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# Amendment 80 Program Cost Recovery for Fishing Year 2020



For more information about cost recovery and the Amendment 80 Program please visit the [AKR Cost Recovery Page](#)

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

For billing questions contact the Fee Coordinator at (907) 586-7231

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Updated January 2021

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# Amendment 80 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.

NMFS manages the Amendment 80 Program as a LAPP. Amendment 80 allocates a portion of the total allowable catches of specific Bering Sea and Aleutian Islands (BSAI) non-pollock groundfish species to cooperatives of trawl catcher/processors. On January 5, 2016, NMFS published a final rule to implement cost recovery payments for the Amendment 80 program (81 FR 150). The Amendment 80 cooperatives are responsible for paying the annual fee for groundfish landed under the Amendment 80 Program. The total dollar amount of the fee liability is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings made under the program made during the fishing year. NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.95(c)(2).

NMFS published the 2020 fee percentage notice for the Amendment 80 program in the **Federal Register** on December 1, 2020 ([85 FR 77180](#)). Payments are due on December 31 of the year in which the landings were made.

## Amendment 80 Program cost recovery fee

### Calculating the ex-vessel value of the Amendment 80 Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for the six species allocated under Amendment 80: BSAI rock sole, BSAI yellowfin sole, BSAI Pacific cod, BSAI flathead sole, AI Pacific ocean perch, and BSAI Atka mackerel.

NMFS calculates an annual standard price for BSAI yellowfin sole, BSAI flathead sole, AI Pacific ocean perch, and BSAI Atka mackerel based on volume and value information reported in the First Wholesale Volume and Value Report, which for 2020 included data from January 1 through October 31. For rock sole, NMFS calculates a standard price for two time periods—January 1 through March 31 and April 1 through October 31—also based on volume and value information reported in the First Wholesale Volume and Value Report.

For fisheries that are primarily harvested by catcher/processors, there is no reliable ex-vessel price generated from the sale of fish from a harvester to a processor. Therefore, NMFS estimates the ex-vessel price for those fishery species by using reported information on the first wholesale price from catcher/processors that harvest Amendment 80 species. The first wholesale price is the market price of the primary processed fishery product. The estimated standard ex-vessel price

is the value of processed products from catcher/processors divided by the retained round-weight (unprocessed weight) of catch and multiplied by a factor of 0.4 to correct for the value added to the fish product by processing.

NMFS calculates an annual standard price for Amendment 80 Pacific cod using volume and value data reported in the Pacific Cod Ex-Vessel Volume and Value Report, which includes data from January 1 through October 31.

Each landing made under the 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 total ex-vessel value of the Amendment 80 program fisheries (fishery value).

### **Calculating the costs of management and enforcement**

Direct program costs are calculated by determining the incremental management costs of the Amendment 80 Program; that is, costs that would not have been incurred but for the Amendment 80 Program. These costs cover the management, data collection, and enforcement of the Amendment 80 Program by NMFS and ADF&G. The NMFS 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 Alaska Fisheries Science Center (AFSC), the Office of Law Enforcement (OLE), and the Information Systems Division (ISD). For the purposes of this report, OLE and AFSC costs are broken out separately and all other NMFS Alaska Region (AKR) management unit costs are aggregated.

Throughout the year, each management unit calculates their Amendment 80 Program incremental 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 distinct cost categories, including personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. For 2016, direct program costs were calculated from February 4 to September 30 (the effective date of the final rule to implement the cost recovery program). For 2017 and onward, direct program costs include the full fiscal year. Table 2 displays the Amendment 80 direct program costs for 2020.

Cost recovery fees do not increase agency budgets or expenditures. They simply 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 direct program costs.

Examples of the types of tasks that are included under the 2020 Amendment 80 direct program costs are:

- regulatory development for Amendment 80 (NMFS),
- reallocation of incidental catch allowance to directed fisheries (NMFS),
- inseason management of sideboards and non-sideboards (NMFS),
- operation of the cost recovery program (NMFS),
- patrols, investigations, outreach, education, and compliance assistance (OLE)
- maintenance of the catch accounting system (NMFS, ADF&G),
- programming and web design for online applications (NMFS),
- at-sea scale and video equipment inspections (NMFS),
- observer sampling station inspections, data quality assurance (AFSC),
- deployment of second observer (AFSC), and
- Economic Data Reports (AFSC).

### Calculating the annual fee percentage

NMFS computes the annual fee percentage by multiplying the direct program costs (DPC) by 100 and dividing the result by the total ex-vessel value (V) of Amendment 80 landings in that year. The annual fee percentage expressed as a formula is as follows:

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

The annual fee percentage is published in the **Federal Register** by December 1 and is applied to all landings of Amendment 80 species that occurred that year. NMFS provides a summary of fee liabilities to all Amendment 80 cooperatives by December 1. The summary explains the cost recovery fee determination for each cooperative, including the current fee percentage, details of pounds debited from Amendment 80 species allocations by permit and date, and the standard prices for the landings.

### Calculating the 2020 fee

The 2020 fee percentage for the Amendment 80 Program is **1.19 percent**. Table 1 shows the fee percentage computation.

**Table 1. Detail of formula for calculating the 2020 fee percentage for the Amendment 80 Program.**

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 1,058,662	divided by
Total Fishery Value (V)	\$ 89,235,457	multiply by 100
=	1.19	yields
<i>Fee percentage for 2020 Amendment 80 Program = 1.19 percent</i>		

### Payment of cost recovery fees

NMFS sends fee statements to cooperatives based on their reported landings for the most recent fishing year for all Amendment 80 Program species and value, as computed for fee collection purposes. The cooperative is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If a cooperative fails to pay on time, OMD will 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 start to accrue. NMFS may take action against the Amendment 80 cooperative's quota allocations 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

Direct program costs increased one percent in FY 2020 compared to FY 2019. The highest costs in the Amendment 80 program were attributed to OLE then AFSC (Table 2).

OLE costs were primarily driven by personnel. In FY 2020, OLE costs increased marginally due to contract costs required to support a scientific writer. For OLE personnel engaged in Amendment 80 enforcement, tasks include enforcing fines, investigation, and outreach efforts. Costs for personnel decreased by approximately one percent but are still substantial due to the number of program participants, the diversity of fishery species, compliance risk associated with prohibited species bycatch sampling and fisheries management, the number of investigations, and the combined length of all fishing seasons.

AFSC costs were primarily driven by personnel and fisheries management, categorized as 'Personnel' and 'Other'. Personnel costs provided support to catcher vessels delivering to inshore processors. Other costs supported the Observer Program and a grant to the PSMFC for administration of the Economic Data Report.

NMFS AKR costs included eLandings and eLogbook support, maintenance of the Catch Accounting System, and personnel costs for regulatory development. The largest cost category for NMFS AKR was 'Contracts/training' to support eLandings, eLogbook, and maintenance of the Catch Accounting Systems. Costs decreased for FY 2020 in comparison with FY 2019.

**Table 2. Fiscal Year 2020 direct program costs for the Amendment 80 Program.**

<b>Cost Category</b>	<b>NMFS AKR</b>	<b>NMFS OLE</b>	<b>NMFS AFSC</b>	<b>PSMFC</b>	<b>ADF&amp;G</b>	<b>Total</b>
Personnel Costs <sup>a</sup>	\$ 82,062	\$ 364,883	\$ 273,008	\$ 46,775	\$ 11,062	\$ 777,789
Travel <sup>b</sup>	\$ 11,441	-	-	\$ 12	-	\$ 11,453
Transportation <sup>c</sup>	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Contracts/Training	\$ 61,112	\$ 18,144	\$ 15,421	\$822	-	\$ 95,499
Supplies	\$ 24	-	-	-	-	\$ 24
Equipment	-	-	-	-	-	-
Rent/Utilities <sup>d</sup>	\$ 7,314	\$ 66,341	-	\$ 829	-	\$ 74,484
Other <sup>e</sup>	-	-	\$ 99,412	-	-	\$ 99,412
<b>Total</b>	<b>\$ 161,953</b>	<b>\$ 449,368</b>	<b>\$ 387,841</b>	<b>\$ 48,438</b>	<b>\$ 11,062</b>	<b>\$ 1,058,662</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.

<sup>e</sup> Other costs for the AFSC are grants to the Pacific States Marine Fisheries Commission for Data Management Specialists that support the observer program and the Economic Data Report for the Amendment 80 program. NMFS is working to improve the cost categories tracked and reported.

Table 3 compares direct costs from FY 2018 to FY 2020. Costs were slightly higher and the fishery value was significantly lower in FY 2020 compared to FY 2019, which resulted in the fee percentage increasing from 0.94 to 1.19 percent. Direct program costs increased by one percent, in part, due to an increase in AFSC staff time to support inseason operations.

