant to PSMFC which provides support to fisheries observers deployed on AFA inshore vessels. Activities include inseason operations, debriefing, data quality control, gear deployment, field office support, and travel. The costs associated with this grant to the PSMFC also support administration of AFA

EDRs. These costs are combined and included in Table 2 under the AFSC “Grants” cost category. Overall, AFSC costs decreased in FY2019.

NMFS AKR costs for the AFA inshore sector include eLandings support, eLogbook support, and maintenance of the Catch Accounting System, as well as 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, then it calculates 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.

**Table 2. Fiscal Year 2019 direct program costs for the AFA Program inshore sector.**

	NMFS AKR	NMFS OLE	NMFS AFSC	ADF&G	Total
Personnel Costs <sup>a</sup>	\$ 20,498	\$ 119,487	\$ 96,074	\$ 33,561	\$ 269,620
Travel <sup>b</sup>	\$ 1,992	-	\$ 1,835	-	\$ 3,827
Transportation <sup>c</sup>	-	-	-	-	-
Printing	-	-	-	-	-
Contracts/Training	\$ 48,359	-	\$ 6,779	\$ 8,726	\$ 63,864
Supplies	\$ 566	-	-	\$ 49	\$ 615
Equipment	-	-	-	-	-
Rent/Utilities <sup>d</sup>	\$ 4,684	\$ 41,755	-	\$ 720	\$ 47,159
Grants	-	-	\$ 45,271	\$ 292	\$ 45,563
<b>Total</b>	<b>\$ 76,099</b>	<b>\$ 161,242</b>	<b>\$ 149,959</b>	<b>\$ 43,349</b>	<b>\$ 430,649</b>

<sup>a</sup> Personnel costs includes locality pay 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

Table 3 compares direct costs between FY2017, FY2018, and FY 2019 for the inshore sector. Total program costs decreased in FY2019 compared to FY2018. Costs in the contract and training category related to support of the eLandings and the Catch Accounting System did increase, but were offset by corresponding decreases in the “Other” cost category which included grant costs to the PSMFC in support of the Observer Program and administration of EDRs. A reduction in direct program costs, combined with an increase in total fishery value resulted in a 0.01 percent decrease in the fee percentage relative to FY2018.

**Table 3. Comparison of Direct Costs for Fiscal Years 2017, 2018, and 2019 for the Inshore Sector of the AFA Program**

	Inshore Sector		
	FY2017	FY2018	FY 2019
Personnel/Overhead	\$ 224,568	\$232,988	\$ 269,620
Travel	\$ 350	\$3,972	\$ 3,827
Transportation	\$ 1,155	\$546	-
Printing	\$ 20	-	-
Contracts/Training	\$ 551	\$39,098	\$ 63,864
Supplies	\$ 233	\$400	\$ 615
Equipment	-	-	-
Rent/Utilities	\$ 30,805	\$ 40,687	\$ 47,159
Other	\$ 81,985	\$ 121,601	\$ 45,563
<b>Total Direct Costs</b>	<b>\$ 339,667</b>	<b>\$ 439,292</b>	<b>\$ 430,649</b>
<b>Fishery value</b>	<b>\$ 178,146,112</b>	<b>\$ 180,025,222</b>	<b>\$ 187,025,402</b>
<b>Fee Percentage</b>	<b>0.19</b>	<b>0.24</b>	<b>0.23</b>