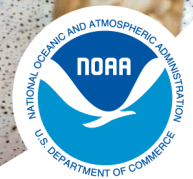


# American Fisheries Act Program Cost Recovery Report

Fishing Year 2023



**NOAA**  
**FISHERIES**  
Alaska Region  
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# Contact information:

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# AFA Program Cost Recovery for Fishing Year 2023

## 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, January 5, 2016). 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 2023 notice of the fee percentages for the AFA program was published in the **Federal Register** on November 24, 2023 ([88 FR 82336](#)).

## 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 2022 gross earnings data to calculate the standard price for 2023 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 2023 direct program costs by category for the AFA inshore sector. Table 3 compares costs across years, starting in 2021. **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 2023 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:

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

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 2023 fee

The 2023 fee percentage for the AFA inshore cooperatives is 0.26 percent. Table 1 shows the 2023 values and fee percentage computation.

**Table 1. Detail of formula for calculating the 2023 fee percentage for the AFA inshore sector.**

Factor	Value	Activity
Direct Program Cost (DPC)	\$626,778	divided by
Total Fishery Value (V)	\$ 242,979,836	multiply by 100
=	0.26	yields
<i>Fee percentage for 2022 AFA Program inshore sector = 0.26 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 2022 and FY 2023. Table 2 displays the AFA inshore sector direct program costs for FY 2023. Table 3 compares direct program costs between FY 2021, FY 2022, and FY 2023. Higher overall direct program costs were offset by an overall increased value, which decreased the fee percentage from 0.32 to 0.26% between FY 2022 and FY 2023.

The 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. Increased costs were attributed to personnel and benefits of filled vacancies, in addition to increased rent and security costs.

The second highest direct program costs were attributed to the AFSC. Overall costs between FY 2022 and FY 2023 were similar, with a 5% increase in FY 2023. The increase is attributed to

increased travel to cover vacant staff positions in Dutch Harbor and the need to purchase specific observer sampling supplies that are not annual purchases. 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.

NMFS AKR, the third highest contributor incurred higher costs in FY 2023 than in FY 2022, largely due to changes in contract and personnel costs. 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. No ADF&G costs were incurred in FY 2023.

**Table 2. Fiscal Year 2023 Direct Program Costs for the AFA Program Inshore Sector.**

Cost Category	AKR NMFS	ADF&G	PSMFC	AFSC	OLE	Total (\$)
Personnel Costs <sup>a</sup>	\$59,119	-	\$42,328	\$125,153	\$151,358	\$377,958
Travel <sup>b</sup>	\$4,494	-	-	\$3,971	-	\$8,465
Transportation <sup>c</sup>	-	-	-	-	-	-
Printing	-	-	-	\$5,000	-	\$5,000
Contracts/Training	\$155,206	-	\$1,814	\$28,629	\$12,020	\$197,669
Supplies	-	-	\$25	\$3,171	-	\$3,197
Equipment	-	-	-	\$850	-	\$850
Rent/Utilities <sup>d</sup>	\$1,710	-	\$390	-	\$14,317	\$16,418
Other <sup>e</sup>	-	-	\$462	-	\$366	\$828
<b>Total</b>	<b>\$220,529</b>	<b>\$0.00</b>	<b>\$45,020</b>	<b>\$166,775</b>	<b>\$164,627</b>	<b>\$610,384</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 2021, 2022, and 2023 for the AFA Program Inshore Sector**

Cost Category	Inshore Sector		
	FY 2021	FY 2022	FY2023
Personnel/Overhead	\$ 287,518	\$309,541	\$377,958
Travel	\$ 644	\$494	\$8,465
Transportation	-	-	-
Printing	-	\$4,500	\$5,000
Contracts/Training	\$ 118,691	\$167,646	\$197,669
Supplies	-	\$738	\$3,043
Equipment	\$ 210	\$2,000	\$850
Rent/Utilities	\$ 11,208	\$17,868	\$18,418
Other	\$ 62,830	\$198	\$828
<b>Total Direct Costs</b>	\$ 481,120	\$502,984	\$610,384
<b>Fishery Value</b>	\$ 190,527,567	\$ 164,631,479	\$242,979,836
<b>Fee Percentage</b>	0.25	0.32	0.26