**Table 3. Comparison of Direct Costs for Fiscal Years 2018 through 2020 for the Amendment 80 Program**

<b>Cost Category</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personnel/Overhead	\$ 507,243	\$ 698,032	\$ 777,789
Travel	\$ 16,068	\$ 19,897	\$ 11,453
Transportation	-	-	-
Printing	-	-	-
Contracts/Training	\$ 111,830	\$ 146,967	\$ 95,499
Supplies	\$ 1,300	\$ 2,082	\$ 24
Equipment	-	-	-
Rent/Utilities	\$ 64,833	\$ 81,419	\$ 74,484
Other	\$ 261,483	\$ 100,083	\$ 99,412
<b>Total Direct Costs</b>	<b>\$ 962,757</b>	<b>\$ 1,048,481</b>	<b>\$ 1,058,661</b>
<b>Fishery Value</b>	<b>\$ 127,714,856</b>	<b>\$ 111,587,145</b>	<b>\$ 89,235,457</b>
<b>Fee Percentage</b>	<b>0.75</b>	<b>0.94</b>	<b>1.19</b>



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# American Fisheries Act Program Cost Recovery for Fishing Year 2020

For more information about cost recovery and the American Fisheries Act Program please visit the [AKR Cost Recovery Page](#)

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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 <sup>a</sup>	\$ 37,139	\$ 31,669	\$ 128,021	\$ 28,065	\$ 8,590	\$ 233,484
Travel <sup>b</sup>	\$ 315	-	-	\$ 7	-	\$ 322
Transportation <sup>c</sup>	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Contracts/Training	\$ 21,395	-	\$ 7,010	\$ 748	-	\$ 29,152
Supplies	-	-	\$ 2,177	-	-	\$ 2,177
Equipment	-	-	\$ 26,028	-	-	\$ 26,028
Rent/Utilities <sup>d</sup>	\$ 1,157	\$ 40,545	-	\$ 497	-	\$ 42,200
Other	-	-	\$ 45,187	-	-	\$ 45,187
<b>Total</b>	<b>\$ 60,006</b>	<b>\$ 72,213</b>	<b>\$ 208,423</b>	<b>\$ 29,317</b>	<b>\$ 8,590</b>	<b>\$ 378,550</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 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
<b>Total Direct Costs</b>	<b>\$ 439,292</b>	<b>\$ 430,649</b>	<b>\$ 378,550</b>
<b>Fishery Value</b>	<b>\$ 180,025,222</b>	<b>\$ 187,025,402</b>	<b>\$ 176,889,942</b>
<b>Fee Percentage</b>	<b>0.24</b>	<b>0.23</b>	<b>0.21</b>



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# Aleutian Islands Pollock Program Cost Recovery for Fishing Year 2020

For more information about cost recovery and the Aleutian Islands Pollock Program please visit the [AKR Cost Recovery Page](#)

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# Aleutian Islands Pollock 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) including the Community Development Quota (CDQ) and Aleutian Island Pollock (AIP) Programs. 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.

NMFS manages the AIP Program as a LAPP. On January 5, 2016, NMFS published a final rule to implement cost recovery payments for the AIP program (81 FR 150). The Aleut Corporation's designated representative for harvesting is responsible for paying the annual fee for pollock landed under the AIP Program. The total dollar amount of the fee liability is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings made under the program made during the fishing year. NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.95(c)(2).

NMFS published the 2019 fee percentage notice for the Aleutian Islands Pollock program in the **Federal Register** on December 1, 2020 ([85 FR 77180](#)). Payments are due on December 31 of the year in which the landings were made.

## Aleutian Islands Pollock Program cost recovery fee

### Calculating the ex-vessel value of the Aleutian Islands Pollock Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for Aleutian Islands pollock. NMFS calculates the standard price for pollock using the most recent annual value information reported to the Alaska Department of Fish & Game (ADF&G) for the Commercial Operator's Annual Report and compiled in the Alaska Commercial Fisheries Entry Commission Gross Earnings data for Aleutian Islands pollock. Due to the time required to compile the data, there is a one-year delay between the gross earnings data year 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.

### Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental management costs of the AIP Program; that is, costs that would not have been incurred but for the AIP Program. These costs cover the management, data collection, and enforcement of the AIP Program by NMFS and ADF&G. 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 Alaska Fisheries Science Center (AFSC), the Office of Law Enforcement (OLE), and the Information Systems Division (ISD).

Throughout the year, each management unit calculates their AIP incremental costs through an established accounting system that allows staff to track labor, travel, contracts, rent, and procurement. These costs are tracked for the Federal fiscal year (October 1 through September 30)

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated.

Examples of the types of tasks that are included under the 2020 AIP direct program costs are:

- reallocation of incidental catch allowance to directed fisheries (SFD),
- inseason management of sideboards and non-sideboards (SFD),
- implementation and operation of the cost recovery program (SFD, ISD, OMD),
- patrols, outreach and education, investigations, and compliance assistance (OLE)
- maintenance of the catch accounting system (ISD, ADF&G),
- programming and web design for online applications (ISD),
- at-sea scale inspections (SFD),
- video equipment inspections (SFD),

### Calculating the annual fee percentage

NMFS computes the annual fee percentage by multiplying the direct program costs (DPC) by 100 and dividing the result by the total ex-vessel value (V) of AIP landings in that year. The annual fee percentage expressed as a formula is as follows:

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

The annual fee percentage is published in the **Federal Register** by December 1 and is applied to all AIP landings that occurred that year, with NMFS providing a summary of fee liabilities. The summary explains the cost recovery fee determination, including the current fee percentage, details of pounds debited from the AIP allocation, and the standard prices for the landings.

### Calculating the 2020 fee

The 2020 fee percentage for the AIP Program is 3.0 percent. Due to small harvest and limited participation in the fishery, the total fishery value and resulting amount of fee liability is confidential.

### Payment of cost recovery fees

NMFS sends fee statements to the Aleut Corporation's designated representative based on reported landings for the most recent fishing year for all AIP landings and their value, as computed for fee collection purposes. The representative is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If the Aleut Corporation's designated representative fails to submit full payment for the AIP fee liability on time, the Regional Administrator may at any time thereafter send an Initial Administrative Determination and will not issue the AIP fishery allocation. Upon final agency action determining that the Aleut Corporation has not paid its Aleutian Islands pollock fee liability, the Regional Administrator may continue to not issue the Aleutian Islands directed pollock fishery allocation for any subsequent calendar years until NMFS receives the unpaid



fees. If payment is not received by the 30th day after the final agency action, the agency may pursue collection of the unpaid fees.

### **Details on Cost**

All AIP program costs in 2020 were attributable to NMFS and ADF&G. As the calculated fee percentage exceeded the maximum allowed under the Magnuson-Stevens Act, the fee percentage was set nominally at three percent.



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# CDQ Program Cost Recovery for Fishing Year 2020

For more information about cost recovery and the CDQ Program please visit the [AKR Cost Recovery Page](#)

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

For billing questions contact the Fee Coordinator at (907) 586-7231



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Updated January 2021

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# CDQ 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 (CDQ) 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 3 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.

On January 5, 2016, the National Marine Fisheries Service (NMFS) published a final rule to implement cost recovery for the CDQ program (81 FR 150). The CDQ Program allocates a portion of the total allowable catches of Bering Sea and Aleutian Islands (BSAI) groundfish species and halibut to CDQ groups. The CDQ groups are responsible for paying the fee for fish landed under the CDQ Program, due on December 31 of the year in which the landings were made. Cost recovery requirements for the CDQ groups are at 50 CFR 679.33. The total dollar amount of the fee due 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 published a notice of the fee percentages for the CDQ program in the **Federal Register** on December 1, 2020 ([85 FR 77180](#)). NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.33(c)(2). NMFS determines the fee percentage that applies to landings made during the year by dividing the total costs directly related to the management, data collection, and enforcement of each program (direct program costs) during the year by the fishery value.

## CDQ Program cost recovery fee

### Calculating the ex-vessel value of the CDQ Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for all CDQ species: BSAI arrowtooth flounder, BSAI Greenland turbot, BSAI rock sole, BSAI yellowfin sole, BSAI Pacific cod, BSAI flathead sole, AI Pacific ocean perch, BSAI sablefish, BSAI halibut, and BSAI Atka mackerel.

NMFS uses volume and value information reported in the First Wholesale Volume and Value Report from January 1 through October 31 to calculate an annual standard price for BSAI arrowtooth flounder, BSAI Greenland turbot, BSAI yellowfin sole, BSAI flathead sole, AI Pacific ocean perch, trawl-caught BSAI sablefish, and BSAI Atka mackerel. For BSAI rock sole, NMFS calculates a standard price for two time periods—February 4 through March 31 and April 1 through October 31—also based on volume and value information reported in the First Wholesale Volume and Value Report.

For fisheries that are primarily harvested by catcher/processors, there is no reliable ex-vessel price generated from the sale of fish from a harvester to a processor. Therefore, NMFS estimates the ex-vessel price for those fishery species by using reported information on the first wholesale price from trawl catcher/processors that harvest CDQ species. The first wholesale price is the market price of the primary processed fishery product. The estimated standard ex-vessel price is the value of processed products from catcher/processors divided by the retained round-weight (unprocessed weight) of catch and multiplied by a factor of 0.4 to correct for the value added to the fish product by processing.

NMFS calculates an annual standard price for CDQ Program trawl and fixed gear Pacific cod using volume and value data reported in the Pacific Cod Ex-Vessel Volume and Value Report by shoreside processors that receive BSAI Pacific cod landings. For 2020, the Pacific Cod Ex-Vessel Volume and Value Report includes data from January 1 through October 31, 2020.

NMFS calculates an annual standard price for CDQ fixed gear halibut and for CDQ fixed gear sablefish. The standard prices are the same as the Bering Sea port group prices calculated under the Observer Fee Program, which uses volume and value information reported annually on the IFQ Registered Buyer Ex-Vessel Volume and Value Report. For 2020, the IFQ Registered Buyer Report includes data from October 1, 2019 through September 30, 2020.

Each landing made under the 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 of the CDQ Program fisheries used to calculate the fee percentage.

### **Calculating the costs of management and enforcement**

Direct program costs are calculated by determining the incremental management costs of the CDQ Program; that is, costs that would not have been incurred but for the CDQ Program. These costs cover the management, data collection, and enforcement of the CDQ Program by NMFS and ADFG. The NMFS 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.

Throughout the year, each management unit calculates their CDQ Program incremental costs through an established accounting system that allows staff to track labor, travel, contracts, rent, and procurement. These costs are tracked for the Federal fiscal year (October 1 through September 30) and broken out by cost categories including personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment, and rent/utilities. Table 2 displays the direct program costs for the CDQ Program for 2020.

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated, except the ADFG expenditures for which there is no direct appropriation. No budgetary advantage is gained by inflating direct program costs.

Examples of the types of tasks that were included under the 2020 CDQ direct program costs are:

- analysis and rulemaking activities (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 permits (NMFS),
- at-sea scale inspections (NMFS),
- observer sampling station inspections (AFSC),
- video equipment inspections (NMFS),
- fee determination and collection process (NMFS)

### Calculating the annual fee percentage

NMFS computes the annual fee percentage by dividing the direct program costs by the total fishery value of CDQ landings. The annual fee percentage is calculated using the following formula:

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

The formula shows that the direct program costs (DPC), multiplied by 100, and is then divided by the fishery value (V). The result is the *fee percentage*.

The annual fee percentage is published in the **Federal Register** by December 1 and is applied to all landings of CDQ species that occurred that year. NMFS provides a summary of fee liabilities to all CDQ groups by December 1. The summary explains the cost recovery fee determination for each group including the current fee percentage, details of CDQ Program pounds debited from allocations by permit and date, and the standard prices for the landings.

### Calculating the 2020 fee

The fee percentage for the CDQ Program is 0.84 percent. Table 1 shows the fee percentage computation.

**Table 1. Detail of formula for calculating the 2020 fee percentage for the CDQ Program.**

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 559,418	divided by
Total Fishery Value (V)	\$ 66,902,630	multiply by 100
=	0.84	yields
<i>Fee percentage for 2020 CDQ Program = 0.84 percent</i>		

### Payment of cost recovery fees

NMFS sends fee statements to CDQ groups based on the group’s reported landings for the most recent fishing year for all CDQ Program species and value as computed for fee collection purposes. The CDQ group is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If a CDQ group fails to pay on time, OMD will issue an Initial Administrative Determination to which the group must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties start to accrue. NMFS may take action against the CDQ group's groundfish and halibut allocations 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**

Total CDQ Program costs increased 2.7 percent in 2020 relative to 2019. The largest category of direct program costs was attributed to OLE. Increases for OLE are primarily driven by contracts and personnel costs related to enforcement, compliance, monitoring, and investigations. While personnel costs decreased, contract costs increased due to increasing technical staff, including the staff of a call center that supports the regulatory requirements of the program.

The second largest category of direct program costs was from NMFS AKR. The majority of the costs were from contracts and training related to eLandings support, maintenance, and development; eLogbook support; and maintenance of the Catch Accounting System. Overall, costs decreased for NMFS AKR between 2019 and 2020.

AFSC costs for CDQ are used to support the Fisheries Monitoring and Analysis Division (FMA), which operates the North Pacific Observer Program, deploying observers onboard fishing vessels and at shoreside processing plants for inseason operations, quality assurance and quality control, gear inventory, deployment, training, and curriculum development. Costs increased between 2019 and 2020 to account for additional personnel needs. Funds were also used to support a grant with the Pacific States Marine Fisheries Commission for Data Management Specialists.

ADF&G costs are from eLandings program management. There was little change in costs between 2019 and 2020.

**Table 2. Fiscal Year 2020 direct program costs for the CDQ Program.**

	<b>NMFS AKR</b>	<b>NMFS OLE</b>	<b>NMFS AFSC</b>	<b>ADFG</b>	<b>Total</b>
Personnel Costs <sup>a</sup>	\$ 84,978	\$ 61,143	\$ 88,210	\$ 55,578	\$ 289,909
Travel <sup>b</sup>	\$ 1,112	-	-	-	\$ 1,112
Transportation <sup>c</sup>	-	-	-	-	-
Printing	-	-	-	-	-
Contracts / Training	\$ 85,229	\$ 120,176	\$ 5,608	-	\$ 211,012
Supplies	\$ 53	-	-	-	\$ 53
Equipment	-	-	-	-	-
Rent / Utilities <sup>d</sup>	\$ 6,275	\$ 14,906	-	-	\$ 21,182
Other <sup>e</sup>	-	-	\$ 36,150	-	\$ 36,150
<b>Total</b>	<b>\$ 177,648</b>	<b>\$ 196,225</b>	<b>\$ 129,968</b>	<b>\$ 55,578</b>	<b>\$ 559,418</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.

<sup>e</sup> Other costs includes a grant to support PSMFC

Direct program costs for FY 2018, FY 2019, and FY 2020 are compared in Table 3. Between FY 2019 and FY 2020, costs were higher and fishery value was lower resulting in a fee percentage increase from 0.70 to 0.84 percent.

**Table 3. Comparison of Direct Costs for Fiscal Years 2018, 2019, and 2020 for the CDQ Program**

<b>Cost Category</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personnel/Overhead	\$ 288,527	\$ 270,622	\$ 289,909
Travel	\$ 2,199	\$ 2,682	\$ 1,112
Transportation	-	-	-
Printing	-	-	-
Contracts/Training	\$ 161,403	\$ 191,628	\$ 211,012
Supplies	\$ 3,246	\$ 2,500	\$ 53
Equipment	-	-	-
Rent/Utilities	\$ 42,430	\$ 40,789	\$ 21,182
Other	\$ 67,345	\$ 36,217	\$ 36,150
<b>Total Direct Costs</b>	<b>\$ 565,050</b>	<b>\$ 544,438</b>	<b>\$ 559,418</b>
<b>Fishery Value</b>	<b>\$ 86,120,261</b>	<b>\$ 77,677,591</b>	<b>\$ 66,902,630</b>
<b>Fee Percentage</b>	<b>0.66</b>	<b>0.70</b>	<b>0.84</b>





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Updated January 2021

# Crab Rationalization Program Cost Recovery for Fishing Year 2019/2020



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# Crab Rationalization Program Cost Recovery for Fishing Year 2019/2020

## 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 (LAPPs) and the Community Development Quota Program. The North Pacific Fishery Management Council developed a LAPP for Bering Sea and Aleutian Islands (BSAI) crab fisheries that allocates a percentage of the total allowable catch to participants in the Crab Rationalization Program (CR Program). NMFS published final regulations implementing the CR Program in 2005 (70 FR 0174, March 2, 2005).

The National Marine Fishery Service (NMFS) implemented a cost recovery program for the CR Program in 2005 (70 FR 10174, March 2, 2005). CR Program cost recovery authorizes the collection of actual management and enforcement costs up to three percent of ex-vessel gross revenues. Under the regulations implementing the CR cost recovery program, cost recovery fees must be paid in equal shares by the harvesting and processing sectors. The processing sector, specifically registered crab receivers (RCRs), are responsible for collecting the fee from the harvesters and submitting this and their own self-collected fee amount to NMFS.

Catcher/processors – vessels that harvest and process crab – pay the full fee.

## Use of funds

Receipts from the cost recovery fee collection are deposited into two accounts. Up to twenty-five percent of the collections are deposited into the U.S. Treasury and are available to Congress for annual appropriations to support the BSAI Crab Quota Share Loan Program described below. The other remaining funds are deposited into the Limited Access System Administrative Fund. Funds in this account are available only to the Secretary and must be spent on CR Program management and enforcement.

## BSAI Crab Quota Share Loan program

The BSAI Crab Quota Share Loan Program was implemented in 2011 (75 FR 78619, December 16, 2010). The program provides low interest loans to assist captains and crew in the purchase of quota shares (QS) for the CR Program. The loan program is accessible only to active fishery participants and can be used to purchase either CR Program QS or Crew QS. The NMFS Financial Services Branch administers the BSAI Crab Quota Share Loan Program and additional information is available by calling 206-526-6122.

## CR Program cost recovery fee

NMFS computes the annual fee percentage that applies for each crab fishing year (defined at 50 CFR § 680.2 as July 1 through June 30). Fees are based on the total value of crab landings in money, goods, or services. For crab delivered raw for processing, each RCR's fee is estimated by multiplying the annual fee percentage needed to recover costs (up to three percent) by the ex-vessel value of CR Program crab. Catcher/processors participate in both the harvesting and processing sectors, so vessel owners or operators of catcher/processors must be RCRs and are responsible for paying the entire fee liability, based on standard prices derived from information reported for raw crab deliveries.

Prior to the start of the crab fishing year, NMFS publishes the annual fee percentage in the *Federal Register* ([85 FR 41566: July 10, 2020](#)). The fee percentage is used by RCRs to collect fee liabilities from harvesters, and then self-collect, throughout the fishing year. Due to the fact that the fee percentage is projected forward prior to management costs being finalized, any overpayment or underpayment is accounted for in the next year's fee percentage. The sections below describe the process by which the fee percentage is calculated.

### **Calculating the ex-vessel value of the CR Program fisheries**

NMFS calculates the ex-vessel value of the CR Program fisheries using information from the Ex-vessel Volume and Value Report that is submitted annually by RCRs (due May 31). This report includes the pounds of CR Program crab purchased and the ex-vessel value paid. The overall ex-vessel value of the CR Program fisheries is calculated by summing the value of all pounds purchased of CR Program crab. Additionally, the Ex-vessel Volume and Value Report is used to calculate standard prices by month and by crab species. These standard prices are multiplied by the landings of catcher/processors to determine the ex-vessel value for that sector.

### **Calculating the costs of management and enforcement**

Direct program costs are calculated by determining the incremental costs of managing the CR Program, that is, costs that would not have been incurred but for the CR Program. These costs cover the management, data collection, and enforcement of the CR Program by NMFS, the Alaska Department of Fish and Game (ADF&G), and the Pacific States Marine Fisheries Commission (PSMFC). The NMFS Alaska Region operating units that incur direct program costs include the Restricted Access Management Program (RAM), the Information Services Division (ISD), the Office of Law Enforcement Alaska Division (OLE), and the Sustainable Fisheries Division (SFD), the Regional Administrator/Appeals Office (RA/OAA), the Alaska Fisheries Science Center (AFSC), and the Financial Service Division (FSD). To arrive at these costs, every operating unit calculates CR Program direct program costs, broken out by cost categories including personnel/overhead, travel, transportation, printing, contracts/training, supplies, equipment and rent/utilities. The ADF&G and PSMFC track and report direct program costs in similar categories. Direct program costs are tracked from mid-April to mid-April of each calendar year.

### **Calculating the annual fee percentage**

NMFS computes the annual fee percentage by dividing the direct program costs by the total ex-vessel value of crab landings in money, goods, or services. The annual fee percentage is calculated using the following formula:

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

The formula shows that the direct program costs of management and enforcement (DPC), multiplied by 100, and is then divided by the fisheries value (V). The result, rounded to the nearest 0.01 percent, is the *fee percentage*. The direct program costs also reflect any adjustments due to underpayment or overpayment from previous year's projection of management costs.

The annual fee percentage is published in the *Federal Register* at the start of the crab fishing year (July 1 through June 30) and is applied to all landings of CR Program crab. RCRs collect cost recovery fees as landings occur throughout the season. NMFS provides a summary of fees

due to all RCR permit holders during the last quarter of the crab fishing year. The summary explains the cost recovery fee determination for each individual RCR, including the current fee percentage, details of raw crab pounds debited from CR allocations by permit, port or port-group, species, date, and prices. Funds collected under the CR Program vary yearly because annual ex-vessel value and direct program costs fluctuate.

### Calculating the 2019/2020 fee

The fee percentage for the 2019/2020 CR Program fishing year was set at 1.31 percent. This figure derives from these sources:

- The total ex-vessel value of the CR Program fisheries; and
- The direct program costs for the CR Program (by actual expenditures during the Federal fiscal year).

The total standard ex-vessel value of the 2019/2020 CR Program fisheries was \$199,226,271, which was 12.0 percent higher than the total standard ex-vessel value of the 2018/2019 fisheries of \$177,868,964. This value derives from price information submitted by the RCRs.

Using the fee percentage formula, the estimated percentage of costs to value for the 2019/2020 crab fishery was 1.31 percent. Therefore, NMFS applied the fee percentage of 1.31 percent to the 2019/2020 crab fishing year. Table 1 shows the fee percentage computation.

**Table 1. Formula for calculating the 2019/2020 fee percentage**

Factor	Value	Activity
Direct Program Cost (DPC)	\$ 2,616,001	divided by
Total Fishery Value (V)	\$ 199,226,271	multiply by 100
=	1.31	yields
<i>Fee percentage for 2019/2020 CR Program = 1.31 percent</i>		

During 2019/2020 (FY2019), direct program costs (\$2,616,001) decreased 13.3 percent compared with FY2018 program costs (\$3,017,069). Additionally, the value of crab harvested under the CR Program increased by \$21.4 million, or 12.0 percent. Overall, decreases in direct program costs and increased fishery value contributed to a reduced fee percentage in FY2019 relative to FY2018.

Examples of the specific tasks that were included under the 2019/2020 CR Program direct program costs are:

- management and stock assessment needs resulting from rationalization (ADF&G)
- fishery monitoring and observer support above pre-rationalized levels (ADF&G)
- maintenance of the catch accounting system (ISD, ADF&G)
- programming and web site design for online applications (ISD)
- issuing and responding to questions about CR Program permits (RAM)

- regulatory development for the CR Program (SF)
- training and outreach for electronic reporting of crab harvest (SF)
- transfers of QS and IFQ, responding to questions about transfers (RAM)
- fee determination and collection processes (OMD)
- inspections, boardings, investigations, and enforcement activities (OLE)
- administration of CR Program Economic Data Reports (AFSC, PSMFC)

Table 2 shows the FY2019 program costs by agency and operating unit, and Figure 1 is a comparison of those costs from FY2013 to FY2019. The two highest cost components are OLE and the ADF&G respectively. Between fiscal years, management and enforcement costs fluctuate due to changes within the agency and operating units, such as new contracts, required trainings, personnel changes, and equipment purchases.

### **Payment of cost recovery fees**

NMFS sends fee statements to RCRs based on the RCRs' reported landings for the previous crab fishing year for all CR Program crab and value as computed for fee collection purposes. The RCR permit holder is responsible for submitting payment to NMFS on or before the due date of July 31, of the crab fishing year in which payment for the crab is made.

If an RCR fails to pay on time, OMD will issue an Initial Administrative Determination to which the permit holder must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties start to accrue. NMFS may take action against the permit holder's QS holdings and assess additional monetary charges, fines, or permit sanctions. Additionally, the Regional Administrator may disapprove any transfer of IFQ, individual processing quota, QS, or processor quota shares to or from the RCR permit holder. The RCR may not be issued IFQ or individual processing quota for that crab fishing year if they fail to submit payment. If after 180 days the fee remains unpaid, the unpaid balance is forwarded to the U.S. Department of the Treasury for collection.

### **Details on Cost Categories**

Management of CR fisheries is delegated to the State of Alaska. As a result, ADF&G incurs the highest costs of all management units involved in the program. ADF&G's largest cost component is personnel in order to support the added duration and complexity of management, stock assessment, and monitoring programs implemented through rationalization. Additional personnel, and the associated administrative overhead, were largely responsible for increased costs in FY2019. Contract and training expenses, which support crab observer deployment and training, decreased in FY2019. Additionally, ADF&G incurs incremental costs for their support of eLandings and the port sampling program.

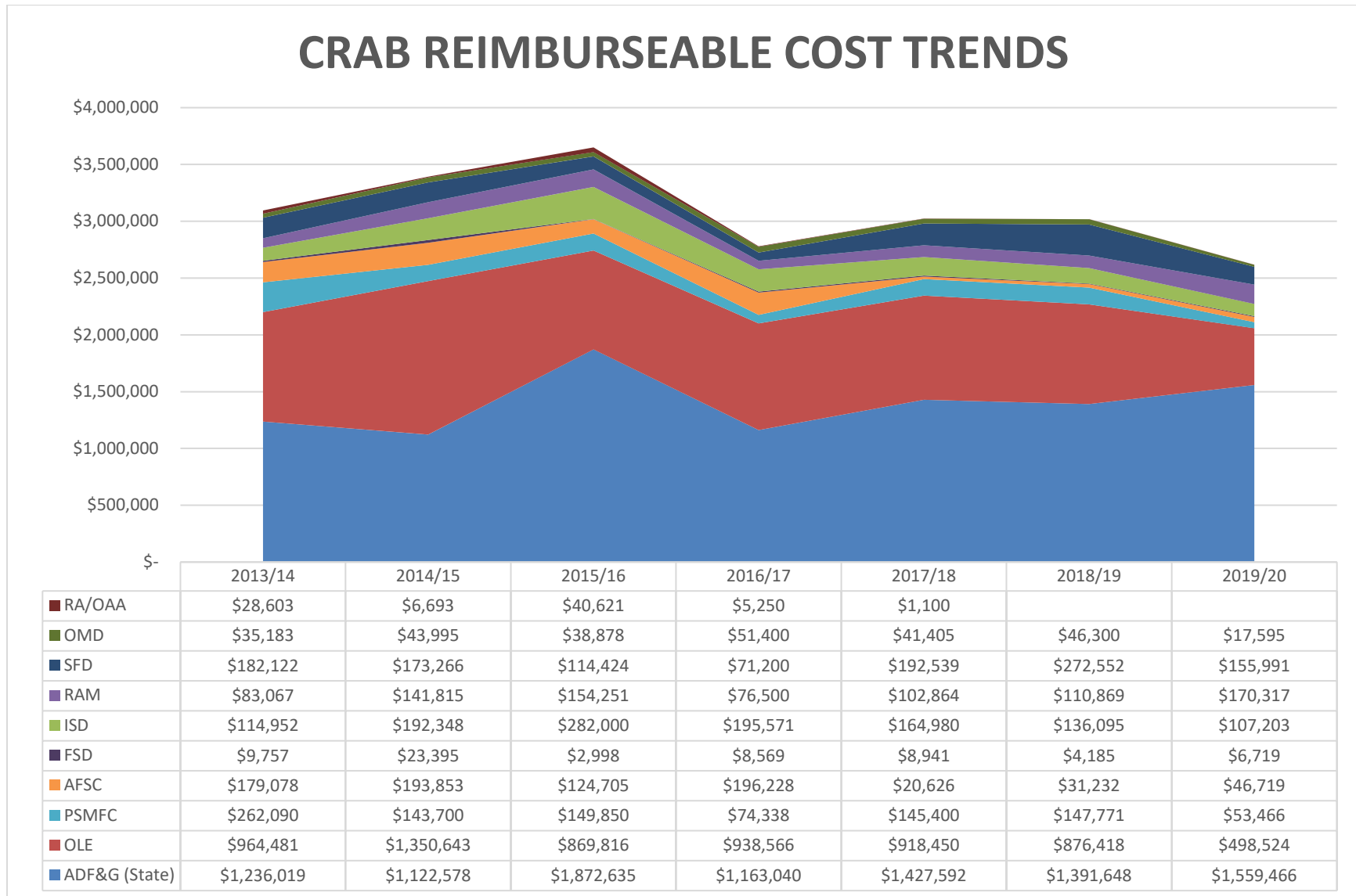
OLE incurs primary costs for the IFQ data clerk contract and substantial personnel costs for enforcement monitoring and investigations of the CR Program due to the high number of participants (75-80 boats), complexity of the program, and duration of CR fisheries. Reduced staff time allocated to the CR Program fisheries along with the mid-year conclusion of a significant contract for IFQ data clerk services drove lower FY2019 costs for OLE. This contract is expected to be rebid for subsequent years.

NMFS costs for the CR Program include eLandings support, required maintenance of the Catch Accounting System, and personnel costs for regulatory development and implementation in the ISD and SFD operating units. NMFS RAM costs primarily result from the issuance of permits and transfer of quota. RA/OAA did not report any appeals costs in FY2019.

PSMFC costs support administration of Economic Data Reports for the CR program. PSMFC concluded periodically required database upgrades and audit work prior to FY2019, resulting in decreased costs for the accounting period.

AFSC had an increase in costs due to Council requests for additional Economic Data Report analyses at the April 2019, November 2019, and February 2020 meetings.

**Figure 1. Crab Rationalization Program expenses by agency and NMFS operating unit from FY2013 to FY2019.**



**Table 2. Fiscal Year 2019 direct program for the CR Program (Fishing Year 2019/2020).**

<b>Cost Category</b>	<b>NMFS RAM</b>	<b>NMFS ISD</b>	<b>NMFS OLE</b>	<b>NMFS SFD</b>	<b>NMFS FSD</b>	<b>NMFS OMD</b>	<b>NMFS RA/OAA</b>	<b>NMFS AFSC</b>	<b>PSMFC</b>	<b>ADF&amp;G</b>	<b>Total</b>
Personnel Costs/ Overhead <sup>a</sup>	\$98,805	\$41,600	\$282,207	\$24,100	\$6,719	\$13,895		\$43,335	\$49,467	\$1,149,988	\$1,710,116
Travel <sup>b</sup>	\$100	\$1,100		\$14,300				\$3,384		\$37,762	\$56,646
Transportation <sup>c</sup>											\$0
Printing											\$0
Contracts/Training	\$59,613	\$59,603	\$130,866	\$110,391					\$618	\$362,870	\$664,408
Supplies	\$9,000	\$200	\$394	\$100						\$5,923	\$15,617
Equipment	\$300		\$4,075								\$4,375
Rent/Utilities <sup>d</sup>	\$10,500	\$5,400	\$80,982	\$7,100		\$3,700			\$2,034	\$2,923	\$112,639
Other <sup>e</sup>									\$1,347		\$1,347
<b>Percentage of costs (%)</b>	7%	4%	19%	6%	>1%	1%	0%	2%	2%	60%	100%
<b>Total</b>	\$170,317	\$107,203	\$498,524	\$155,991	\$6,719	\$17,595	\$-	\$46,719	\$53,466	\$1,559,466	\$2,616,001

<sup>a</sup> Personnel Costs/Overhead includes locality pay and all benefits.

<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 administrative costs associated with eligible CR program management and observer activity.



## Conclusion

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated, except the PSMFC and ADF&G expenditures for which there is no direct appropriation. No budgetary advantage is gained by inflating CR Program management and enforcement costs. Table 3 shows the management costs and ex-vessel value of the CR Program fisheries for the purposes of cost recovery since the CR Program was initiated.

**Table 3. CR Program cost recovery over time**

Crab Fishing Year	Fishery Value <sup>a</sup>	Total Program Costs	Annual Fee Percentage <sup>b</sup>	RCR Permit Holders w/ Billable Landings
2019/2020	\$199,226,271	\$2,616,001	1.31	18
2018/2019	\$177,868,964	\$3,017,069	1.70	17
2017/2018	\$163,998,853	\$3,038,830	1.85	17
2016/ 2017	\$188,017,358	\$2,950,043	1.57	18
2015/ 2016	\$227,733,902	\$3,650,178	1.60	16
2014/ 2015	\$229,198,504	\$3,392,286	1.48	19
2013/ 2014	\$209,386,273	\$3,095,352	0.69	20
2012/ 2013	\$231,535,032	\$3,516,592	0 <sup>c</sup>	20
2011/ 2012	\$286,752,062	\$3,364,442	1.23	20
2010/ 2011	\$261,747,837	\$3,210,189	2.67	21
2009/ 2010	\$147,188,073	\$3,927,062	0 <sup>c</sup>	18
2008/ 2009	\$212,412,973	\$3,195,760	1.05	22
2007/ 2008	\$202,719,417	\$2,133,758	3.0 <sup>d</sup>	20
2006/ 2007	\$119,652,929	\$3,939,841	3.0 <sup>d</sup>	22
2005/ 2006	\$138,888,840	\$4,270,881	3.0 <sup>d</sup>	17

a Fishery Value is the projected ex-vessel value of the catch subject to the crab cost recovery fee liability for the current year. For this table, the value amount is rounded.

b Fee liability percentages are noted here for the crab fishing year from which they were derived. The fee percentage was applied to the following crab fishing year.

c For each fiscal year, the amount collected is rounded. Due to a revenue surplus, no billing/collection occurred in the 2009/10 and 2012/13 (Years 5 and 8, respectively) fishing year.

d These billed percentages were limited by the Magnuson-Stevens Act statutory three percent cap of the ex-vessel value of the fishery in any Program year.

## Fees collected under the BSAI King and Tanner Crab Fishing Capacity Reduction Program

Under section 312(b) of the Magnuson-Stevens Act, NMFS has the authority to conduct a fishing capacity reduction program if funds are provided and such a program is necessary to prevent or end overfishing, rebuild stocks of fish, or achieve measurable or significant improvements in the conservation and management of a fishery. A capacity reduction program must be consistent with any state and Federal fishery management plans in place for a fishery. Funding for such programs is authorized under section 312(c) of the Magnuson-Stevens Act and allows NMFS to obtain funding through specific appropriations from industry fee systems and public, private, or nonprofit sources. Under this authority, regulations implementing the BSAI King and Tanner Crab Fishing Capacity Reduction Program was implemented in 2005 (68 FR 69331, January 12, 2004). Under administration of the FSD, NMFS bought back 25 BSAI crab fishing vessels, associated fishery histories, and 62 licenses to achieve the maximum sustained reduction in BSAI crab fishing capacity at the least cost and in minimum time. In the BSAI King and Tanner Crab Fishing Capacity Reduction Program, the FSD administers an industry-funded, 30-year loan of \$97,399,357.00 at a fixed rate of 6.54 percent. Additional information is available on the [NMFS BSAI King and Tanner Crab Fishing Capacity Reduction Program web page](#).

Fees for repayment of the loan are authorized under section 312(d)(2)(C) of the Magnuson-Stevens Act and are to be paid on harvests of the CR Program crab species. Harvesters are required to pay the fee and all parties making the first ex-vessel purchase of the crab (“fish buyers”) are required to collect the fee based on the crab's full delivery value, and account for and forward the fee revenue to repay the loan. The current fee rates are shown in Table 4. By regulation, the fee rate may not exceed five percent of the delivery value.

Fee collection to repay the loan began on October 17, 2005. BSAI Crab Buyback Loan Fees are due by the 7th day of the month after the month in which landings occurred. Buyback fees received after that date are subject to a 1.5 percent per month (or portion thereof) late charge fee. NMFS may withhold annual crab permits if buyback fees are outstanding.

Table 4 shows the principal balance for each of the “subloans” allocated to each fishery by the BSAI King and Tanner Crab Fishing Capacity Reduction Program. Loan balances are current as of December 31, 2020. The Aleutian Islands Golden (Brown) King Crab subloan was repaid in 2016, therefore all buyback fees collected for Aleutian Island (Brown) King Crab landings ceased after October 31, 2016. The Western Aleutian Islands red king crab and Pribilof Islands king crab fisheries have remained closed since the start of the loans.

**Table 4. Fishery loan status of the BSAI King and Tanner Crab Fishing Capacity Reduction Program, December 31, 2020.**

Crab Fishery	Original Loan Amount	Principal Balance	Interest Balance	Fee Rate
Bering Sea Snow Crab and Tanner Crab	\$66,410,767.20	\$51,307,861.21	\$1,278,486.50	5.0 %
Bristol Bay Red King Crab	\$17,129,957.23	\$3,824,633.92	\$18,267.49	2.5 %
Aleutian Islands Golden (Brown) King Crab	\$6,380,837.19	\$0	\$0	n/a
St. Matthew Island Blue King Crab	\$5,668,991.10	\$5,668,991.10	\$4,747,915.07	5.0 %
Pribilof Islands Red and Blue King Crab	\$1,571,216.35	\$1,571,216.35	\$1,642,416.52	5.0 %
Aleutian Islands Red King Crab	\$237,588.04	\$237,588.04	\$248,354.42	5.0 %
<b>Total</b>	<b>\$97,399,357.11</b>	<b>\$62,610,290.62</b>	<b>\$7,935,440.00</b>	



**NOAA  
FISHERIES**

For more information about cost recovery and the IFQ Program please visit the [AKR Cost Recovery Page](#)

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

For billing questions contact the Fee Coordinator at (907) 586-7231

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Updated January 2021

# IFQ Program Cost Recovery for Fishing Year 2020



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## Cost Recovery

Section 304(d)(2)(A) of the Magnuson–Stevens Fishery Conservation and Management Act (MSA), enacted in late 1996, obligates the National Marine Fisheries Service (NMFS) to recover the actual costs of management, data collection, and enforcement of the Individual Fisheries Quota (IFQ) Program for the Fixed-Gear Commercial Fisheries for Pacific halibut and sablefish in waters in and off Alaska. The law provides that the fee be paid by IFQ fishermen and that the fee shall be based on the ex-vessel value of fish landed under the IFQ Program. The MSA limits the fee liability for IFQ fishermen to 3.0 percent of the annual ex-vessel value in dollars, goods, and services.

The funds collected from cost recovery are deposited in the Limited Access System Administrative Fund (LASAF). Funds in this account are available only to the Secretary of Commerce and must be spent on IFQ Program management, data collection, and enforcement. This report reviews the cost recovery requirements and responsibilities of fishery participants and of NMFS. It describes how the fee is determined, what contributed to IFQ Program costs, and compares cost recovery fees over time.

## Requirements and Responsibilities

### *For IFQ Permit Holders*

IFQ permit holders are responsible for fees owed for all landings recorded on their permit(s). This includes IFQ pounds from their own quota share (QS) and from QS that was leased from another QS holder. It also includes landings made by hired skippers. IFQ permit holders are also responsible for fees associated with halibut that were landed using their IFQ in the guided angler fish (GAF) program by persons who hold a Charter Halibut Permit issued by NMFS.

IFQ permit holders must pay their fee no later than January 31 of the year after the calendar year of their landings. There are two options for calculating the fee liability: permit holders may make their payment based upon NMFS' calculations, which are based on standard ex-vessel prices and values; or they can pay an amount based in whole or in part upon their own records of actual ex-vessel value from the sale of their IFQ halibut or sablefish. If they choose the second option, permit holders must be prepared to demonstrate, with written documentation, the actual value they received from their IFQ landings.

**Penalties:** Failure to pay may result in NMFS action against the permit holder's QS holdings and monetary charges, fines, and/or permit sanctions. If a permit holder fails to pay by January 31, their QS/IFQ automatically becomes nontransferable until the fee liability is satisfied. In addition, the permit holder is prohibited from receiving QS or IFQ by transfer. Before penalties are issued, NMFS Operations and Management Division (OMD) delivers a letter of Initial Administrative Determination (IAD) outlining the permit holder's right to an appeal.

### *For IFQ Registered Buyers*

Registered Buyers acting as shoreside processors must report the monetary value and amount of purchased pounds of IFQ halibut and sablefish by species, month, and port. This information is used to calculate standard ex-vessel prices, and to estimate the overall ex-vessel value of the

fisheries. Reports are due to NMFS by October 15 each year and can be submitted on-line or on paper forms.

### ***For NMFS***

At the end of each IFQ Program fishing season, NMFS is responsible for these actions:

- ✓ compiling a list of all IFQ Program landings by species, month, and port or port group;
- ✓ using shoreside IFQ Registered Buyer data to calculate a set of standard ex-vessel prices for IFQ fish landed;
- ✓ applying the appropriate standard ex-vessel price to each landing, creating a standard ex-vessel value for the landing;
- ✓ summing the total standard ex-vessel values of all landings to derive the total ex-vessel value (total fishery value) of the year's IFQ fisheries;
- ✓ compiling all direct management, data collection, and enforcement costs (direct program costs) attributable to the IFQ Program;
- ✓ using direct program costs and total fishery value to calculate the annual fee percentage;
- ✓ applying the fee percentage to the standard ex-vessel value of a landing on an IFQ Program permit to determine the fee owed for each landing;
- ✓ summing the fees owed for all landings on all IFQ Program permits held by each permit holder. This final figure is the *annual fee* each permit holder owes; and
- ✓ mailing IFQ permit holders a summary that itemizes their landings and shows their calculated fee.

### **The 2020 IFQ Program Cost Recovery Fee Percentage**

The 2020 IFQ fee percentage was 3.0 percent ([85 FR 82442, December 18, 2020](#)). Therefore, under cost recovery regulations, IFQ permit holders who used their permits to make landings of IFQ halibut or IFQ sablefish during the 2020 IFQ Program fishery, or who leased halibut IFQ that was landed as GAF during the 2020 charter halibut fishery, are obligated to pay 3.0 percent of the total ex-vessel value from the sale of their IFQ Program fish. The fee percentage is calculated from two sources:

- The total fishery value of the IFQ Program fisheries for 2020; and
- The direct program costs for the IFQ Program, as compiled from actual expenditures during Federal fiscal year (FY) 2020.

These sources are discussed below.

### ***Total fishery Value of the IFQ Program Fisheries***

As noted above, the total fishery value is determined from ex-vessel prices that are applied to the pounds of IFQ fish landed. To account for price variability, standard ex-vessel prices are weighted averages, calculated for each species, port of landing, and month. In 2020, the total ex-vessel value of the combined IFQ Program fisheries, based on standard ex-vessel prices, was \$103,127,774. The value of the halibut IFQ fishery was \$61,778,449 and the value of the sablefish IFQ fishery was \$41,349,325, respectively.

### *Direct Program Costs for the IFQ Program*

Direct program costs are expenses necessary to manage, collect data from, and enforce the IFQ Program. The costs considered are incremental: they would not have been incurred but for the IFQ Program. Cost recovery fees do not increase agency budgets or expenditures. The fee offsets funds that would otherwise have been appropriated, except International Pacific Halibut Commission (IPHC) and Alaska Department of Fish and Game (ADF&G) expenditures, for which there is no direct appropriation. No budgetary advantage is gained by inflating costs.

To determine annual costs, each October NMFS, IPHC, and ADF&G each calculate their direct program costs for the IFQ Program. NMFS Alaska Region separates costs by operating units, including NMFS Restricted Access Management (RAM), NMFS Information Services Division (ISD), NMFS Office of Law Enforcement Alaska Division (OLE), NMFS Sustainable Fisheries (SFD), NMFS Financial Service Division (FSD), NMFS Operations and Management Division (OMD), and NMFS Regional Administrator Office/Office of Administrative Appeals (RAO/Appeals).

Examples of the types of tasks that were included under the 2020 IFQ direct program costs are:

- analysis and rulemaking activities; in particular, regulations to authorize a fish-up provision for Community Quota Entities in Area 3A, changes to the medical and beneficiary provisions, and authorizing harvest of IFQ halibut in the BSAI using pot gear (SFD), and emergency rules to modify IFQ temporary transfer and halibut vessel use cap provisions
- maintenance of the electronic reporting systems, including the catch accounting system (ISD, ADF&G)
- programming, web design, and maintenance of online applications (ISD)
- issuance of annual IFQ permits, registered buyer permits, hired master permits, and responding to questions about those permits (RAM)
- processing transfers of QS and/or IFQ. This includes medical transfers, transfers with right of survivorship, and Guided Angler Fish transfers. Processing transfers also includes responding to questions about the transfers (RAM)
- producing an annual transfer report (RAM)
- determining standard ex-vessel prices using value and volume reports submitted by IFQ Registered Buyers (RAM)
- fee determination and collection process (OMD)
- port sampling (IPHC), primarily personnel costs, but also includes travel and supplies
- processing North Pacific IFQ loan program applications (FSD)
- inspections, boardings, investigations, outreach and education, and compliance assistance by approximately 20 officers and 10 agents. Additionally, a staff of 6-8 data technicians are contracted annually for 7-day per week processing of required reports, such as Product Transfer, Prior Notice of Landing, IFQ Departure, IFQ Overage, and Vessel Activity Reports (OLE).

More details on particular cost components can be found below, on page 8.

### *Calculating the 2020 Fee Percentage*

The annual fee percentage is calculated using the following formula:

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

NMFS divides the direct program cost (DPC) by the total fishery value (V) of the IFQ Program fisheries, and then multiplies by 100 to calculate a percentage. The result is the *fee percentage*. The calculation of the 2020 fee percentage is as follows:

**Table 1. Formula for calculating the 2020 fee percentage**

<b>Factor</b>	<b>Value</b>	<b>Activity</b>
Direct Program Cost (DPC)	\$ 4,414,604	DPC divide by V
Total Fishery Value (V)	\$ 103,127,774	multiply by 100
=	4.3*	yields
Fee percentage for 2020 IFQ Program = 3 percent		
*Cost recovery fee percentage must not exceed 3 percent pursuant to section 304(d)(2)(B) of the MSA		

## Summary of the Fee Percentages Overtime and Component Costs

### *Time Series of the Fee Percentage*

The 2020 fee percentage is capped at 3.0 percentage, the same as the 2019 fee percentage. The value decreased by 31.3 percent (46.9 million). Direct program costs decreased by 1.7 percent. The decrease in fishery value was attributed to a decline in the price per pound of both halibut and sablefish landings.

**Table 2. IFQ Program cost recovery fee percentage  
2000 through 2019**

Year	Direct Program Costs	Combined IFQ Fisheries Value	Fee Percentage
2000	\$ 3,474,111	\$ 195,882,332	1.80%
2001	\$ 3,430,357	\$ 167,368,176	2.00%
2002	\$ 3,513,827	\$ 180,276,723	2.00%
2003	\$ 3,407,118	\$ 236,536,464	1.40%
2004	\$ 3,326,607	\$ 235,431,066	1.30%
2005	\$ 3,743,630	\$ 235,865,140	1.60%
2006	\$ 2,789,047	\$ 268,403,752	1.00%
2007	\$ 2,739,602	\$ 234,866,119	1.20%
2008	\$ 3,468,590	\$ 244,854,438	1.40%
2009	\$ 4,302,026	\$ 209,893,255	1.60%
2010	\$ 5,203,411	\$ 276,175,760	1.40%
2011	\$ 5,065,748	\$ 318,077,388	1.60%
2012	\$ 4,896,232	\$ 246,067,580	2.10%
2013	\$ 4,920,803	\$ 177,746,256	2.80%
2014	\$ 4,530,572	\$ 176,983,090	2.60%
2015	\$ 5,593,603	\$ 183,896,787	3.04%*
2016	\$ 5,902,497	\$ 189,455,394	3.12%*
2017	\$ 4,659,869	\$ 208,013,345	2.20%
2018	\$ 4,573,407	\$ 161,400,657	2.80%
2019	\$ 4,488,393	\$ 150,034,178	3.00%
2020	\$ 4,414,604	\$ 103,127,774	4.28%*

\*Actual fee liability percentage before the mandatory adjustment to the 3.0% maximum.

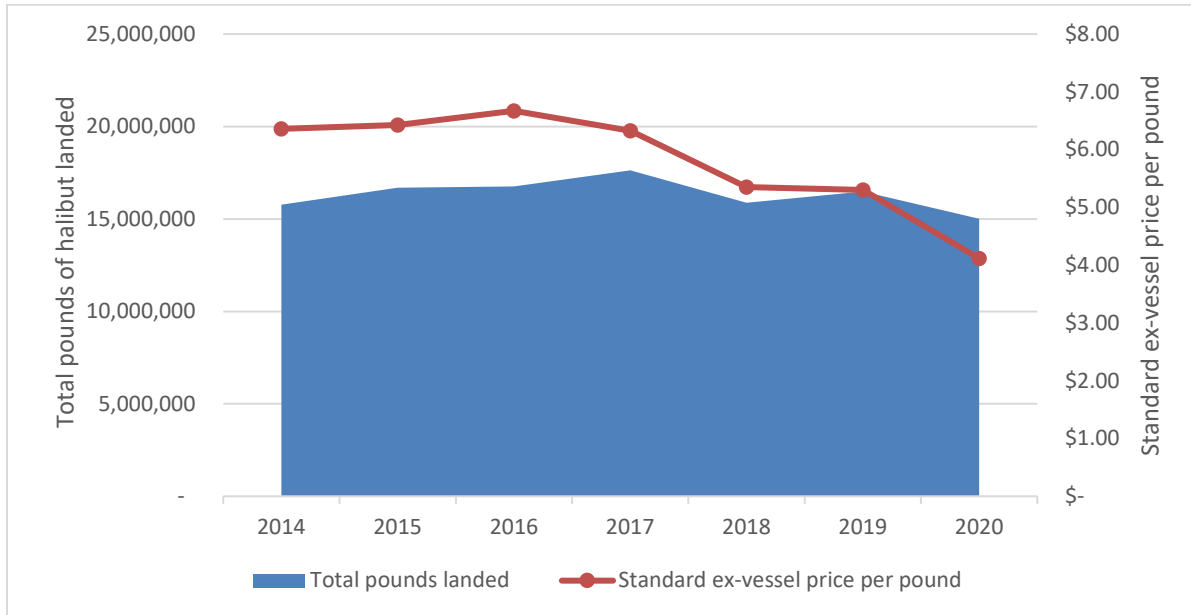
### *Components of Total Fishery Value*

Figures 1 and 2 provide more detail on the individual components of values for the halibut and sablefish IFQ fisheries by illustrating harvests and ex-vessel prices since 2014. Standard ex-vessel prices that are indicated in the figures are weighted averages, taken across all ports over the entire season.



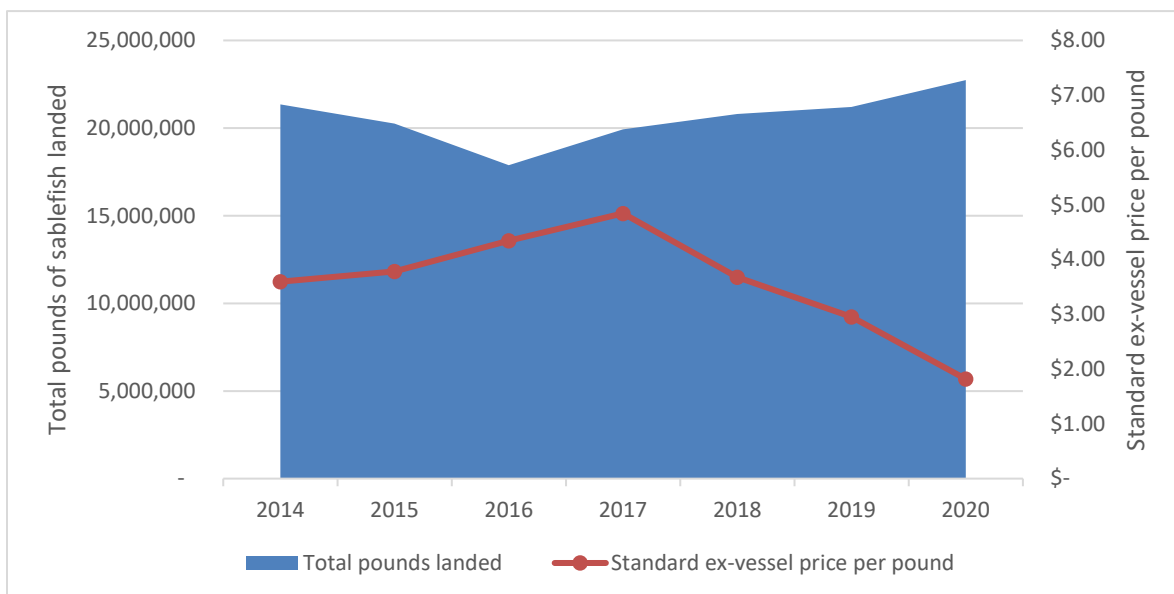
Halibut landings (Figure 1) since remained relatively flat since 2014. Annual average ex-vessel price has been decreasing since 2016.

**Figure 1. Total pounds landed of IFQ halibut and standard ex-vessel price per pound from 2014 to 2020.**



Sablefish landings (Figure 2) have continued to increase since 2016, with 22.7 million pounds landed in 2020. Standard ex-vessel prices for sablefish increased from 2014 to 2017, but have been decreasing since 2018.

**Figure 2. Total pounds landed of IFQ sablefish and standard ex-vessel price per pound from 2014 to 2020.**



Comparing 2019 to 2020, the decrease in the combined IFQ fishery value was due to lower prices for both halibut and sablefish, despite landing volume increasing for sablefish in 2020.

*Details of Direct Program Costs*

Table 3 provides more detail on the 2020 direct program costs for NMFS operating units and external partners by breaking out individual cost categories. The sum of the cost categories ‘Personnel’ and ‘Contracts/training’ accounted for approximately 94 percent of the total direct program costs. Operating units are discussed in the following section in order of largest to smallest cost to the IFQ program. Figure 3 (page 10) shows the cost components for all NMFS operating units and external partners from 2014 to 2020. Despite some increases within and outside operating units, overall the direct program costs decreased for FY 2020.

**Table 3. Fiscal year 2020 IFQ direct program costs by cost recovery component for NMFS operating units, IPHC, and ADF&G.**

Cost Recovery Component	NMFS OMD	NMFS RAM	NMFS SFD	NMFS ISD	NMFS FSD	NMFS OLE	IPHC	ADFG	Total
Personnel <sup>a</sup>	\$49,491	\$411,133	\$36,773	\$113,122	\$195,762	\$1,477,792	\$453,472	\$135,286	\$2,872,831
Travel <sup>b</sup>	-	\$3,266	\$2,216	-	-	-	\$7,305	\$556	\$13,343
Transportation <sup>c</sup>	-	-	-	-	-	-	\$16,896	-	\$16,896
Printing	-	-	-	-	-	-	-	-	-
Contracts/Training	-	\$426,257	\$121,250	\$89,000	-	\$618,422	\$30,667	-	\$1,285,596
Supplies	-	\$43,399	-	-	-	\$1,573	\$27,518	-	\$72,490
Equipment	-	-	-	-	-	-	-	-	-
Rent/Utilities <sup>e</sup>	\$8,303	\$42,986	\$4,149	\$11,074	-	\$78,275	\$4,999	-	\$149,786
Other	-	\$853	-	-	-	-	\$2,809	-	\$3,662
<b>Total</b>	<b>\$57,794</b>	<b>\$927,894</b>	<b>\$164,388</b>	<b>\$213,196</b>	<b>\$195,762</b>	<b>\$2,176,061</b>	<b>\$543,666</b>	<b>\$135,842</b>	<b>\$4,414,604</b>

<sup>a</sup> Personnel includes costs of locality pay, benefits, and overhead.

<sup>b</sup> Travel includes per diem payments. IPHC uses a scalar to determine costs so IPHC travel expenses reflect costs derived by a separate cost formula.

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

<sup>d</sup> Contracts/Training are an aggregate of contracts, contract fees, and training costs

<sup>e</sup> Rent/Utilities includes costs of space and utilities and shared common space and services.

Among NMFS operating units, OLE expenses accounted for roughly half of the IFQ program costs. OLE has high direct costs for the IFQ Program due to the high number of participants and regulatory complexity. OLE’s primary cost is personnel for enforcement monitoring and investigations of the IFQ program due to the high number of participants (1100+ vessels), landings (5000+), and offload ports (34), as well as the duration of IFQ fisheries. Secondary cost is for the IFQ data clerk contract. Further, OLE is responsible for shoreside enforcement and provides after-hours surveillance.

The US Coast Guard (USCG) also refers labor costs to OLE for at-sea enforcement; when the USCG documents at sea violations, it refers the offence to OLE for final action. Additionally, the IFQ Program does not require the use of vessel monitoring systems when fishing for halibut, which contributes to higher enforcement costs. VMS would be a useful tool for OLE to assess fishing activity in IFQ regulatory areas.

OLE employs a multifaceted strategy to maximize compliance in the IFQ fisheries. This strategy includes educational outreach, partnerships, patrols, inspections, and investigations. OLE spends thousands of hours annually providing marine resource users with compliance assistance, including staffing booths at organized events, daily contacts in communities, ports, harbors, and at-sea to ensure that the most current and accurate regulatory information is widely distributed and understood. OLE also spends thousands of hours annually conducting patrols to provide a visible deterrence, monitor fishing, detect violations, conduct compliance inspections, and provide compliance assistance. OLE personnel investigate reports or complaints of IFQ violations as well as regularly analyze IFQ data that may lead to investigations of abnormal activity and missing or questionable information. Overall, OLE costs decreased from FY 2019 to FY 2020.

Within NMFS operating units, RAM incurs significant personnel costs issuing the large number of IFQ permits and processing transfers of quota shares, including transfers related to medical leases and right of survivorship. Costs in the personnel category increased to support the IFQ program. Costs in the contract/training category increased and are apportioned across programs based on payments made each year.

ISD costs maintain the electronic landings system (eLandings) for the IFQ program. Because eLandings is used for multiple fisheries, ISD has developed a formula for tracking the time spent by computer programmers to maintain the system. The formula 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 fishery program. This formula is reevaluated every year. Costs for FY 2020 decreased.

FSD costs support the loan program. For FY 2020, costs increased due to COVID-19. Because of pandemic related difficulties, FSD was processing more loans than in previous years.

SFD and OMD incur administrative and regulatory development costs. For FY 2020, costs decreased for both divisions.

Outside of NMFS operating units, costs incurred by the IPHC are primarily attributed to personnel and benefits. Personnel supports the IFQ fishery and IPHC administrative duties. Costs for FY 2020 increased. Nearly all ADF&G costs are related to maintaining the eLandings catch accounting program. FY 2020 costs increased marginally

**Figure 3. Comparison of IFQ direct program costs for NMFS, IPHC, and ADF&G 2014 - 2020.**

